

**BYLAWS  
OF  
NORTHVIEW ESTATES HOMEOWNERS ASSOCIATION**

**ARTICLE I.  
NAME AND LOCATION**

The name of the corporation is NORTHVIEW ESTATES HOMEOWNERS ASSOCIATION (hereinafter referred to as the "Association"), a Washington non-profit corporation. The Principal address of the corporation shall be P.O. Box 48293, Spokane, Washington 99228

**ARTICLE II.  
DEFINITIONS**

Section 1. Association. Association shall mean the NORTHVIEW ESTATES HOMEOWNERS ASSOCIATION, its successors and assigns, the members of which shall be the Lot Owners.

Section 2. Board. Board shall mean the Board of Directors of the Association

Section 3. Builder. Builder shall mean a person or company who is the Owner of a Lot or Lots for the purpose of a building a residential home on the Lot. The term builder shall include a contractor.

Section 4. Common Property Common Property shall mean all of the real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Members of the Association.

Section 5. Common Property Expenses. Means and includes the actual and estimated expenses of administration of the Association, and of the maintenance, repair, or replacement of those parts of the Common Property for which the Association is responsible.

Section 6. Common Property Maintenance. Common Property Maintenance shall mean the maintenance (including the improvements thereto) required to maintain the Common Property by the Association for the benefit of the Members of the Association.

Section 7. Declarant. Declarant shall mean Howes Development Co. Inc., consisting of Ron D. Howes and Gail J. Howes.

Section 8. Declaration. Declaration shall mean the Declaration of Covenants, Conditions, and Restrictions for the Association dated January 11, 2006, 2004 and recorded at the office of the Spokane County Recorder, recording number 5329369 and the Declaration of Covenants, Conditions, and Restrictions for the Association September 17, 2004, and recorded at the office of the Spokane County Recorder, recording number 5124702, and additions, substitutions, modifications or amendments thereto.

Section 9. Director or Directors. shall mean a Member who sits on the Board.

Section 10. Lot. Lot shall mean any plot of land shown upon any recorded subdivision map of the Property.

Section 11. Member. Member shall mean those persons entitled to membership in the Association as provided for in the Declaration.

Section 12. Owner. Owners shall mean the record owner of developed or undeveloped real property, whether one or more persons or entities, of (i) a fee simple title to any Lot which is a part of the Property (excluding those persons or entities, such as real estate contract sellers, having recorded title merely as security for the performance of an obligation or a mortgagee) or (ii) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.

Section 13. Property. Property shall mean that certain real property (developed or undeveloped) described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

### **ARTICLE III.** **MEMBERSHIP**

Section 1. Membership. The membership of the Association shall at all times consist exclusively of the Owners over which the Association has jurisdiction. Every person or entity who is the contract purchaser or record owner of a fee interest in any Lot(s) shall be a Member of the Association, provided, however, that if any lot is held jointly by two (2) or more persons or entities, the several owners of such interest shall designate one (1) of their number as the sole voting Member. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 2. Transfer of Membership. Membership in the Association shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, conveyed, pledged or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new owner.

Section 3. Classes of Membership; Voting Rights. The Association shall have three (3) classes of voting membership.

a. Class A Membership. Class A Membership shall be that held by each owner of a Lot other than Declarant or a Builder. Each Class A Membership shall be entitled to one (1) vote for each Lot owned.

b. Class B Membership. Class B Membership shall be that held by a Builder who owns Lots. Each Class B Member shall be entitled to two (2) votes per each lot owned, until such time as that lot changes ownership to homeowner, then each lot will revert to Class A Membership. At such time as the Class C Membership converts to Class A Membership, as set forth below, Class B Membership shall also convert to Class

A Membership and thereafter, Class B Membership shall forever cease to exist regardless of the annexation of additional phases within the Property.

c. Class C Membership. Class C Membership shall be that held by Declarant, its successors or assigns, who shall be entitled to three (3) votes for each Lot owned by Declarant; provided that Class C Membership shall be converted to Class A Membership through Class B Membership and shall forever cease to exist on the occurrence of whichever of following is first in time:

(1) When the total outstanding votes held by Class A Members (all phases) equals the total outstanding votes held by Class B Members (all phases) and Class C Members (all phases). Once Class C Membership is converted Class C Membership shall forever cease to exist regardless of the annexation of additional phases within the Property (i.e. if Class A Members have 60 total outstanding votes, as set forth above, and Class B and C Members have 60 total outstanding votes, as set forth above, Class C Members shall be forever converted to Class A Members and Class C Membership shall forever cease to exist), or

(2) on the tenth (10) anniversary of recordation of the Declaration.

Section 4. Discipline of Members; Suspension of Membership Rights. The Association has no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of Common Property or of his or her individually owned Lot on account of a failure by the Owner to comply with provisions of the Declaration, these Bylaws or rules and regulations, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association. Notwithstanding the foregoing, the Board has the power to impose reasonable monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association (e.g., voting rights) or other appropriate discipline for failure to comply with the Declaration, these Bylaws or rules and regulations; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties shall include actual attorneys' fees and all costs in connection with the collection of such penalties.

Section 5. Meetings

a. Annual Meetings. The annual meeting of the Members shall be held during the 2<sup>nd</sup> full week of September. The meetings shall be held at a reasonable time and location as selected by the Board which is convenient to all Members.

b. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board, or upon written request of the Members who are entitled to vote one-tenth (1/10) of all the votes of the membership.

c. Notice of Meetings. The Secretary shall cause to be delivered to each Member, not less than fourteen (14) nor more than sixty (60) days before any meeting of

the Members, written notice stating the place, date, time and location of the meeting, the purpose or purposes for which the meeting is called, and the items on the agenda to be voted on by the Members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes of a previously approved budget that result in assessment obligations, and any proposal to remove a Director or officer. All meetings will be held at a place convenient for the Members as determined by the Board, but in any event, in Spokane County, Washington. If the Board shall neglect or refuse to issue notice of a special meeting of the Members properly called for by the Members, the Members making the request may do so consistent with this Section as required of the Board. Notice shall be delivered either personally or first class mail. Delivery shall be deemed given upon confirmation of actual delivery; provided, that if delivery is by mail, the notice will be deemed to have been given forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address listed by such person for property tax purposes or addressed to the Lot of such person.

d. Quorum. The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast at least one-twentieth (1/20) of the total voting power of the Association shall constitute a quorum, except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws.

e. Adjournment. In the absence of a quorum at a Members' meeting, those Members present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum must be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date.

f. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and verifiable. To be considered, proxies must be received by the Secretary on or before the day of the annual meeting, either in person or by mail to the Association's post office box. Proxies are only valid for an upcoming vote and will not remain valid for a longer period of time.

g. Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote.

h. Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members will be governed by Roberts Revised Rules of Order.

**ARTICLE IV.**  
**BOARD OF DIRECTORS; SELECTION; TERMS OF OFFICE**

Section 1. Number of Directors. The affairs of the Association shall be managed by a Board of Directors of not less than three (3) nor more than five (5) Directors, the specific number to be set by the Board.

Section 2. Qualifications. Directors shall be Members that reside within the Property.

Section 3. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years; and as the term of such Directors expires new Directors shall be elected for terms of three (3) years. If a fourth (4<sup>th</sup>) Director is elected by the Members that Director shall serve a three (3) year term, and if a fifth (5<sup>th</sup>) Director is elected by the Members that Director shall serve a two (2) year term.

Section 4. Election of Board of Directors.

(1) Nomination. Nominations for election to the Board of Directors may be made prior to the annual meeting of the Association, with each Member having the right to nominate himself or herself.

(2) Election of Directors. Elections of Board members shall be by written ballot at a meeting of the Members. Each Member present in person or by proxy at a meeting of the Members shall be allowed to vote for no more than the number of vacant Director positions available and with the person(s) receiving the most votes being elected to serve. No cumulative voting rights will be available.

Section 5. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association represented in person or by proxy at a meeting of the Members.

Section 6. Resignation. A Director may resign at any time by delivering written notice to an officer of the Association, other than the resigning Director. Any such resignation shall take effect at the time specified in the notice, or if the time is not specified, upon delivery of the notice. Unless otherwise provided in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies. If the office of any officer or agent becomes vacant by any reason, the Directors may, by the affirmative vote of two-thirds (2/3) of the Directors, choose a successor or successors who shall hold office for the unexpired term.

Section 8. Compensation; Expenses. Directors shall not receive compensation for any service he or she may render to the Association as a Director. However, any Director may be reimbursed for the Director's actual expenses incurred in performance of the Director's duties.

Section 9. Standard of Care. A Director shall perform the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

a. One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matter presented;

b. Legal counsel, public accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

c. A committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

If the statutory standard of care is, at any time, different than the standard of care set forth in these Bylaws, the Bylaws are deemed amended so that the standard of care is the standard set forth statutorily for nonprofit Associations in the State of Washington.

Section 10. Prohibited Acts. The Board shall not take any action that requires the vote or approval of the Members, to terminate the Association, to elect members of the Board, or to determine the qualifications, powers, and duties, or terms of office of members of the Board; but the Board may fill vacancies in the unexpired term of any Director.

Section 11. Transactions Involving Directors. No contract or other transaction between this Association and one or more of its Directors or any other company, firm, association or entity in which one or more of its Directors are Directors, officers, or are financially interested or are related to Directors, officers, or persons with financial interests, shall be either void or voidable because of such relationship or interest, or because such Director or Directors are present at the meeting of the Board, or a committee, which authorizes, approves or ratifies such contract or transaction, unless: (i) both the existence and nature of such relationship or interest and also all facts known to the Director respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction, are disclosed or known to the Board, or committee, the meeting of which authorizes, approves or ratifies the contract or transaction by vote or consent sufficient for the purpose without counting the votes or consents of such interested Director and (ii) the transaction is fair to the Association under the circumstances at the time of commitment. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board, or committee, which authorizes, approves or ratifies such contract or transaction; however, an interested Director(s) shall abstain from voting on such matters.

**ARTICLE V.**  
**BOARD MEETINGS**

Section 1. Annual Meeting. An annual meeting of the Board shall be held without notice immediately following and at the same place as the annual meeting of the Members for the purpose of electing officers and transacting such business as may properly come before the meeting

Section 2. Regular Meetings. Regular meetings of the Board may be specified as to the date, time, and place for the holding of such regular meetings by the adoption of a resolution of the Board. Notice of such meetings is not necessary other than said resolutions. If such a resolution has not been adopted, then notices of regular meetings shall be given as set forth in Section 7 below as for notices of special meetings.

Section 3. Special Meetings. Special meetings of the Board may be called by or at the written request of the President or any two (2) Directors. The person or persons authorized to call special meetings may fix any place within Spokane County, Washington, as the place for holding any special Board meeting. Notice of special meetings of the Board shall be made as set forth in Section 7 below.

Section 4. Meetings by Telephone. Members of the Board may participate in a meeting of such Board by means of a conference telephone or similar communication equipment; provided, all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 5. Action Without a Meeting. Any action which could be taken at a meeting of the Board may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the Directors as applicable. Such written consents may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document. Any such written consent of the Board shall be inserted in the minute book as if it were the minutes of a Board meeting.

Section 6. Place of Meetings. All meetings of the Board shall be held any place within Spokane County, Washington, as designated by the Board or by any person entitled to call such a meeting or by a waiver of notice signed by all of the Directors.

Section 7. Notice of Meetings. Notice of special meetings of the Board shall be given to a Director in writing or by personal communication with the Director not less than ten (10) calendar days before the meeting. Notices in writing may be hand delivered or sent by U.S. mail, electronic mail, or facsimile transmission to the Director at his or her address shown on the records of the Association. Neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice of such meeting, unless specifically required by the Articles of Incorporation or these Bylaws. If a notice is delivered by mail, the notice shall be deemed effective when deposited in the United States mail properly addressed with postage prepaid. If notice is given by electronic mail or facsimile transmission, the notice shall be deemed effective when it:

a. is electronically transmitted to an address, location, or system designated by the recipient for that purpose, and is made pursuant to the consent provided by the recipient; or

b. has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

Section 8. Waiver of Notice.

a. Written. Whenever any notice is required to be given to any Director under the provision of these Bylaws, the Articles of Incorporation or applicable Washington State law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the waiver of such notice of such meeting

b. Attendance. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 9. Quorum. One-third (1/3) of the number of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present at a meeting, a majority of the Directors present may adjourn the meeting and set a date and time for the meeting to reconvene without further notice.

Section 10. Manner of Acting. The act of the majority of the Directors present at a meeting at which there is a quorum shall be the act of the Board, unless the vote of a greater number is required by these Bylaws, the Declaration, the Articles of Incorporation or applicable Washington law. In the event of a tie, the President shall determine the majority.

Section 11. Presumption of Assent. A Director who is present at a meeting of the Board of Directors at which action on any matter is taken shall be presumed to have assented to the action taken unless:

a. The Director's dissent or abstention shall be entered in the minutes of the meeting; or

b. The Director shall file his or her written dissent or abstention to such action with the acting Secretary of the meeting before the adjournment thereof or shall forward such dissenter abstention by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

**ARTICLE VI.**  
**POWERS AND RESPONSIBILITIES OF THE BOARD**

Section 1. Powers. Subject to the Declaration, the Articles of Incorporation, and Washington State law, the Board may do the following on behalf of and in the best interests of the Association:

- a. Adopt and amend Bylaws as set forth below in Article X;
- b. Adopt, amend, and publish any rules, and regulations governing the Members and their guests and establish penalties for an infraction thereof;
- c. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
- d. Obtain policies of insurance for Common Property;
- e. Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Property or the enforcement of the Declaration and these Bylaws.
- f. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- g. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the homeowners' association, but not on behalf of owners involved in disputes that are not the responsibility of the association;
- h. Have the exclusive right to contract for goods, services, maintenance, and capital improvements provided, however, that such right of contract shall be subject to the provisions of the Declaration;
- i. Regulate the use, maintenance, repair, replacement, and modification of Common Property;
- j. Cause additional improvements to be made as a part of the Common Property;
- k. Pay from Association funds, all Common Property Maintenance and all utility charges attributable to Common Property;
- l. Adopt and publish rules and regulations governing the use of the Common Property, and the personal conduct of the Members and their guest, tenants, and invitees thereon, and to establish procedures and penalties for the infractions thereof;
- m. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

- n. Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
- o. Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Property;
- p. Impose and collect annual and special assessments;
- q. Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of Directors or by the representative designated by the board of Directors and in accordance with the procedures as provided in the Bylaws or rules and regulations adopted by the board of Directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of Directors and furnished to the owners for violation of the Bylaws, rules, and regulations of the Association;
- r. Open bank accounts on behalf of the Association and designate signatures required;
- s. Exercise any other powers conferred by the Bylaws;
- t. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Bylaws, Articles of Incorporation or Declaration. The Board shall have all powers and authority permitted under the Declaration and these Bylaws. However, nothing herein contained shall be construed to give the Board authority to conduct a business for profit on behalf of all the Owners or any of them;
- u. Exercise any other powers necessary and proper for the governance and operation of the association; and
- v. Temporarily suspend the membership rights of any Member who is in default in payment of any assessment, and after notice and opportunity for a hearing as set forth herein.

Section 2. Responsibilities. The Board of Directors shall have the responsibility to:

- a. Enforce the provisions of the Declaration and these Bylaws.
- b. Cause to be kept complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance, repair, and replacement expenses incurred.
- c. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.
- d. Prepare and file annual tax returns with the federal and state governments and to make sure elections as may be necessary to reduce or eliminate the tax liability of

the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on homeowners associations.

e. As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of the beginning of each fiscal year;

(2) Take any and all enforcement action deemed necessary to fulfill the objectives and provisions set forth in the Declaration or the Bylaws;

(3) Foreclose the lien against any property for which assessments or other charges are not paid or to bring an action at law against the Owner personally obliged to pay the same;

(4) Take such action, as the Board deems appropriate, to collect any other funds owed to the Association by Association Members or by third parties, including recording and foreclosing any liens upon Member's Lots for assessments or other charges due the Association, including foreclosure of assessments or liens placed on property for non-compliance with the Declaration;

## **ARTICLE VII.**

### **OFFICERS AND THEIR DUTIES**

Section 1. Offices. The officers of the Association shall be a President, Vice President/President Elect, Secretary, and Treasurer who at all times shall be members of the Board, and such other officers as the Board may, from time to time, create by resolution.

Section 2. Multiple Offices. Any two (2) or more offices may be held by the same person.

Section 3. Election. Each officer shall be elected by the Board at the first meeting of the Board following each annual meeting of the Members

Section 4. Term. Each officer shall hold office for one (1) year or until a successor is elected, unless the officer resigns, or is removed, or otherwise disqualified to serve. Each officer shall hold office until a successor shall have been elected or appointed and qualified, or until said officer's death, or until said officer shall have resigned or shall have been removed in the manner hereafter provided.

Section 5. Resignation and Removal.

a. Resignation. Any officer of this Corporation may resign at any time by given written notice to the Board of Directors or the President or Secretary of this Corporation. Such resignation takes effect on the date of receipt of such notice or at any

later time specified. Unless otherwise specified, the acceptance of such resignation is necessary to make it effective.

b. Removal.

(1) By Members. Any officer may be removed, with or without cause, by fifty (50%) percent of the votes cast by Members then entitled to vote on the election of any Director, represented in person or by proxy at a meeting of Members at which a quorum is present.

(2) By Board. Any officer may be removed, with or without cause by the affirmative vote of greater than fifty percent (50%) of the Directors, represented in person or by proxy at a meeting of the Directors.

Section 6. Vacancies. If the office of any officer or agent becomes vacant by any reason, the Directors may, by the affirmative vote of fifty (50%) percent of the Directors, choose a successor or successors who shall hold office for the unexpired term.

Section 7. Powers and Duties. The officers of the Corporation shall have the following powers and duties.

a. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board, shall supervise and control all of the assets, business, and affairs of the Association. The President shall preside over meetings of the Members and of the Board. The President may sign deeds, mortgages, bonds, contracts or other instruments, except when the signing and execution have been expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or are required by law to be otherwise signed or executed by some other officer or in some other manner.

b. Vice President/President Elect. During the absence or disability of the President, the Vice-President/President Elect shall exercise all functions of the President. The Vice-President/President Elect shall have such powers and discharge such duties as may be assigned from time to time by the President or by the Board of Directors.

c. Secretary. The Secretary shall ensure that minutes are recorded and maintained of meetings of the Members and of the Board; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records of the Association or appoint such person or entity as is appropriate to act as such custodian; ensure that records are kept of the address of each Member; prepare, execute, certify, and record Amendments to the Declaration on behalf of the Association; sign with the President, or other officer authorized by the President or the Board, deeds, mortgages, bonds, contracts, or other instruments; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board.

d. Treasurer. The Treasurer shall have charge of and be responsible for all funds of the Association; ensure that funds due and payable to the Association from any

source whatsoever are properly received and that receipts are given for said funds; ensure that all such funds are deposited in the name of the Association in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; keep proper books of accounts; and perform all of the duties incident to the office of Treasurer and such other duties as may be assigned to him or her by the President or the Board.

Section 8. Execution of Instruments. The President or Secretary shall have the power to execute and deliver on behalf of and in the name of the Association any instrument requiring the signature of an officer of the Association, except where the execution and delivery thereof shall be expressly delegated by the Board to some other officer or agent of the Association. Unless authorized to do so by these Bylaws or by the Board, no officer, agent or employee will have any power or authority to bind the Association in any way, to pledge its credit or to render it liable for any purpose or in any amount.

## **ARTICLE VIII.** **COMMITTEES**

Section 1. Authority. The Board may designate and appoint one or more standing or temporary committees. The Board may fill vacancies in, change the size or membership of, and discharge any committee as it deems appropriate. The authority and scope of a committee shall be established by the Board when the committee is appointed and may be revised as the Board deems appropriate. No committee shall exceed its authority.

Section 2. Meetings.

a. Regular Meetings. Regular meetings of any committee may be specified as to the date, time and place for the holding of such regular meetings by the adoption of a resolution of the committee. Notice of such meetings is not necessary other than said resolutions. If such a resolution has not been adopted, then notices of regular meetings shall be given as set forth in Section 2(f) below as for notices of special meetings.

b. Special Meetings. Special meetings of any committee may be called by or at the written request of the chairman of the committee. The person or persons authorized to call special meetings may fix any place within the State of Washington, County of Spokane, as the place for holding any special committee meeting. Notice of special meetings of the committee shall be made as set forth in Section 2(f) below.

c. Meetings by Telephone. Members of any committee may participate in a meeting of such committee by means of a conference telephone or similar communication equipment; provided, all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

d. Action Without a Meeting. Any action which could be taken at a meeting of any committee may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the Directors as applicable. Such written consents

may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document.

e. Place of Meetings. All meetings of any committee shall be held at such place within the State of Washington, County of Spokane as designated by the committee.

f. Notice of Meetings. Notice of special meetings of a committee shall be given to committee members in writing or by personal communication with the committee members not less than ten (10) calendar days before the meeting. Notices in writing may be hand delivered or sent by U.S. mail, electronic mail, or facsimile transmission to the committee members at his or her address shown on the records of the Association. Neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice of such meeting, unless specifically required by the Articles of Incorporation or these Bylaws. If a notice is delivered by mail, the notice shall be deemed effective when deposited in the United States mail properly addressed with postage prepaid. If notice is given by electronic mail or facsimile transmission, the notice shall be deemed effective when it:

(1) is electronically transmitted to an address, location, or system designated by the recipient for that purpose, and is made pursuant to the consent provided by the recipient; or

(2) has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

g. Waiver of Notice.

(1) Written. Whenever any notice is required to be given to any committee member under the provision of these Bylaws, the Articles of Incorporation or applicable Washington State law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of a committee need be specified in the waiver of such notice of such meeting

(2) Attendance. The attendance at a meeting shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

h. Quorum. Fifty percent (50%) of the members of a committee shall constitute a quorum for the transaction of business at any meeting of a committee. If a quorum is not present at a meeting, a majority of the committee members present may

adjourn the meeting and set a date and time for the meeting to reconvene without further notice.

i. Manner of Acting. The act of the majority of the members of a committee present at a meeting at which there is a quorum shall be the act of the committee, unless the vote of a greater number is required by these Bylaws, the Declaration, the Articles of Incorporation or applicable Washington law.

## **ARTICLE IX.** **BOOKS AND RECORDS**

Section 1. Scope. The Association shall maintain and keep the following records in a place open for inspection upon reasonable notice by any Member.

- a. Current Articles of Incorporation and Bylaws;
- b. The record of Members, including names of Members;
- c. Correct and adequate records of accounts and finances;
- d. A record of officers' and Directors' names;
- e. Minutes of the proceedings and the Members, if any, the Board, and any minutes which may be maintained by Committees of the Board. Records may be written, or electronic if capable of being converted to writing.

Section 2. Examination. All records of the Association shall be available for examination by all Members, holders of mortgages on each Lot, and their respective authorized agents on reasonable advance notice during normal business hours. The Association shall not release the unlisted phone numbers of any Member. Cost of inspecting or copying shall be borne by such Member. When possible the Association shall provide copies to Members electronically. Any such Member must have a purpose for inspection reasonably related to membership interest.

Section 3. Annual Financial Statement. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. The financial statements shall be audited at least annually by an independent certified public accountant if the Association's annual assessments are Seventy Five Thousand Dollars (\$75,000) or more unless the audit is waived by sixty-seven percent (67%) of the Members, in person or by proxy, at a meeting of the Members at which a quorum is present.

Section 4. Accounts. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds.

Section 5. Fiscal Year. The fiscal year of the Association shall be a calendar year, unless determined otherwise by the Board.

Section 6. Annual Budget. Within thirty days after adoption by the Board of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. A majority of the Members present at the meeting, in person or by proxy, whether or not a quorum is present, may ratify the budget. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Section 7. Statement of Accounting. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessment or other charges due and owing from such Owner.

## **ARTICLE X.** **AMENDMENTS**

These Bylaws may be amended or repealed and new Bylaws may be adopted by an affirmative vote of one-third (1/3) of the Members then entitled to vote. Copies of any amendment or replacement of the Bylaws will be mailed or otherwise delivered to all Members within thirty (30) days of adoption.

## **ARTICLE XI.** **ASSESSMENTS**

Section 1. Creation of Lien. Each Member is obligated to pay to the Association annual and special assessments, and other charges, fines, or penalties. All such charges or fees are secured by a continuing lien upon the Property against which the assessment or other charge is made. Any assessments or other charges which are not paid within ten (10) days after the due date shall be assessed a five dollar (\$5.00) late charge and shall be assessed an additional five dollar (\$5.00) charge for each month or fraction thereof from the due date until the assessment and all late charges are paid. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property. Late charges, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment or other charges. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of the Owner's Lot. The personal liability of any Owner for delinquent assessments or other charges shall not pass to his or her successors in title unless expressly assumed by them. Liens for delinquent assessments and other charges shall be recorded in the office of the Spokane County Recorder.

Section 2. Purpose of Assessments. The assessments shall be used exclusively for the purpose of promoting the recreation, health, and welfare of the residents in the properties, including without limitation, the construction, establishment, improvement, repair, maintenance and other expenses of the Common Area(s), services, and facilities related to the use and enjoyment of the common properties, the payment of taxes and insurance on the common properties, and the installation and maintenance of the entry planting areas on streets located within the Subdivision. Assessments may also be levied to pay for any professional services,

costs, advice or consultation incurred by the Association in carrying out its duties, including, but not limited to reasonable attorneys fees and costs incurred by the Association in the enforcement of, or as a result of any violation of the Declaration, Articles of Incorporation or Bylaws of the Association, or any rules or regulations adopted by the Board.

Section 3. Subordination of the Lien to Mortgagees. The lien of the assessments provided for herein shall be subordinated to (i) all other liens for taxes, bonds, assessments and levies which, by law, would be superior thereto, and (ii) the lien of any first mortgage now or hereafter placed on any lot, provided that a lien for delinquent assessments has not been recorded at the time of the recording of the mortgage. The sale or transfer of any lot shall not affect the assessment lien.

Section 4. Suspension of Member Rights. If a Member does not within ten (10) days after the due date for payment of an assessment pay his or her assessment (“Delinquent Member”), the Board may upon providing seven (7) days written notice to that Delinquent Member conduct a hearing and make a determination to suspend the member rights of the Delinquent Member. In order to suspend the Member’s rights of the Delinquent Member at the conclusion of the hearing, a majority of the Board must affirmatively vote for the suspension of the Delinquent Member’s member rights. If the Delinquent Member fails to attend the hearing, the Board reserves the right to suspend the Delinquent Member’s member rights.

## **ARTICLE XII.**

### **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS**

Section 1. Definitions. As used in this Article, certain terms are defined as follows:

a. “Another Enterprise” means a corporation (other than the Association), partnership, joint venture, trust, association, committee, employee benefit plan or other group or entity.

b. “Director” means each person who is or was a Director of the Association or an individual who, while a Director of the Association, is or was serving, at the request of the Association, as a Director, officer, partner, trustee, employee or agent of Another Enterprise.

c. “Expenses” includes all out-of-pocket costs, including attorneys’ fees.

d. “Indemnitee” means each person who is, was, or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding because the person is or was a Director, officer, employee or agent of the Association and who possesses indemnification rights pursuant to the Articles, these Bylaws or other corporate action. For officers, employees and agents, the term also includes service at the Association’s request as a Director, officer, partner, trustee, employee or agent of Another Enterprise.

e. “Loss” means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan or reasonable Expenses incurred with respect to a Proceeding.

f. “Party” includes an individual who is, was or is threatened to be named as a defendant or respondent in a Proceeding.

g. “Proceeding” means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

Section 2. Right to Indemnification. The Association shall indemnify and hold each Director and officer harmless against any and all known and unknown Loss except for Losses arising out of or resulting from:

a. The Indemnitee’s acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law;

b. Any transaction in which it is finally adjudged that the Indemnitee personally received a benefit in money, property or services to which the Indemnitee was not legally entitled.

The Association shall not indemnify an Indemnitee in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless such Proceeding (or part thereof) was authorized by the Board of Directors of the Association. If, after the effective date of this Article, the Washington Nonprofit Corporation Act, RCW 24.03 *et seq.* (“Act”) is amended to authorize further indemnification of Directors or officers, then Directors and officers of this Association shall be indemnified to the fullest extent permitted by the Act, as so amended.

Section 3. Contribution. If the indemnification provided in Section 2 of this Article is not available to be paid to an Indemnitee for any reason other than those set forth in subparagraphs a and b of Section 2 of this Article, then in respect of any Proceeding in which the Association is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Association shall contribute to the amount of loss paid or payable by Indemnitee in such proportion as is appropriate to reflect:

a. The relative benefits received by the Association on the one hand and the Indemnitee on the other hand from the transaction from which such Proceeding arose; and

b. The relative fault of the Association on the one hand and the Indemnitee on the other hand in connection with the events which resulted in such loss, as well as any other relevant equitable consideration.

The relative fault of the Association on the one hand and the Indemnitee on the other shall be determined by a court of appropriate jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such loss. The Association agrees that it would not be just and equitable if contribution pursuant to this Section 3 was determined by pro rata allocation or any other method of allocation which does not take into account of the foregoing equitable considerations.

Section 4. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of commencement of any Proceeding, Indemnitee must, if a claim in respect thereof is to be made against the Association under this Article, notify the Association of the commencement thereof. With respect to any such Proceeding as to which Indemnitee has notified the Association of the commencement thereof:

a. The Association will be entitled to participate therein at its own expense;

b. Except as otherwise provided below, to the extent that it may wish, the Association, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Association to Indemnitee of its election to assume the defense thereof, the Association will not be liable to Indemnitee under this Article for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnitee will have the right to employ its counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of Indemnitee unless:

(1) The employment of counsel by Indemnitee has been authorized by the Association;

(2) Indemnitee has reasonably concluded that there may be a conflict of interest between the Association and Indemnitee in the conduct of the defense of such Proceeding; or

(3) The Association has not employed counsel to assume the defense of such Proceeding, in any of which cases the fees and expenses of counsel shall be at the expense of the Association.

The Association will not be entitled to assume the defense of any Proceeding brought by or on behalf of the Association or as to which Indemnitee has made the conclusion provided in (2) of this subparagraph b; and

c. The Association will not be obligated to indemnify Indemnitee under this Article for any amounts paid in settlement of any Proceeding affected without its written consent. The Association shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Association nor Indemnitee may unreasonably withhold its consent to a proposed settlement.

Section 5. Right of Indemnitee to Bring Suit. If a claim under this Article is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period will be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Association to recover the unpaid

amount of the claim and, to the extent successful in whole or in part, the Indemnitee shall also be entitled to be paid the expense of prosecuting such claim.

Neither the failure of the Association (including its Board of Directors, its members or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification of or reimbursement or advancement of expenses to the Indemnitee is proper in the circumstances, nor an actual determination by the Association (including its Board of Directors, its members or independent legal counsel) that the Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses, will be a defense to the Proceeding or create a presumption that the Indemnitee is not so entitled.

Section 6. Indemnification of Employees and Agents of the Association. The Association may, by action of its Board of Directors, from time to time, provide indemnification and pay expenses in advance of the final disposition of an action to employees and agents of the Association, with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Act or otherwise.

Section 7. Contract Right. Rights of indemnification under this Article will continue as to an Indemnitee who has ceased to be a Director or officer, as long as Indemnitee is subject to any possible action, by reason of the fact that Indemnitee was a Director or officer of the Association or serving in any other capacity referred to herein, and will inure to the benefit of his or her heirs, executors and administrators.

The right to indemnification conferred in this Article is a contract right upon which each Director and officer will be presumed to have relied upon in determining whether to serve or to continue to serve as such. Any amendment to or repeal of this Article will not adversely affect any right or protection of a Director or officer of the Association for or with respect to any acts or omissions of such Director or officer occurring prior to such amendment or repeal.

Section 8. Severability. If any provision of this Article or any application thereof is found to be invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, unenforceable or contrary to applicable law, will not be affected thereby and will continue in full force and effect.

### **ARTICLE XIII. CONFLICT**

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

**ARTICLE XIV.**  
**ENFORCEMENT**

The Association and each Member shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration, the Articles of Incorporation, these Bylaws and any Rules and Regulations promulgated by the Board (collectively, the "Restrictions"). Failure of the Board or any Member to the Restrictions shall not be deemed a waiver of the right to do so thereafter. In the event of a suit or action to enforce any Restrictions, the prevailing party shall be awarded all reasonable attorneys' fees, costs and expenses incurred. Venue, for purposes of these Bylaws, is Spokane County, Washington.

**ARTICLE XV.**  
**EXEMPT ACTIVITIES**

Section 1. General. Notwithstanding any other provision of these Bylaws, no Director, officer, employee, or representative of this Association shall take any action or carry on any activity, by or on behalf of the Association, not permitted to be taken or carried on without penalty by an organization exempt from taxation, or by an organization whose contributions are deductible under federal income tax laws as they now exist, or as they should hereafter be amended.

Section 2. Prohibition Against Sharing in Association Earnings. No Director, officer, or employee of, or member of a committee of, or person connected with this Association, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit from the operation of the Association, provided that this shall not prevent the payment to any such person, or any entity of which such person is an owner, officer, Director, employee, or beneficiary, of such reasonable compensation for services rendered to or for the Association in pursuit of any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Association.

We, the undersigned, being all of the Directors of Northview Estates Homeowners Association, do hereby assent to the foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

EXECUTED by the undersigned on this 17<sup>th</sup> day of June 2011.

/s/ Tim Lewis  
TIM LEWIS, President

/s/ Jason Barthell  
JASON BARTHELL, Vice President

/s/ Bob Darilek  
BOB DARILEK, Secretary

/s/ Gerhard Barone  
GERHARD BARONE, Treasurer