

**BYLAWS**  
**OF**  
**THE RESERVE AT PATTERSON CREEK**  
**HOMEOWNERS ASSOCIATION**

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## BYLAWS

### OF

## THE RESERVE AT PATTERSON CREEK HOMEOWNERS ASSOCIATION

### ARTICLE 1 - DEFINITIONS AND APPLICATION

1.1 Definitions. Unless the context requires otherwise, the terms used in these Bylaws shall have the meanings specified in Article 1 of the Declaration of Covenants (the "Declaration") for the final plat of The Reserve At Patterson Creek recorded with the King County Auditor.

1.2 Application. These Bylaws, and the Rules and Regulations established from time to time by the Association shall apply to all present or future: members of the Association; Owners or others having a full or partial legal or equitable interest in a Lot; Mortgagees; lessees, tenants, and occupants of any residence located on a Lot; any of their guests or employees; and any other persons using the Common Areas or Common Area Improvements.

### ARTICLE 2 - PURPOSE AND POWERS

2.1 Purpose. The purpose of the Association is to provide for maintenance, preservation, care and architectural control of the buildings, grounds and Common Areas of The Reserve At Patterson Creek.

2.2 Powers. The Association shall have any and all powers, rights and privileges that may be exercised by a corporation organized under RCW 24.03, the Washington Nonprofit Corporation Act, as it now exists or may hereafter be amended.

### ARTICLE 3 - MEMBERSHIP - VOTING - REGISTRATION MATTERS

3.1 Membership. Each Owner of a Lot shall automatically become a member of the Association upon acquisition of an ownership interest in a Lot; provided that, if a Lot has been sold by real estate contract, the contract purchaser shall be the member in connection with that Lot. Ownership of a Lot shall be the sole qualification for membership in the Association. Membership rights may be suspended in accordance with the Declaration, the Articles of Incorporation of the Association or Section 3.2 of these Bylaws.

3.2 Suspension of Membership. During any period in which a member is in default in the payment of any assessment levied by the Association, the voting rights of said member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and a hearing, for a period of not to exceed sixty (60) days, for violation of any rules and regulations established by the Board of Directors.

3.3 Transfer of Membership and Registration of Members. The Association membership of each Owner shall be appurtenant to the Lot(s) giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except in accordance with Section 3.6.4 below or upon the transfer of title to the Lot, and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner. Any Lot Owner who transfers his interest in his Lot shall promptly report to the Board of Directors the name and address of his successor or successors in interest. The Board of Directors shall maintain a register containing the names and addresses of the Lot Owners, their Designated Voting Representatives, the holders of any proxies or pledges that have been filed with the Association and the names and addresses of any First Mortgagees who have submitted a written request for notification in accordance with Section 12.1 of the Declaration.

3.4 Evidence of Ownership. The Board may require that any person who becomes an Owner of a Lot or acquires an interest therein entitling that person to exercise voting rights as, or on behalf of, a member of the Association, furnish to the Secretary of the Association an original or a certified copy of the deed or other instrument vesting that person with title to the Lot or with the voting rights pertaining thereto before exercising such voting rights. The instrument submitted shall remain in the files of the Association.

3.5 Registration of Mailing Address. Multiple owners of a Lot shall designate a single mailing address to be used by the Association for mailing of invoices, notices, demands and all other communications; and such address shall be the only mailing address of the persons, firm, corporation, partnership, association or other legal entity, or any combination thereof, to be used by the Association. Such address shall be registered by such owners with the Secretary of the Association within five days after receipt of title to a Lot. Such registration shall be in written form and signed by the Owners of the Lot or by such persons as are authorized by law to represent the interests of all of the Owners thereof. If no such address is registered or if all of the Owners cannot agree, then the address of the Lot shall be the registered address until the registered address is furnished as required under this section. Registered addresses may be changed from time to time by similar designation.

### 3.6 Voting.

3.6.1 Number of Votes. The total voting power of the Association at any given time shall equal the number of Lots included within The Reserve At Patterson Creek at that time. The Owner or Owners of each Lot within the Property shall be entitled to one vote. If a member owns more than one Lot, he shall have the votes appertaining to each Lot owned.

3.6.2 Voting Representative. There shall be one (1) voting representative for each Lot. Each member shall designate a voting representative ("Designated Voting Representative") for each Lot he owns by giving written notice to the Board of the name of the representative designated. If a member owns more than one Lot, he may have one or more Designated Voting Representatives, and each Designated Voting Representative may exercise the votes appertaining to

one or more of the Lots owned, provided that the Designated Voting Representative, or the Designated Voting Representatives together, may not exercise more votes than the number of Lots owned by the member. Designated Voting Representatives need not be Owners.

The designation shall be revocable at any time by actual notice to the Board from the member or by actual notice to the Board of the death or judicially declared incompetence of the member. This power of designation and revocation may be exercised by the guardian of a member and the administrator or executor of a member's estate. Where no designation has been made, or where a designation has been but is revoked and no new designation has been made, the Designated Voting Representative of each Lot shall be the group composed of all of its Owners.

**3.6.3 Joint Owner Disputes.** The vote of each Lot shall be cast as a single vote; fractional votes shall not be permitted. If joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If more than one (1) vote is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed to be void.

**3.6.4 Pledged Votes.** An Owner may, but shall not be obligated to, pledge his vote on all issues or on certain specific issues to a Mortgagee; provided, however, that if an Owner is in default under a First Mortgage on his Lot for ninety (90) consecutive days or more, the Owner's First Mortgagee shall automatically be authorized to declare at any time thereafter that the Lot Owner has pledged his vote to the Mortgagee on all issues arising after such declaration and during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

**3.6.5 Proxies.** Votes may be cast in person or by proxy. Proxies shall be in writing and signed by the Designated Voting Representative for the Lot. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting. No proxy shall be valid for a period longer than 11 months after date thereof, unless otherwise provided in the proxy. A proxy may be revoked at any time either by written notice to the Secretary or the Association or by the Designated Voting Representative's attendance at a meeting at which a vote will be taken. A proxy is automatically revoked upon conveyance of the Lot to which it pertains.

**3.6.6 Balloting.** On each vote cast by written ballot, the Designated Voting Representative shall identify on the ballot the Lot number(s) for which the vote is cast. After the ballots have been received, accepted and counted, the ballots shall be destroyed and the persons who conducted the ballot count shall treat as confidential the manner in which the vote of each Lot was cast. The President shall have the right to designate the person or persons who shall count the ballots.

**3.6.7 Majority Vote.** Except as otherwise provided in the Declaration or these Bylaws, or as required by law, passage of any matter submitted to a vote at a meeting where a quorum is in attendance, shall require the affirmative vote of a majority of the voting power present in person or by proxy.

**3.6.8 Voting By Mail.** The Board may in its discretion permit the members to vote by mail with respect to the election or reelection of directors, the adoption of any proposed amendment to the Declaration, Articles of Incorporation or these Bylaws, or with respect to any other matter for which approval by the members is required by the Declaration or Bylaws, in accordance with the procedure described in this Section 3.6.8.

In case of election of directors by mail, at least 50 days before all votes are to be received, the existing Board of Directors shall advise the Secretary in writing of the names of proposed directors sufficient to constitute all the directors to be elected. The Secretary within 5 days after such advice is given shall give written notice to all members of the number of directors to be elected and of the names of the nominees. The notice shall state that any such member may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to the Secretary at a specified address, to be received on or before a specified date 15 days from the date the notice is given by the Secretary. Within 5 days after such specified date, the Secretary shall give written notice to all members, stating: the number of directors to be elected; the names of all persons nominated by the Board and by the members on or before said specified date; that each member may cast a vote by mail; and the date established by the Board by which such votes must be received by the Secretary at an address specified in the notice. Votes received after that date shall not be effective. All persons elected as directors pursuant to such an election by mail shall take office effective on the date specified in the notice for receipt of such votes.

In the case of a vote by mail relating to any other matter, the Secretary shall give written notice to all members, which notice shall include a proposed written resolution setting forth a description of the proposed action, and shall state that such persons are entitled to vote by mail for or against such proposal and stating a date not less than 20 days after the date such notice shall have been given on or before which all votes must be received and stating the address to which they must be sent. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the Declaration or these Bylaws for the matter in question.

For the purpose of this section 3.6.8, delivery of a vote in writing to the Secretary of the Association shall be equivalent to receipt of a vote by mail at the specified address.

#### **ARTICLE 4 - MEETINGS OF MEMBERS OF THE ASSOCIATION**

**4.1 Annual Meetings.** There shall be an annual meeting of the members of the Association in the first quarter of each calendar year at such reasonable place and time as may be designated by written notice from the Board delivered to the members no less than thirty (30) and no more than sixty (60) days before the meeting. The financial statement for the preceding fiscal year (if any) and the budget the Board has adopted for the pending fiscal year shall be presented at the annual meeting for the information of the members.

4.2 Special Meetings. Special meetings of the members of the Association may be called at any time for the purpose of considering matters which require the approval of all or some of the members, or for any other reasonable purpose. Such special meetings shall be called by written notice from the President of the Association upon: the decision of the President; his receipt of a request signed by a majority of the Board; or written request of the Owners having at least ten percent (10%) of the total voting power of the Association. Said notice: shall be given to all Owners not less than fourteen (14) and not more than sixty (60) days before the date fixed for the meeting; shall specify the date, time and place of the meeting; and shall include a general statement of the matters to be considered.

4.3 Order of Business. At the meetings of members, the order of business shall be as follows:

4.3.1 Roll call and sign-in.

4.3.2 Proof of notice of meeting (or waiver).

4.3.3 Reading of minutes of last meeting.

4.3.4 Reports of officers.

4.3.5 Reports of committees.

4.3.6 Election of directors (annual meeting or special meeting called for such purpose).

4.3.7 Unfinished business.

4.3.8 New business.

4.3.9 Adjournment.

4.4 Quorum. No quorum shall be required to convene any meeting of the members of the Association unless a vote is to be taken. If a vote is to be taken, a quorum shall consist of the presence, in person or by proxy, of Lot Owners holding one-third (1/3) or more of the total votes, unless otherwise expressly provided herein.

4.5 Waiver of Notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of any notice required to be given any members, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be equivalent to the giving of such notice.



## ARTICLE 5 - THE BOARD OF DIRECTORS

5.1 Number and Election. The Association shall be administered and managed by a Board of Directors consisting of three (3) directors except that the Initial Board of Directors shall consist of only one member. As used in these bylaws, the terms "Board" and "Board of Directors" includes both the Initial Board of Directors and the Permanent Board of Directors established in accordance with Sections 5.1 and 5.2 of the Declaration. The members of the Initial Board of Directors shall be appointed by the Declarant. The members of the Permanent Board of Directors shall be elected by the Designated Voting Representatives of the members, and shall serve for terms as described in Section 5.2 of the Declaration. Directors serving on the Permanent Board of Directors may be re-elected.

5.2 Powers. In addition to the powers and authority expressly conferred upon it by these Bylaws and the Declaration, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, by the Declaration or by these Bylaws directed or required to be exercised or done by the members.

5.3 Removal - Vacancies. Declarant shall have the right to remove and appoint successors to the directors serving on the Initial Board of Directors. Any director serving on the Permanent Board of Directors may be removed from the Board with or without cause by the majority vote, in person or by of the Designated Voting Representatives at a special meeting called for that purpose. Any vacancy in the Permanent Board of Directors created or caused by any reason whatsoever, may be filled by the members at a special meeting of the members called for such purpose. In the event such a meeting is not called with 60 days after written notice of a vacancy is given to the members, the vacancy may be filled by the affirmative vote of a majority of the remaining directors even though they constitute less than a quorum of the Board of Directors. A director elected to fill any vacancy shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified.

5.4 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such place or places within King County, Washington, as the Board of Directors may from time to time designate. The annual meeting of the Permanent Board of Directors shall be held immediately after the adjournment of the annual meeting of members.

5.5 Special Meetings. Special meetings of the Board of Directors may be called at any time by the President, or in his absence, by any director, to be held at such reasonable place within King County, Washington, as the person calling the meeting may designate.

5.6 Notice. Notice of the date, time and place of all special meetings of the Board of Directors shall be given to each director by delivering personally or by mailing a written notice of the same, at least 10 days prior to the meeting. Such notice shall state the purpose or purposes for which the meeting is called.

5.7 Action by Board. A majority of the members of the Board shall constitute a quorum. The Board shall act by majority vote of the directors present at any meeting where a

quorum exists. The Board may delegate all or any portion of its administrative duties to a manager or officers of the Association.

5.8 Waiver of Notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of notice signed by a director or directors, whether before or after the time stated for the meeting, shall be equivalent to the giving of notice.

5.9 Registering Dissent. A director who is present at a meeting of the Board of Directors at which action on a matter is taken shall be presumed to have assented to such action unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting, before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

5.10 Committees. The Permanent Board of Directors shall either select successors to the three initial members of the Architectural Control Committee or shall assume the duties of said committee, as provided in Section 3.5.2 of the Declaration. The Architectural Control Committee shall have the powers and duties described in Section 3.5 of the Declaration. Additional standing or temporary committees may be appointed by the Board of Directors from time to time and the Board of Directors may from time to time invest such committees with such reasonable powers as it may see fit, subject to such conditions as may be prescribed by the Board. However, any committees (other than the Architectural Control Committee) that include as members persons other than directors shall only act as advisory committees to the Board and shall not have any power or authority to represent or act on behalf of the Board or the Association. All committees so appointed shall keep regular minutes of the transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Association. The designation of any such committee and the delegation of authority thereto, shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

5.11 Compensation. Directors shall not be paid compensation for their services, as such; provided, that nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving reasonable compensation for services rendered in such other capacity.

5.12 Action by Directors Without a Meeting. Any action required or which may be taken at a meeting of the Directors, or of a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

5.13 Action of Directors by Communications Equipment. Any action required or which may be taken at a meeting of directors, or of a committee thereof, may be taken by means of a

conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

5.14 Open Meetings. Except as provided in this Section 5.14, all meetings of the Board shall be open for observation by all Members and their authorized agents. The Board shall keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in open meeting to assemble and close session, the Board may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of a member to the Association. The motion shall state specifically the purpose of the closed session. Reference to the motion and the stated purpose of the closed session shall be included in the minutes. The Board shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board, following the closed session, reconvenes an open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. Notwithstanding the foregoing, the requirements of this Section 5.14 shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

## ARTICLE 6 - OFFICERS

6.1 Designations. The officers of the Association shall be a President, Vice-President, a Secretary and a Treasurer, who shall be appointed or elected by the Board of Directors. The officers appointed by the first Permanent Board of Directors shall be appointed or elected for a term of one year by the directors at their first meeting, and shall hold office until their successors are elected and qualify. Any two or more offices may be held by the same person, except the offices of President and Secretary. The Board may also from time to time appoint or elect such other officers as the Board may determine to be appropriate. Such other officers shall hold office for such term and shall exercise such powers and perform such duties as the Board from time to time determines.

6.2 President. The President shall preside at all meetings of members and directors, shall have general supervision of the affairs of the Association, and shall perform all such other duties as are incident to the office or are properly required by the Board of Directors.

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

6.4 Secretary. The Secretary shall issue notices for all meetings, (except for notices for special meetings of the directors which are called by the requisite number of members or directors), shall keep minutes of all meetings, shall have charge of the corporate books, and shall

make such reports and perform such other duties as are incident to his office, or are properly required of him by the Board of Directors.

6.5 Treasurer. The Treasurer shall have custody of all moneys and securities of the Association and shall keep regular books of account. He shall disburse the funds of the Association in payment of the expenses of the Association or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required, an account of all his transactions as Treasurer and of the financial condition of the Association. He shall perform such other duties incident to his office or that are properly required of him by the Board of Directors.

6.6 Delegation. In the case of absence or inability to act of any officer of the Association and of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.

6.7 Removal - Vacancies. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors. Vacancies in any office arising from any cause may be filled by the Board of Directors at any regular or special meeting of the Board.

6.8 Compensation. Officers shall not be paid compensation for their services, as such; provided that nothing herein contained shall be construed to preclude any officer from serving the Association in any other capacity and receiving reasonable compensation for services rendered in such other capacity.

6.9 Bonds. The Board of Directors may, by resolution, require any and all of the officers to give bonds to the Association, with sufficient surety or sureties, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board of Directors. The premiums for such bonds shall be paid by the Association.

## ARTICLE 7 - FINANCE - HANDLING OF FUNDS

7.1 Assessments. Assessments shall be fixed, levied and collected as provided in the Declaration.

7.2 Depositaries. The monies of the Association shall be deposited in the name of the Association in such bank or banks or trust company or trust companies as the Board of Directors shall designate, and shall be drawn out only by check or other money order for payment of money signed by such person(s) and in such manner as may be determined by resolution of the Board of Directors.

7.3 Accounts. The Association shall maintain separate accounts to properly provide for the operation and maintenance of the Property, as required by the Declaration. Subject to the direction of the Board of Directors, overall management of these accounts and the funds therein

shall be the responsibility of the Treasurer of the Association, who shall be authorized to open such accounts and adopt such procedures as may be advisable to properly secure the accounts and funds of the Association.

7.4 Insurance Account. The Treasurer shall establish an interest-bearing savings account in a bank or savings and loan association, to be known as the Insurance Account, and shall make the monthly deposits therein as required by the Declaration.

7.5 Reserve Account. The Treasurer shall establish an interest-bearing savings account in a bank or savings and loan association, to be known as the Reserve Account. The purpose of the Reserve Account is to provide for financial stability during periods of special stress, to meet deficiencies in the general funds that may occur from time to time as a result of delinquent payment of assessments, and for other contingencies. A portion of the assessments chargeable to the Lot Owners shall be allocated to the Reserve Account. The amount of such allocations shall be determined in the discretion of the Board of Directors, and may be adjusted from time to time by the Board of Directors.

7.6 General Account. The Treasurer shall establish a checking account in a commercial bank to be known as the General Account. This account will be the working capital account for the current operations of the Association and will normally receive all monthly assessments, and all income and other funds received by the Association. Checks shall be issued from this account for all management, maintenance, and operation expenditures. Funds for the Insurance Account and Reserve Account will normally be received and deposited in the General Account and checks issued to the other accounts immediately so that an overall accounting of the funds received and disbursed by the Association is centralized in the check register of the General Account.

7.7 Records - Financial Reports. Complete, detailed and accurate books and records of the receipts and expenditures of the Association shall be kept in accordance with good accounting procedures, in a form reasonably approved by the Board. The books and records, authorizations for payment of expenditures, contracts, documents, papers and other records of the Association shall be available for examination by the Lot Owners, Mortgagees and agents or attorneys of either of them, during normal business hours and at other reasonable time or times. An annual financial statement and report shall be furnished to each Lot Owner.

7.8 Audit. Any member may at any time at his own expense cause an audit or inspection to be made of the books and records of the Association. The Board, as a common expense, shall obtain an audit of the books and records of the Association at such intervals as the Board shall determine, and copies of said audit shall be furnished to the members.

## ARTICLE 8 - NOTICES

Except as may otherwise be required or specified by law, the Declaration or these Bylaws, any notice to any member, officer or director shall be delivered either personally or sent prepaid by first class United States Mail. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to the President or Secretary of the Board of Directors.

The notice of any meeting of the Association shall state the time and place of the meeting and the business to be placed on the agenda by the Board for a vote by the Members, including the general nature of any proposed Amendment to the Articles of Incorporation, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

## ARTICLE 9 - LIMITATION OF LIABILITY

9.1 Limitation of Liability. So long as a member of the Architectural Control Committee or any other committee, a Board member, an Association officer, an Association member or Declarant has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, then no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided that this Section 9.1 shall not apply to the extent that the consequences of such act, omission, error, or negligence are covered by any insurance actually obtained by the Board.

9.2 Indemnification. Each Board member, member of the Architectural Control Committee or any other committee or Association officer (including Declarant) who acts within the limits described in Section 9.1, shall be defended and indemnified by the Association to the full extent permitted by law, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding (or any settlement thereof) to which he may be a party, or in which he may become involved, by reason of holding or having held such position, whether or not he held such position at the time such expenses or liabilities are incurred; except to the extent such expenses and liabilities are covered by insurance; and, except in such cases wherein such person did not conduct himself in good faith, or he did not reasonably believe his conduct to be in the Association's best interests (in the case of conduct in his own official capacity with the Association), or he did not reasonably believe his conduct to be at least not opposed to the Association's best interests (in cases other than conduct in his own official capacity with the Association), or (in a criminal proceeding) where he had reasonable cause to believe his conduct to be unlawful; provided that no indemnification shall be made in respect of any proceeding in which such person shall have been adjudged to be liable to the Association. No indemnification may be made unless authorized in the specific case as provided in RCW 23B.08.510 and RCW 23B.08.570 (as now existing or hereafter amended). Reasonable expenses may be paid or reimbursed in advance of final adjudication upon compliance with the provisions of RCW 23B.08.530 (as now existing or hereafter amended). The Association may purchase and maintain insurance on behalf of any person who is, or was, a director, officer, employee, member of the Architectural Control Committee or other committee, or agent, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Section or RCW 23B.08.510.

## ARTICLE 10 - RULES AND REGULATIONS

The Board of Directors may from time to time adopt such rules and regulations as may be necessary or advisable to ensure compliance with or to supplement the covenants, conditions and restrictions set forth in the Declaration, or as may be reasonably required for the use and maintenance of the Common Areas and Common Area Improvements. When so adopted, such rules and regulations shall be binding upon all Lot Owners and occupants of the Lots. The Board of Directors may from time to time amend any such rules and regulations. Except to the extent already set forth in the Declaration, such rules and regulations shall be stated in writing and shall be made available to each Lot Owner, tenant, Mortgagee or other party having a legitimate interest therein, upon request to the Secretary of the Association.

#### ARTICLE 11 - AMENDMENTS

These Bylaws may be altered, amended or repealed by a majority vote of the Board of Directors at a meeting duly held for that purpose; provided, however, that no material amendment to these Bylaws shall be made without the prior written consent of seventy-five percent (75%) of all First Mortgagees; and provided, further, that so long as the Declarant owns twenty-five percent (25%) or more of the Lots, these Bylaws and the Articles of Incorporation shall not be amended without the prior approval of the Federal Housing Administration or the Veteran's Administration.

#### ARTICLE 12 - CONFLICT WITH DECLARATION OR LAW - INTERPRETATION

These Bylaws are intended to comply with and supplement the Declaration. If any of these Bylaws conflict with the provisions of said Declaration, the provisions of the Declaration will control. The provisions of these Bylaws shall be liberally construed to effectuate their purpose to create a uniform plan for the management and operation of The Reserve At Patterson Creek Homeowners Association.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2002.

INITIAL BOARD OF DIRECTORS:

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George R. Thurtle