

AMENDED BYLAWS

Harbor Lights Estates Homeowners Association

ARTICLE I NAME AND LOCATION

The name of the corporation is **Harbor Lights Estates Homeowners Association**, hereinafter referred to as the “Association.” The principal office of the corporation shall be located at the home of the current Board President, at Steamboat Loop East, Port Orchard, Washington 98366. Meetings of members and directors may be held at such place within the State of Washington, County of Kitsap, as may be designated by the Board of Directors. The Association is a non-profit corporation formed under the provision of RCW 24.03.

ARTICLE II DEFINITIONS

- Section 1. “Association” shall mean and refer to Harbor Lights Estates Homeowners Association, its successors and assigns.
- Section 2. “Properties” shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- Section 3. “Common Maintenance Areas” shall mean those portions of all real property (including the improvements thereto) maintained by the Association at the time of recording this Declaration are described as follows:
- a) Tract “A,” which is reserved for drainage and retention pond;
 - b) Tract “B,” which is reserved for drainage and retention pond;
 - c) Tract “C,” access parcel for Lots 15, 16, and 17; and
 - d) all roads, road shoulders, entry signs, entry landscape and mailbox structures.
- Section 4. “Lot” shall mean and refer to any land shown upon any recorded subdivision map of the Properties. Common Maintenance Areas shall not be regarded as lots.
- Section 5. “Owner” shall mean and refer to the record owner, whether one or more persons, of (1) a fee-simple title to any Lot that is a part of the Properties (but excluding those persons or entities, such as real estate contracts sellers, having record title merely as security for the performance of an obligation), and (2) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.
- Section 6. “Declarant” shall mean and refer to Harbor Lights Estates Homeowners Association.
- Section 7. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the office of the Kitsap County Recorder under Recorder’s Receiving Number 201210040097.

Section 8. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 9. “Development Period” shall mean and refer to that period of time as defined in Section 1 of Article XVI of these Bylaws.

ARTICLE III MEETING OF THE MEMBERS

Section 1. Annual Meeting. The regular annual meeting of the Members shall be held on the first Saturday in June. The meetings shall be held at the location selected by the Board of Directors.

Section 2. Special Meetings. A notice of each meeting of the Members shall be given by, or at the direction of, the person authorized to call the meeting, the president, a majority of the board of directors, or by owners having twenty-five percent of the votes in the association. The authorized individual or individuals shall cause notice to be hand-delivered, posted in public, emailed, or sent prepaid by first-class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner by mailing a copy of such notice, at least fourteen (14) days, and not more than sixty (60) days before such meeting to each Member entitled to vote at such meeting. Such notice shall specify the place, day and hour of the meeting, and the business to be placed on the agenda by the Board of Directors, 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. Any ballots requiring a 2/3 or greater affirmative vote will be mailed with the meeting notice.

Section 3. Quorum. The presence at the meeting of Members entitled to cast votes, and of proxies entitled to cast votes, twenty five percent (25%) of the homes represented, to be cast at the meeting shall constitute a quorum for any action except as otherwise provided the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without additional notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 4. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing on the proxy form provided by the Board, signed by the Member, or his duly authorized attorney-in-fact, and filed with the secretary prior to the annual meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member. No member shall hold more than one proxy vote at a time. Proxy authorization shall be null and void upon the conclusion of the meeting for which the proxy is provided.

Section 5. 1. Member Voting. The Association shall have one (1) class of voting membership designated as Class-A.

Class-A Members shall be all owners. Class-A Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such

persons shall be Members. The vote for such Lot shall be exercised by majority but in no event shall more than one (1) vote be cast with respect to any interest in any Lot, all such persons shall unanimously designate (in a writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by proxy) the vote for such Lot.

2. Board Voting. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board. No fewer than three Board Officers can initiate an act.

ARTICLE IV ASSOCIATION POWERS

Section 1. Pursuant to RCW 64.38.020, the Association shall have the power to do the following:

- a) Adopt and amend Bylaws and CC&R's. The power to alter, amend or repeal the Bylaws or adopt new Bylaws shall be vested in the Board of Directors unless otherwise provided in the Articles of Incorporation and the Bylaws. The Bylaws may contain any provisions for the regulation and management of the affairs of the Association not inconsistent with the law and the Articles of Incorporation.
- b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners.
- c) Make contracts and incur liabilities essential in managing the business of the Association.
- d) Institute, defend, and intervene in litigation and administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association.
- e) Regulate the use, maintenance, repair, replacement, and modification of common areas.
- f) Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas or Association property within the common areas.
- g) 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 and CC&R's 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 or CC&R's of the Association.
- h) Exercise any other powers conferred by the Bylaws.

i) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association.

j) Exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE V BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of four (4) Directors, consisting of a President, Vice President, Secretary and Treasurer who must be Members of the Association.

Section 2. Selection. Voting for officers will take place by ballot at the annual Membership meeting. If no quorum is present, the current Board may appoint a replacement for the Director whose term has expired, who has resigned, or who has become incapacitated.

Section 3. Term of Office. The term of office for each Director shall be two (2) years. The President and Treasurer shall be elected every even year. The Vice President and Secretary shall be elected every odd year. There can be no more than one voting Board member per household.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a seventy-five percent (75%) vote of the membership present at any annual or special meeting. In the event of death, resignation, or removal of a Director, his or her successor shall be selected by the remaining member of the Board and shall serve for the unexpired term of the predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for true and actual out-of-pocket costs directly associated with the operation of the association.

Section 6. Committees. The Association shall appoint an Architectural Control Committee (ACC). The Vice President shall chair the ACC and the committee shall not consist of more than four additional association members. The ACC shall meet as needed or called upon by the Vice President. Two Board Members, including the Vice President, must be on the ACC. No fewer than three ACC members must agree to approve a written request by a homeowner. The Vice President must sign, date and indicate the approval or disapproval by the ACC of the written request and return a copy of the request to the requesting homeowner. The original must be retained in the Association's records. Verbal approvals will not be accepted.

No complaints against a Member will be acted on by the Board or ACC until there has been an attempt by the complainant to negotiate an agreement with the Member perceived to be in violation of a covenant, and the Article that pertains to the violation has been identified in writing on the complaint form, and the completed form has been presented to the Board and the Vice President. Only then will the Board or ACC intervene. The response to the

complaint will be in writing on the complaint form, signed and dated by the Vice President, and a copy returned to both parties of the complaint. The original must be retained in the Association's records. Verbal responses will not be accepted as a solution or a course of action.

The Board shall appoint other committees as deemed appropriate in carrying out its purpose.

Section 7. Non-Liability. Pursuant to 4.13 of the Declaration of Protective Covenants, Conditions, and Restrictions – Harbor Lights Estates Homeowners Association, no Member, Director or ACC Member shall be liable to any owner, occupant, builder, or developer for any damages, loss or prejudice suffered or claimed on account of any action or failure to act of the Committee or Member thereof, provided that the Member has acted in good faith and on the basis of the facts known to him or her.

ARTICLE VI DUTIES OF OFFICERS

Section 1. President. The President shall preside at all membership meetings. A President shall, by virtue of office, be Chairman of the Board of Directors. The President facilitates effective action of the Board by setting the Agenda. The President shall be present at each annual meeting of the Association, an annual report of the work of the Association. It is the duty of the President to appoint committees, temporary or permanent. The President shall see that all books, reports, and certificates required by law are properly kept and filed. In the month of August and at least five days before August 8th, the President must complete an Annual Report to renew the Association's Nonprofit Corporation status with the Washington Secretary of State Corporations Divisions in Olympia, Washington. The President must assure, at the end of each fiscal year, June 30th, that the Association's IRS Form 1120-H is filed by the 15th day of the 3rd month after the end of its tax year. The yearly due date for filing is September 15th. The President shall be one of the officers who may sign checks of the Association.

Section 2. Vice President. The Vice President shall in the event of the absence or inability of the President to exercise his/her office become the acting President of the Association with all of the rights, privileges and powers as if he/she had been the duly elected President. The Vice President shall also act as chairman of the Architectural Control Committee.

Section 3. Secretary. The Secretary shall keep minutes and records of the Association in appropriate books. Meeting minutes should be prepared from notes and recordings taken at the meeting, and shall be presented at the next meeting of the group for review and approval at the meeting. Corrections must be rewritten into the minutes adopted by the group and kept as the final record.

Section 4. Treasurer. The Treasurer shall have the care and custody of all monies belonging to the Association and shall be solely responsible for such monies of the Association. The Treasurer must be one of the officers who shall sign checks of the Association. No special fund may be set aside that shall make it unnecessary for the Treasurer to sign checks issued upon the Association. The Treasurer shall render at a stated period as the Board of Directors shall determine a written account of the finances of the

Association and such report shall be physically affixed to the minutes of the Board of Directors of such meeting. The Treasurer shall provide the information necessary for, and/or complete and file IRS Form 1120-H each year in accordance with the filing date (described in ARTICLE VI, Section1, above).

Section 5. Standard of Care. The Board of Directors shall act in all instances on behalf of the Association. In the performance of their duties, the officers and Members of the Board of Directors shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 24.03 RCW.

ARTICLE VII BOOKS AND RECORDS

Section1. Member Access. The official books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member.

Section 2. Member Record. The Board shall maintain a record of all current Members of the Association.

Section 3. Meeting Records. Records of meetings shall identify the group that is meeting, whether Board, Annual Membership, or Committee; the date of meeting; attendees; and place of meeting. Minutes of meetings shall include a record of any action taken.

ARTICLE VIII ASSESSMENTS

Section 1. Member Obligation. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, and other charges (4.12 of Article IV of the Declaration), which are secured by a continuing lien upon the Property against which the assessment or other charge is made. Any assessment or other charges that are not paid when due shall be delinquent. If the assessment or other charges are not paid within thirty (30) days after the due date, the assessment or other charges shall accrue at the legal rate allowable in the State of Washington at the time of the delinquency, and interest from the date of delinquency, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the Property; and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment of other charges.

No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Maintenance 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 the title unless expressly assumed by them. Liens for delinquent assessments and other charged shall be recorded in the office of the Kitsap County Recorder.

Section 2. Assessment Purpose. The assessments levied by the Association under Article IV, Section 4.12, of the Declaration shall be used exclusively to promote the health, safety and welfare

of the residents of the Properties and for the improvements and maintenance of the Common Areas and Common Maintenance Areas

Section 3. Amount of Annual Assessment

(a) The annual assessment shall be set in accordance with that amount established by the Board as essential to the maintenance, repair, replacement, and modification of common areas; and essential to bring about improvements and additions to Member structures, and common areas; to pay administrative and operational costs of the Association; and to pay for essential legal counsel and other fees required for the Association to perform its administrative obligations.

(b) The annual assessments described in this Article VIII commenced in the first calendar month following recording of the plat of Harbor Lights Estates, 17 February 1993.

(c) The annual assessment may be increased each year not more than ten percent (10%) more than the assessment for the previous year without a vote of the membership.

(d) The maximum annual assessment may be increased by more than ten percent (10%) more than the previous year's maximum assessment only if two-thirds (2/3) of the Members of the Association, who are voting by ballot, or in person or by proxy at a meeting called for this purpose, consent to such an increase.

(e) The Board of Directors shall fix the annual assessment pursuant to Section 3, c and d, above.

ARTICLE IX
AMENDMENTS

Section 1. These Bylaws may be amended by a majority of the Board of Directors. The Members shall have concurrent power to amend at the regular or special meeting of the Members, by a vote of a majority or a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X
MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first (1st) day of July and end on the thirtieth (30) day of June every year.

Section 2. Expenditures exceeding \$600.00, excluding normal maintenance expenses, shall require Homeowners approval at a special meeting.

ARTICLE XI
DELEGATION OF USE

In the event an Owner rents or leases his Property, a copy of this Declaration, as well as any release of regulations that may be adopted by the Association, shall be made available by the Owner to the prospective renter at the time of commitment to the rental agreement. Each Owner shall also be responsible for informing guests and service personnel of the contents of this Declaration, as well as any rules and regulations that may be adopted by the Association as they may relate to appropriate community behavior.

Each Owner personally, and the Owner's Lot, shall be responsible for any damages to any Common Maintenance Areas (or any other areas maintained by the Association) and to any other Association property, whether real or personal, caused by an Owner's family, guest, tenant, agent, workman, contractor, and other license of invitee. The Association shall have a lien upon the Owner's Lot for the amount of the damages.

IN WITNESS WHEREOF, we being all of the Directors of Harbor Lights Estates Homeowners Association have hereunto set our hand this _____ day of _____, 2013.

President, Mary Jaffe

Vice President, Eric Torgerson

Secretary, John Klein

Treasurer, Daniel Ransom, PE