**BYLAWS OF**

**CHERRY RIDGE ESTATES PROPERTY OWNERS ASSOCIATION**

1. IDENTIFICATION OF THE ASSOCIATION.

The name of the Association is Cherry Ridge Estates Property Owners Association, which will hereinafter be referred to as the “Association.” The purpose of the Association is to improve and maintain certain road surfaces for the benefit of the Lots as shown on Exhibit A.

2. DEFINITIONS.

All terms used in these Bylaws shall have the same meanings ascribed to them in the Washington Homeowners’ Association Act, Chapter 64.38 RCW (“Act”), Declaration of Easements, Covenants, Conditions, and Restrictions, and/or in the Articles of Incorporation for the Association.

3. APPLICABILITY OF BYLAWS.

These Bylaws are promulgated to provide for the self-government of the Association and to promote the safety, health, well-being and enjoyment of its Members. The administration and management of the Association and the actions of the Owners, the Association and its Board of Directors and Officers shall be governed by these Bylaws. All present and future Owners and their tenants, licensees, invitees, servants, agents, employees, family members and any other person who are permitted to use the property within the Association shall be subject to these Bylaws. Acquisition, rental or occupancy of a Lot shall be deemed conclusive evidence of the Owner’s, tenant’s or occupant’s acceptance and ratification of, and agreement to comply with, the Governing Documents now in existence or hereafter adopted.

4. OWNERS’ ASSOCIATION.

4.1. Form of Association. The Association has been incorporated as a corporation under the laws of the State of Washington under the provisions of Chapter 24.03 RCW.

4.2. Governing Law. The rights and duties of the Members of said corporation shall be governed by the provisions of the Homeowners' Association Act, Chapter 64.38 RCW (“Act”), and the Governing Documents. In case of any conflict between Chapter 24.03 RCW and Chapter 64.38 RCW, the Act shall control.

4.3. Registered Office and Registered Agent. The Chapter 24.03 RCW requires that every corporation must maintain a “registered agent” in the State of Washington to receive official notices and service of legal process on behalf of the corporation. A “registered office” must be designated, identifying where such notices and legal process may be delivered. The Association’s Registered Agent shall be appointed by the Board of Directors.

4.4. Powers of Association. The Association may, through its Board of Directors:

(a) Adopt and amend rules and regulations;

(b) Propose and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments from Owners for Common Expenses, including, but not limited to, improving and maintaining roads;

(c) Hire and discharge or contract with managers and other employees, agents, and independent contractors;

(d) 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 Association, but not on behalf of Owners involved in disputes that are not the responsibility of the Association;

(e) Make contracts;

(f) Incur liabilities with a prior majority vote by Owners that are Members in Good Standing;

(g) Regulate the use, improvement, maintenance, repair, replacement, and modification of any Common Areas, including, but not limited to, road surfaces, easements, signage, drainage, gates, and appurtenances thereof;

(h) Cause additional improvements to be made as a part of any Common Areas, including, but not limited to, water systems, easements, and appurtenances thereof;

(i) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

(j) Impose and collect any payments, fees, or charges for the use, rental, or operation of any Common Areas or its appurtenances and for services provided to Owners;

(k) Impose and collect charges for late payment of Lot assessments and, after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and in accordance with such procedures as provided in the Governing Documents;

(l) Exercise any other powers conferred by the Bylaws;

(m) Provide for the indemnification of its Officers and Board of Directors’, to the extent provided by the Bylaws, and maintain Directors’ and Officers’ liability insurance;

(n) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

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

4.5. Membership.

4.5.1. Qualification. Each fee Owner or real estate contract vendee of a Lot in the Association, shall be a Member of the Association. The terms “Owner” and “Member”, as used herein, shall be synonymous unless the context clearly prohibits such construction. “Lot” or “Lots” shall initially mean the parcels as listed on Exhibit A. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Owners. The ownership of an interest in a Lot solely as security for the performance of an obligation does not entitle the owner of such interest to membership in the Association. A Member shall be considered a “Member in Good Standing” when such Member has paid all required dues, charges and assessments owing by such Member, and has not been found to have violated other provisions of the Governing Documents.

4.5.2. Rights and Privileges of Membership. Members in Good Standing shall have the right to vote for Officers and Directors of the Association, and to consent to or dissent from certain extraordinary corporate actions described in Chapter 24.03 RCW. Members in Good Standing and their lawful tenants shall also have the following privileges: (a) to use any common areas of the Association for personal use; and (b) to use any services, utilities and/or facilities provided by the Association for use by its Members. Such rights and privileges are subject to payment of all dues, charges or assessments as may be lawfully imposed by the Board of Directors from time to time, and are further subject to remaining in compliance with all other provisions of the Governing Documents. A Member who fails to pay all required dues, charges or assessments shall cease to be a Member in Good Standing until such time as the Member shall make all required payments and satisfy any conditions required of the Member in such proceeding. A member that is not a Member in Good Standing may use the common areas of the Association for the limited purpose of accessing their Lot for personal use, but may not use the common area for any other purpose, such as construction or logging purposes.

4.6. Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to such 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 appurtenant thereto to the new Owner thereof.

4.7 Meetings.

4.7.1. Place of Meetings. Meetings of the Association shall be held at such place as may be designated by the Board of Directors and Members of the Association and stated in the notice of the meeting.

4.7.2. Annual Meetings. The “Fiscal Year” of the Association shall be the calendar year or such other period as may be fixed by the Board of Directors. There shall be an annual meeting of the Members each Fiscal Year, at such time as the Board may determine to be appropriate. The annual meeting of the Members shall be held for the election of Officers and Directors and the conduct of such other business as may be properly brought before the meeting. At the annual meeting, there shall be presented a report containing the annual financial statement of the Association for the year immediately preceding the current Fiscal Year.

4.7.3. Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of the Governing Documents or applicable law require the approval of all or some of the Owners, or for any other reasonable purpose. Such meetings shall be called by written or electronically transmitted notice to the Secretary of the Association signed by the President, by a majority of the Board, or by Owners having at least thirty-three percent (33%) of the total votes in the Association.

4.7.4. Notices of Any Association Meetings. Not less than fourteen (14) nor more than fifty (50) days in advance of any Association meeting, the Secretary shall provide written notice to each Owner by:

(a) Hand-delivery to the mailing address of the Owner or other address designated in writing by the Owner;

(b) Prepaid first-class United States mail to the mailing address of the Owner or to any other mailing address designated in writing by the Owner; or

(c) Electronic transmission to an address, location, or system designated in writing by the Owner; provided that the Owner delivers to the Secretary a written consent prior to receiving electronically transmitted notices. An Owner who has consented to receipt of electronically transmitted notices may revoke the consent at any time by delivering a written record of the revocation to the Secretary. Consent is deemed revoked if the Secretary is unable to electronically transmit two consecutive notices given in accordance with the consent.

The notice of any meeting shall state the place, day and hour of the meeting and the items on the agenda to be voted on by the members, including a list of the candidates seeking to be elected as Officers or Directors of the Association. In the event that the Association elects to prepare a written ballot for use at a meeting, copies thereof shall be served with the Notices of such meeting.

4.7.5. Waiver of Notice. Whenever any notice to an Owner is required to be given by the Association, a Waiver thereof in writing signed by the Owner, whether made before or given after the time stated therein, shall be equivalent to the giving of such notice.

4.8. Voting.

4.8.1. Voting Rights. A Member in Good Standing has a right to vote at meetings of the Association with respect to such other matters that are not within the powers of the Board of Directors as may lawfully come before the meeting. The total number of votes available to each Owner shall be equal to the one (1) voting share of his or her Lot, as described in Section 4.8.2. In the event that a Lot is owned by the Association, no votes allocated to such Lot may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to such Lot shall be disregarded. Cumulative voting shall not be permitted.

4.8.2. Voting Share. Each Lot in the Property has been allocated voting power in the Association. There shall be a total of one (1) voting share per Lot. Owners of Lots listed in Exhibit A shall each be entitled to one (1) voting share.

4.8.3. Joint Owner Disputes. The voting share for a Lot must be cast as a single vote, and split votes for Lots shall not be allowed. Where a Lot is owned by more than one person, if only one of such persons is present at a meeting of the Association, in person, by proxy or written ballot, such person is entitled to cast the one (1) voting share for that Lot on behalf of all the persons owning the same Lot. If more than one of the multiple persons comprising an Owner are so present, (including by proxy or written ballot), the voting share for that Lot may be cast only in accordance with the agreement of a majority in interest of such multiple persons. There is majority agreement if any one of the multiple persons casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other persons comprising the Owner. In the absence of majority agreement, the conflicting votes shall be deemed an abstention of the vote for such Lot.

4.8.4. Proxies and Voting by Written Ballot. Votes allocated to the Lots may be cast by a written ballot or pursuant to a written proxy duly executed by the Lot Owner and delivered to the Association’s Secretary or the Officer presiding at the meeting at or before the commencement of the meeting. The written ballot or written proxy may be delivered in person, by mail, or by electronic transmission to the Association’s President or Secretary. If a Lot is owned by more than one Owner, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance. A written ballot shall not be valid unless it is signed by the Owner and received by the Association on or before the date and time of the meeting at which it is to be counted. A written ballot may be in the form of a directed proxy which designates an individual either by name or by general description (e.g., “any Officer of the Association”) and therein instructs such person how to vote on the matters to be decided at the meeting for which the ballot is prepared, or may be on a form prepared by the Association for obtaining votes on the matters constituting the business of the meeting. In the event that the Association elects to prepare a written ballot for use at a meeting, copies thereof shall be served with the Notices of such meeting.

4.8.5. Quorums. A quorum is present throughout any meeting of the Association if the Owners of Lots to which at least fifty percent (50%) of the total votes in the Association are present in person or by proxy or by written ballot at the beginning of the meeting. A member that is not a Member in Good Standing, present in person or by proxy, shall count toward establishing a quorum.

4.8.6. Order of Business. The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) determination of the presence of a quorum; (iii) approval of the agenda; (iv) approval of the minutes of the previous meeting of the Association; (v) reports of the Board of Directors, Officers and committees; (vi) unfinished business; (vii) new business (viii) election of Officers or Directors, if applicable. Items (iv), (v), (vi), and (vii) may be omitted from the order of business of a special meeting held for the sole purpose of electing Officers or Directors. Only matters described in the notice of a special meeting may be considered at such a meeting, and the order of business at a special meeting shall generally conform to the order specified in the notice of such meeting.

4.8.7. Conduct of Meeting. The President shall preside at meetings of the Members and the Secretary shall keep the minutes of meetings, for inclusion in the Association's permanent Minute Book. The Board of Directors shall have the authority to adopt rules and procedures for the conduct of all meetings of the Members when not in conflict with the Act or the Governing Documents. The current Road Protection Bonds and Related Regulations are attached as Exhibit B.

4.9. Action by Members Without a Meeting. Any action required or permitted to be taken may be taken without a meeting if all of the Members of the Association consent in writing to such action. Such written consent or consents may be in the form of written ballot, and shall be filed with the minutes of the proceedings of the Association.

4.10 Action of Members by Communications Equipment. Members may participate in a meeting of Members by telephone or any means of communications by which all persons participating in the meeting can hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

5. BOARD OF DIRECTORS.

5.1. Number, Qualifications, Term of Office.

5.1.1. Number of Directors. The initial number of Directors on the Board shall be five (5). The number of Directors on the Board shall be no less than three (3) and no more than five (5) Directors on the Board, but such number may be increased or decreased from time to time by amendment to the Bylaws. The President shall simultaneously serve as an Officer and as a Director on the Board.

5.1.2. Election.

The Board of Directors of the Association shall be elected by the Members at its annual meeting or at any meeting. Candidates receiving a majority of votes will be elected.

5.1.3. Qualifications. All of the members of the Board of Directors must be Owners who are and remain Members in Good Standing. The term “Owner” in such context shall be deemed to include any director, officer, partner in, or trustee of any entity which is, either alone or in conjunction with another person or entity, an Owner. Any Officer or Director of the Association who would not be eligible to serve as such if (s)he were not a director, officer, partner in, or trustee of such an entity shall be disqualified from continuing in office if (s)he ceases to have any such affiliation with that entity.

5.1.4. Term. A Director shall serve for a term of three Fiscal Years, and until his or her successor is elected by the Members at the next annual meeting or at any meeting.

5.2. Meetings.

5.2.1. Special Meetings. Special meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary on the written request of at least two Directors. Unless all sitting Directors are present at a special meeting, no business other than that stated as the purpose for such special meeting may be conducted at a special meeting.

5.2.2. Notice and Waiver of Notice. Notice of regular or special meetings of the Board of Directors shall be given to each Director, by mail, e-mail, telefacsimile or hand-delivery at least seventy-two (72) hours prior to the time of the meeting, and shall state the date and place and hour of the meeting.

5.2.3. Open Meetings. All meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. Upon the affirmative vote in open meeting to assemble in closed session, the Board may convene in closed executive session to consider personnel matters, to consult with legal counsel or consider communications with legal counsel, or to discuss likely or pending litigation, matters involving possible violations of the Governing Documents, matters involving the possible liability of an Owner to the Association, or matters involving the potential liability of the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board shall restrict its consideration of matters during the closed portions of the meeting to only 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 in open meeting, reasonably identifies the motion or other action considered in executive session, and votes again in the open meeting on such motion or other action. The requirements of this Section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

5.2.4. Action by Directors Without a Meeting. In a bona fide emergency, or to accomplish purely ministerial objectives (such as the signing of banking resolutions) any action required or permitted to be taken may be taken without a meeting if all of the members of the Board of Directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

5.3. Compensation.

A Director shall not receive compensation from the Association for serving on the Board of Directors, but a Director may be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the proper performance of his or her duties with prior approval.

5.4. Insurance.

The Association shall maintain for any Director or Officer of the Association professional liability insurance of no less than $1,000,000.00. The Association shall maintain property damage insurance of no less than $250,000.00 and general liability insurance of no less than $1,000,000.00. All policies shall name the Association as the insured and must include a provision that calls for ten (10) days' written notice to the Association before the policy can be canceled or substantially modified for any reason. The Association may also obtain for any Director, Officer, trustee, volunteer, agent, or employee of the Association handling or responsible for Association funds, adequate fidelity insurance.

5.5. Duty of Care.

A Director shall perform the duties of a Director, including 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 reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably 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 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.

5.6. Duty of Loyalty - Conflict of Interest.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in these Bylaws. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm entity or association in which one or more of the Directors are Directors or Officers or are pecuniary or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, if the fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof and noted in the minutes, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose. Common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, but such Directors must abstain from voting. If disclosures and decisions are not made as required by this Section, the contract or transaction may be voidable at the instance of the Association, and affected Director may not be insulated from liability for any harm suffered by the Association as a result of the contract or transaction.

5.7. Right to Indemnification.

The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association, except for any liability for any acts or omissions that involve intentional misconduct by the director or officer, knowing violation of law, for conduct in violation of RCW 23B.08.310, for any transaction from which the director or officer will personally receive a benefit in money, property, or services to which the director or officer is not legally entitled. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Association, to the fullest extent authorized by RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW 23B. See RCW 23B.17.030. The Association’s duty to indemnity, under this section, shall be limited to the extent of coverage provided under the directors and officers liability insurance policy maintained by the Association. The Directors and Officers shall be liable for all monetary damages or expenses for acts or omissions that are not covered by the Association’s directors and officers liability insurance policy.

5.8. Committees.

The Board of Directors may by resolution establish and appoint the members of one or more committees intended to obtain information for and provide advice to the Board, but not to exercise any of the powers of the Board, with respect to such matters as from time to time may be deemed useful by the Board. The members of any such committee may be Board members, Owners, or other persons whose participation is deemed useful by the Board, in its discretion.

6. OFFICERS.

6.1. Principal Officers.

The principal Officers of the Association are a President, a Secretary and a Treasurer. All the Officers of the Association must be members of the Association. Two or more offices may be held by the same person, except the offices of President and Secretary. The Board of Directors may, in its discretion, also elect or appoint such other Officers and assistant Officers as may be deemed necessary. Officers are charged, in general, with responsibility for implementing policy decisions adopted by the Board of Directors.

6.2. Election of Officers.

The President of the Association shall be elected annually by the Members at its annual meeting or at any meeting. The President shall be elected from the five members of the Board of Directors. The Secretary and Treasurer of the Association shall be elected annually by the Board of Directors at its annual meeting or at any meeting.

6.3. Removal of Officers; Vacancies.

An Officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting called for that purpose.

6.4. President.

The President is the chief executive Officer of the Association; the President shall preside at meetings of the Association and shall serve as Chair of the Board of Directors; prepare the annual Budget with the Treasurer; and the President shall oversee the business of the Association such that the orders and resolutions of the Board of Directors may be carried into effect. The President shall review the Association’s monthly bank statements in a timely manner.

6.5. Secretary.

The Secretary shall attend all meetings of the Board of Directors and of the Members, and shall record the voting and the minutes of all proceedings in a minute book to be kept for that purpose. The Secretary shall give notice of meetings of the Members and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary, with the assistance of the Treasurer, shall compile and keep current at the principal office of the Association all records required by Section 8.3 hereof. The Secretary shall keep current and retain custody of the minute books of the proceedings of the Members and the Board of Directors, and may maintain a separate Book of Resolutions containing copies of resolutions of the Board intended to have ongoing or permanent effect. An Assistant Secretary may perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe. The Secretary shall use best practices for computer and internet security.

6.6. Treasurer.

The Treasurer shall exercise control over all funds and securities of the Association except those which are placed under the control of another Officer. The Treasurer shall deposit all funds of the Association in such federally insured financial institution(s) as may be designated by the Board of Directors. The Treasurer shall disburse funds and pay expenses in accordance with the Association’s Budget or as ordered by the Board of Directors upon a budget adjustment according to Section 8.5. The Treasurer shall keep the books of the Association on a cash basis, with detailed accounts of the receipts and expenditures affecting the Association, in at least the detail required by Section 8.3 hereof. The books and supporting vouchers and records shall be available for examination by the Owners, Mortgagees and their duly authorized agents or accountants or attorneys, during regular business hours in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, in a manner consistent with homeowners’ association auditing guidelines. The Treasurer shall be responsible for preparation of the Association's annual budget with the assistance of the President. The Treasurer shall provide the President with copies of the Association’s monthly bank statements in a timely manner each month.

6.7. Compensation of Officers.

No Officer shall receive any compensation from the Association for acting as such unless such compensation is approved by at least 75% of the Owners entitled to vote in the Association. An Officer shall be reimbursed for reasonable out-of-pocket expenses incurred by him or her in the performance of his or her duties with prior approval.

6.8. Liability of Officers and Indemnification.

See Sections 5.4, 5.5, 5.6, and 5.7 of these Bylaws.

7. ENFORCEMENT OF PROVISIONS OF GOVERNING DOCUMENTS.

7.1. Authority of the Board.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the Governing Documents. Without limiting the authority and powers conferred upon the Board by the Act, the Board shall have the power and authority specified in this Section of these Bylaws.

7.2. Legal Proceedings.

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

7.3. Costs and Attorney's Fees.

The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Special Assessment against the Owner's Lot.

7.4. Late Charges and Interest.

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than ten (10) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed ten percent (10%) of the amount of said Assessment or installment. Delinquent Assessments shall bear interest from the date of delinquency at the rate of 12% per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

7.5. Liability for Conduct Causing Common Expense.

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. To the extent that any Common Expense is caused by the misconduct of any Owner, the Association may specially assess that expense against the Owner's Lot.

7.6. No Waiver of Rights.

The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or the Act, shall not constitute a waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

7.7. Remedies Cumulative.

A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Act shall be deemed to cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Governing Documents or the Act or at law or in equity.

7.8. Tenants Subject to Rights and Responsibilities of Owners.

Any tenant of an Owner shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner, with the exception of the obligation to pay the dues, assessments and other charges owing by the Owner to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who has been found to have violated the Governing Documents; the Association shall be deemed a “real party in interest” in any legal proceeding brought to enforce this right.

8. MANAGEMENT OF ASSOCIATION.

8.1. Management by Board of Directors.

The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Governing Law or the Governing Documents required to be exercised and done by the Association through a vote of the Owners. The Board of Directors is charged with the responsibility for formulating and adopting all policy decisions affecting the Association.

8.2. Bank Accounts for Operations and Reserves.

8.2.1. Insured Accounts. The Treasurer shall promptly deposit all sums collected for operating expenses, road bond, reserves, or other purposes in insured accounts with reputable financial institutions.

8.2.2. Commingling Prohibited. Amounts collected by the Treasurer as Assessments for operating expenses or Reserves shall not be commingled with funds of any other homeowners association, nor with the funds of any other person responsible for the custody of such funds.

8.2.3. Any transaction affecting the Association’s funds, including the issuance of checks, shall require the signature of either the President or Treasurer.

8.3. Association Records.

8.3.1. Financial Records. The Treasurer shall keep financial records sufficiently detailed to fully declare to each Owner a true statement of the Association's financial condition. At minimum, such records shall include:

(a) an "income statement" reflecting all income and expense activity for the preceding fiscal year on a cash basis;

(b) a statement reflecting all reserve account activity;

(c) a statement reflecting all bond activity, including details of who posted the bond, the bond amount, and when the bond was posted;

() a "delinquency report" listing all Owners who are delinquent in paying Common Expense assessments and describing the status of any actions to collect such assessments;

() all canceled checks, bank statements, receipts and vouchers for expenses and other source documents for income and expenses, for up to seven (7) years; and

8.3.2. Other Records.

The Secretary shall compile and maintain the following records, documents and things:

(a) The original or a photocopy of all the Governing Documents and each amendment to the Governing Documents;

(b) The Certificate of Incorporation and a copy or duplicate original of the Articles of Incorporation of the Association as filed with the Secretary of State;

(c) The Bylaws of the Association, and all amendments thereto;

(d) The minute books, including all minutes, and the separate Book of Resolutions;

(e) Any rules and regulations that have been adopted;

(f) An inventory of all tangible personal property of the Association;

(g) Insurance policies or copies thereof for the Road Easements and common areas and the Association;

(h) Any other permits issued by governmental bodies applicable to the Road Easements and common areas of the Association;

(i) All written warranties that are still in effect for any portions of the Road Easements and common areas, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished with respect to installed equipment or building systems;

(j) A roster of Owners and their addresses, telephone numbers, e-mail addresses (if known), and electronic transmission permission (if provided);

(k) Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

(l) All other contracts to which the Association is a party.

8.3.3. Ownership of Records, Inspection.

All financial records and other books, records and documents of the Association are and shall remain the property of the Association, but shall be made reasonably available for examination and copying any Owner or the Owner's authorized agents. However, the Association shall not release the unlisted telephone number of any Owner without such Owner's consent. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records.

8.4. Budget for Common Expenses.

Within thirty (30) days prior to the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's Treasurer, the Board shall prepare an Annual Budget which shall estimate the Common Expenses to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association, and shall further take into account any expected income and any surplus available from the prior year's operating fund.

8.5. Meeting of Association to Approve Budget.

The President and Treasurer shall provide a summary of the budget to all the Owners to be provided with the Annual Meeting notice. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. Pursuant to RCW 64.38.025(3), this procedure shall be deemed to govern both general assessments and special assessments, except general assessments and special assessments require an approval by fifty-one percent (51%) of Members in Good Standing. Currently, there is a $850.00 per lot annual general assessment, of which $600 is earmarked for chip seal renewal reserve for use projected for 2024, and/or future chip seal extension. The general assessment is subject to change according to the procedures of this Bylaws. After a budget has been approved, the Board of Directors may, with an affirmative vote of sixty-six percent (66%) of the Board, adjust the budget, except an approval of sixty-six percent (66%) of Members in Good Standing shall be required for any amendment to the reserves.

9. NOTICE.

9.1. Manner of Notice.

Unless specified otherwise in other sections of these Bylaws, whenever any notice is required to be given under the provisions of the Act or of the Governing Documents to any Owner, it shall not be construed to require hand-delivered notice, but such notice may be given in writing, by first class mail or electronic transmission, addressed to such Owner at such address as appears on the books of the Association.

9.2. Waiver of Notice.

Whenever any notice is required to be given under the provisions of the Act, the Governing Documents or these Bylaws, a Waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

10. AMENDMENT OF BYLAWS.

Amendments to the Bylaws may be adopted at a duly constituted meeting of the Owners if at least two-thirds of the votes of the members, entitled to vote, who are present at the meeting, in person or by proxy, are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least two-thirds of the votes in the Association consent in writing to such amendment. Amendments may be proposed by the Board of Directors or by petition signed by Owners representing at least thirty-three percent (33%) of the votes in the Association.

11. MISCELLANEOUS.

11.1. Compliance with Law. These Bylaws are set forth in compliance with the Act and the Governing Documents, and the provisions of the Nonprofit Corporations Act.

11.2. Conflict. These Bylaws are subordinate and subject to the Act (Chapter 64.38 RCW), the Nonprofit Corporation Act (Chapter 24.03 RCW). In the event of any conflict between these Bylaws and the foregoing, the provisions of the foregoing shall control, in that order of priority.

11.3. Severability. If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared to be severable.

11.4. Captions. The captions (section headings) of these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

11.5. Gender, Number. Whenever in these Bylaws the context so permits, the use of the singular shall include the plural and vice versa; the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, the Cherry Ridge Estates Property Owners Association, a Washington Nonprofit Corporation, has caused this instrument to be adopted as its Bylaws by approval of a majority of the Members, present in person or by proxy, at a regular or special meeting of the Members on\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2019.

ATTEST:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: Secretary

EXHIBIT A

(List of Lots)

EXHIBIT B

(Road Protection Bonds and Related Regulations)