

RETURN ADDRESS:

SUNSET COVE DEVELOPMENT HOA
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11/2/2010 Page 1 of 7 10:42AM

DOCUMENT TITLE:

FIRST AMENDED BYLAWS OF SUNSET COVE DEVELOPMENT
HOMEOWNERS ASSOCIATION

REFERENCE NO.:

NA

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GRANTORS/GRANTEES:

NA

LEGAL DESCRIPTION:

NA

ASSESSOR'S PROPERTY TAX PARCEL NO.

20-1827252 Sunset Cove Development Homeowners

**FIRST AMENDED BYLAWS
OF
SUNSET COVE DEVELOPMENT
HOMEOWNERS ASSOCIATION**

Date: JUNE 2, 2010

ARTICLE I

Offices

- 1.1 Registered Office and Registered Agent. The registered office of the Association shall be located in the State of Washington as such place as may be fixed from time to time by the Board of Directors (the "Board") upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office.
- 1.2 Membership. Membership of the Association shall consist of 94 property owning "Members" consisting of 34 lots in Washington Park Estates, 18 lots in Sunset Cove Estates, 18 units in The Crest condominiums, and 24 units in The Gardens townhouses. Owners of each such lot or unit shall be entitled to one (1) vote for each lot or unit owned. Membership shall be appurtenant to, and shall not be separated from, ownership of said lots or units.

ARTICLE II

Member's Meetings

- 2.1 Annual Meeting. The Annual Meeting of the Members of the Association shall be held during the month of January each year at such place within the City of Anacortes, Washington, and at such time as determined by the Board. Any actions taken at Annual Meeting of the Members or the Board shall be valid until the next Annual Meeting, unless otherwise changed in the interim in the manner specified below.
- 2.2 Special Meeting. Special meetings of the Members for any purpose or purposes may be called at any time by the Board, to be held at such time and place as the Board may prescribe. Any fifteen (15) Members, upon written request to the Secretary, may call a Special Meeting of the membership. Notice of Special Meetings stating the purposes thereof shall be given by the Secretary to all Members in the same manner as notice given of the Annual Meeting. It shall be the duty of the Secretary to call a Special Meeting of the Members to be held at the time and place fixed by the Board at a time not less than 30 nor more than 50 days after the receipt of request for Special Meeting, and if the Secretary shall neglect or refuse to issue such call, the Director(s) or Member(s) making the request may do so.
- 2.3 Notice of Meetings. Notice of the Annual Meeting of Members shall be required. Notice of all meetings of the Members, including Special Meetings, shall be in writing, stating the time, place, and purpose of such meeting and shall be given to all Members of record entitled to vote at such meeting at least 30 days prior to the day named for the meeting. If the written notice is placed in the United States mail, postage prepaid and addressed to a Member at the Member's last known address at least 30 days before the date of the meeting, notice shall be deemed to have been given.
- 2.4 Waiver of Notice. A waiver of any notice required to be given any Member, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be the equivalent to giving notice.
- 2.5 Adjourned Meetings. Adjournments of any Members' meeting may be taken to such time and place as those present may determine without due notice being given, whether by reason of the failure of a quorum to attend or otherwise; but any meeting at which Directors are to be elected shall be adjourned only from day to day until such Directors are elected, and in the case of any meeting which is adjourned because of failure of a quorum to attend, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing Directors.



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- 2.6 Quorum. At any Meeting of the Association, those Members present in person or by proxy shall constitute a quorum.
- 2.7 Action of Members by Communications Equipment. Members may participate in a meeting of Members 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, and participation by such means shall constitute presence in person at a meeting.
- 2.8 Business. Business transacted at all special meetings shall be confined to the agenda items stated in the notice of such meeting.
- 2.9 Simple Majority Vote Governs. When a quorum is present at any meeting, a simple majority of the Members present in person or represented by proxy at said meeting, shall decide any question brought before the meeting; unless the question is one upon which, by express provisions of the statutes of the State of Washington, the Articles of Incorporation, or these Bylaws, a different supermajority is required, in which case such express provision shall govern and control the decision of such question.
- 2.10 Loss of Member's Vote. Any Member who is not current in the payment of all assessments to the Association, shall not have the right to vote at any meeting of the Membership or of the Board.

ARTICLE III

Board of Directors

- 3.1 Number and Qualifications. The business affairs and property of the Association shall be managed by a Board of five (5) Directors. At no time shall the number of Directors be less than three (3). See 3.3 for how the actual number of Directors can be changed.

All Directors must be Members of the Association.

The term for Directors shall be two (2) years. The Directors shall hold office until their respective successors shall have been elected and qualified in accordance with Article 3 below. The terms of office shall be staggered such that forty to sixty percent (40% to 60%) of the term start dates change every year.

- 3.2 Election of Directors; Nominating Committee; Election Committee. The Directors shall be elected by the Members at the Annual Meeting of the Members. In the event of a failure to hold an election of Directors at any Annual Meeting, or in the event of failure to hold any annual Members' meeting as provided in these Bylaws, election of Directors may be held at a Special Meeting of the Members called for that purpose. Election of the Board shall be by written ballot as hereinafter provided. The Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled. The names receiving the largest number of votes shall be elected.

- 3.2.1 Nominations. Nominations for election of Board shall be by a Nominating Committee which shall be one of the standing committees of the Association. The Nominating Committee shall consist of a chairman, who shall be a Member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each Annual Meeting of the Members, and shall serve until the new slate of Directors is elected for the following year.

The Nominating Committee shall make as many nominations for the election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members as the committee in its discretion shall determine. Nominations shall be placed on a written ballot as provided in Section 3.2.3 below for mailing of such ballots to Members.

- 3.2.2 Elections. All elections to the Board shall be made on written ballots which: (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain a space for a write-in vote by the Members for each vacancy. Such ballots shall be mailed along with Notice of the Annual Meeting.

- 3.2.3 Ballots. Each Member shall receive as many ballots as the Member has votes. Notwithstanding that a Member may be entitled to several votes, the Member shall exercise on any one ballot only one vote for each vacancy shown thereon. The ballots



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- 3.2.4 Receipt. Upon receipt of each return, the Secretary shall immediately place it in a safe or other secure place until the day set for the Annual Meeting or Special Meeting at which the elections are to be held. On that day, the ballots shall be turned over to an Election Committee. The Election Committee shall then establish that the number of ballots corresponds to the number of votes allowed to a Member or his/her proxy. If the vote is by proxy, a proxy has been filed with the Secretary, and such proxy is valid, then such procedure shall be taken in such manner that the vote of any Member or his/her proxy shall not be disclosed to any one other than the Election Committee.
- 3.3 Change of Number. The number of Directors may, at any time, be increased or decreased by the Members at any annual or special meeting; provided that no decrease shall have the effect of shortening the term of any incumbent Director except as provided in paragraphs 3.4 and 3.5 hereunder, and the number of Directors shall in no event be fewer than three (3).
- 3.4 Vacancies. Except as otherwise provided by law, vacancies in the Board, whether caused by resignation, death, or otherwise, may be filled by a majority of the remaining Directors attending the meeting of the Board, if notice has been given to all of the remaining Directors that such vacancy would be filled at the meeting. The selection shall be made from the most recent election list and consist of the individual(s) receiving the most votes. If the list contains a tie between two or more candidates, the existing Board shall make the selection by a majority vote of the Directors present at the meeting. If there are no candidates on the previous election list or if a candidate elects not to serve, the Board shall make the selection from the Members at large. A Director thus elected to fill any vacancy shall hold office for the unexpired term of the predecessor and until the successor to the newly appointed Director is elected and qualified.
- 3.5 Removal of Directors. At any Regular or Special Meeting of the Association duly called with proper notice of the agenda, any one or more of the Board may be removed, with or without cause, by a majority vote of the Members in attendance and a successor then and there may be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Members, shall be given at least 10 days notice of the calling of the meeting and the purpose therefore and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three consecutive unexcused (by the other Directors) absences from the Board meetings or who is delinquent in the payment of any assessment for 60 days, may be removed by a majority vote of the Directors at a meeting, a quorum being present.
- 3.6 Annual Meetings. The first meeting of each newly elected Board shall be known as the Annual Meeting. Said meeting shall be held at the same place as the Members' meeting, and immediately following unless some other place shall be specified by resolution of the Members.
- 3.7 Regular Meetings. Regular meetings of the Board may be held at any place and at such time as shall from time to time be fixed by resolution of the Board.
- 3.8 Special Meetings. Special Meetings of the Board may be held at any place and at any time whenever called by the President, Vice-President, Secretary, Treasurer, or any two or more Directors or six or more Members.
- 3.9 Notice of Meeting. Regular or special meetings of the Board shall be given by the Secretary or by the person calling the meeting, by mail, telegram, personal communication, or otherwise, at least thirty (30) days prior to the date upon which the meeting is to be held, and provided that no notice of any regular meeting need be given if the time and place thereof shall have been fixed by resolution of the Board and a copy of the resolution has been mailed to each Director at least thirty (30) days prior to the first meeting held in pursuance thereof.
- 3.10 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 the Director or Directors, whether before or after the time stated for the meeting, shall be the equivalent to receiving timely notice.
- 3.11 Registering Dissent. A Director who is present at a meeting of the Board at which action on an Association matter is taken, shall be presumed to have assented to such action unless his/her dissent is entered in the minutes of the meeting, or unless he shall file his written



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Skagit County Auditor

- 3.12 Quorum for Directors. A majority of the Board shall be necessary to constitute a quorum for transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall constitute the acts of the Board.
- 3.13 Action by Directors without a Meeting. Any action required or which may be taken at a meeting of the Directors, or of a subcommittee thereof, may be taken without a meeting notice if a consent in writing, setting forth the action so taken or to be taken, is signed by all Directors, or all Members of the subcommittee, as the case may be. Such consent shall have the same effect as a unanimous vote.
- 3.14 Action of Directors by Communications Equipment. Any action required or which may be taken at a meeting of Directors, or of a subcommittee thereof, may be taken by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear and speak to each other at the same time.
- 3.15 Additional Powers. In addition to the aforesaid powers and duties, the Board shall have the power to:
- a. Establish the amount of the annual assessment, subject to approval of the Annual Budget, of each Member at least 30 days in advance of each annual assessment;
 - b. Foreclose a lien against any property for which any assessments are not paid within 60 days after due date and bring an action at law against the owner personally obligated to pay the same; and shall be entitled to collect from that Member attorney fees and all other costs of such legal action.
 - c. Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates;
 - d. Procure and maintain adequate liability insurance on property owned by the Association; and
 - e. Purchase Directors & Officers and/or any other insurance considered appropriate for the Association
- 3.16 Compensation of Directors. Members of the Board shall serve without compensation for their services as Directors.

ARTICLE IV

Officers

- 4.1 Officers Enumerated; Election. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board, at the Annual Meeting thereof, to hold office for the term of one (1) year and until their successors are elected and qualified.
- 4.2 Qualifications. Officers of the Association may be Directors. Any two or more offices may be held by the same person except President, and Secretary or Treasurer.
- 4.3 The President. The President must be a Director of the Association. The President shall exercise the usual powers pertaining to the office of President. The President shall preside at the meetings of the Board and of Members.
- 4.4 Vice President. The Vice President shall have such powers and perform such duties as may be assigned to him/her from time to time by the Board. The Vice President shall be vested with the powers and perform the duties of the President in the absence of the President or during his/her incapacity.
- 4.5 Secretary. It shall be the duty of the Secretary to keep the records of the proceedings of the Directors and Members and when requested by the President to do so, to sign and execute with the President all deeds, bonds, contracts, and other obligations or instruments in the name of the Association.
- 4.6 Treasurer. The Treasurer shall have the care and custody and be responsible for all funds and securities of the Association and shall keep regular books of account. He/she shall deposit all



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Skagit County Auditor

- 4.7 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting.
- 4.8 Other Officers and Agents. The Board may appoint such other officers and agents as it shall deem necessary or expedient, which shall hold their office for such term and shall exercise such power and perform such duties as shall be determined from time to time by the Board.
- 4.9 Removal of Officers. Any officer elected or appointed may be removed by an affirmative vote of a majority of the Members whenever in their judgment the best interests of the Association will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the officer so removed; provided, that election or appointment of an officer or agent shall not of itself create contract rights.

ARTICLE V

Committees

- 5.1 Standing Committees. The standing committees of the Association shall be as follows: The Nominations Committee; the Landscape Committee; the Architectural Review Committee; the Publicity Committee; the Audit Committee; and such other committees as the Members may determine from time-to-time.
- Unless otherwise provided herein, each committee shall consist of a chairman and two or more Members, and shall include a Member of the Board for Board contact. The committees shall be appointed by the Board following each Annual Meeting to serve until the beginning of the next Annual Meeting, and such appointment shall be announced as each committee is formed. The Board may also appoint such other committees as it deems desirable in addition to those specified by the Members.
- 5.2 The Nominations Committee. The Nominations Committee shall have the duties and functions described in Article III of these Bylaws.
- 5.3 The Landscape Committee. The Landscape Committee shall advise the board of Directors on all matters pertaining to the maintenance, repair or improvement of the common properties and facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.
- 5.4 The Architectural Review Committee "ARC". The Architectural Review Committee shall have the duties and function described in Article III, Declaration of Covenants, Conditions and Restrictions applicable to Sunset Cove Development. It shall watch out for any proposals, programs, or activities which may adversely affect the residential value of Sunset Cove Development and shall advise the Board regarding Association action on such matters.
- 5.5 The Publicity Committee. The Publicity Committee shall inform the Members of all activities and functions of the Association and shall, after consulting with the Board, make such public releases and announcements as are in the best interests of the Association.
- 5.6 The Audit Committee. The Audit Committee shall supervise or conduct an annual audit of the association's books and may review Association documents as requested by the Board.
- 5.7 It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall handle such complaints as it deems appropriate or refer them to such other committee, Director or officer of the Association as is further concerned with the matter presented.

ARTICLE VI

Proxies

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of 11 months, and every proxy shall automatically cease upon sale by the Member of his/her property within the Plats of Sunset Cove Development.



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ARTICLE VII

Assessments

Each Member is obligated to pay the Association annual and/or special assessments in accordance with the recorded restrictive covenants of Plats of Sunset Cove Development, and said assessment are secured by a continuing lien against the lot or unit against which any assessment is made. Any assessments which are not paid when due shall be delinquent. If an assessment is not paid within 60 days after the due date, the assessment shall bear interest from the date of delinquency at a rate which is the higher of twelve percent (12%) per annum or the highest rate allowed by law, and the Association may bring action at law personally against the owner of any lot or unit obligated to pay the same and/or foreclose the lien against the lot or unit, and interest, costs and reasonable attorney's fees and other costs of any such action shall be added to the amount of any such assessment. No owner may waive or otherwise escape liability for assessments provided for herein by non-use or abandonment of his or her lot or unit.

ARTICLE VIII

Indemnification of Directors and Officers

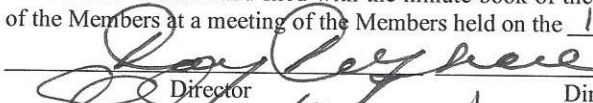
The Association shall fully defend, hold harmless and indemnify each person who is or was an officer, Director, agent, or employee of the Association and each person who, while an officer of Director has served or is now serving a the request of the Association as an officer, Director, committee member, trustee, employee or agent, as regards their authorized action on behalf of the Association. The board may, at any time, approve indemnification of any other person which the Association has the power to indemnify under Washington law. The indemnification provided by the Articles shall not be deemed exclusive of any other right to which a person may be entitled, as a matter of law or by contract or by vote of the Board or the Members. The Association may purchase and maintain insurance for any person to the extent provided by applicable law. Any such defense, hold harmless, or indemnification of a Director pursuant to the Article, including any payment or reimbursement of expenses, shall be reported to the Members with the notice of next meeting of Members or prior thereto in a written report containing a brief description of the proceedings involving the Director being indemnified and the nature and extent of such indemnification.

ARTICLE IX

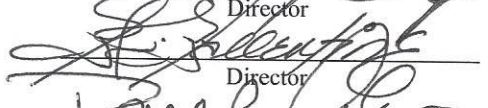
Amendment of Bylaws

- 9.1 By, the Members. These Bylaws may be amended at any Regular or Special Meeting of the Members by a majority of those present, at a meeting with a properly constituted quorum. Notice of proposed changes shall be given to Members as provided in paragraph 2.3 above.
- 9.2 Proposals by Directors. By a majority vote of the Directors, the Board shall have power to propose new Bylaws, changes or amendments to the Bylaws of this Association. However, enactment of any such changes, additions, or deletions shall require subsequent approval by a majority of a quorum of Members at a properly constituted meeting in order to become effective. Notice of proposed changes shall be given to Members as provided in paragraph 2.3 above.

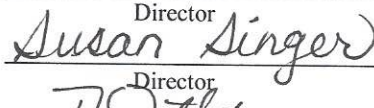
IN WITNESS WHEREOF, the undersigned, being all the Directors of the Association, do hereby certify that the foregoing are adopted as the FIRST AMENDED BYLAWS of said Association and ordered certified and filed with the minute book of the Association by simple majority vote of the Members at a meeting of the Members held on the 19th day of August, 2010.




Director



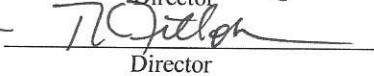
Director



Director



Director



Director



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