

BY-LAWS
OF
ELKRIDGE HEIGHTS HOMEOWNERS' ASSOCIATION

ARTICLE I
NAME, LOCATION, PURPOSE

Section 1. Name. The name of the Association shall be ElkRidge Heights Homeowners' Association.

Section 2. Location. The principal place of business of the Association shall be 1615 W. Pinehill Road, Spokane, Washington 99218.

Section 3. Purpose. This Association shall engage in the enhancement and promotion of the following purposes:

A. To provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, and architectural control of Association property within that certain development situated in the County of Spokane, known as ElkRidge Heights.

B. To promote the health, safety, and welfare of all residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Condition, and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the office of the Auditor of Spokane County.

C. Fix, levy, collect, and enforce assessments and fines as set forth in the Declaration.

D. Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitations, licenses, taxes, or governmental charges levied or imposed against the Association property.

E. Acquire (by gift, purchase, or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

F. Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

G. Dedicate, sell, transfer, or grant easements over all or any part of any Association Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members.

H. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or annex additional property to the property managed by the Association.

I. Have and exercise any and all powers, rights and privileges which a corporation organized under the Miscellaneous and Mutual Corporations Act of the State of Washington by law may now or hereafter have or exercise.

ARTICLE II **MEMBERSHIP**

Section 1. Association Members. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is covered by covenants or record for ElkRidge Heights shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot governed by the Association. Membership shall be in accordance with the Articles of Incorporation and the Bylaws of the Association and shall be subject to all covenants and restrictions of record which have been duly recorded with the County Auditor in Spokane County. In the event no other specific Membership of the Association exists, the Board of Directors shall serve as the entire Membership.

Section 2. Membership Meetings. Unless an alternative date is selected as provided in Article III, Section 4, the annual meeting of the Membership of this Association shall be held during or immediately prior to the annual meeting of the Board of Directors. Special meetings of the Membership of the Association may be called from time to time at the discretion of the Board of Directors of the Association or, after transfer of control of the Board to the general Membership, as provided in the Declaration, by written consent of Members holding at least 20% of the voting power of the Association.

Section 3. Membership Votes. At any meeting of the Membership of the Association, a majority of the Members of the Association must be present, in person or by proxy, to constitute a quorum. Each Member so represented shall be entitled to voting rights as provided in the Declaration of Covenants, Conditions and Restrictions for ElkRidge Heights.

ARTICLE III **DIRECTORS**

Section 1. Board of Directors. The activities and affairs of the Association shall initially be managed by a Board of Directors of up to three (3) persons, who need not be Members of the Association, until transfer of control of the Board to the general Membership, after which time the Board of Directors must consist of three (3) persons, all of whom must be Members of the Association.

Section 2. Election of Directors. The Declarant shall retain the power to name all Directors of the Association until transfer of control of the Board to the general Membership. Once control has been turned over to the general Membership, the Directors of the Association

shall be elected by a majority vote of the Membership of the Association at the annual meeting of the Membership.

Section 3. Term of Office. The term of office of each Director of the Association shall be a period of four (4) years or until their successor is elected and qualified, except that the initial term of the original Board of Directors elected at the meeting of the Association first held after Declarant has relinquished control of the Association shall be staggered so that as nearly as possible an equal number shall be elected each year or every other year, and such staggering shall be determined by a vote of the Membership at the first annual meeting of the Membership.

Section 4. Meetings. The Board of Directors of the Association shall hold an annual meeting on the first Monday of each November, unless the first Monday is a holiday, or unless another day is agreed upon by the Board of Directors, in which case the annual meeting shall be held on the second Monday in November, or such other date as the Board of Directors shall determine and for which they shall provide notice of not less than 30 days to the Membership. There shall also be quarterly meetings of the Board on the first Monday of each succeeding February, May and August, unless any of such quarterly meetings are dispensed with pursuant to the written consent signed by all Directors then serving on the Board of Directors prior to the date of any such quarterly meeting. The Board shall, additionally, be entitled to hold special meetings at such times and at such places as it shall deem necessary for the competent management of the activities of the Association and all such special meetings shall be by written notice to all Directors then serving on the Board of Directors.

Section 5. Voting. Each Director on the Board of Directors shall possess one (1) vote in matters coming before the Board. All voting at meetings of the Board of Directors shall be by each Director in person, and voting by proxy shall not be allowed.

Section 6. Removal of Board Member. After transfer of control of the Board to the general Membership, any Director may be removed from office by a majority vote of the Membership at any regular or special meeting of the Membership of the Association. Notice of the proposed removal of the Director must be given to such Director prior to the date of the meeting at which such removal is to be voted upon. Such notice to the Director must state the alleged cause, if any, for the proposed removal.

Section 7. Board Member Vacancies. Any vacancy occurring on the Board of Directors by reason of death, resignation, or removal of a Director shall be filled by a person chosen by a majority vote of the remaining Directors. Such appointee shall serve during the unexpired term of the Director whose position has become vacant, or at the option of the remaining Directors, such vacancy shall remain vacant.

ARTICLE IV **POWERS AND DUTIES OF BOARD OF DIRECTORS**

Section 1. General Powers. The Board of Directors shall have the power to conduct, manage, and control the affairs and the business of the Association; to make rules and regulations not inconsistent with the laws of the State of Washington, the Articles of

Incorporation, and By-laws of the Association for the guidance of its officers and the management of the affairs of the Association.

Section 2. Officers. The Board of Directors shall have the power to elect a President and other officers of the Association and to employ such assistance as from time to time may be deemed necessary to assist the Board of Directors in the management and investment of any property or funds contributed to the corporate foundation; to appoint and remove at pleasure all officers, agent, and employees of the Association, prescribe their duties and fix their compensation and require from them, if advisable, security for faithful service.

Section 3. Contracts. The Board of Directors shall have the power to make and enter into any and all contracts and agreements with any person, firm, or corporation that may be reasonable or necessary or to enforce and carry out any and all such contracts. Such contracts may include, without limitation, hiring of a third party manager to administer Association functions and duties for a fee. The Board shall carry out and faithfully perform on behalf of the Association the terms and conditions of any and all agreements made and entered into by the Association. Unless it results in a Director or member of a Director's family receiving economic benefit they should not be entitled to receive or retain, no contract shall be void or voidable solely on the basis that it was entered with a Director on the Board of Directors or any entity in which any Director on the Board of Directors may have any interest.

Section 4. Depository. The Board of Directors shall have the power to select any one or more banks to act as depository or depositories of the funds of the Association; and to determine the manner of receiving, depositing, and disbursing the funds of the Association, the form of checks and the person or person signing checks of the Association.

Section 5. Finances. The Board of Directors shall have the control over the funds of the Association and shall have the power to borrow and loan money.

Section 6. Property. The Board of Directors shall have the power to buy, sell, lease, and acquire in any lawful manner and mortgage or otherwise encumber any and all real or personal property which in its judgment may be beneficial or convenient to the purposes of the Association. It shall be the duty of the Board of Directors to properly protect, care for, and maintain any and all property, real, personal, and mixed belonging to the Association.

Section 7. Indebtedness. The Board of Directors shall have the power to issues notes or other obligations or evidences of indebtedness of the Association and to secure the same if it is deemed advisable by mortgaging, pledging or hypothecating any or all of the real, personal, or mixed property of the Association.

Section 8. Records. It shall be the duty of the Board of Directors to keep a complete record of all of its acts and of all the proceedings of its meetings and to present a full statement at the regular meeting of the Members, showing in detail the condition of the affairs of the Association.

Section 9. Employees. It shall be the duty of the Board of Directors to supervise all officers, agents, and employees and see that their duties are properly performed.

Section 10. Bonds. It shall be the duty of the Board of Directors, at any time it shall deem it necessary, to require of every officer or employee of the Association handling funds that he furnish a good and sufficient surety bond in such amount and in such terms and containing such conditions as the Board of Directors may require, in favor of the Association; the premiums of such bond to be paid by the Association.

Section 11. Bookkeeping. It shall be the duty of the Board of Directors to install such a system of bookkeeping and auditing as well as at all times disclose fully the receipts and disbursements of the Association and also disclose the financial situations of the Association.

Section 12. Funds. It shall be the duty of the Board of Directors to cause the monies of the Association to be safely kept, directing from time to time, where and how they shall be kept and deposited.

ARTICLE V **OFFICERS**

Section 1. Enumeration. After transfer of control of the Board to the general Membership, the officers of this Association shall consist of a President, a Vice-President, Secretary and Treasurer, provided that any two (2) such offices can be combined into one (1) except for President and Secretary (unless one person has been designated to hold all offices). The Board of Directors may, additionally, when it deems it advisable and for the best interests of the Association, appoint a Manager, who may be compensated for management services, together with any administrative officers and assistants whom the Board of Directors may see fit to provide for, by resolution entered into the minutes of all Association meetings.

Section 2. Qualifications. Until transfer of control of the Board to the Membership, no officer shall be required to be a Director. After transfer of control of the Board to the general Membership, the President and Vice-President shall be Directors of the Association; but the Secretary, Treasurer, Manager, and any other administrative officers need not be Directors of the Association.

ARTICLE VI **DUTIES OF OFFICERS**

Section 1. President. The President shall act as chairman of the Board of Directors and shall preside at all meetings of the Directors or meetings of the Membership of the Association. He or she shall sign as President all notes, deeds, bonds and contracts, and all other obligations on behalf of the Association together with the Secretary in the name of the Association which have been fully approved by the Board of Directors. The President shall call the Board of Directors together whenever the President deems it necessary, and shall sign the minutes of the meetings of the Board of Directors and of the meetings of the Membership. The President shall perform such other duties usually inherent in such office, except that such duties may be delegated as said President of the Association sees fit to so delegate.

Section 2. Vice-President. The Vice-President of the Board of Directors shall act for the President in the President's absence and perform such other acts and duties as the President from time to time may direct.

Section 3. Secretary. It shall be the duty of the Secretary of the Board of Directors to keep all records of the Board of Directors of the Association, and to perform such other acts as the President may direct. The Secretary shall sign in the name of the Association with the President (or the President's absence, with the Vice-President) all deeds, bonds, contracts, and other obligations on behalf of the Association which the Board of Directors has duly approved. The Secretary shall serve all notices required by the Board of Directors or by the By-Laws of the Association.

Section 4. Treasurer. The Treasurer shall receive and be accountable for all funds belonging to the Association; pay all obligations incurred by the Association when payment is authorized by the Board of Directors; maintain bank accounts and depositories designated by the Board of Directors; and render periodic financial reports. Provided, the Board of Directors may elect to delegate to administration of any or all of these functions to a third party manager.

ARTICLE VII
ACTIONS BY WRITTEN CONSENT

Any corporate action required or permitted by the Articles of Incorporation or By-laws of the Corporation or by the laws of the State of Washington, to be taken at a meeting of the Directors of the Corporation may be taken without a meeting if a consent in writing, setting forth the actions so taken. Any such consent shall be signed by all of the Directors entitled to vote and shall have the same force and effect as a unanimous vote.

ARTICLE VIII
AMENDMENTS

After control of the Association has passed from the Declarant to the Members, these By-Laws may be amended at any time by a vote of two-thirds (2/3) of the Members of the Association. Until that time, the Association's By-Laws may be amended by the Declarant.

The foregoing By-Laws were adopted by the action of a duly called meeting held at Spokane, Washington on the _____ day of August 2011.

Printed Name: _____
Title: Secretary