

BYLAWS

SCOTT LAKE MAINTENANCE COMPANY

October 23, 2023

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**Definitions**

- **Act-Homeowners:** The Washington Homeowners Act, Chapter 64.38 of the Revised Code of Washington, and any amendments thereto.
- **Act-Non-Profit:** The Washington Non-Profit Corporation Act, Chapter 24.03A RCW and any amendments thereto
- **Act-Uniform Common Interest Ownership:** Chapter 64.90 RCW and any amendments thereto
- **Agent of Member:** A business entity or individual that acts on behalf of a **Member**.
- **Agent of SLMC:** A contracted person that acts on behalf of **SLMC** and is not an employee.
- **Assessments:** All sums chargeable to a lot by SLMC, including but not limited to:
  - **Regular Assessment:** All sums chargeable by **SLMC** against a **Parcel** for monthly charges and fees as set by the **Trustees** for **Common Expenses**. [RCW 64.90.525(a)]
  - **Individual Assessments:** Fee or fine to a **Member** for violations of the Governing Documents set forth by the fee schedule and determined by the Trustees.
  - **Special Assessments:** A one-time or time-limited assessment set by the Trustees to replace **Reserve Funds** or unexpected expenses above and beyond the approved budget. [RCW 64.90.525]
- **Board of Trustees:** Responsible for managing the affairs and property of **SLMC**. Also referred to as the **Trustees**.
- **Budget:** A spending plan based on projected income and expenses.
- **CC&R's:** Covenants, Conditions, and Restrictions. The restrictive covenants which have been recorded against the **Parcels** within **SLMC** including the following:
  - Declaration of Covenant recorded under Thurston County Auditor File No. 8107210026
  - Protective Covenants for Scott Lake Plats recorded under Thurston County Auditor File No.9398560
  - Protective Rules Amending Covenants for Scott Lake Plats recorded under Thurston County Auditor File No.3035089
  - Protective Rules Amending Covenants for Scott Lake Plats recorded under Thurston County Auditor File No.3093093
  - Amendment to Protective Covenants for Scott Lake Plats recorded under Thurston County Auditor File No.8902160027
  - Protective Covenants for Scott Lake Plats recorded under Thurston County Auditor File No.939560
  - Restrictions recorded under Thurston County Auditor File No.657804
- **Committees:**

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- **Ad Hoc Committee:** These Committees are formed for a limited period of time to address a specific need. When the work of an **Ad Hoc Committee** is completed, the committee is dissolved. An **Ad Hoc Committee** may exist for less than a year or for a year or more depending on the extent of the work assigned to it.
- **Standing Committee:** Those committees that a Board uses on a continual basis. They can be set forth in SLMC bylaws or in its Board operations and policy manual.
- **Common Areas:** All portions of the **Scott Lake** community that are not **Member** owned **Parcels**. Any property maintained, repaired, or administered by **SLMC**.
- **Common Expenses:** All expenditures made by or financial liabilities of **SLMC**, including any allocation to reserves. Includes, but may not be limited to:
  - Costs of operation and governance of **SLMC**
  - Costs of maintenance, repair and replacement of the **Common Areas**
  - General operating expenses of **SLMC** management and professional fees and costs
  - Costs of insurance
  - Costs of insurance deductibles
  - General reserves for contingencies
  - Contribution to the Water **Reserve Fund**
  - Any expenses relating to any obligation under the **Governing Documents**, and
  - Any other expenditures the **Trustees** determine to be in the best interest of **SLMC**.
- **Concurrent Officer Position:** **Trustees** cannot hold two **Officer** positions, such as **President** and **Board Secretary**.
- **Emergency Special Trustee Meeting:** Addresses issues that could not have been reasonably foreseen, which require immediate attention, and for which it is not practical to provide notice.
- **Executive Session:** Portion of regular or special Trustee meeting that is not open to the membership.
- **Familial Relationship:** Immediate family as defined by IRS. Spouse, child, parent, brother, sister, grand-parent, grandchild, stepparent, stepchild, stepbrother, and stepsister.
- **Governing Documents:** The collective group of documents that control the governance and administration of **SLMC** and the Homeowners Association (HOA). Documents consist of
  - Articles of Incorporation
  - Bylaws
  - CC&R - Covenants Conditions and Restrictions
  - Rules and Guidelines
  - Policies and Procedures
- **HOA:** Homeowners Association - RCW 64.38.010(12)

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- **Licensee:** Any business, organization, or individual that has been granted legal permission by another entity to engage in an activity or service. Permission or license can be given on an express or implied basis.
- **Meetings:**
  - Annual Member Meeting
  - Budget Review Meeting
  - Monthly Meeting also known as Board Meeting or Trustee Meeting
  - Special Meeting of Members
  - Special Meeting of Trustees
- **Member:** An owner of a Parcel.
- **Membership Certificate:** If requested by a **Member**, the President will provide a Certificate of Membership document.
- **Officer:** Refers to the President, Vice-President, Board Secretary, and Treasurer of **SLMC**, as elected by the **Trustees**.
- **Parcel(s):** Shall mean a legal lot of record within Scott Lake owned by a Member. In cases of multiple **Parcel** numbers on a physical lot, reference is to the land **Parcel** number, not a mobile home **Parcel** number.
- **Plat Maps:** The original **Plat Maps** creating the **Scott Lake Community**, recorded at Thurston County recording numbers and any amendments thereto.
- **Policies and Procedures:** A policy is a set of rules for an organization and employees. Procedures are instructions on how a policy is followed.
- **Ratification of Budget:** An annual process whereby Members vote on the budget proposed by the **Trustees**. By law, the budget is ratified, regardless of whether a quorum exists, unless more than 50% of the Members reject the proposed budget.
- **RCW:** The Revised Code of Washington constitutes the laws of the State of Washington.
- **Reserve Fund:** Savings accounts or other liquid assets used for anticipated future expenditures, such as major repairs or replacement within 30 years as outlined in Act(s).
- **Resident:** Occupants of a Parcel regardless of Membership and may include Owners, family members, guests, and tenants.
- **Rules and Regulations:** Rules will mean the **Rules and Regulations** adopted by **SLMC** pursuant to the Act-Homeowners and these Bylaws.
- **Scott Lake:** **Scott Lake** means the real property identified in the Plat Maps.
- **SLMC:** Scott Lake Maintenance Company (known as SLMC), the non-profit corporation / Homeowners Association (HOA) and any successor entity thereof; organized to manage the affairs of **Scott Lake** consistent with the **Governing Documents**.
- **Special Meeting:** A meeting held for a special and limited purpose.
- **Total Voting Power:** The total number of **Voting Units**.
- **Trustee(s):** **Board of Trustees** or **Member of Board of Trustees**
- **Voting Unit:** If any **Parcel** or **Parcels** are held by one or multiple persons or entity the owner(s) of such interest will be entitled to cast one vote.

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- **Working Session:** A meeting of the Trustees or a committee convened solely for the purpose of reviewing and discussing issues and not for taking final action.

## Article One - Organization

### 1. Organization

- 1.1. The name of this organization will be SCOTT LAKE MAINTENANCE COMPANY (SLMC).
  - 1.1.1. SLMC is incorporated as a non-profit corporation.
- 1.2. The organization will have a seal which will be circular in form, being imprinted thereon: "Scott Lake Maintenance Co." and the words "Corporate Seal Washington 1962" in the form and style as affixed in these Bylaws by the impression of corporate seal.
- 1.3. Robert's Rules of Order will govern any SLMC meeting in all cases to which they are applicable and in which they are not inconsistent with RCW 41.30 and/or the Governing Documents of the organization.
  - 1.3.1. Refer to additional Rules and Regulations for more information.
- 1.4. The fiscal year of SLMC will begin on the 1st day of May and end on the 30th day of April of each year.
- 1.5. In the event of the dissolution of SLMC the owner(s) of each Parcel will receive a pro rata proportion of the property and assets after all SLMC debts have been paid.

## Article Two - Membership

### 2. Membership

- 2.1. The Membership of SLMC will consist of and be limited to the owners of Parcels within Section 4, Township 16 North, Range 2 West W.M. and Section 33, Township 17 North Range 1 West W.M., Thurston County, Washington, known as the Scott Lake area (Scott Lake).
- 2.2. The Members must approve by a majority vote the purchase of any additional Common Areas or property to be owned by SLMC.
- 2.3. Members will have one vote regardless of the number of Parcels owned.
  - 2.3.1. If any Parcel or Parcels are held by two or more persons, the several owners of such interest will be entitled collectively to cast one vote.
- 2.4. The interest of each Member will be equal to that of any other Member.
- 2.5. In the event of the death of a Member, the membership will become the responsibility of the personal representative of the deceased Member upon the appointment in a judicial proceeding and such personal representative will have all rights, privileges, and liabilities of the deceased Member until title is transferred or contracted to be transferred.
- 2.6. Member Responsibilities
  - 2.6.1. Member(s) will notify SLMC in the event boundary line adjustments of two or more Parcels are recorded with the Thurston County Auditor.
  - 2.6.2. Members will provide renter/occupant information to SLMC within 10 days of change of occupancy.

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- 2.6.3. Member will make Resident aware of Governing Documents. A Member shall be jointly and severally liable with the Resident for fines assessed by SLMC against a resident for violations of the Governing Documents.
  - 2.6.4. Residents will comply with the Governing Documents.
  - 2.6.5. Members must notify SLMC in writing within ten (10) days following the date that ownership of a Parcel is transferred.
  - 2.6.6. Members who are delinquent in the payment of Assessments and/or fees owed to SLMC will not be considered Members in good standing.
  - 2.6.7. Each Member will, at their sole expense, maintain, repair, and replace all components of their Parcels in a manner consistent with the Governing Documents.
  - 2.6.8. As required in the *Parcel Maintenance* of the CC&Rs if any Member fails to maintain or repair their Parcel required and/or refuses to perform said maintenance, repair, or replacement, the Trustees will proceed in enforcement of rules, assessments, or penalties as outlined in the CC&Rs and other Governing Documents.
- 2.7. Member / Resident Rights
- 2.7.1. Members/Residents have the right to report violations of Governing Documents to SLMC.
  - 2.7.2. Members/Residents can appeal Trustee decisions on disputes with SLMC and/or violations of Governing Documents in accordance with the Rules and other Governing Documents.
  - 2.7.3. Members in good standing have the right to
    - 2.7.3.1. Use SLMC Common Areas.
    - 2.7.3.2. Vote.
    - 2.7.3.3. Participate in committees.
    - 2.7.3.4. Hold a Trustee position.

### Article Three – Board of Trustees

#### 3. Board of Trustees.

##### 3.1. Eligibility for the Board of Trustees:

- 3.1.1. Must be a Parcel owner and Member in good standing.
- 3.1.2. Only one owner of a single Parcel or multiple Parcels is eligible for the Board,

##### 3.2. Disqualification for Trustee.

##### 3.2.1. A Member shall be ineligible to serve as a Trustee if the Member:

- 3.2.1.1. Has a Familial Relationship with Trustees or employees.
- 3.2.1.2. Is employed by SLMC.
- 3.2.1.3. Is delinquent on assessments after being provided notice and afforded an opportunity to cure of not less than five (5) days.
- 3.2.1.4. Is an adverse party in litigation or another legal dispute with SLMC.
- 3.2.1.5. Is convicted of a felony, or
- 3.2.1.6. Remains in violation of Governing Documents following notice and an

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opportunity to cure of at least five (5) days.

3.2.2. If a current Trustee is disqualified as provided in Section 3.2.1, the Trustee's position shall be deemed to be vacant.

3.3. The business of SLMC will be managed by the Trustees consisting of a minimum of five (5), no more than nine (9) Members elected by Membership.

3.3.1. The number of Trustees can be adjusted from time to time by resolution of the Trustees.

3.3.2. Training of Trustees must be done as outlined in the Policies and Procedures.

3.3.3. Corporate powers of SLMC will be vested in the Trustees as outlined in the Governing Documents and current RCW's.

3.3.4. The Trustees will be responsible for the enforcement of rules governing the use of the Common Areas in a manner that will enable the maximum enjoyment of such facilities by the greatest number of Members and Residents.

3.3.5. At the first meeting of the Trustees after each Annual Meeting of the members, the Trustees will elect a President, Vice-President, Secretary, and Treasurer.

3.3.5.1. A Trustee vacancy will occur if a Trustee misses three consecutive meetings in the fiscal year or violates the code of ethics.

3.3.5.2. A Trustee who ceases to be the owner of a Parcel(s) shall provide written notice to the President and, regardless of such notice, the position shall be deemed vacant. The vacancy will be placed on the next Trustee meeting agenda for any necessary action.

3.3.5.3. Any Trustee vacancy occurring will be filled by a majority vote of the remaining Trustees.

3.3.5.4. An appointed Trustee will hold office for the unexpired portion of the term of the position filled.

3.4. Officers

3.4.1. The President will:

3.4.1.1. Preside at all meetings of the Trustees and Members.

3.4.1.2. Sign all certificates of Membership and all contracts or other instruments in writing authorized by the Trustees.

3.4.1.3. Call special meetings of the Trustees or Members as necessary.

3.4.1.4. Have and exercise under the direction of the Trustees the affairs of SLMC.

3.4.1.5. Be the direct supervisor of the office staff.

3.4.2. The Vice-President will preside at all meetings in the absence of the President, and in the case of the absence or disability of the President will perform all other duties of the President.

3.4.3. The Secretary will work in conjunction with office staff to:

3.4.3.1. Issue all notices.

3.4.3.2. Have charge of all business records other than financial records kept by the Treasurer.

3.4.3.2.1. Attend, record and keep the minutes, resolutions, and transactions of all

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meetings.

3.4.3.2.2. Maintain all records of SLMC, meaning copies of the Governing Documents, Membership lists, list of current Trustees and Officers, and minutes of meetings, as well as any other non-privileged materials kept in the regular course of SLMC's business.

3.4.3.3. Be custodian of the Corporate Seal.

3.4.3.3.1. Sign and impress with the Corporate Seal all written contracts of SLMC.

3.4.3.4. Perform all other duties incidental to the office and/or prescribed by the Trustees.

3.4.4. The Treasurer

3.4.4.1. Will work in conjunction with the office staff to:

3.4.4.1.1. Keep safely all money and securities of SLMC and disburse the same under the direction of the Trustees.

3.4.4.1.2. Cause to be deposited all funds of SLMC in a bank selected by the Trustees.

3.4.4.1.3. Issue and present an Income and Expenditure report showing the condition of the affairs of SLMC at the monthly Trustee Meeting.

3.4.4.1.4. Issue and present at the January, April, July and October Trustee Meetings the Profit and Loss and Balance Sheet statements from the previous quarter.

3.4.4.1.5. Issue and present a full financial report showing in detail the condition of the affairs of SLMC at the Annual Meeting.

3.4.4.2. Act as Chair of the Finance Committee.

3.5. No Trustees may occupy concurrent Officer positions.

3.6. Officer Term Limit

3.6.1. Officer positions are limited to six (6) consecutive years followed by a one (1) year break in their position.

3.7. Replacement of Officer.

3.7.1. In the event of an Officer vacancy a majority vote of the remaining Trustees will name the replacement Officer.

3.8. Powers and Duties of Trustees and others designated by Trustees.

3.8.1. Subject to limitations in the Governing Documents, Acts, and other state and federal regulations the business affairs of SLMC will be controlled by the Trustees.

3.8.1.1. Presiding Officer (usually the President) is responsible for conducting Trustee and Member meetings.

3.8.1.2. The Presiding Officer will relinquish to another Trustee the Chair to debate the merits of a motion and may not Chair the meeting again until after a vote has been taken or the motion has been disposed of.

3.8.2. Select Officers and employees of SLMC.

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- 3.8.3. Be responsible for hiring, terminating, fixing, and adjusting the compensation of all employees, which they, at their discretion, may determine to be necessary to conduct the business of SLMC as outlined in SLMC Policies.
- 3.8.4. To conduct, manage and control the affairs and business of SLMC.
- 3.8.5. To make such Policy, Procedures, Rules, and Regulations as they deem best.
  - 3.8.5.1. To aide in the enjoyment of Scott Lake resources.
  - 3.8.5.2. To preserve the appearance and functionality of the SLMC owned Parcels and Common Areas.
  - 3.8.5.3. To aide in governance and administration of SLMC.
  - 3.8.5.4. To manage the administration and upkeep of the water system.
- 3.8.6. Trustees have the authority to:
  - 3.8.6.1. Enforce Governing Documents.
  - 3.8.6.2. Charge or impose fees for Members in violation of Governing Documents.
  - 3.8.6.3. To cause to be kept a complete record of all minutes, financials, upkeep, and improvements.
  - 3.8.6.4. To present a full statement at the regular Annual Meeting of members, showing in detail the condition of the affairs of SLMC.
- 3.9. Committees
  - 3.9.1. Members of Committees are appointed by the Trustees and include three (3) to five (5) Members including at least one Trustee who will act as Chair of the Committee. Each Committee will comply with the Governing Documents.
  - 3.9.2. Architectural.
    - 3.9.2.1. Mission Statement: Review all incoming modulars, new construction, and additions to ensure they follow the Governing Documents.
      - 3.9.2.1.1. Will present findings to Trustees for final actions and approval.
  - 3.9.3. Communication.
    - 3.9.3.1. Mission Statement: To help the Residents and property owners understand the decisions, activities, and changes that take place in the Scott Lake Community.
  - 3.9.4. Election
    - 3.9.4.1. The Chair of the committee will be appointed by the Trustees and may not be a current candidate or related to a current candidate.
    - 3.9.4.2. Mission Statement: To ensure a fair and accurate election process for SLMC Membership meetings.
  - 3.9.5. Executive
    - 3.9.5.1. Consists of Board of Trustees Officers
    - 3.9.5.2. Review major or emergent issues that SLMC faces and make decisions for discussion and ratification at the next full Trustee meeting.
    - 3.9.5.3. An Executive Committee can never alter a decision of the Members or the Trustees, even by a motion to rescind or a motion to alter something previously adopted or a proposal which has been rejected unless authorized by the Members or the Bylaws. (Robert's Rules of Order)

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3.9.6. Finance

3.9.6.1. Mission Statement: To provide financial guidance and sound fiscal recommendations to the Trustees. Work with integrity and openness utilizing best accounting practices to manage SLMC's resources. Consult with other committees and staff to coordinate the financial needs of SLMC. Provide transparency in financial matters to the community.

3.9.7. Governance

3.9.7.1. Mission Statement: Create legal, sustainable, and understandable Governing Documents. Review and update the SLMC Governing Documents to ensure synchronization and compliance with RCW's, county, and federal laws.

3.9.8. Parks and Recreation

3.9.8.1. Mission Statement: Make recommendations regarding the needs of SLMC common areas to keep them maintained in a safe and attractive manner. Works with SLMC sponsored clubs, volunteers, and Residents for planned community events.

3.9.9. Compliance

3.9.9.1. Mission Statement: Identify and document violations of the Governing Documents of SLMC and present findings to the Trustees for action.

3.9.10. Water

3.9.10.1. Mission Statement: The Water Committee is an advisory committee to the Trustees in matters pertaining to the water system including developing policies, procedures, and protocols for the Trustees to consider for adoption for the operations, maintenance, improvements, and emergency efforts.

3.9.11. Ad Hoc Committee

3.9.11.1. Formed for specific or immediate problems or needs. The committee is disbanded after the issue is resolved.

Article Four – SLMC Meetings

4. SLMC Meetings

4.1. All Meetings

4.1.1. Meetings of the Members will be held at SLMC's principal office, or such other suitable location as may be designated by the Trustees.

4.1.2. The President, or his/her designee, will preside over all meetings of the SLMC. The Secretary will keep the minutes of the meeting and record all resolutions adopted at the meeting as well as a record of all transactions occurring during the meeting. SLMC may have a parliamentarian, who is not a Member of SLMC, present at any meetings of SLMC where a vote may be taken. Robert's Rules of Order will govern SLMC in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order or resolutions SLMC may adopt.

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4.1.3. Other than the Trustee election and budget approval, any matter requiring a membership vote may be conducted entirely by mail at the discretion of the majority of the Trustees.

4.1.3.1. Trustees will determine the time limit for the voting to end.

4.2. Board of Trustee Meetings

4.2.1. A majority of the authorized number of Trustees will constitute a quorum.

4.2.2. Agendas

4.2.2.1. Meeting agenda will be set by the President or presiding Officer in advance.

4.2.2.2. Agendas will be available to Members attending in person or by electronic means.

4.2.2.3. The agenda will be published on the SLMC website no later than 24 hours in advance of the meeting time.

4.2.3. Monthly Meetings of Board of Trustees

4.2.3.1. Attendance at Monthly Meetings is open to all Members and will be held on the third Thursday of every month. The purpose is to allow the Trustees to conduct normal business and make decisions necessary for the functioning of SLMC.

4.2.3.2. Although voting is restricted to the Trustees only, Members may witness this meeting. The agenda will include a time for member comments. The Presiding Officer may place reasonable time restrictions on those persons wishing to make Member comments.

4.2.3.3. Audio or video taping of the meeting is allowed subject to reasonable Rules and Regulations.

4.2.4. Closed Sessions [RCW 64.38.035(4)]

4.2.4.1. Closed Sessions will be called by a motion during any meeting and are open only to Trustees.

4.2.4.1.1. Motion will state specifically the purpose of the Closed Session.

4.2.4.1.2. The Trustees will restrict the consideration of matters during the Closed Session only to those purposes specifically stated in the motion.

4.2.4.1.3. No motion or other action adopted, passed, or agreed to in Closed Session may become effective unless the Trustees, following the Closed Executive session, reconvenes in the open meeting and votes in the open meeting on such motion or other action, which is reasonably identified.

4.2.4.1.4. Reference to the motion and stated purpose for the Closed Session will be included in the open meeting minutes.

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4.2.4.2. There are only five (5) considerations that may be presented at a closed session.

4.2.4.2.1. Consider Personnel matters.

4.2.4.2.2. Consult legal counsel or consider communications with legal counsel.

4.2.4.2.3. Discuss likely or pending litigation.

4.2.4.2.4. Matters involving possible violations of Governing Documents of SLMC.

4.2.4.2.5. Matters involving possible liability of a Member to SLMC.

4.3. Special Trustee Meetings

4.3.1. Special meetings of the Trustees may be called at any time by the Board Secretary on order of the President or a majority of the Trustees. The Board Secretary will give each Trustee notice personally, verbally, by mail, by e-mail, or by telephone of all regular and special meetings at least twenty-four (24) hours prior to the meeting. [RCW 24.03a.555(s)]

4.3.2. The agenda will be posted on the SLMC website 24 hours in advance of the special meeting.

4.3.3. An emergency meeting may be called without notice to the Members.

4.4. Membership Meetings.

4.4.1. Annual Membership Meetings.

4.4.1.1. The Trustees will set the Annual Membership Meeting to take place on the second (2nd) Saturday of May of each year to commence at 10:00 a.m.

4.4.1.2. This meeting will be to present the SLMC financial statement, and report on SLMC accomplishments in the past year, electing Trustees, ratifying the Budget in addition to any other business to come before the Members.

4.4.1.3. Prior to the Annual Meeting, the Trustees will hold a Budget Review Meeting at 6:00 p.m. on the first Thursday of May each year; Members may submit questions to the SLMC office before or during the meeting.

4.4.2. Special Membership Meetings:

4.4.2.1. The President has the authority to call Special Membership Meetings of SLMC.

4.4.2.2. In addition, it is the duty of the President to call a Special Membership Meeting if directed by resolution of a majority of the Trustees or upon a petition signed by Members having ten percent (10%) of the Voting Units in SLMC said petition specifying the purpose of the Special Membership Meeting.

4.4.2.3. The President will cause notice to be given as herein provided for a Special Membership Meeting to be held within sixty (60) days of the President's receipt of the petition.

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4.4.3. Notice of Meetings.

- 4.4.3.1. It is the duty of the Secretary to deliver or cause to be delivered to each member, at the address set forth in SLMC's records, a notice of each Annual or Special Membership Meeting of SLMC stating the date, time, and place of such meeting, and the agenda for the meeting as adopted by the Board. In addition, all matters to be presented for a vote of the members at any Annual or Special Membership Meeting will be generally described in the notice.
- 4.4.3.2. No business will be transacted at any Annual or Special Membership Meeting except as stated in the notice.
- 4.4.3.3. The mailing or delivery of a notice of a meeting by electronic mail for Members who consent to receive notice in such fashion will be considered service of notice.
- 4.4.3.4. Notice will be posted and provided to Members not less than fourteen (14) days nor more than forty (40) days prior to the date of the meeting.
- 4.4.3.5. The Budget Review and Annual meeting notice will include agendas, current detailed line-item budget, proposed detailed line-item budget, budget change summary, nominee biographies, and ballots listing Trustee candidates and a write in option will be provided by the Secretary via USPS to each Member not less than fourteen (14) days prior or more than forty (40) days in advance of the date of the Budget Review Meeting.

4.4.4. Quorum.

- 4.4.4.1. The validated presence of twenty percent (20%) of the Voting Units of SLMC, in person, by absentee ballot and proxy will constitute a quorum for the transaction of business at any Annual or Special Membership Meeting of SLMC. Once a quorum is established at a meeting, a quorum shall be deemed to exist throughout the meeting regardless of whether a quorum shall cease to exist.

4.4.5. Voting.

- 4.4.5.1. Voting Unit: If any Parcel or Parcels are held by two or more persons, the several owners of such interest will be entitled collectively to cast one vote. A corporation, partnership, trust, or other legal entity which owns an interest in any Parcel must designate one (1) person to cast the vote for the Parcel(s).
- 4.4.5.2. Election Committee: A voting coordinator /supervisor will be appointed by a motion of the Trustees to oversee the election process at the next scheduled membership meeting where a vote is to take place.

4.4.5.3. Proxies

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- 4.4.5.3.1. The Voting Unit relinquishes voting rights to the proxy holder.
- 4.4.5.3.2. A Voting Unit of SLMC can submit no more than one proxy.
- 4.4.5.3.3. A proxy is void if it is not dated with the date of the vote or purports (falsely claims) to be revocable without notice [RCW 64.38.120(5)(d)]
- 4.4.5.3.4. SLMC proxy form (obtained at SLMC office or website) must be used.
- 4.4.5.3.5. Voting Unit may revoke a proxy per [RCW 64.38.120(5)(c)].
- 4.4.5.3.6. The death or disability of an owner does not revoke a proxy given by an owner unless the person presiding over the meeting has actual notice of the death or disability. [RCW 64.38.120(5)(c)]
- 4.4.6. Retention.
  - 4.4.6.1. Ballots, absentee ballots, proxies, and other records related to elections must be retained for one year after the Annual or Special Membership Meeting election, action, or vote to which they relate regardless of quorum.

## Article Five - Assessments

### 5. Assessments

#### 5.1. Assessments are a personal obligation of Members.

- 5.1.1. Members will be liable for the payment of Assessments as may be fixed and levied by the Trustees pursuant to and subject to the Governing Documents.
- 5.1.2. Assessments include all sums chargeable by SLMC against Member(s) and their Parcel(s).
  - 5.1.2.1. Trustees will exercise reasonable discretion to establish and impose Regular Assessments taking into consideration the SLMC Annual Budget including Common Expenses, existing Assessments, Special Assessments to replace reserves, and any other funds required.
  - 5.1.2.2. Assessments levied against Members and their Parcel(s) (other than individually allocated assessments) will be levied only if ratified pursuant to the Budget Ratification requirements set forth in the Annual Meeting. Individual assessments for fees, charges or fines must be levied pursuant to Fee Schedules adopted by Trustees and provided to Members.
  - 5.1.2.3. Allocated individual assessments including but not limited to:
    - 5.1.2.3.1. Charges and fines charged by SLMC pursuant to Fines and Fee Schedules
    - 5.1.2.3.2. Interest and late charges on any delinquent account.

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5.1.2.3.3. Any and all costs incurred by SLMC such as attorney fees in connections with the collection of delinquent assessments or enforcement of any provision of the Governing Documents.

5.1.3. The charge for water usage will be set at the discretion of the Trustees to ensure that the quality and quantity of the water supply system necessary to meet state regulations and requirements as well as the needs of the Residents in the community.

5.1.3.1. A charge for water usage will be assessed and collected only if a connection past the water meter exists.

5.1.3.2. The Trustees will set a Fee Schedule for the connection of water service to cover all expenses.

5.1.3.3. Charges and assessments against all Parcels will be levied by the Trustees at a uniform rate per Parcel without distinction or preference of any kind.

5.1.3.4. Collection of charges or assessments may be done monthly, bi-monthly, quarterly, or annually at the discretion of the Trustees.

5.1.4. All charges for assessments, when collected by SLMC, will remain the property of the Members until the charges or assessments are expended pursuant to the Governing Documents.

5.2. Recovery of Delinquent Assessments

5.2.1. SLMC will be entitled to recover any costs incurred in connection with the collection of delinquent assessments, including, but not limited to administrative costs, costs of preparing and serving notices, lien preparation, recording costs, copying, filing fees, and reasonable attorney fees, whether or not such collection activities result in a suit being commenced or prosecuted to judgement. In addition, SLMC will be entitled to recover costs and reasonable attorney fees if it prevails on appeal in the enforcement of a judgement.

5.3. Lien for Assessments

5.3.1. In the event of delinquency, the entire amount of unpaid assessments, charges and fees, interest, attorneys' fees, lien filing fees, and other reasonable costs of collection will become a lien against the Parcel upon which they accrue, which may be foreclosed as provided by law and/or collected from the Members, his/her heirs, or other successors and assigns.

5.3.2. Upon such delinquency, SLMC may record a claim of lien against a Parcel for delinquent Assessments. Such notice of claim will provide notice to third parties of

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SLMC's lien, but recording a notice with the Auditor will not be necessary to create such lien.

5.4. Lien Survives Sale:

5.4.1. SLMC's lien for unpaid assessments will not be affected by the sale or transfer of a Parcel.

5.4.2. SLMC will require payment of all unpaid assessments for a Parcel, irrespective of lien priority, prior to providing water service to a Parcel.

5.5. Foreclosure

5.5.1. The SLMC lien may be foreclosed as provided by law for foreclosure of mortgages. [RCW 61.12]. SLMC or its authorized representative will have the power to purchase the Parcel at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same.

5.5.2. The holder of a mortgage or other purchaser of a Parcel who obtains the right of possession of a Parcel through foreclosure or deed in lieu of foreclosure will be liable for any unpaid assessments or installments hereof that became due prior to such right of possession, to the full extent allowed by the law.

5.5.3. SLMC will require payment of all unpaid assessments, irrespective of priority, prior to providing water service to a Parcel.

5.5.4. If deemed uncollectable, such unpaid assessments will be deemed Common Expenses.

5.5.5. Foreclosure does not relieve the prior Member of personal liability for assessments or installments thereof accruing against the Parcel prior to the date of such sale pursuant thereto.

5.6. Receiver During Foreclosure

5.6.1. From the time of commencement of an action by SLMC to foreclose a lien for nonpayment of delinquent assessments against a Parcel that is not occupied by a Member:

5.6.1.1. SLMC will be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Parcel as and when due.

5.6.1.2. If the rent is not paid, the receiver may obtain possession of the Parcel, refurbish it for rental up to a reasonable standard for rental Parcels in this type of community, rent the Parcel or permit its rental to others, and apply the rents first to the cost of the receivership and attorney fees, then to the cost of refurbishing

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the Parcel, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments.

5.6.1.3. Only a receiver may take possession and collect rents under this section, and a receiver will not be appointed less than ninety (90) days after the delinquency. The exercise by SLMC of the foregoing rights will not affect the priority of preexisting liens on the lot.

5.6.2. Late Charges and Interest

5.6.2.1. SLMC may establish reasonable late charges and a rate of interest to be charged on all delinquent Assessments or installments within Washington State Law. Such charges will constitute Assessments as defined herein.

5.6.3. Certificate of Unpaid Assessments

5.6.3.1. Upon written request, SLMC will, within fifteen (15) days, furnish to a Member a statement signed by an Officer or authorized Agent of SLMC setting forth the amount of unpaid Assessments associated with that Members Parcel.

5.6.3.1.1. The statement will be binding on SLMC unless and to the extent proven by the recipient to be false.

5.6.3.1.2. Members further consent to provide the certificate to the mortgagee (lender) of the Parcel and any Agent of Member thereof.

5.6.3.1.3. Trustees may establish a reasonable fee to be charged for the cost of preparing the certificate, which will also be considered the cost of collection of the unpaid account.

## Article Six - Enforcement

### 6. Enforcement

#### 6.1. Supplemental Enforcement Procedures

6.1.1. The Trustees will follow procedures for providing notice and the Opportunity to be Heard regarding violations of the Governing Documents.

6.1.2. The adopted procedures shall be consistent with RCW 64.38 and the Governing Documents.

#### 6.2. Fines

6.2.1. The Trustees will maintain the schedule of fines for violations of the Governing Documents.

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- 6.2.2. Such fines constitute Assessments against the Member and their Parcel and may be collected including the imposition of interest, late fees, and the creation of a lien or other action allowed by law upon failure to pay fines when due.
- 6.3. Each Member and SLMC will cooperate in good faith and deal fairly in performing their duties under the Governing Documents to accomplish their mutual objectives and to avoid disputes and violations of the Governing Documents.
- 6.3.1. Trustees have the authority to enforce all Governing Documents.
- 6.3.2. Failure to comply with Governing Documents will be grounds for imposition of fines or other action by SLMC to obtain compliance, including actions to recover sums due, damages, for injunctive relief, prohibition of use of Common Areas, or any other relief allowed by law.
- 6.3.3. In order to obtain equitable relief, no showing of irreparable injury or the lack of a remedy at law or the inadequacy of such remedy will be required provided that these Bylaws will not preclude a Member or SLMC from also seeking monetary damages. Such actions may be prosecuted by SLMC or any aggrieved Member.
- 6.4. Member Liability for Damage
- 6.4.1. In the event any of the Common Areas are damaged or destroyed by a Member or Resident, Agent of Member, Licensee, or contractor, SLMC will repair or replace the damage in a good workmanlike manner. SLMC will impose an Individually Allocated Assessment to Member(s) or by legal means to the individual(s) responsible for the damage for the cost expended for said repairs or replacement.
- 6.5. Notice of Violations
- 6.5.1. If Member is believed to have committed a violation, SLMC will provide that Member with written notice of the violation consistent with enforcement procedures as outlined in Governing Documents.
- 6.5.2. Members will have a reasonable opportunity to be heard by the Trustees or their Committee prior to the imposition of any fines or violations of the Governing Documents. The Trustees may adopt additional rules and procedures for such hearings.
- 6.5.3. The decision to take enforcement action in any particular situation will rest in the sound discretion of the Trustees.
- 6.6. Remedies Cumulative
- 6.6.1. The remedies provided in RCW 64.38 and the Governing Documents are cumulative and SLMC may pursue any of them, as well as any other remedies that may

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be available under law although not expressed herein, either concurrently or in any order.

6.7. Cost of Enforcement

6.7.1. In any action to enforce the provisions of the Governing Documents, the prevailing party will be entitled to all costs of enforcement, including reasonable attorney fees.

6.8. No Waiver

6.8.1. The failure of the Trustees in any instance to insist upon the strict compliance with the Governing Documents, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of any term.

6.8.2. Acceptance of partial or full payment toward the fine shall not relieve responsibility to fix the violation.

6.8.3. No waiver by the Trustees of any violation or fine will be effective unless expressed in writing and signed by all Trustees.

Article Seven - Liability

7. Liability

7.1. Indemnification

7.1.1. *Claims Against SLMC.* An action alleging a wrong done by SLMC must be brought against SLMC and not against any Member, Officer, Trustee, staff, or committee Member of SLMC, so long as a Member, Officer, Trustee, staff, or committee Member has acted in good faith, without willful or intentional misconduct, upon the basis of such information brought forth by complainant.

7.1.2. No Member, Officer, Trustee, staff, or committee Member will be personally liable to any complainant, including SLMC, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person acting within the scope of their authority.

7.1.2.1. Every Trustee, Officer, agent, and employee of SLMC now or hereafter serving as such will be entitled to indemnification to the extent permitted by state law as the same may, from time to time, exist.

7.1.2.2. SLMC will not indemnify such persons where the act or omission constitutes intentional misconduct, knowing violation of the law, making of unlawful distributions under RCW 24.03A.540 for any such transaction in which such

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persons personally received a benefit to which such persons were not legally entitled.

7.1.2.3. An indemnity will not extend to amounts paid in the settlement unless SLMC is a party to the proceeding or approves such settlement. SLMC has no separate obligation to indemnify such persons if such expenses and liabilities are covered by any type of insurance.

7.1.3. Limitation of Liability for Utility Failure.

7.1.3.1. Except to the extent covered by insurance obtained by the Trustees, neither SLMC nor the Trustees will be liable for the failure of any utility or other service to be obtained and paid for by the Trustees, or for inconvenience or discomfort resulting from any action taken to comply with the Governing Documents, any law, ordinance, or orders of a governmental authority. No reduction or forgiveness of Assessments for a complainant will be claimed or allowed for any such utility or service failure, for such injury or damage, or for such inconvenience or discomfort.

## Article Eight - Insurance

### 8. Insurance

8.1. The Trustees will have authority to obtain and maintain, as a Common Expense, policies of insurance and bonds as the Trustees deem to be in the best interests of SLMC while ensuring SLMC assets, and applicable laws and regulations are met. If the Trustees determine that any insurance described in this Article will not be maintained, Trustees will cause notice of that fact to be given to all Members.

8.2. The insurance policies and bonds purchased for the SLMC will have deductibles and limits as determined at the discretion of the Trustees and based on the advice and recommendations of insurance agents, accountants, and other professionals as requested by the Trustees.

8.3. The Insurers must be financially sound and qualified to conduct business in the state of Washington.

8.4. Any destruction of or damage to any portion of SLMC that is covered by insurance will be repaired or replaced promptly by SLMC. If the cost of repair or replacement does not significantly exceed the insurance deductible, as determined by the Trustees, repairs or replacement will be self-funded.

8.4.1. In addition to Member's obligation to maintain their Parcel, Members will prioritize the repair of property visible from the Common Areas or public rights of way, irrespective of available insurance proceeds.

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8.5. Mandatory Insurance

- 8.5.1. SLMC will have the authority to and will obtain insurance for the Common Areas, including fixtures, equipment and betterments installed therein against loss or damage by fire or other hazards commonly insured against in an amount sufficient to cover the cost of any repair or reconstruction work.
- 8.5.2. No Residents will cause or permit anything to be done or kept in Common Areas that could result in the increase of premiums or cancellation of SLMC insurance without a prior unanimous vote by the Trustees during a Board meeting.
- 8.5.3. SLMC will maintain comprehensive liability insurance covering all Common Areas, and all damage or injury caused by the negligence of SLMC or Agents of SLMC. This will include liability coverage for Officers, Trustees, staff, and committee Members during SLMC sponsored events. The coverage amount based on SLMC's best interest, considering standard industry practice for associations of similar size and amenities, to be determined by the Trustees.
- 8.5.4. It is the responsibility of each Member, at the Member's expense and at their own discretion, to provide coverage for damage to the Member's Parcel and personal property.

Article Nine – Miscellaneous Provisions

9. Miscellaneous Provisions

- 9.1. The Governance Committee will review Governing Documents not less often than every three (3) years and will suggest proposed amendments, as appropriate, for member approval.
- 9.2.

Article Ten - Amendments

10. Amendments to Governing Documents

- 10.1. A proposed amendment may be submitted to the Governance Committee for consideration as follows:
  - 10.1.1. A majority of the Trustees approve a proposed amendment, or
  - 10.1.2. A written petition containing the proposed amendment and bearing validated signatures of members representing at least twenty percent (20%) of the Total Voting Power is presented to the Board of Trustees at least 90 days in advance of the Annual Membership Meeting.

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- 10.1.3. Upon receipt of a timely filed petition, the Governance Committee will review the Amendment prior to presentation to Members after the Amendment has been determined to comply with the RCW's and Governing Documents, reviewed by the SLMC Attorney and if approved, reviewed by the SLMC Trustees. The proposed measure may be modified, if deemed necessary by the SLMC Attorney, solely for the purpose of ensuring consistency with other provisions of the Bylaws and correcting of typographical errors; no changes will be made which alter the intent or effect of the proposed amendment.
- 10.1.4. Amendment approval requires a turnout of fifty-five percent (55%) of the Voting Units with a majority plus one (51%) of those participants voting in the affirmative.
- 10.1.5. Any Amendment that would increase the exiting boundaries as stated in the Article of Incorporation must be limited by the amount of available water, approval by related governing agencies, and must be approved by the unanimous vote or consent of the Members.
- 10.2. Any approved Amendment to the SLMC Governing Documents will be prepared, executed, and certified by the President and Secretary or any two Officers designated for that purpose and posted on the SLMC website.

**Article Eleven – Effective Date**

11. The provisions of these Revised and Restated Bylaws shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision(s) so long as the remaining provision(s) comply with the Federal, State and county laws.

These Bylaws will take effect on: \_\_\_\_\_