

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

BIG TROUT CONDOMINIUM ASSOCIATION

a/an WA Non-Profit Corporation. Charter documents are effective on the date indicated below.

Date: 5/4/2007

UBI Number: 602-723-295

APPID: 847464



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed

Sam Reed, Secretary of State

State of Washington

602 723 295

Secretary of State

CORPORATIONS DIVISION
James M. Dolliver Building
801 Capitol Way South
PO Box 40234
Olympia WA 98504-0234
360.753.7115



Application for NonProfit Corporation

Office Information

Application ID 847464
Tracking ID 1293299
Validation ID 1055188-001
Date Submitted for Filing: 5/4/2007

Contact Information

Contact Name Dennette Hammons
Contact Address 717 W. Sprague Ave.
Suite 1600
Spokane
WA
99201

Contact Email dhammons@lukins.com
Contact Phone 509-363-2364

Articles of Incorporation

Preferred Name BIG TROUT CONDOMINIUM ASSOCIATION
Purpose SEE ATTACHED ARTICLES
Duration Perpetual
Incorporation Date Effective Upon Filing by the Secretary of State
Expiration Date 5/31/2008
Distribution of Assets Per attached Articles of Incorporation
Separate Articles of Incorporation Uploaded ARTICLES_OF_INCORP.pdf

Registered Agent Information

Agent is Individual
Agent Name James M. Frank

Agent Street Address

1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Agent Mailing Address Same as Street Address

Agent Email Address

Submitter/Agent Relationship Submitter has signed consent of specified agent

Initial Directors Information

Director #1

Director Name Jason S Wheaton

Title Director

Director Address 1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Director #2

Director Name James M. Frank

Title Director

Director Address 1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Director #3

Director Name Jennifer Frank

Title Director

Director Address 1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Director #4

Director Name Joc Frank

Title Director

Director Address

1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Director #5

Director Name Bob Frank
Title Director
Director Address 1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Incorporators Information

Incorporator #1

Incorporator Name James M. Frank
Incorporator Address 1421 N. Meadowwood Lane
Suite 200
Liberty Lake
WA
99019

Signature Information

Signed By Dennette Hammons

ARTICLES OF INCORPORATION
OF
BIG TROUT CONDOMINIUM ASSOCIATION

The undersigned, for the purposes of forming a corporation under the provisions of the Washington Nonprofit Corporation Act, R.C.W. Chapter 24.03, hereby adopts the following Articles of Incorporation (“Articles”):

ARTICLE I

NAME

The name of the Corporation (hereinafter called the “Association”) is BIG TROUT CONDOMINIUM ASSOCIATION, and it is a nonprofit corporation.

ARTICLE II

DURATION

The Association will exist perpetually.

ARTICLE III

PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate the distribution of gains, profits, or dividends to its Members (as that term is defined in the Washington Nonprofit Corporation Act). The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of Association property within that certain residential condominium project located in Spokane County, Washington, commonly known as the “Big Trout Condominiums” and to promote the health, safety and welfare of all owners and tenants using 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, Conditions and Restrictions (the “Declaration”) recorded or to be recorded with respect to said property in the Office of the Auditor of Spokane County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents, this Association shall have power to:

- (a) Adopt and amend Bylaws, rules, and regulations;

(b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and/or special charges for maintenance work on Limited Common Elements from Owners;

(c) Hire and discharge or contract with managing agents 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 Condominium;

(e) Make contracts and incur liabilities;

(f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;

(g) Cause additional improvements to be made as a part of the Common Elements;

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

(i) Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

(j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Section 3.5, and for services provided to Unit Owners;

(k) Impose and collect charges for late payment of assessments pursuant to RCW 64.34.364 (13) and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the Declaration or Bylaws or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and rules and regulations of the Association;

(l) Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by RCW 34.34.425 and statements of unpaid Assessments;

(m) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

(n) Exercise any other powers conferred by the Declaration or Bylaws;

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

(p) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Element not included in maintenance work, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair; and

(q) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Units responsible to the extent of their responsibility.

ARTICLE IV

MEMBERS AND MEMBERSHIP

Section 1. Non-stock Corporation. Participation in management and ownership of the Association is by membership only. The Association shall issue no stock and will have no shareholders.

Section 2. Membership. The Owner of a Unit will automatically, upon becoming an Owner, be a Member of the Association, and will remain a Member thereof until such time as its ownership ceases for any reason, at which time its membership in the Association will automatically cease. Membership will be in accordance with these Articles and the Bylaws.

Section 3. Transferred Membership. Membership in the Association may not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event an Owner fails or refuses to transfer the membership registered in its name to the purchaser of its Unit, the Association will have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller will be null and void.

Section 4. Classes of Membership. The Association will have one class of voting membership which shall be Owners of Units, including the Declarant. Each Owner shall be entitled to vote the Allocated Interest set forth in Exhibit "A" of the Declaration.

Section 5. Voting Requirements. Except where otherwise expressly provided in the Declaration, these Articles, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken, requires the vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association. Voting will be non-cumulative.

Section 6. Limitation of Payment to Dissenting Member. Membership in the Association is appurtenant to and cannot be segregated from ownership of a Unit. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

ARTICLE V

INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at the offices of c/o Greenstone Corporation, 1421 North Meadowood Lane, Suite 200, Liberty Lake, Washington 99019, and the registered agent at such address shall be James M. Frank.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall initially be managed by a Board of five (5) Directors, who shall be Members of the Association, or agents of a corporate Member. The number of Directors may be changed by the amendment of the Bylaws of the Association. The names and addresses of the initial five (5) Directors of the Association until the selection of their successors, are:

<u>Name</u>	<u>Address</u>
Jason S. Wheaton	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
James M. Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Jennifer Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Joe Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Bob Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019

A Director of the Association shall not be personally liable to the Association or its members for monetary damages arising from any conduct as a Director, except this limitation on liability shall

not apply to (i) acts or omissions involving intentional misconduct by the Director or a knowing violation of law by the director, (ii) any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. This limitation shall not apply to any act or omission occurring before the effective date of this paragraph. If the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Association shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the members of the Association shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

ARTICLE VII

INDEMNIFICATION

The Association shall provide any indemnification required by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act and shall indemnify Directors, officers, agents, and employees as follows:

a. The Association shall indemnify its officers and Directors and advance or reimburse expenses to the full extent required or permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act now or hereafter in force, whether they are serving the Association or, at its request, any other entity, as an officer, director, or in any other capacity; provided no such indemnity shall indemnify any Director from or on account of any (i) acts or omissions of the Director finally adjudged to be intentional misconduct or a knowing violation of law; (ii) any transaction with respect to which it was finally adjudged that such Director personally received a benefit in money, property, or services to which the Director was not legally entitled.

b. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve, and amend from time to time such Bylaws, resolutions, or contracts implementing such provisions, including but not limited to implementing the manner in which determinations as to any indemnity or advancement of expenses shall be made, or such further indemnification agreements as may be permitted by law.

c. The Association shall indemnify other employees and agents to the extent as may be authorized by the Board of Directors or the Bylaws and be permitted by law, whether the employees and agents are serving the Association or, at its request, any other entity.

d. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any statute, provision of the Articles, Bylaws, or other agreements.

e. No amendment or repeal of this Article shall apply to or have any effect

on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

ARTICLE VIII

DISSOLUTION

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or person in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto as established in the Declaration.

ARTICLE IX

AMENDMENT OF ARTICLES

These Articles may be amended at any time and in any manner by the vote of sixty-seven percent (67%) of the total voting power of the Association, or by the unanimous consent of the Members; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

ARTICLE X

INCORPORATOR

The name and address of the incorporator of this Association is as follows:

<u>Name</u>	<u>Address</u>
James M. Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019

For the purpose of forming this Association under the laws of the State of Washington, the undersigned, being the incorporator of this Association, has executed these Articles of Incorporation on March 16th, 2007.



JAMES M. FRANK

CONSENT TO SERVE AS REGISTERED AGENT

I, **JAMES M. FRANK**, hereby consent to serve as registered agent in the State of Washington, for the corporation known as **BIG TROUT CONDOMINIUM ASSOCIATION**. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

DATED: March 16, 2007.



JAMES M. FRANK

BYLAWS
OF
BIG TROUT CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Name and Location. The name of this association (“Association”) is Big Trout Condominium Association. The principal office of the Association is in Spokane County, Washington.

Section 2. Application to Project. The provisions of these Bylaws are applicable to that residential condominium project known as the Big Trout Condominiums located in Spokane County, Washington. All present and future Owners, and their tenants, guests, and invitees, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in the Declaration of Covenants, Conditions and Restrictions for the Property to be recorded in the office of the Spokane County Recorder (the “Declaration”), in these Bylaws, and in the remaining Project Documents. Unless otherwise defined in these Bylaws, capitalized terms have the meanings set forth in the Declaration. The mere acquisition or rental of any Unit, or the mere act of occupancy of any Unit will signify that these Bylaws and all Project Documents are accepted, ratified, and will be observed.

Section 3. Meaning of Terms. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE II

MEMBERSHIP; MEETINGS AND VOTING RIGHTS

Section 1. Classes of Members. The Association shall have one class of voting membership established according to the Articles of Incorporation (“Articles”). Voting power is as provided herein, in the Declaration, and in the Articles, and is non-cumulative.

Section 2. Voting Requirements. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken requires the vote or written assent of the prescribed percentage of a quorum of the membership (both classes combined). Except on matters specifically provided for in the Declaration, the Articles, or these Bylaws, the vote of a majority of a quorum present at any meeting, in person or by proxy (both classes combined), constitutes the vote of the Members. Where there are multiple Owners of a single

Unit, the voting rights allocated to such Unit shall all be cast together, according to the agreement of the Owners, and not be split. If the Owners are unable to agree on how the voting rights should be exercised with respect to a particular issue, no vote shall be cast on such issue with respect to such Unit.

Section 3. Quorum. The presence in person or by proxy of at least twenty-five percent (25%) of the total voting power (and the presence of the Declarant, where the Declarant holds at least 25% of the total voting power) constitutes a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum (provided that the Declarant must be present at all times in order for business to be conducted, when the Declarant holds at least 25% of the total voting power).

Section 4. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies must be in writing and filed with the Secretary before the appointed time of each meeting. All proxies are valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy (but in no event for a period exceeding eleven (11) months from the date of execution). Every proxy is revocable and automatically ceases upon receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of such Member.

Section 5. Annual Meetings. Regular annual meetings of the Members of the Association shall be held within the month of March of each year, with the actual date to be selected in the discretion of the Board and provided to the membership in the notice of the meeting.

Section 6. Special Meetings. A special meeting of Members of the Association may be called by the President or by any three (3) members of the Board. Additionally, the Board shall call a special meeting upon receipt of a written request therefor signed by Members representing not less than fifteen percent (15%) of the total voting power of the Association.

Section 7. Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or other persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice must specify the place, day, and hour of the business to be undertaken, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days' notice (but not more than sixty (60) days' notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Property or at a meeting place as close thereto as possible. Notice shall also be delivered to any institutional lender filing a written request for notice with the Association, and any such lender shall be permitted to designate a representative to attend all such meetings.

Section 8. Adjournment. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum will be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a reconvened meeting shall be fifteen percent (15%) of the total voting power of

the Association (and the presence of the Declarant, where the Declarant holds at least 25% of the total voting power).

Section 9. Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent has the same force and effect as a unanimous vote.

Section 10. Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Term of Directors. The Board shall consist of five (5) Directors, each of whom, if elected by the Members, shall be an Owner or an agent of a corporate Owner; each Director appointed by the Declarant need not be an Owner. Subject to the right of the Declarant to appoint Directors as provided below and in the Declaration, all Directors shall serve staggered two-year terms, with the Directors occupying the A, B and C positions being re-elected in even-numbered years, and the Directors occupying the D and E positions being re-elected in odd-numbered years.

Section 2. Declarant Control. To provide the Declarant reasonable control during development and sale of Units, the Declarant has the right to appoint Directors, as and to the extent set forth in the Declaration.

Section 3. Election of Directors. Subject to the right of the Declarant to appoint Directors, as provided in the Declaration, Directors shall be elected as follows:

a. Nomination. Nominations for election to the Board of Directors may be made no sooner than seven (7) days before a meeting or from the floor of a meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

b. Election of Directors. Elections of Board members will be by a single secret written ballot, with each Owner(s) being entitled to voting their allocated interest for each open position (non-cumulative), and the candidate(s) receiving the most votes being elected. Where more than one Director is to be elected, the candidate receiving the most votes shall occupy the position with the highest alphabetical designation (A or D, or otherwise, as the case may be), the candidate receiving the next highest number of votes shall occupy the next highest alphabetical designation, and so on until all open positions

are filled.

Section 4. Removal. Except for a Director appointed by the Declarant, an individual Director may be removed prior to the expiration of his or her term of office by the vote of two-thirds of the voting power of the Association present and entitled to vote at any meeting of the Owners at which a quorum is present. A Director appointed by the Declarant may be removed only by the Declarant or upon the expiration of the Declarant's control.

Section 5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director will be filled by vote of the majority of the remaining Directors, or, in the case of a Director appointed by the Declarant, by a new appointment by the Declarant. Each person so elected shall be a Director for the remainder of the term of the Director he or she replaces, or until a successor is elected at a special meeting of the Members called for that purpose.

Section 6. Regular Meetings. Regular meetings of the Board shall be conducted at least quarterly at a time and place within the Property, as may be fixed by the Board. Written notice of the time and place of regular meetings shall be given to each Director personally, by e-mail, or by mail or telegraph, at least five (5) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Property. One of the regular meetings shall be the annual meeting, which shall be held within ten (10) days following the annual meeting of Members.

Section 7. Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any three (3) Directors other than the President. Notice shall be provided to all Directors and posted within the Property in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

Section 8. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board will be a waiver of notice by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

Section 9. Quorum. The presence in person of a majority of the Directors at any meeting of the Board constitutes a quorum. The vote of a majority of the quorum actually present at any meeting constitutes the vote of the Board unless expressly provided to the contrary in these Bylaws. However, while the Declarant retains the power to appoint a majority of the Board, any Board action requires the approval of a majority of the Directors appointed by the Declarant who are present at the meeting.

Section 10. Action by Consent of Directors. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board entitled to vote execute a consent in writing to such action. Such consent has the same force and effect as a unanimous vote.

Section 11. Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 12. Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board has the powers and duties necessary for the administration of the affairs of the Association. In the performance of their duties, Directors are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Owners; or (b) if elected by the Owners, ordinary and reasonable care. Without limitation on the generality of the foregoing powers and duties, the Board is vested with and responsible for the following powers and duties:

Section 1. To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Project Documents, and to require from them security for faithful service when deemed advisable by the Board;

Section 2. To enforce the applicable provisions of the Project Documents, and other instruments relating to the ownership, management and control of the Property;

Section 3. To adopt and publish Rules and Regulations governing the use of any Common Elements, and the personal conduct of the Members and their tenants, guests and invitees thereon, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership;

Section 4. To pay all taxes and assessments which are, or could become, a lien on any Common Elements or a portion thereof;

Section 5. To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

Section 6. To cause the Common Elements (including Limited Common Elements, except to the extent otherwise required by the Declaration) to be maintained and to contract for goods or services for any Common Elements or for the Association;

Section 7. To delegate its powers to committees, officers or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by the Project Documents;

Section 8. To keep complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

Section 9. To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Project Documents, in accordance with procedures set forth in these Bylaws:

Section 10. To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt, subject to the approval requirements of the Project Documents and any applicable law;

Section 11. To fix and collect Regular, Extraordinary, and Special Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to record a Notice of Assessment Lien and/or foreclose the lien against any Unit for which an Assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such Assessment;

Section 12. To prepare and file annual tax returns with the federal and state governments and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on homeowners associations.

ARTICLE V

OFFICERS

Section 1. Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he or she sooner resigns, or is removed, or otherwise is disqualified to serve.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office may be filled by appointment by the

Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 5. Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 6. Duties. In the performance of their duties, officers are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Owners; or (b) if elected by the Owners, ordinary and reasonable care. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all agreements and other written instruments, and shall sign checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company).

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

d. Treasurer. The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors pursuant to approval of vouchers, when appropriate; sign checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements and tax returns as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to co-sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

Section 7. Execution of Instruments. The President or Secretary have the power to execute and deliver on behalf of and in the name of the Association any instrument requiring the signature of an officer of the Association, except where the execution and delivery thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. Unless authorized to do so by these Bylaws or by the Board of Directors, no officer, agent, or employee has any power or authority to bind the Association in any way, to pledge its credit, or to render it liable for any purpose or in any amount.

ARTICLE VI

DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association has no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Unit on account of a failure by the Owner to comply with provisions of the Project Documents, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association. Notwithstanding the foregoing, the Board has the power to impose reasonable monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association (e.g., voting rights, or right to use the Common Elements, other than Limited Common Elements appurtenant to the Owner's Unit) or other appropriate discipline for failure to comply with the Project Documents; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties will include actual attorney's fees and all costs in connection with the collection of such penalties.

ARTICLE VII

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

Section 1. Budgets and Financial Statements. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association. The budget shall be submitted to a vote of the Members as set forth in the Declaration. The Board may provide for an independent audit of the financial statements of the Association at any time. If the Board determines not to have an independent audit, any mortgage holder may determine to have an audit prepared at its expense.

Section 2. Fiscal Year. The fiscal year of the Association will be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year is the calendar year.

Section 3. Inspection of Association's Books and Records. The membership register, books of account, vouchers authorizing payments, minutes of meetings of the Members, of the Board, and of committees of the Board of the Association, and copies of the current Declaration, Articles, Bylaws and Rules and Regulations for the Property shall be made available for inspection and copying by any Member of the Association, by any Mortgagee, or by a duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Property as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least forty-eight (48) hours' written notice to the Board by the Member desiring to make the inspection. Any Member or other person desiring copies of any document shall pay the reasonable cost of reproduction. Every Director has the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 4. Statement of Account. Upon ten (10) days' notice to the Board and

payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner.

ARTICLE VIII

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by resolution approved by a majority of the Board of Directors, subject to repeal or change by action of a majority of the total voting power of the Members, provided any such amendment may not be inconsistent with the Articles, the Declaration, or the law.

ARTICLE IX

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 1. Definitions. As used in this Article, terms shall have the definitions set forth in the Declaration. Additionally, the following definitions shall apply:

- a. “Another Enterprise” means a corporation (other than the Association), partnership, joint venture, trust, association, committee, employee benefit plan, or other group or entity.
- b. “Director” means each person who is or was a director of the Association or an individual who, while a director of the Association, is or was serving, at the request of the Association, as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
- c. “Expenses” includes, without limitation, counsel fees.
- d. “Indemnitee” means each person who was, is, or is threatened to be made a party to or is involved (including without limitation as a witness) in any Proceeding because the person is or was a director, officer, employee, or agent of the Association and who possesses indemnification rights pursuant to the Articles, these Bylaws or other corporate action. The term shall also include, for officers, employees, or agents, service at the Association’s request as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
- e. “Loss” means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a Proceeding.
- f. “Party” includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.

