

FINAL DRAFT COPY ONLY

BYLAWS

OF

Upper Langley HOA

A Washington Non-Profit Corporation

Section I

DEFINITIONS

Unless otherwise stated, the following terms have the following definitions in these Bylaws and in the Articles of Incorporation and the Declaration of Covenants of the Upper Langley Homeowners Association.

1.1 “Common Land and Facilities” aka Tract A and Tract B are all those land and facilities that are not owned in fee simple by Lot Owners that shall include but not be limited to the forest, meadow, trails, vegetable garden, orchard, Common House, accessory structures, intern cabins, parking lot, shared vehicles and roads depicted on the Upper Langley final Plat as recorded in the records of the City of Langley, Washington, County of Island.

1.2 Community. The subdivision named “Upper Langley” shall be referred to herein as the “Community”. The term “Community” as used herein shall include the Common Land and Facilities and developed Lots. The community is created under and governed by RCW 24.03 and RCW 64.3B as hereafter amended.

1.3 Declaration. The term “Declaration” as used herein means the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, which was recorded in the records of Island County, and all amendments thereto, and as a result of which this Community was created.

1.4 Lot and Lot Ownership. “Lot” means those portions of the Community designated for separate ownership, specifically the plots of land shown as building lots on the Upper Langley final Plat as recorded in the records of the City of Langley. “Owner” means the recorded owner, whether one or more persons, firms or corporations, as fee simple owners or contract purchasers, including the Declarations, of any Lot, but excluding all persons, firms or corporations having an interest in any Lot merely as security for the performance of any obligation or payment of debt.

1.5 Residents and Tenants. “Resident” means any person residing in the community with a Lot Owner longer than three months, who is not a visitor or paid tenant. “Tenant” means any person residing in the community as a paid tenant, subject to the Washington Residential Landlord Tenant Act.

1.5.1 Non-Voting Tenants and Residents. Tenants and other persons legally residing in the Community are subject to the provisions in these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and shall agree to be bound by them as a condition of residency.

1.6 Upper Langley. “Upper Langley” is a subdivision in City of Langley, located in Island County, State of Washington.

1.7 Upper Langley HOA or Association. Upper Langley Homeowners Association (“Upper Langley HOA” or “Association”) is a Washington Non-Profit Corporation and is the name of the homeowners association which shall manage and control the City of Langley subdivision named “Upper Langley”. It is located in Island County, State of Washington.

1.8 Upper Langley HOA Members. Upper Langley “HOA Members” shall consist of all Owners, with membership in said organization being an obligation of ownership of said Lots. Tenants and residents and any other persons may not become members of the Upper Langley HOA, and have no voting rights.

1.8.1 Voting Members. All Owners shall become “Voting Members” of this Association, Upper Langley HOA, a Washington non-profit corporation. Voting Members shall have the right of one undivided vote per Lot in the Association and agree to be bound by these

Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and the Deed Restriction on Transfer or Sale of Lot including Capital Improvements as incidents of ownership. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall be permitted to vote through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his or her estate, through a parent having custody of the minor.

Section II

APPLICABILITY OF BYLAWS

The provisions of the Upper Langley HOA Bylaws are applicable to the Community. All Owners, all tenants and all officers, agents and employees of any Owner or tenant, present and future, and any other person who might use the facilities of the Community in any manner, are subject to these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and the Deed Restriction on Transfer or Sale of Lot including Capital Improvements. The acquisition or rental of any of the Lots referred to herein or the occupancy of any of the lots will signify that these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and the Deed Restriction on Transfer or Sale of Lot including Capital Improvements, as incidents of ownership, are accepted, ratified, and will be complied with by the Owner or occupant.

Section III

STATEMENT OF PURPOSE

Upper Langley HOA exists pursuant to the authority of City of Langley Affordable Housing Ordinance (LMC Chapter 18.04) and as hereafter amended. The primary purpose of the Upper Langley HOA is to:

- i) provide perpetually affordable homes to Lot Owners within the Community who earn middle income or less,
- ii) maintain and protect the Community-owned open meadows and forest as perpetual green space in a community using organic methods,
- iii) ensure that the Common Land cannot be partitioned, divided, or conveyed,
- iv) collectively manage all Community-owned land, facilities, and buildings.

Said purposes exist exclusively for the benefit of the entire Community and each Lot Owner and Resident owner thereof.

Upper Langley strives to maintain an intentional neighborhood in the city limits of Langley, Washington that celebrates community, nature, ecological sustainability, and simplicity.

Section IV

THE ASSOCIATION MEMBERS

4.1 Powers and Duties of the Upper Langley HOA. The Owners of the Community constitute the Members of Upper Langley HOA. The Upper Langley HOA shall have all of the powers and responsibilities set forth in RCW 64.38.15, as well as to uphold the Statement of Purpose as set forth in Section III of these Bylaws.

4.2 Place of Meetings. Meetings of the Upper Langley HOA shall be held at the principal office of the Community or such other suitable place convenient to the owners as may be designated by the Board of Directors.

4.3 Annual Meeting. A meeting of the Upper Langley HOA must be held at least once each year. The first annual meeting will be announced upon the formation of this Home Owner's Association. Thereafter, annual meetings shall be held on the 3rd Sunday of October of each succeeding year, or such date that the Board of Directors deems ideal. At such meetings a Board of Directors and officers shall be chosen, in accordance with the requirements of Section V of these Bylaws. The

HOA Members may also transact such other business of the Association as may properly come before them.

4.4 Special Meetings. Special meetings of the Upper Langley HOA may be called by HOA Members representing TWO (2) of the lots or by the Board of Directors. No business shall be transacted at a special meeting except as stated in the notice.

4.5 Board Membership for HOA Members. Each Upper Langley HOA may sit on the Board of Directors with a maximum representation of one Member per Lot. HOA Members not serving on the board are welcome to attend board meetings.

4.6 Governance. The Upper Langley HOA affairs shall be governed by the Board of Directors.

4.7 Decision Making. Consensus. Decisions and resolutions of the Upper Langley HOA membership shall require approval through consensus of the Voting Members physically or electronically present at any duly called meeting. As used in these Bylaws, the term “consensus” is outlined in the Upper Langley HOA Decision Making Policy.

4.8 Voting. Where a vote of the Upper Langley HOA is specifically required by law or by the Declaration, Articles of Incorporation or Bylaws, the following rules shall apply:

4.8.1 There shall be no cumulative voting.

4.8.2 The owner or owners of each Lot may cast a total of ONE (1) undivided VOTE per lot on any issue in which they are entitled to vote. Disputes amongst owners of the same lot must be resolved prior to voting.

4.8.3 In the event that only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to that Lot.

4.9 Association Meeting Quorum. A quorum is present throughout any meeting if Voting HOA Members representing sixty percent (60%) are present in person or electronically at a duly called meeting of the Upper Langley HOA to which adequate notice was given, or any continuance thereof.

4.10 Action Without A Meeting. Any action permitted or required to be taken at a meeting of HOA Members may be taken without a meeting if unanimous consent in writing setting forth the action so taken shall be signed by all the Voting Members of the HOA.

4.11 Notice of Special or Annual HOA Meetings. It shall be the duty of the Secretary to deliver a notice of each annual or special meeting to Members of the Association. The notice shall be deemed delivered when hand delivered to the Lot Owner, by electronic transmission with requirement for confirmation of receipt, or deposited in first class U.S. Mail, postage prepaid, addressed to the lot or to such other mailing address as the owner of the lot shall designate in writing. The notice shall state the time and place of the meeting, the items on the agenda to be voted on by the Voting Members of the HOA, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes in the previously approved budget that result in a change in the assessment obligations, and any proposal to remove an officer. Unless otherwise provided in these Bylaws, the notice shall be hand delivered, by electronic transmission or post marked for mailing at least FOURTEEN (14) DAYS but not more than SIXTY (60) DAYS before the date of the meeting.

4.12 Computation of Time. In computation of time periods herein, the day of delivery or deposit in the U.S. Mail shall not be included. The first day of the period shall be the next day after mailing or delivery. The last day of the period shall be the day immediately preceding the meeting or event to which the time period applies.

Section V

BOARD OF DIRECTORS

5.1 Number and Qualifications. The Directors of the Board may consist of all of the Members of the Upper Langley HOA, with a maximum representation of one Member per Lot. The Board of Directors shall exercise the responsibility of administering the Community, preparing the annual budget, establishing and collecting monthly assessments, and arranging for the management of the Community by committees.

Board of Directors shall govern the affairs of the Upper Langley HOA and will be composed of the Owners of Lots in the Community, up to a maximum of SIXTEEN (16), and with no fewer than

NINE (9) members. No more than ONE (1) owner may serve on the board. HOA Members not serving on the board are welcome to attend board meetings.

5.2 Selection and Term of Office. The Board of Directors shall be appointed at the first annual meeting of the Upper Langley HOA, and at the end of each annual meeting thereafter. The Term of office of each director shall be until he or she transfers his or her ownership share in a Lot, or until he or she resigns, or is removed, or until a successor is chosen within 60 days of vacancy.

5.3 Vacancies. Vacancies on the Board of Directors shall be filled by appointment by the remaining Board of Directors within 60 days of vacancy.

5.4 Removal of Directors. At any regular or special meeting of the Upper Langley HOA duly called at which a quorum is present, any one or more of the directors chosen by the Lot Owners may be removed with cause by the vote of eighty (80%) of the votes of all Voting Members of the HOA present, in person or electronically. Removal from Board of Directors does not affect Lot Owner's rights as an Association member.

5.5 Absences. Board members must notify the board Secretary of planned absences. Board members absent for two or more consecutive months without notification and agreement of the board must step off the board until they are able to resume their attendance at board meetings and are re-appointed.

5.6 Duty of Care. A Director shall perform the duties of a Director, including duties as a member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matter presented; (b) legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or (c) a Committee of the Board upon which the Director does not serve, duly designated in accordance

with a provision in the Bylaws, as to matters within its designated authority, which Committee the director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

5.7 Powers and Duties of the Board of Directors. The Board of Directors shall have exclusive authority to do the following acts on behalf of the Upper Langley HOA:

5.7.1 To administer the Upper Langley HOA Community, including but notwithstanding, the Common Land and Facilities and all other property belonging to the Upper Langley HOA, to keep it adequately insured as required in the Articles of Incorporation, and to provide for or perform all work necessary for the care, upkeep and surveillance, maintenance, repair, or replacement of the Common Facilities and the making of any additions or improvements thereto.

5.7.2 To purchase goods and services, hire and dismiss workers or any necessary personnel or employees, enter into contracts for goods, services, or work to be performed, engage architects, engineers or necessary professional or technical help required to carry out the work, obtain bonds and insurance as required under these Bylaws or prudent under the circumstances.

5.7.3 To establish, collect and expend assessments for the expenses of the Community, including the power to carry out collection of delinquent assessments as defined in Section V of the Declarations.

5.7.4 To adopt reasonable Rules and Regulations which it deems necessary or advisable to administer the Upper Langley HOA, to supplement, interpret, or apply the Declaration, Articles of Incorporation or Bylaws, or to administer the property. The Rules and Regulations may be amended from time to time by the board in the same manner as the Bylaws, and shall be deemed part of these Bylaws.

5.7.5 To develop an annual budget upon which assessments to HOA Members will be based.

5.7.6 To carry out such other duties as are required or authorized under RCW 64.38.020

5.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by the directors. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, electronic transmission, or telephone, at least FIVE (5) DAYS prior to the day named for such meeting.

5.9 Special Meetings. Special meetings of the Board of Directors shall be called by the president or Secretary in a manner and upon notice as for regular meeting, upon the written request of at least FIVE (5) directors.

5.10 Annual HOA Meeting. The Board of Directors shall ensure that the required annual meeting of the Upper Langley HOA will be held at least once each year. The first annual meeting will be announced upon the formation of this Home Owner's Association. Thereafter, annual meetings shall be held on the 3rd Sunday of October of each succeeding year, or such date that the Board of Directors deems ideal. At such meetings there shall be chosen a Board of Directors and officers, in accordance with the requirements of Section V of these Bylaws.

5.11 Notice of Special or Annual Meetings. It shall be the duty of the Secretary to deliver a notice of each annual or special meeting to Members of the Association. The notice shall be deemed delivered when hand delivered to the Lot Owner, by electronic transmission with requirement for confirmation of receipt, or deposited in first class U.S. Mail, postage prepaid, addressed to the lot or to such other mailing address as the owner of the lot shall designate in writing. The notice shall state the time and place of the meeting, the items on the agenda to be voted on by the Voting Members of the HOA, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes in the previously approved budget that result in a change in the assessment obligations, and any proposal to remove an officer. Unless otherwise provided in these Bylaws, the notice shall be hand delivered, by electronic transmission or post marked for mailing at least FOURTEEN (14) DAYS but not more than SIXTY (60) DAYS before the date of the meeting.

5.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the board shall be a waiver of notice by him or her of the time and place thereof. If all directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such a meeting.

5.13 Board of Director's Meeting Quorum. A quorum is present throughout any meeting of the Board of Directors if sixty percent (60%) of the board members are present or electronically at a duly called meeting to which adequate notice was given, or any continuance thereof.

5.14 Electronic Notice. Notice to directors in an electronic transmission that otherwise complies with the requirements of these Bylaws is effective only with respect to directors who have consented, in the form of a record, to receive electronically transmitted notices under this chapter. A director who provides consent, in the form of a record, to receipt of electronically transmitted notices shall designate in the consent the message format accessible to the recipient, and the address, location, or system to which these notices may be electronically transmitted. A director who has consented to receipt of electronically transmitted notices may revoke the consent by delivering a revocation to the corporation in the form of a record.

5.15 Revoking Consent. The consent of any director is revoked if the corporation is unable to electronically transmit two consecutive notices given by the corporation in accordance with the consent, and this inability becomes known to the secretary of the corporation or other person responsible for giving the notice. The inadvertent failure by the corporation to treat this inability as a revocation does not invalidate any meeting or other action.

5.16 Action Without A Meeting. Any action permitted or required to be taken at a meeting of directors or a committee of directors may be taken without a meeting if a unanimous consent in writing setting forth the action so taken shall be signed by all the directors or members of the committee, as the case may be.

5.17 Computation of Time. In computation of time periods herein, the day of delivery or deposit in the U.S. Mail shall not be included. The first day of the period shall be the next day after

mailing or delivery. The last day of the period shall be the day immediately preceding the meeting or event to which the time period applies.

5.18 Budget. Within thirty days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen nor more than SIXTY (60) days after mailing or electronic transmission of the summary. Unless at that meeting the owners of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents reject the budget, in person or electronically, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

5.19 Decision Making. Consensus. Except where a vote of members of the Board of Directors is specifically required by law, the Articles of Incorporation, or by these Bylaws, decisions and resolutions of the board shall require approval through consensus of the voting board members physically or electronically present at any duly called meeting. As used in these Bylaws, the term “consensus” is outlined in the Upper Langley HOA Decision Making Policy.

5.20 Voting. Where a vote of members of the Board of Directors is specifically required by law or by the Declaration, Articles of Incorporation or Bylaws, the following rules shall apply:

5.18.1 There shall be no cumulative voting.

5.18.2 The owner or owners of each Lot may cast a total of ONE (1) undivided VOTE per lot on any issue in which they are entitled to vote. Disputes amongst owners of the a single lot must be resolved prior to voting.

5.21 Indemnification. The Corporation shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Corporation or the Members unless such contract was made in bad faith. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or

proceeding by reason of the fact that (s)he is or was a Director or Officer of the Corporation against amounts paid in settlement incurred by him or her in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Corporation, to the fullest extent authorized by RCW 23B.08.320, and 23B.08.500 through 23B.08.600, and any amendments thereto, irrespective of the fact that the Corporation is not incorporated under RCW 23B. See RCW 23B.17.030.

Section VI

OFFICERS

6.1 Number, Designations, Qualifications, Terms of Office. The principal officers of the Upper Langley HOA and its Board of Directors shall be a President, a Vice-president, a Secretary, and a Treasurer, comprising an Executive Committee, all of whom shall be appointed by and from the Board of Directors. Officers shall assume office at the organizational meeting of the new board, which shall occur immediately after the annual meeting, and shall serve until the end of the next annual meeting, unless resigned or removed prior to that date.

6.2 Manner of Selection of Officers. The officers of the Upper Langley HOA shall be selected annually by the Board of Directors.

6.3 Removal of Officers. By a consensus decision minus one of the Board of Directors, any officer may be removed, may be removed with cause by a vote of consensus amongst all Voting Members of the HOA present, in person or electronically. His or her successor appointed at any regular meeting of the Board of Directors, or at special meeting of the board called for such a purpose.

6.4 President. The President shall be the chief executive officer to the Upper Langley HOA. The powers and duties of the President are limited to facilitating all meetings of the Upper Langley HOA and of the Board of Directors, and having the authority to prepare, execute, certify and record amendments to the Declaration and other legal documents on behalf of the Upper Langley HOA and upon instruction of the board.

6.5 Vice-President. The vice-president shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. The Vice-president shall assist the President in the facilitation of all meetings of the Upper Langley HOA and of the Board of Directors. If neither the President nor the Vice-president is able to act, the Board of Directors shall select some other member of the board to do so on an interim basis. The Vice-president shall also perform such other duties as shall from time to time be requested by the Board of Directors.

6.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Upper Langley HOA. The Secretary shall perform all the duties incident to the office of Secretary. The Secretary, with the assistance of the Treasurer, shall compile and keep all the records required by RCW 24.03.135 the Secretary of State, and other applicable notice requirements. The Secretary shall give notice of meetings as required herein.

6.7 Treasurer. The treasurer shall have responsibility for Upper Langley HOA funds and securities and shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of, the Upper Langley HOA in such depositories as may from time to time be designated by the Board of Directors, and for filing or causing to be filed all state and federal financial and tax reports. The treasurer shall keep financial records sufficiently detailed, organized and available to comply with RCW 24.03.135 and ensure that all federal and state filing requirements are met.

Section VII COMMITTEES

7.1 Committee Creation/Appointments. The Board of Directors may create advisory committees at its discretion. The Board of Directors may choose at its discretion, committee members from the board and from all Members of the Upper Langley HOA. All committees shall have a minimum of three (3) committee members, of which at least one is a Voting HOA Member. The Board of Directors will maintain the following three standing committees:

7.1.1 Executive Committee. The Executive Committee shall include the President, Vice-president, Secretary, and Treasurer. The Executive Committee shall be responsible for setting the agenda for the meetings of the Upper Langley HOA and Board of Directors.

7.1.2 Financial Review Committee. For those Lots which it is required, the Financial Review Committee shall be responsible for reviewing the tax returns and related personal financial documents of potential Owners as outlined and required as part of the determination of income-qualified status as set forth in Section IX of the Declarations. Upon which time an Owner shall sell his or her Lot, the Financial Review Committee will also review the calculation of the Formula Price as set forth in Section IX of the Declarations.

7.1.3 Design Review Committee. The Design Review Committee will have responsibility to review the design and placement of homes and structures on the Lot, any and all proposed design improvements regulated by the CCRs, as well as requests for eligible capital improvements to Lots, and upon review and submit with recommendations to the Board of Directors for approval or denial.

7.2 Committee Authority. The committees shall advise and make recommendations to the board regarding those areas the Upper Langley HOA has authority to govern and regulate as set forth in these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and the Deed Restriction on Transfer or Sale of Lot including Capital Improvements as incidents of ownership.

7.2.1 The authority of advisory committees shall be limited to the duties of analyzing problems, reviewing facts, gathering information and alternatives, and submitting their findings, conclusions and recommendations to the Board of Directors and, at the direction of the board, to carry out and implement the board's decisions. Advisory committees shall have no power to act for the board or to bind the Association.

7.2.2 No such committee shall have the authority of the Board of Directors in reference to:

- (a) Amending, altering or repealing the Bylaws;
- (b) Electing, appointing, or removing any member of any such committee or any Director or Officer of the Corporation;
- (c) Amending the Articles of Incorporation;
- (d) Authorizing the sale, lease, exchange or mortgage, of all or substantially all of the property and assets of the Corporation
- (e) Authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; or
- (f) Amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee.

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it or him or her by law. Any decision of any committee may be appealed to the Board of Directors by any Member affected by a decision of such committee.

7.3 Committee Budgets. On at least an annual basis, the committees shall work with the Finance Committee to develop a recommended plan and budget to be submitted to and approved by the Board of Directors as part of the overall Upper Langley HOA budget.

7.4 Committee Meetings and Minutes.

7.4.1 All committees of the Upper Langley HOA are open to all Members of the Upper Langley HOA. Non-committee members are entitled to observe the meetings and may participate at the request of the committee.

7.4.2 Committees may conduct business when two or more committee members are present.

7.4.3 Committees shall keep records of meeting dates, member attendance, a summary of committee findings, conclusions and recommendations submitted for

board approval, and decisions of the committee for expenditure of approved budget items.

7.4.4 The committee shall use consensus decision making.

7.4.5 Committees shall keep regular minutes of the transactions of their meetings and shall file them electronically with the office of the HOA so they are available and accessible to HOA Members.

7.5 Committee Reports. A summary of the committee's findings, conclusions and recommendations may be brought to the board for consideration and approval. All committee reports received at a meeting of the Board of Directors or the Upper Langley HOA, shall become part of the permanent Upper Langley HOA records.

Section VIII

MAINTENANCE AND ASSESSMENTS

8.1 Authority to Make Assessments. At least annually the board shall prepare and adopt a budget upon which all common expense assessments shall be based.

8.2 Obligation of Owners for Assessments. All Lot Owners are obligated to pay equal monthly assessments and special assessments imposed by the Upper Langley HOA to meet all expenses associated with the operation, maintenance, repair, replacement and reserve for repairs and replacement of Common Land and Facilities within the Community which may lawfully be apportioned to each owner, which shall include insurance premiums for liability insurance and property insurance required by the Declaration. The assessments shall be apportioned according to Section VIII of these Bylaws and Section V of the Declaration.

8.3 Water Reserve Fund. A Water Reserve Fund shall be established and initially funded by \$1000 contribution from each Owner, such fee to be included in the selling Lot price, for a total of \$16,000. This Fund, with the approval of the Board of Directors, can be used by the Community for infrastructure needs. The Reserve Fund must be restored to the level of \$16,000 within 60 days

of any use that withdraws funds to less than \$16,000 unless and until the Fund's purpose is achieved. The primary purpose of this Reserve Fund is to ensure adequate funds for the potential installation of a City water line extension along the Eastern property line to the Southern property line. In the event that this water line is constructed, the Board of Directors will determine the appropriate Reserve Fund cash balance to be maintained after completion of the water line. The Upper Langley HOA reserves the right to dissolve this fund if no longer required by the City of Langley.

Section IX
AMENDMENTS TO THESE BYLAWS

9. These Bylaws may be amended by the Upper Langley HOA in a meeting called for that purpose and to which proper notice is given and in which a quorum is present. Amendments brought before the Association shall have had prior approval by the Board of Directors. Any amendments affecting the Statement of Purpose as written in these Bylaws will require an affirmative vote of one hundred percent (100%) of the voting power (16 VOTES) of the Association. Any other amendments to these Bylaws require an affirmative vote of eighty percent (80%) of the voting power.

Section X
DISPUTE RESOLUTION

10.1 Disputes. For disputes that involve the possible violation of these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, all amendments, policies, and addendums thereto, and the Deed Restriction on Transfer or Sale of Lot including Capital Improvements as incidents of ownership, as well as for those that do not, the Upper Langley HOA Members in conflict will engage in a conflict resolution process as set forth in the Upper Langley Conflict Resolution Protocols Policy.

10.2 Arbitration. In the event a dispute shall arise that is referred to arbitration by the Board of Directors, the dispute shall be referred to an Arbitration Service for arbitration in accordance with the Rules of Washington Arbitration Services RCW Guidelines, which are incorporated herein as

though fully set forth. The arbitrator's decision shall be final and binding and judgment may be entered thereon. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award or fails to comply with the arbitrator's award, the other party is entitled to costs of suit including a reasonable attorney's fee for having to compel arbitration or defend or enforce the award.

These Bylaws are set forth to comply with the requirements of the Non-Profit Corporation Act, Chapter 24.03 of the Revised Code of Washington. In case any of these Bylaws conflict with the provisions of that statute, it is hereby agreed and accepted that the provisions of the statute will apply.

ADOPTED THIS _____ day of _____, 2016.

DECLARANTS:

Upper Langley

BY xxxxx
ITS SECRETARY

xxxxx
ITS PRESIDENT

BY xxxxx
ITS VICE PRESIDENT

xxxxx
ITS TREASURER