

**BYLAWS
OF
RIVERWALK AT LEWIS RIVER HOMEOWNERS ASSOCIATION**

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ARTICLE 1 - PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability.

These Bylaws apply to the Lots, the Common Elements, and Limited Common Elements in Riverwalk at Lewis River ("Riverwalk"), a planned, miscellaneous, community in Cowlitz County, Washington, that have been subjected to the Declaration of Covenants, Conditions, and Restrictions for River Walk at Lewis River (the "Declaration"), as well as to RIVERWALK AT LEWIS RIVER HOMEOWNERS ASSOCIATION, a Washington nonprofit corporation (the "Association"), and the entire management structure thereof.

1.2 Lots; Property.

The Lots, the Common Elements and the Limited Common Elements may be collectively referred to in these Bylaws as the "Property" or "Project" and the Lots individually as a "Lot" or collectively as the "Lots." If the Owners vote not to rebuild any Lot pursuant to Section 10.6.1, that Lot's allocated interests are automatically reallocated upon the vote as if the Lot had been condemned under RCW 64.90.030, and the Association promptly must prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

1.3 Personal Application.

All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, are subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots constitutes acceptance and ratification of these Bylaws and agreement to comply with all Bylaw provisions.

1.4 Definitions.

Capitalized terms used but not defined herein have the meanings attributed to them in Article 1 of the Declaration.

1.5 Washington Uniform Common Interest Ownership Act; Washington Nonprofit Corporation Act.

The Property, all Lots and Owners thereof, and the Association and all Members thereof, are subject to the Washington Uniform Common Interest Ownership Act (RCW 64.90) ("WUCIOA") and the Washington Nonprofit Corporation Act, Chapter 24.03A RCW, as amended (the "Act").

ARTICLE 2 - ASSOCIATION MEMBERSHIP; VOTING; MAJORITY OF OWNERS; QUORUM; PROXIES

2.1 Membership in the Association.

Upon recordation of a conveyance or a land sale contract to convey a Lot, the grantee or contract purchaser named in the conveyance or contract will automatically be and will remain a Member of the Association until the person's ownership ceases for any reason. Membership is

appurtenant to and cannot be separated from, ownership of any Lot. For all purposes of the Declaration and the administration of the Property, Lot ownership will be determined from the records maintained by the Association. The record will be established by the Owner filing with the Association a copy of the deed to or land sale contract for the Owner's Lot, to which must be affixed the certificate of the recording officer of Benton County, Washington, showing the date and place of recording of the deed or contract. No person will be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing the Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Declarant is the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

2.2 Voting Rights.

The Members of the Association shall consist of one class. A Member is entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote. When more than one person or entity owns a Lot, the vote for the Lot may be cast as the person or entity determines, but in no event will fractional voting be allowed. Fractionalized or split votes will be disregarded, except for purposes of determining a quorum.

2.3 Majority of Owners.

As used in these Bylaws, the term *majority* means those Owners holding over 50 percent of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. *Majority of Owners present* means Owners holding over 50 percent of the votes present at any meeting in which a quorum is present.

2.4 Authority to Vote.

All Owners, including those who have leased their Lot to a third party, will be entitled to vote as Members. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot will be deemed the Owner thereof, unless otherwise provided in the contract.

2.5 Fiduciaries and Joint Owners.

An executor, administrator, guardian, or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by the person in such capacity, whether or not the Lot has been transferred to the person's name, as long as the person has satisfied the Secretary (in the Secretary's reasonable discretion) that the person is the executor, administrator, guardian, or trustee holding the Lot in such capacity. Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote of the Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of a protest, no one co-owner will be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of the Lot will be disregarded for all purposes, except for determining whether a quorum is present.

ARTICLE 3 - ADMINISTRATION

3.1 Association Responsibilities.

The Owners constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association will require approval by a majority of the Owners present at any meeting in which a quorum is present. Owners must be given a reasonable opportunity at any meeting to comment on any matter affecting the common interest or the Association. The Association shall hire a professional owners association management company to assist with passing a budget; maintaining Association books and records; complying with the Governing Documents and applicable laws; and such other administrative requirements as the Board deems appropriate.

3.2 Annual Meetings.

A meeting of the Members of the Association must be held at least once a year. The annual meeting of the Members shall be held in November each year.

3.3 Special Meetings.

Special meetings of the Members for any purpose or purposes unless otherwise prescribed by statute may be called by the President, a majority of the Board of Directors (the "Board"), or by the written request of the Members having twenty percent (20%) of the votes in the Association.

3.4 Transition Meeting.

The Board must call a meeting for the purpose of turning over administrative control of the Association from Declarant to the Members in accordance with Section 8.4 of the Declaration. At the Transition Meeting, Declarant must relinquish control of the administration of the Association and the Owners must assume such control and must elect the Board in accordance with the provisions of ARTICLE 4 of these Bylaws.

3.5 Place of Meetings.

Formal meetings of the Association must be held at suitable places reasonably convenient to the Owners, as may be designated by the Board or President.

3.6 Notice of Meetings.

Written notice of each annual and special meeting shall be provided to each Owner of record at least fourteen (14) but not more than fifty (50) days before the meeting. See the notice provisions in ARTICLE 16, below, for additional Notice requirements.

3.6.1. If the Association does not provide notice to Owners of a special meeting within thirty days after the requisite number or percentage of Owners requests the meeting, the requesting Members may directly provide notice to all Owners. Only matters described in the meeting notice may be considered at a special meeting.

3.6.2. If an annual or special meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment unless a new record date is or must be fixed. If a new record date for the adjourned meeting is or must be fixed, however, notice of the adjourned meeting must be given to persons who are Members as of the new record date.

3.7 Waiver of Notice.

The minimum time to provide notice required for annual and special meetings may be reduced or waived for a meeting called to deal with an emergency. A member may waive notice required to be given under these Bylaws, the Articles of Incorporation or by applicable law, whether before or after the date and time stated therein. A valid waiver is created by any of the following three methods: (a) in writing signed by the member entitled to the notice and delivered to the Association for inclusion in its corporate records, (b) by attendance at the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or (c) by failure to object at the time of presentation of a matter not within the purpose or purposes described in the meeting notice.

3.8 Quorum.

Except as otherwise provided in these Bylaws, the presence in person or by proxy, or if a vote is taken, by absentee ballot, of Owners holding 20 percent or more of the outstanding votes in the Association, as defined in Section 2.2, will constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present may adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was scheduled. At any such meeting properly called, the presence of any Member shall constitute a quorum.

3.9 Voting; Proxies.

Owners may cast votes in person, by written ballot, by absentee ballot, by electronic ballot if the Board so elects, or by proxy, in accordance with the procedures specified in RCW 64.90.455. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy will expire one year after the date it was signed unless a shorter period is specified in the proxy. A proxy will not be valid if it is undated or purports to be revocable without notice. No proxy appointment may be effectively revoked until written notice in writing of such revocation has been given to the Secretary by the member appointing the proxy. The Association may conduct a vote without a meeting upon providing adequate notice to the Owners, in accordance with RCW 64.90.455(6).

3.10 Participation by Virtual Appearance.

At the discretion of the Board or the President, Members and proxies may participate in a meeting of the Members by any means of telephone, video or other communication by which all persons participating in the meeting can hear each other during the meeting, and participation by such means shall constitute presence in person at the meeting.

3.11 Actions by Members Without a Meeting.

Any action which may or is required to be taken at a Meeting of the Members may be taken without a meeting if the Association notifies the Members that a vote will be taken by ballot. The notice must state the time and date the ballot must be delivered to be counted, which must be at least 14 days after the date of the notice. The notice must attach the ballot, state the percent of votes necessary to meet the quorum requirements, and state the percent of votes necessary to approve each matter other than election of board members. The ballot must set forth each proposed action and provide an opportunity to vote for or against the action. The deadline to return the ballot may be extended up to eleven months, if the Association does not receive a sufficient number of votes to constitute a quorum, or to approve the proposal. Notice of the extension shall be given to all Members and votes cast prior to the extension notice shall be valid, unless revoked by the Member who cast the vote, in accordance with RCW 64.90.455. Whenever any notice is required to be given to any Member pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, shall be deemed equivalent to the giving of notice.

3.12 Order of Business.

The order of business at all annual meetings will be:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

3.13 Procedure.

All meetings of the Association, the Board, the ACC, and other Association committees will be conducted with Roberts Rules of Order or other procedure adopted by the Board from time to time. A tie vote does not constitute a majority or approval of any motion or resolution.

3.14 Meeting Minutes.

The Association shall make available to each Owner of record for examination and copying minutes from the previous Association meeting not more than sixty (60) days after the meeting.

3.15 Dispute Resolution.

The laws of the State of Washington shall be used to interpret and enforce these Bylaws, without regard to conflict of laws principles. In the event that any disputes arise regarding the interpretation or enforcement of these Bylaws, such disputes shall be resolved as follows:

3.15.1. The parties shall first attempt to resolve them by good faith negotiations. If any disputes cannot be resolved by direct negotiations within fifteen (15) days or such longer time as is mutually agreed by the parties, then the parties shall submit such disputes to mediation, which shall focus on the needs of all concerned parties and seek to solve problems cooperatively, with an emphasis on dialogue and accommodation. The contents of all discussions during the mediation shall be confidential and non-discoverable in subsequent arbitration or litigation, if any. Any party may, without violating this Agreement, seek from a court any interim or provisional relief that may be necessary to property of that party pending the mediation.

3.15.2. If any dispute cannot be resolved through mediation, or if any party refuses to mediate or to name a mutually acceptable mediator or establish a timeframe for mediation within a period of time that is reasonable considering the urgency of the disputed matter, or fails to agree to procedures for the mediation, then any party who desires dispute resolution shall seek binding arbitration as hereinafter provided.

3.15.3. All disputes among the parties arising out of or related to this Agreement may be resolved by binding arbitration within the State of Washington. Within twenty (20) days of receiving written demand for arbitration, the parties involved in the dispute shall attempt to reach agreement upon the selection of a qualified impartial arbitrator. If the parties cannot agree upon an arbitrator within twenty (20) days from the date written demand for arbitration is served, such arbitrator shall be appointed by a panel. The panel shall consist of one designee appointed by each party. If the panel is an even number and the panel cannot agree upon an arbitrator, another panel member shall be appointed by the panel. The decision of the arbitrator so appointed shall be final and binding on the parties. The cost of arbitration shall be shared equally among the parties. Any arbitration shall be conducted in accordance with the rules of the Portland Arbitration Association then in effect, although the arbitration need not be conducted under the auspices of the Association. Any arbitration award may be enforced by judgment entered in the District Court of the State of Washington for Clark County.

3.15.4. The parties shall equally share in the costs of mediation and/or arbitration.

3.15.5. Notwithstanding anything provided in this Dispute Resolution section, the Association shall not be required to submit any collection or foreclosure actions to mediation or arbitration.

3.16 Attorneys' Fees.

If a lawsuit, mediation, or arbitration is commenced to enforce the terms and provisions of this Declaration (including without limitations, suit or action for the collection of Assessments), the prevailing party will be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in the suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition, the Association will be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect

delinquent Assessments, together with the Association's actual administrative costs.

ARTICLE 4 - BOARD OF DIRECTORS

4.1 Number.

The Board will be composed of at least three (3) persons and if more board positions are added, the total shall be an odd number.

4.2 Qualifications.

After the Transition Meeting, all Board members must be an Owner or a co-owner of a Lot. If a Lot is owned by more than one owner, only one owner of that Lot may serve on the Board at any one time. A board member, officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust, or estate owns a Lot. To determine the qualifications of any officer or board member, "Owner" includes any board member, officer, member, partner, or trustee of any person who either alone or in conjunction with another person, is an Owner. If a person ceases to have an affiliation with the Owner entity that otherwise qualified the person to serve as a board member or officer, that person shall cease to be qualified to remain a board member or officer.

4.3 Assumption of Duties.

Board members and officers must take office upon adjournment of the meeting or other event at which they were elected or appointed and must serve until their successor takes office.

4.4 Powers and Duties.

The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things that are not by law, by the Declaration, or by these Bylaws directed to be done by the Owners. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board has authority to carry out and be responsible for all powers and duties listed in RCW 64.90.405 and the following matters:

4.4.1. Upkeep of Common Elements and Limited Common Elements. Care, upkeep, and supervision of the Common Elements and Limited Common Elements.

4.4.2. Reserve Accounts and Reserve Study. Establishment and maintenance of replacement Reserve Accounts in the name of the Association that the Board deems prudent for replacement of Common Elements and Limited Common Elements improvements or facilities. The Board shall have discretion as to decisions relating to the preparation and updating of a reserve study in accordance with RCW 64.90.545 and Exhibit A.

4.4.3. Assessment Collection. Designation and collection of Assessments from the Owners, in accordance with these Bylaws and the Declaration.

4.4.4. Budget; Voucher System. Establishment of a budget, payment of common expenses of the Association, and institution and maintenance of a voucher system for such

payment, which must require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration. The Board must adopt a budget in accordance with RCW 64.90.525.

4.4.4.1. *Budget Elements.* The budget must include: the projected income to the Association, by category; projected common expenses and specially allocated expenses that are subject to being budgeted, both by category; amount of Assessments per Lot and the date Assessments are due; current amount of regular Assessments budgeted for contribution to the reserve account; a statement of whether the Association has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and the current deficiency or surplus in reserve funding expressed on a per Lot basis.

4.4.4.2. *Budget Ratification.* Within thirty days after adoption of any proposed budget, the Board must provide a copy of the budget to all Owners and set a date for a ratification meeting, not less than fourteen nor more than fifty days after providing the proposed budget to the Owners. Unless a majority of the Owners reject the budget, the budget and Assessments against Lots included in the budget are ratified, whether or not a quorum is present at the budget meeting. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners continues until the Owners ratify a subsequent budget proposed by the Board.

4.4.4.3. *Special Assessments.* At any time, the Board may propose a Special Assessment, which will be effective if the Board follows the Budget Ratification procedures outlined in section 4.4.4.2 above, and the Owners do not reject the Special Assessment. The Board may provide that the Special Assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

4.4.4.4. *Limited Assessments.* At any time, the Board may impose a Limited Assessment against a particular Owner, and such Owner's Lot, directly attributable to such Owner, equal to the cost incurred by an Association in connection with corrective action, including, without limitation, addressing damage to any Common Area or Limited Common Area; the failure of an Owner to keep such Owner's Lot and/or Improvements in proper repair; fines imposed according to the Rules and Regulations; attorneys' fees; reimbursement for any expense charged to the Association caused by the Owners' negligence, and interest thereon. The Board shall give each Owner notice and an opportunity to be heard before taking any collections action related to Special Assessments, as outlined in Section 5.7, below.

4.4.5. Insurance. Procurement and maintenance of insurance policies and payment of associated premiums out of the common expense funds in respect to the Common Elements and Limited Common Elements, as provided in ARTICLE 10 of these Bylaws.

4.4.6. Personnel. Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

4.4.7. Financial Statements. Causing the preparation and distribution to each of the Owners, annual financial statements of the Association in accordance with accrual-based accounting practices. In the event annual Assessments of the Association are fifty thousand dollars (\$50,000) or more, the financial statements of the Association shall be audited at least annually by an independent certified public accountant. If the annual Assessments are less than \$50,000, the requirement for an annual audit by an independent certified public accountant may be waived by a majority of the Owners other than the Declarant.

4.4.8. Rules. Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Elements and Limited Common Elements and administration of the Association, including a fine schedule for violations of the Governing Documents, or any rules or regulations promulgated thereunder. The Board shall notify each Owner of its intent to adopt, amend, or repeal a Rule or Regulation and provide a copy of each amendment, modification, or revocation with a proposed date upon which the Board will act on it after considering comments from Owners. Every rule must be reasonable.

4.4.9. Copies of Documents; Bank Accounts. Causing the Association to comply with RCW 64.90.475 relating to, maintenance of all records of the Association, including names and addresses of owners and other occupants of the Lots, financial and other records sufficiently detailed to enable the Association to fully declare to each Owner the true statement of its financial status, depositing all funds of the Association in the name of the Association with a qualified financial institution, depositing all Assessments in a separate bank account in the name of the Association, ensuring funds of the Association are not commingled with funds of any other organization, Association, or other person; ensuring funds of the Association are not kept in a custodial or trust account; payment of all expenses of the Association from the Association's bank account, maintenance and distribution of financial statements, and maintenance of copies suitable for duplication of the Governing Documents, the most recent annual financial statement, and the current operating budget of the Association.

4.4.10. Tax Returns. Causing the Association to file the necessary tax returns of the Association.

4.4.11. Mailing Address. Establishing and maintaining a current mailing address for the Association.

4.4.12. Professional Services and Contracts. Employment of or contract with legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration or management of the Association and for preparing and filing the required income tax returns or forms. The Board may terminate contracts and leases without penalty after the Transition Meeting, as provided in RCW 64.90.430.

4.4.13. Enforcement Actions and Litigation. Institute, defend, or intervene in litigation or in arbitration, mediation, or administrative proceedings or any other legal proceeding in the Association's name on behalf of itself or two or more Owners on matters affecting the

common interest community.

4.4.13.1. The Board must promptly provide notice to the Owners of any legal proceeding in which the Association is a party, other than proceedings involving enforcement of rules or to recover unpaid Assessments or other sums due the Association.

4.4.13.2. The Board may determine whether to take enforcement action for a violation of the Governing Documents. Subject to the limitations specified in section 4.5 below, the Board may suspend any right or privilege of an Owner who fails to pay an Assessment, impose and collect reasonable fines against an Owner or tenant/occupant for any violation, after giving notice and an opportunity to be heard, if the Owner or tenant/occupant does not cure the violation within ten days after receiving notice of the violation.

4.4.13.3. The Board does not have a duty to take enforcement action if it is not in the Association's best interests to do so. The Board's decision to not pursue enforcement action does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in its enforcement decisions.

4.4.14. Other Actions. Act on such matters as may come up from time to time between meetings of the Association.

4.5 Limited Authority.

The Board may not take any of the following actions, except with the vote or written assent of the Owners as specified in the Declaration and RCW chapter 64.90:

4.5.1. Organizational Actions. Amend the Declaration, except as provided in the Declaration; amend the organizational documents of the Association; rescind the Declaration; extend development rights; amend the budget; terminate the common interest community; elect members of the board, except to fill vacancies, as provided above; or determine the qualifications, powers, duties or terms of office of board members.

4.5.2. Third-Party Contracts. Enter into a contract with a third party to manage or provide other services for the Common Elements, Limited Common Elements, or the Association for a term longer than three years with the following exceptions:

4.5.2.1. Management contracts, service contracts, or employment contracts made by or on behalf of the Association, the Board or the Owners; however, if entered into before the Transition Meeting, such contracts may not exceed three years and may be terminated without penalty to the Declarant, the Association, or the Board if the Board gives not less than 30 days' written notice of termination to the other party not later than 60 days after the Transition Meeting.

4.5.2.2. A prepaid casualty or liability insurance policy, or a casualty and liability insurance policy, the term of which does not exceed three years, as long as

the policy permits short-rate cancellation by the insured.

4.5.3. Borrowing. Borrow funds to be secured by an assignment of the Association's right to receive future income, without providing notice to all Owners. The notice must include the purpose and maximum amount of the loan, the estimated amount and term of any Assessments required to repay the loan, a reasonably detailed projection of how the money will be spent, and the interest rate and term of the loan. The notice must set a date for a meeting of the Owners not less than fourteen and no more than sixty days after mailing of the notice, to consider ratification of the borrowing. At the meeting, whether or not a quorum is present, the Owners holding two-thirds of the votes in the Association may reject the proposal to borrow funds. Absent such a rejection, the Association may borrow the funds in substantial accordance with the terms contained in the notice.

4.5.4. Conveyance or Encumbrance of Common Elements. Convey or subject portions of the Common Elements or Limited Common Elements to a security interest by the Association as further described in RCW 64.90.465. Notwithstanding any provision to the contrary, such a conveyance or encumbrance shall be effective only if approved by Owners entitled to cast at least eighty (80) percent of the votes allocated to Lots not owned by the Declarant; and conveyance or encumbrance of Limited Common Elements must be approved by all Owners of the affected Limited Common Element.

4.5.5. Compensating Board Members. Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; however, the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.5.6. Suspending Owner's Rights. The Board may not deny an Owner or other occupant access to the Owner's Lot; suspend an Owner's right to vote; or withhold services provided to a Lot or an Owner by the Association if the effect of doing so would endanger the health, safety, or property of any person.

4.6 Managing Agent.

The Board may employ a managing agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board authorizes, including, but not limited to, the duties listed in section 4.4 of these Bylaws.

4.7 Master Association.

The Board may delegate any of its powers described in RCW 64.90.405 to a Master Association in accordance with RCW 64.90.300.

4.8 Interim Board and Officers.

Declarant hereby reserves administrative control of the Association until the Transition Meeting. Subject to the provisions of the subparagraphs of section 8.1 in the Declaration, Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service will end on or before the date of the Transition Meeting.

However, at the Transition Meeting, at least one Director must be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all Directors.

4.9 Post-Transition Meeting Board Election and Term of Office.

At the Transition Meeting, the term of office of two Directors will be fixed for two years and one Director's term will be fixed at one year. Should the number of Directors serving on the Board be increased, the same sequential election terms will apply as nearly as is practicable. Upon expiration of the initial term of office of each respective Director, the Director's successor will be elected to serve a term of two years. The Directors will hold office until their successors have been elected and hold their first meeting. At the Transition Meeting, upon agreement by vote of the Owners, the Owners may elect Directors by using a ballot that permits each Owner to vote for three nominees. In that event, the two nominees receiving the highest number of votes will be the two-year Directors and the one nominee receiving the next highest number of votes thereafter, will be the one-year Director. In the event of a tie, the Owners may cast tie-breaking votes for the affected Director positions.

4.10 Vacancies.

Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association will be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected will be a Director until a successor is elected upon expiration of the term for which the person was elected to serve by the other Directors term or, if earlier, until the next regularly scheduled election of board members. If no Directors remain in office, and there are no members with rights to elect directors, then the attorney general has the power to appoint one (1) or more Directors selected for their interest and ability to carry out the purposes of the corporation.

4.11 Removal of Directors.

At any annual or special meeting (not including actions proposed to be taken by written ballot without a meeting), any one or more of the Directors may be removed with or without cause, by the lesser of a) a majority vote of the total voting power of the Owners entitled to vote for election of the Director proposed to be removed or b) two-thirds of the votes cast by such Owners at the meeting, and a successor may be then and there elected to fill the vacancy thus created; however, the notice of meeting must specifically indicate that the removal of one or more named Directors is an agenda item for the meeting. Any Director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting before the vote.

4.11.1. The Board may, without an Owner vote, remove a director elected by the Owners if a) the Director is delinquent in the payment of Assessments more than sixty days and b) the Director has not cured the delinquency within thirty days after receiving notice of the Board's intent to remove him/her from office, or (c) for the reasons specified in 4.11.3.

4.11.2. A Director appointed by the Declarant may not be removed by Owner vote during any period of Declarant Control.

4.11.3. A director elected by the Owners may be removed, by the Board if the Director: (a) is appointed a guardian under RCW 11.130.185 or 11.130.265; (b) is appointed a conservator under RCW 11.130.360; (c) is subject to a written certification by his or her attending physician that in the physician's opinion the Director is substantially unable to manage his or her financial resources or resist fraud or undue influence; (d) has been convicted of a felony; (e) has been found by a final order of any court of competent jurisdiction to have breached a duty as a director under RCW 24.03A.495; (f) has missed more than fifty percent of board meetings in a given year; or (g) who does not satisfy any of the qualifications for directors set forth in the articles or bylaws at the beginning of the director's current term, if the decision that the director fails to satisfy a qualification is made by the vote of a majority of the directors who meet all of the required qualifications.

4.12 Board Meetings.

4.12.1. Regular Meetings. During the period of Declarant control, the Board must meet at least four times a year. Regular meetings of the Board may be held at such time as determined, from time to time, by a majority of the Directors. Regular meetings of the Board may be called by the President.

4.12.2. Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least a majority of Directors.

4.12.3. Emergency Meetings. In the event of an emergency, during which a quorum of the Board cannot be readily assembled because of some catastrophic event, the Board may take all actions as authorized by RCW 624.03A.145.

4.12.4. Executive Session. At the discretion of the Board, the following matters may be considered in executive sessions: (a) consultation with legal counsel or consider communications with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters; (b) matters involving possible violations of the governing documents of the Association; (c) matters involving the possible liability of an Owner of the Association; (d) personnel matters, including salary negotiations and employee discipline; (e) negotiations of contracts with third parties; (f) collection of Assessments; and (e) any other matters permitted by the WUCIOA.

4.12.4.1. Except in the case of an emergency, the Board must vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board must state the general nature of the action to be considered, as precisely as possible, and when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting.

4.12.4.2. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

4.12.5. Notice of Board Meetings. Unless the meeting is included in a schedule given to the Owners or the meeting is called to deal with an emergency, the Secretary or other officer specified in the organizational documents, must provide notice of each Board meeting to each Board member and to the Owners by mail, electronic mail or other electronic transmission. For other than emergency meetings, notice must be given to each Owner and Board Member at least fourteen (14) days before the meeting and the notice must state the time, place, and agenda for the meeting.

4.12.6. Waiver of Notice to Directors. Before, at, or after any Board meeting, any Director may, in writing, waive notice of the meeting, and the waiver will be deemed equivalent to the giving of the notice. Attendance by a Director at any meeting of the Board will be a waiver of notice by the Director of the time and place thereof, except where a director attends a meeting for the express purpose of objecting to the transaction for any business because the meeting is not lawfully called or convened. If all the Directors are present at any meeting of the Board, no notice to Directors will be required, and any business may be transacted at the meeting.

4.12.7. Board of Directors' Quorum. At all meetings of the Board, the presence, whether in person or virtually, of a majority of the existing Directors will constitute a quorum for the transaction of business, and the acts of the majority of the Directors will be the acts of the Board. Presence, for purposes of establishing a quorum is determined by calculating the number of Directors appearing in person, virtually, or by proxy at the beginning of the meeting at a formal gathering or, if a vote is taken by, written ballots, or ballots by mail or electronic transmissions, when ballots are returned representing the number of votes required to approve the proposal. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.12.8. Board Meetings Open to All Association Members. Except for executive sessions, all meetings of the Board will be open to all Members of the Association; however, no Association Member will have a right to participate in the Board's meetings unless the Member is also a member of the Board. At each Board meeting, the Board must provide a reasonable opportunity for Owners to comment regarding matters of common interest and the Association. The Board will have authority to exclude any Association Member who, after warning by the chair of the meeting, disrupts the proceedings at a meeting of the Board.

4.12.9. Virtual Appearance. At the discretion of the Board or the President, the Board may meet by telephone, video, or other conferencing process or other similar communications equipment or digital real time medium, if the meeting notice states as much and provides information explaining how Owners may participate, and Owners who participate in the meeting can hear or perceive the discussion and to comment.

4.12.10. Unanimous Consent. Instead of meeting, the Board may act by unanimous consent as documented in a record by all its members. After the Transition Meeting, the Board may act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Owners, or to implement actions previously taken at a meeting of the Board.

4.12.11. Location of Board Meetings. During the period of Declarant control, at least four Board meetings per year must be held at Riverwalk or at a place convenient to it. After the Transition Meeting, all Board meetings must be at Riverwalk, or a place convenient to it, unless the Lot Owners amend the Bylaws to vary the location of those meetings.

4.13 Committees.

The Board may establish committee(s) for any purpose and, except for any committee established pursuant to the special declarant rights, only the Board may establish a committee. Committees authorized to exercise any power reserved to the Board, including the Architectural Review Committee, must include at least two board members who have exclusive voting power for that committee. Committees that are not so empowered are advisory only. Committees empowered to act on behalf of the Board shall follow the same attendance, notice, voting, and participation procedures as those outlined for Board meetings, above.

4.14 Compensation of Directors.

No Director may be compensated in any manner, except for out-of-pocket expenses.

4.15 Validity.

Actions taken by the Board that do not comply with the procedures outlined above are valid unless set aside by a court. A challenge to the validity of an action of the Board for failure to comply with these procedures may not be brought more than ninety days after the minutes of the Board of the meeting at which the action was taken are approved or the record of that action is distributed to the Owners, whichever is later.

ARTICLE 5 - FUNDS AND ASSESSMENTS

5.1 Determination of Fiscal Year; Income Tax Returns.

The fiscal year of the Association will be the calendar year unless otherwise determined by the Board. The Board, in its sole discretion, will determine the manner in which all necessary income tax returns are filed and of selecting all persons to prepare the tax returns.

5.2 Budgeting & Financial Statements.

The Association shall follow the budgeting requirements of RCW chapter 64.90 and section 4.4.4, above. The Association must prepare, or cause to be prepared, at least annually, a financial statement in accordance with accrual-based accounting practices. If annual Assessments total fifty thousand dollars or more, the Association's financial statements must be audited at least annually by a certified public accountant. If annual Assessments are less than fifty thousand dollars, the requirement for an annual audit may be waived annually by a majority of Owners, excluding votes allocated to Lots owned by Declarant. Notwithstanding that budgeting will be done on an accrual basis, the Association's books will be kept on a cash basis and the Association will be a cash basis taxpayer, unless applicable governmental regulations require otherwise.

5.3 Purpose of Assessments; Expenses.

The Assessments levied by the Association will be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Riverwalk, for the improvement, operation, and maintenance of the Common Elements and Limited Common Elements, for the administration and operation of the Association, and for property and liability insurance.

5.3.1. Covenants to Pay. Declarant and each Owner covenant and agree to pay the Association the Assessments and any additional charges levied under the Declaration or the Bylaws. All Assessments for operating expenses, repairs and replacement, and reserves will be allocated among the Lots and their Owners as set forth in Section 5.5.1.

5.3.2. Funds Held in Trust. The Assessments collected by the Association will be held by the Association for and on behalf of each Owner and may be used solely as set forth in the Governing Documents. Upon the sale or transfer of any Lot, the Owner's interest in such funds will be deemed automatically transferred to the successor in interest to the Owner.

5.3.3. Offsets. No offsets against any Assessment will be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

5.3.4. Right to Profits. Association profits and any surplus funds of the Association remaining after the payment of or provision for common expenses and any prepayment of reserves, if any, will be the property of the Association and will be contributed to the Current Operating Account.

5.4 Basis of Assessment; Commencement of Assessments.

Declarant must pay all common expenses of the Association until the Lots are assessed for common expenses. Declarant is responsible for all expenses in connection with real estate subject to development rights. Expenses associated with the operation, maintenance, repair, and replacement of a Common Element that Owners have a right to use or benefit from must be paid by the Association as a common expense. The amount and date of commencement of the initial annual Assessment, including the Assessment of reserves, if any, will be determined by Declarant. Once annual Assessments begin, all Lots must be assessed their respective portion of the Assessments, regardless of their ownership. Declarant may delay commencement of Assessments for Lots that may be added pursuant to reserve development rights until those Lots are, in fact, added. Declarant may not defer payment of accrued reserves beyond the date of the Transition Meeting described in ARTICLE 3.

5.5 Annual Assessments.

Annual Assessments for each fiscal year will be established when the Board approves and Owners ratify the budget for that fiscal year. The initial annual Assessment will be determined by Declarant and will be prorated on a monthly basis at the time of the closing of the first sale from Declarant. Assessments for partial months shall be prorated. Annual Assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board.

5.5.1. Allocation of Assessments. Except for Limited Common Element expenses, the total amount in the budget will be charged against all Lots in an amount equal to the Lot's fractional interest in the Association as an annual assessment. A Lot's fractional interest shall be determined by the fraction $1/x$ in which "x" equals the total number of Lots created on the Property, as of the date of the Assessment. Limited Common Element expenses shall be charged against all Lots that benefit from the Limited Common Element, in an amount equal to the Lot's fractional interest in the Limited Common Element. For Limited Common Elements, a Lot's fractional interest shall be determined by the fraction $1/x$ in which "x" equals the total number of Lots benefitted by the Limited Common Element, as of the date of the Assessment. The Board may adjust common expense liability for the costs of insurance in proportion to risk and the costs of common element utilities in proportion to Owners' respective usage of those utilities as those common expenses are incurred and such risk and usage imbalances are identified.

5.5.2. Nonwaiver of Assessments. If, before the expiration of any fiscal year, the Association fails to fix annual Assessments for the next fiscal year, the annual Assessments established for the preceding year will continue until a new annual Assessment is fixed.

5.6 Special Assessments.

The Board has the power to levy special Assessments against an Owner or all Owners in the following manner for the following purposes:

5.6.1. Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

5.6.2. Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Elements or Limited Common Elements if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

5.7 Limited Assessments.

Notwithstanding the above provisions with respect to Regular and Special Assessments, a Board may levy Limited Assessments against a Member as authorized by the Governing Documents and applicable law. Limited Assessments are due and payable to the Association when levied.

5.7.1. Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Governing Documents, by vote of a majority of the Board. These special obligations include but are not limited to fines and penalties imposed by the Association.

5.7.2. Negligence Assessments. Any expense of the Association that is caused by the negligence of any Owner or Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Owner's Lot after notice and an opportunity to be heard. Negligence Assessments are limited to the extent of the Association's deductible and any expenses not covered by the Association's insurance policies.

5.7.3. Reimbursement Assessments. The Association may levy an Assessment against any Owner's Lot (a) if a failure to comply with the Governing Documents has necessitated an expenditure of monies by the Association to effect compliance, including but not limited to attorneys' fees, collection costs, or other Association expenses; or (b) resulted in the imposition of a fine or penalty against the Owner or the Owner's Lot (a "Reimbursement Assessment").

5.8 Statement of Assessments.

The Association must provide, within 10 business days of receipt of a written request from an Owner, a written statement that provides:

5.8.1. The amount of Assessments due from the Owner and unpaid at the time the request was received, including (a) regular, special, and limited Assessments, (b) fines and other charges, (c) accrued interest, and (d) late payment charges.

5.8.2. The percentage rate at which interest accrues on Assessments that are not paid when due.

5.8.3. The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

5.8.4. The Association is not required to comply with this section if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

5.9 Temporary Reduction of Assessment Amount.

If the Association expenses are temporarily less than projected by Declarant because some or most of the Lots are not yet sold or occupied, Declarant will have the authority to reduce temporarily the amount of the Assessment to reflect the lower expenses of the project.

5.10 Accounts.

5.10.1. Types of Accounts. Assessments collected by the Association will be deposited into at least two separate accounts in the name of the Association with a qualified financial institution. The funds must not be commingled with the funds of any other Association or with the funds of any managing agent of the Association or any other person or be kept in any trust account or custodial account in the name of any trustee or custodian. The accounts will be clearly designated as (a) the Current Operating Account and (b) if applicable, the Reserve Account. The Board must deposit those portions of the Assessments collected for current maintenance and operation into the Current Operating Account and must deposit those portions of the Assessments collected as reserves for replacement and deferred maintenance of capital improvements into any Reserve Account. In its books and records, the Association must account separately for operating expenses relating to the Common Elements and Limited Common Elements as well as for necessary reserves relating to the Common Elements and Limited Common Elements and necessary reserves relating to all other matters.

5.10.2. Reserve Account. Unless Declarant or the Board determines that (a) the cost of a reserve study will exceed ten percent (10%) of the Association's annual budget, or (b) the Association has only "nominal reserve costs" (as defined in RCW 64.90.010(34) as now or hereafter amended), a Reserve Account shall be established and administered in accordance with the requirements of RCW 64.90.535 *et. seq.* and as more fully described in Exhibit A attached hereto and by this reference incorporated herein.

5.10.3. Reconciliation. The accounts of the association must be reconciled at least annually unless the Board determines that a reconciliation would not result in a material savings to any Owner.

5.11 Default in Payment of Assessments; Enforcement of Association Liens.

5.11.1. Personal Obligation. Any Assessment properly imposed under the Declaration or Bylaws is the joint and several personal obligation of all Owners of the Lot to which the Assessment pertains. In a voluntary conveyance (i.e., other than through foreclosure or a deed in lieu of foreclosure), the grantees will be jointly and severally liable with the grantors for all Association Assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover the Assessments without either waiving or foreclosing the Association's lien.

5.11.2. Association Lien. The Association has a lien against each Lot for any Assessment (of any type provided for by these Bylaws or the Declaration) or installment thereof against the Lot from the time such Assessment is due. The lien will accumulate all future Assessments or installments, interest, late fees, penalties, fines, attorney fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Notwithstanding the Dispute Resolution provisions in section 3.15, the lien may be foreclosed at any time judicially, in accordance with RCW chapter 61.12, or nonjudicially, in accordance with RCW chapter 61.24. The lien of the Association will be superior to all other liens and encumbrances, including liens for Assessments by another association, except real estate taxes and state or local government Assessments; any lien or encumbrance recorded before the recordation of the Declaration; and any lien or encumbrance on the Lot recorded before the date on which the Association's Assessment became due ("Post-Declaration Lien"). However, the Association's lien is superior to Post-Declaration Liens in an amount sufficient to cover common expense Assessments, excluding capital improvement amounts, based on the periodic budget adopted in accordance with RCW 64.90.480(1), any special Assessments against the Lot in the absences of acceleration; the Associations actual cost and reasonable attorneys' fees not to exceed to amount of the Association's superior lien or \$2,000.00, whichever is less; and only if the Association gave the Post-Declaration Lien holder not less than sixty days' prior written notice that the Owner of the Lot was in default. If the Association forecloses its lien nonjudicially, the Association is not entitled to a lien priority over Post-Declaration Liens and is subject to the limitations on deficiency judgments specified in RCW chapter 61.24. If another association has a lien for Assessments against any Lot, the Association's lien shall have priority.

5.11.3. Interest, Fines, Late Fees, and Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to impose late fees, fines, and penalties on delinquent Assessments and to set the rate of interest, not to exceed the maximum rate calculated under RCW 19.52.020, and for violations of the provisions of the Governing Documents. The adoption of such impositions must be communicated to all Owners in writing not less than 30 days before the effective date by a notice mailed to the Assessment billing address of each Owner. The impositions will be considered Assessments that are lienable and collectible in the same manner as any other Assessments; however, fines or penalties for violation of the Governing Documents, other than late fees, fines, or interest arising from an Owner's failure to pay regular, special, or reimbursement Assessments may not be imposed against an Owner or the Owner's Lot until the Owner is given written notice and an opportunity to be heard.

5.12 Association Debts.

A judgment for money against the Association perfected under RCW 4.64.020 is not a lien on the Common Elements but is a lien against all other real estate of the Association and all the Lots at the time the judgment was entered. Other property of an Owner is not subject to the claims of creditors of the Association.

5.12.1. If the Association grants a security interest in the Common Elements to a creditor, the holder of that security interest must exercise its right against the Common Elements before its judgment lien on any Lot may be enforced.

5.12.2. A judgment against the Association must be recorded in the name of the Property and the Association and, when so indexed, is notice of the lien against the Lots.

ARTICLE 6 - ARCHITECTURAL CONTROL COMMITTEE

6.1 Architectural Control.

The ACC, from time to time and in its sole discretion, may adopt architectural, aesthetic, construction, and design rules, regulations, and guidelines ("ACC Guidelines"), including placement of buildings, color schemes, exterior finishes and materials, and similar features that may be used in Riverwalk. The ACC Guidelines will not be in derogation of the minimum standards and requirements established in Articles 4, 5, 6, and elsewhere in the Declaration. The procedure(s) and specific requirements for review and approval of proposed work and procedures for enforcement of the ACC Guidelines will be set forth by the ACC. The provisions of this Article 6 apply in all instances in which the Declaration requires the ACC's consent.

6.2 Appointment and Removal.

Declarant reserves the right to appoint all members of the ACC and all replacements thereto until Riverwalk is one hundred percent (100%) built out. After build-out, the Board shall have the right to appoint and remove members of the ACC.

6.3 Majority Action.

Except as otherwise provided in the Declaration, a majority of the members of the ACC

have the power to act on behalf of the ACC, without the necessity of a meeting and without consulting the remaining member or members of the ACC. The ACC may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.4 Duties.

The ACC must consider and act on the proposals, plans, or proposals and plans submitted under this ARTICLE 6. The ACC will interpret and implement the provisions of the Governing Documents, including the ACC Guidelines, for architectural review and guidelines for architectural design. The ACC's purpose is to ensure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping and between location and topography and finished-grade elevations. The ACC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which are the applicant's responsibility.

6.5 Decision.

The ACC must render its written decision approving or denying each application submitted to it within 15 business days (not including Saturdays, Sundays, and legal holidays) after its receipt of all materials required with respect to the application. If the ACC fails to render its written decision within 30 days of its receipt of all required materials or request an extension, the application will be deemed approved. The ACC is entitled to request one or more extensions of time, not to exceed 45 days in the aggregate. In the event of any extension requests, if the ACC does not render a written decision within 15 days after the expiration of the extension(s), the application will be deemed approved. However, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6 Discretion.

The ACC, in its sole discretion, may withhold consent to any proposed work if the ACC finds that the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ACC intends for the Property. The ACC may consider siding, shape, size, color, design, height, solar access, or other effects on the enjoyment of other Lots, the Limited Common Elements, or the Common Elements, and any other factors that it reasonably believes to be relevant in determining whether to consent to any proposed work.

6.7 Nonwaiver.

Consent by the ACC to any matter proposed to it or within its jurisdiction will not constitute precedent or waiver impairing its right to withhold approval of any similar matter thereafter proposed or submitted to it for consent.

6.8 Appeal.

After the Board assumes control of the right to appoint ACC members to the Board under Section 6.2, any Owner adversely impacted by ACC action may appeal the action to the Board. The appealing Owner must submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, within 10 days after the ACC's action.

The Board must issue a final, conclusive decision within 45 days after receipt of the notice, and the decision will be final and binding on the appealing Owner and the ACC. However, the Board must make reasonable efforts to reach a decision within 20 days. If the Board is serving as the ACC, then the appeal will be deemed a request for reconsideration.

6.9 Effective Period of Consent.

The ACC's consent to any proposed work will automatically expire 90 days after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ACC.

6.10 Determination of Compliance.

The ACC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ACC finds that the work was not performed in substantial compliance with the approval granted, or if the ACC finds that the approval required was not obtained, the ACC must notify the Owner in writing of the noncompliance. The notice must specify the particulars of noncompliance and must require the Owner to remedy the noncompliance.

6.11 Noncompliance.

If the ACC determines that an Owner has not constructed an improvement consistent with the specifications of an ACC approval or has constructed an improvement without obtaining ACC approval, sends a notice of noncompliance to the Owner, and the Owner fails to commence diligently remedying the noncompliance in accordance with the notice, then, effective at 5:00 p.m. on the third day after issuance of the notice, the ACC must provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing must be set not more than 30 days from the date on which the notice of noncompliance was issued. At the hearing, if the ACC finds that there is no valid reason for the continuing noncompliance, the ACC must determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for that amount. The ACC must require the Owner to remedy the noncompliance within 10 days after the ACC's determination. If the Owner does not comply with the ACC's ruling within the 10-day period or any extension thereof granted by the ACC, at its sole discretion, the ACC may remove the noncomplying improvement, remedy the noncompliance, record a notice of noncompliance in the county deed records, or take any combination of those actions. The costs of any such action will be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12 Liability.

Neither the ACC nor any member thereof will be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed because of any action or failure to act of the ACC or a member thereof, if the ACC or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.13 Estoppel Certificate.

Within 15 working days after the ACC's receipt of a written request from an Owner and the ACC's receipt of payment of a reasonable fee fixed by the ACC to cover costs, the ACC must provide the Owner with a certificate executed by the chairperson or other authorized member of the ACC certifying with respect to any Lot owned by the Owner that, as of the date thereof either (a) all improvements made or done on the Lot comply with the Governing Documents, or (b) the improvements do not so comply, in which event, the certificate must also identify the noncomplying improvements and set forth with particularity the nature of the noncompliance. The Owner and the Owner's heirs, devisees, successors, and assigns will be entitled to rely on the certificate with respect to the matters set forth therein. The certificate will be conclusive as among Declarant, the ACC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14 Declarant and Successor Exempt from ACC.

The Declarant and its successor to all the unsold Lots are exempt from the requirement to submit to and have plans approved by the ACC.

ARTICLE 7- OFFICERS

7.1 Designation.

The principal officers of the Association will be a President, a Secretary, and a Treasurer, all of whom must be Directors and must be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any other officers as in their judgment may be necessary.

7.2 Election of Officers.

The officers of the Association may be elected by the Board at any Board meeting and will hold office at the pleasure of the Board.

7.3 Removal of Officers.

Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and the officer's successor may be elected at any regular or special meeting of the Board.

7.4 President.

The President is the chief executive officer of the Association and will preside at all meetings of the Association and of the Board. The President has all the general powers and duties that are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

7.5 Secretary.

The Secretary must keep the minutes of all meetings of the Board and of all meetings of the Association and will have charge of such books and papers as the Board may direct. The Secretary will, in general, perform all the duties incident of the office of secretary.

7.6 Treasurer.

The Treasurer has responsibility for Association funds and securities not otherwise held by the managing agent and is responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer is responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

ARTICLE 8- OBLIGATIONS OF THE OWNERS

8.1 Assessments.

All Owners must pay Assessments imposed by the Association to meet all the Association's general common expenses, as more particularly set forth in the Declaration. Assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Declarant (before Transition) and the Board (after Transition) may, but will not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the annual Assessment or any installment in advance.

8.2 Contribution to Working Capital.

At closing of the first sale of each Lot, or the first occupancy of a lot (whichever occurs first), each purchaser must contribute to the Association a sum equal to \$_____, with respect to the Lot being purchased, as a one-time contribution to the working capital of the Association. The working capital contribution shall be allocated to the general operating reserve or other account, as determined by the Board. The working capital contribution is in addition to regular Assessments and may not be used as a prepayment of Assessments by any Owner and may not be used to defray any of Declarant's expenses, reserve contributions, or construction costs, or to make up any budget deficits while Declarant is in control of the Association. All working capital contributions must be disbursed to the Association at or before the Transition Meeting and must be credited to the operating reserve account.

8.3 Default.

Failure by an Owner to pay any Assessment of the Association is a default by the Owner of the Owner's obligations under the Governing Documents. The Association will be entitled to the remedies set forth in the Governing Documents, and at law.

8.4 Maintenance and Repair.

8.4.1. Lots. Except as otherwise specifically provided in the Governing Documents, every Owner must promptly perform all maintenance, repair, and replacement work

to the Owner's Lot and the exterior of the improvements thereon (which do not constitute Common Elements and Limited Common Elements) and keep the same in good repair and sanitary and neat condition. Upon prior notice, except in case of an emergency, each Owner must afford the Association and its agents or employees, access through that Owner's Lot and Limited Common Elements reasonably necessary to ensure they are properly maintained and repaired, including necessary inspections by the Association. If damage is inflicted on the Common Elements, Limited Common Elements, or on any Lot through which access is taken, the Owner or the Association responsible for the damage is liable for the prompt repair of the damage.

8.4.2. Common Elements and Limited Common Elements. The Association must ensure the Common Elements and Limited Common Elements are properly repaired and maintained, subject to the provisions of subsection 8.4.3.

8.4.3. Reimbursement of Association. An Owner must reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Elements and Limited Common Elements that was damaged through the Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner will be deemed to be the primary coverage. The Board will have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. The discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. Owners benefited by the Limited Common Elements are responsible for maintaining the Limited Common Elements and, subject to the insurance provisions provided in this Section 8.4.3, must reimburse the Association for any Association expenses incurred in properly repairing or maintaining the Limited Common Elements. The charges described in this Section 8.4.3 will be collectible as a Reimbursement Assessment as provided in the Declaration.

ARTICLE 9 - USE AND OCCUPANCY RESTRICTIONS RULES OF CONDUCT

9.1 Additional Rules.

In addition to the rules set forth in the Governing Documents, the Board may promulgate and amend Rules and Regulations concerning use of the Property and must furnish copies of the Rules and Regulations, upon request, to any Owner or Occupant.

9.2 Enforcement.

The Association, through its Board, has the power to enforce the covenants, restrictions, requirements and rights in the Governing Documents. Owners have the right to bring actions or suits to enforce their rights, but Owners have no right or power to require the Association or Board to take any enforcement action.

ARTICLE 10- INSURANCE

10.1 General.

The Board must obtain and, at all times maintain, insurance of the type and kind and in the

amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as will be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. The Association may carry any other insurance it considers appropriate to protect the Association or the Owners.

10.2 Types of Insurance Policies Maintained by the Association.

For the benefit of the Association and the Owners, the Board must obtain and maintain at all times, and pay for out of the common expense funds, the following insurance, subject to a reasonable deductible, to the extent that it is available at reasonable cost:

10.2.1. Property Insurance. A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, and all other risks of direct physical loss commonly insured against, for the full insurable replacement value of all substantial improvements on the Common Elements and Limited Common Elements to the extent such insurance is available and, if available at a reasonable cost, building-code and actual-replacement-cost endorsements and earthquake insurance. Such insurance policy, after application of any deductibles, must provide not less than eighty percent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies

10.2.2. Liability. A policy or policies insuring the Association, its Board, the Owners individually, and the manager against any liability to the public or the Owners and their invitees or tenants, for all occurrences commonly insured against for bodily injury and property damage that may arise incident to the use, ownership, maintenance, supervision, control, or use of the Common Elements. Limits of liability under such insurance must be not less than \$1 million per occurrence for bodily injuries and property damage liability. The limit and coverage must be reviewed at least annually by the Board, which may increase the liability limits, coverage, or both, in its discretion. The policy or policies must be issued on a commercial general liability form and must provide medical payments insurance and cross-liability endorsements wherein the rights of the named insured under the policy or policies will not be prejudiced in his, her, or their action against another named insured.

10.2.3. Fidelity Insurance. The Board must obtain a policy or policies insuring the Association, its Directors, Owners, and representatives.

10.3 Insurance Companies Authorized.

All policies obtained under this Article must be written by a company licensed to do business in Washington and holding a "Commissioner's Rating" of "A+" and a size rating of "AAA" or better, by *Best's Insurance Reports*, or as may be otherwise acceptable to all mortgagees and Directors.

10.4 Provisions in Insurance Policies.

The Board must make every reasonable effort to secure insurance policies that will provide for the following:

10.4.1. Waiver of Subrogation. A waiver of subrogation by the insurer on any claims against the Board, the officers, the manager, the Owners, members of the Owners' household, and their respective servants, agents, guests, and tenants.

10.4.2. Noncancellation for Owner Conduct. A provision that the master policy on the Property cannot be canceled, invalidated, or suspended because of the conduct of any one or more individual Owners and any act or omission by an Owner cannot be a condition to recovery under the policy.

10.4.3. Noncancellation without Opportunity to Cure. A provision that the master policy on the Property cannot be canceled, invalidated, or suspended because of the conduct of any officer or employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect. The insurer may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of RCW chapter 48.18 and RCW 64.90.470.

10.4.4. "No Other Insurance" Clauses. A provision that any "no other insurance" clause in the master policy exclude individual Owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Homes, Lots, or Common Elements and Limited Common Elements. If there is other insurance in the name of an Owner covering the same risk covered by the policy at the time of a loss under the policy, the Association's policy shall provide primary insurance.

10.4.5. Additional Insureds. Each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association. Insurers must issue certificates or memoranda of insurance to the Association and, upon a request made in a record, to any Owner or holder of a security interest.

10.5 Review of Insurance Policies.

At least annually, the Board must review all insurance carried by the Association, which review must include a consultation with a representative of the insurance carrier writing the master policy.

10.6 Adjustments and Payments.

Any loss covered by the property insurance policy or commercial general liability policy must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association must hold any insurance proceeds in trust for the Association, Owners, and lienholders as their interests may appear.

10.6.1. Any portion of the Property that is damaged or destroyed, which is required to be insured by the Association, must be repaired or replaced promptly by the Association unless:

10.6.1.1. The Property is terminated, in which case RCW 64.90.290 applies;

10.6.1.2. Repair or replacement would be illegal; or

10.6.1.3. Eighty percent of the Owners, including every Lot Owner or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

10.6.2. Insurance proceeds must be disbursed first for the repair or replacement of the damaged property, and the Association, Owners, and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or replaced, or the Property is terminated.

10.6.3. The cost of repair or replacement not paid by insurance proceeds is a common expense. If portions of the damaged or destroyed Property are not repaired or replaced:

10.6.3.1. The insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Property; and

10.6.3.2. Except to the extent that other persons will be distributees:

10.6.3.3. The insurance proceeds attributable to Lots and Limited Common Elements that are not repaired or replaced must be distributed to the Owners of those Lots and the Owners of the Lots to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and

10.6.3.4. The remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the common expense liabilities of all the Lots.

10.7 Nonavailability of Insurance.

If the insurance described in this section is not reasonably available, the Board must promptly notify all Owners.

ARTICLE 11 - AMENDMENT

Except as otherwise provided in this ARTICLE 11 and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the Owners. Any amendment must be executed, recorded, and certified as provided by law. However, no amendment of these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of those documents, the Act and the WUCIOA, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 11, may be adopted without the prior written consent of Declarant or its successor or assignee.

ARTICLE 12 - RECORDS AND AUDITS

12.1 General Records.

The Board and the managing agent or manager, if any, must preserve and maintain minutes of the meetings of the Association, the Board, and any Board committees as required by RCW

64.90.445. The Board must maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board, and Board committees, and the Association's accounts and records must comply with RCW chapter 64.90 and must be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

12.2 Assessment Roll.

The Board and the managing agent or manager, if any, must maintain the Assessment roll in a set of accounting books in which there must be an account for each Lot. Each account must designate the name and address of the Owner or Owners, the amount of each Assessment against the Owner, the dates on which and the amounts in which the Assessment comes due, the amounts paid on the account, and the balance due on the Assessments.

12.3 Payment of Vouchers.

The Treasurer or managing agent must pay all expenses authorized by the Board. The Treasurer or managing agent must maintain and follow reasonable procedures to ensure that the accounts and records are proper, and to ensure that all expenditures are proper. Except in cases when an emergency exists (e.g., a repair must be made immediately to prevent further damage), any voucher for nonbudgeted items must require the signature of the President; however, any withdrawal from Reserve Accounts must require the signature of two Board members.

12.4 Transition Audit.

Within sixty days of the Transition Meeting, the Board must retain an independent certified public accountant to audit the records of the Association in accordance with generally accepted auditing standards, unless the Owners, other than the Declarant, to which a majority of the votes are allocated elect to waive the audit. The cost of the audit must be a common expense. The auditor must examine supporting documents and records, including the cash and related paid invoices, to determine if expenditures were for Association purposes and the billings, cash receipts, and related records to determine if the Declarant was charged for and paid the proper amount of Assessments.

ARTICLE 13 - COMPLIANCE AND CONFLICTS

These Bylaws are intended to comply with the provisions of the WUCIOA, the provisions of which apply to the Association, and the Act. In the event of a conflict between the WUCIOA and the Act, the provisions of the WUCIOA shall govern pursuant to RCW 24.03A.050 and 64.90.400. In case of any conflict among the provisions of the WUCIOA, the Articles, the Declaration, or these Bylaws, the provisions of the WUCIOA will control over those of the Articles and Declaration, and the provisions of the Declaration will control over those of the Articles and these Bylaws.

ARTICLE 14- INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

The Association may indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. Indemnification will be made regardless of whether the action is civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the suit, action, or proceeding. This indemnification applies if the person acted in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that the person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, will not of itself create a presumption that a person did not act in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that the person's conduct was unlawful. Payment under this ARTICLE 14 may be made during the pendency of the claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of the payment from the person, should it be proven later that the person had no right to the payment. All persons ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent will have a right of contribution over and against all other Directors, officers, employees, or agents and Members of the Association who participated with or benefited from the acts that created the liability.

ARTICLE 15 - ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

An Owner must pay reasonable fees and costs (including, but not limited to, attorney fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid Assessments from the Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines, and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due under or for the enforcement of any provisions of the Governing Documents, the Owner or Owners, jointly and severally, must pay, in addition to all other obligations, the costs of the suit or action, including actual administrative expenses incurred by the Association because of the matter or act that is the subject of the suit, reasonable attorney fees to be fixed by the trial court, and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by the appellate court.

ARTICLE 16 - MISCELLANEOUS

16.1 Notices.

All notices to the Association or to the Board must be sent in care of the managing agent

or, if there is no managing agent, to the principal office of the Association, to the attention of the President or Secretary at the address shown on the Association's most recent annual report, or to such other address as the Board hereafter may designate from time to time. All notices to any Owner or occupant must be sent to the Lot address unless the Lot owner or occupant has designated an alternate address in writing to the Board.

16.1.1. Form of Notice. Any notice, information, or other written material required to be given to an Owner, occupant, or Director may be given by pre-paid first-class United States mail, private carrier, or personal delivery; telegraph or teletype; telephone; wire; or wireless equipment that transmits a facsimile of the notice; or by electronic transmission to each Owner or Director who has delivered to the Secretary or other officer a consent to receive electronically transmitted notices. Electronic transmission may be provided by posting the notice on an electronic network and delivering a separate record of the posting to the Owner, Director, or occupant. Other forms of notice may also be deemed acceptable by the Board.

16.1.2. Limitations on Electronic Notice. Notwithstanding the foregoing, Electronic Communication may not be used to give notice of (a) failure to pay an Assessment; (b) foreclosure of an association lien; (c) an action the Association may take against an Owner; or (d) an offer to use the dispute resolution process under section 3.15. An Owner or Director may decline to receive notice by Electronic Communication and may direct the Board to provide notice as required elsewhere in these Bylaws, the Declaration, or the WUCIOA.

16.1.3. Revocation of Consent. Consent to receive notice by electronic transmission may be revoked at any time by delivering a revocation to the Association in the form of a record. Consent to receive notice by electronic transmission is deemed revoked if the Association is unable to electronically transmit two consecutive notices and this inability becomes known to the Secretary of the Association or any other person responsible for given the notice. The inadvertent failure by the Association to treat this inability as a revocation does not invalidate any meeting or other action.

16.1.4. Effective date. Notice is effective as of the date of hand delivery, deposit with the carrier, or when sent by fax or electronic transmission. The ineffectiveness of a good-faith effort to deliver notice by an authorized means does not invalidate subsequent action taken.

16.2 **Waiver.**

No restriction, condition, obligation, or provision contained in these Bylaws will be deemed to have been abrogated or waived due to any failure to enforce it, irrespective of the number of violations or breaches that may have occurred and the number of times that the pertinent restriction, condition, obligation, or provision was not enforced.

16.3 **Invalidity; Number; Captions.**

The invalidity of any part of these Bylaws will not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws; however, if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then the provision will be deemed to remain in effect only for the maximum period permitted by law. As used herein, the singular includes the

plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions are intended solely for convenience of reference and in no way limit any of the provisions of these Bylaws.

ARTICLE 17 - ADOPTION

It is hereby certified that these Bylaws have been adopted by RIVERWALK AT LEWIS RIVER HOMEOWNERS ASSOCIATION, a Washington nonprofit corporation.

IN WITNESS WHEREOF, being, the undersigned have executed this instrument this 11 day of March 2024.

RIVERWALK AT LEWIS RIVER
HOMEOWNERS ASSOCIATION, a
Washington nonprofit corporation

By: Shawn Sarkela
Shawn Sarkela, Secretary

Attest:

Rodney Sarkela
Rodney Sarkela, President

EXHIBIT A

RESERVE ACCOUNT

1. Reserve Account. Unless Declarant or the Board determines that (a) the cost of a reserve study will exceed ten percent (10%) of the Association's annual budget, or (b) the Association only has "nominal reserve costs" (as defined in RCW 64.90.010(34) as now or hereafter amended), a Reserve Account shall be established and administered in accordance with the requirements of RCW 64.90.535 *et. seq.* The Association will pay out of the Reserve Account only those costs that are attributable to the maintenance, repair, or replacement of Common Element or Limited Common Element property that normally requires replacement, in whole or in part, within one to 30 years and not for regular or periodic maintenance and expenses. The amount assessed shall be based upon reserve studies prepared by a reserve study professional, considering the estimated remaining life of the items for which the reserve is created and the current cost of those items.

1.1 Administration. The Reserve Account shall be established in the name of the Association. The Board is responsible for administering the account and for making periodic payments into it. The Board shall adjust the amount of the payments at regular intervals to reflect changes in current replacement costs. Assessments paid into Reserve Accounts must be kept with a safe and responsible, income-earning, depository maintained under the direct control of the Board and must be accounted for separately. If invested, the obligation or security must be fully guaranteed as to principal by the United States of America or one of its agencies.

1.2 Use of Funds. The account may be used only for maintenance, repair, or replacement of Common Element or Limited Common Element property, but not for regular or periodic maintenance and expenses, and shall be kept separate from all other funds held by the Association; provided, however, to the extent allowed by law and after such notice to Owners as required, the Association may borrow funds from the Reserve Account to meet temporary expenses which amount shall be repaid as soon as possible, but no later than twenty-four months, from special Assessments or maintenance fees. If the Board determines that repayment within twenty-four months would impose an unreasonable burden on the Owners, the Board must provide (a) notice of such withdrawal; (b) a statement of the deficiency expressed on a per Lot basis; and (c) the repayment plan, along with a copy of the annual budget adopted in accordance with law. The Board may withdraw funds from the reserve account without satisfying the notice requirements outlined above to pay for replacement cost of reserve components not included in the reserve study.

1.3 Refunds. The Assessments paid into the Reserve Account are the property of the Association and are not refundable to Owners or sellers of Lots. Owners or sellers of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

2. Reserve Study. Unless exempt from preparing a reserve study, the Association must prepare an initial reserve study based upon a visual site inspection conducted by a reserve

study professional or a review of plans and specifications for unbuilt improvements, or both, if only some of the construction is complete. An updated reserve study is required annually. The Board shall update the Reserve Study every three years based upon a visual site inspection conducted by a reserve study professional. Every Reserve Study and update shall include the following:

- 2.1 Reserve Component List. A reserve component list, including any reserve component that would cost more than one percent (1%) of the annual budget of the Association, not including the reserve account, for maintenance, repair, or replacement. If a reserve component is not included in the Reserve Study, the study shall provide commentary explaining the basis for its absence. The study shall also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component and the current maintenance, repair, or replacement cost for each reserve component. The reserve study shall also include:
- 2.2 Date. The date of the study and statement that the study meets the requirements of RCW 64.90.550, as now or hereafter amended.
- 2.3 Level of Study. The following level of reserve study performed:
 - (i) Level I: Full reserve study funding analysis and plan;
 - (ii) Level II: Update with visual site inspection; or
 - (iii) Level III: Update with no visual site inspection.
- 2.4 Balance. The Association's reserve account balance.
- 2.5 Funding. The percentage of the fully funded balance that the Reserve Account is funded.
- 2.6 Assessments. Special Assessments already implemented or planned.
- 2.7 Assumptions. Interest and inflation assumptions.
- 2.8 Contribution Rate. Current Reserve Account contribution rates for a full funding plan and baseline funding plan.
- 2.9 Recommendations. A recommended Reserve Account contribution rate, a contribution rate for a full funding plan to achieve a one hundred percent (100%) fully funded reserve by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special Assessments, and a contribution rate recommended by the reserve study professional.
- 2.10 Projected Balance. A projected Reserve Account balance for 30 years and a funding plan to pay for projected costs from that Reserve Account balance without reliance on future unplanned special Assessments.

2.11 Professional Assistance. A statement on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent.

2.12 Statement of Deficit or Surplus. A statement of the amount of any current deficit or surplus on reserve funding expressed on a dollars per Lot basis. This amount is calculated by subtracting the reserve account balance on the date of the study from the fully funded balance, then multiplying the result by the fraction or percentage of the common expenses of the Association allocable to each Lot.

2.13 Disclosure. The following disclosure must be included on all reserve studies:

This reserve study should be reviewed carefully. It may not include all common and Limited Common Element components that will require major maintenance, repair, or replacement in future years, and may not include regular contribution to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the Association to (1) defer major maintenance, repair, or replacement (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement or (4) impose special Assessments for the cost of major maintenance, repair, or replacement.

3. When more than three years have passed since the date of the last reserve study prepared by a reserve study professional, the Owners of Lots to which at least twenty percent of the votes in the Association are allocated may demand that the cost of a reserve study be included in the next annual budget and the study be prepared by the end of that budget year. The demand must comply with and refer to RCW 64.90.555.