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Amendment

Island County Washington



Saratoga Terrace Community Club
c/o Paul Irwin, Secretary
370 Moana Drive
Camano Island, WA 98282

**REVISED BYLAWS
OF THE
SARATOGA TERRACE COMMUNITY CLUB**

REVISION 1

Amended on June 8, 2019

**PLAT
OF
SARATOGA TERRACE
DIVISION NO. 1**

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**REVISED BYLAWS OF THE
SARATOGA TERRACE COMMUNITY CLUB
Amended on June 8, 2019**

These Bylaws revise and restate the Saratoga Terrace Community Club Bylaws that were adopted by the corporation on July 12, 1981, in their entirety. In accordance with Article XII of the aforementioned 1981 Bylaws, these new Bylaws have been approved and adopted by a two-thirds (2/3rds) majority of the members present in person or by proxy at special meeting called on June 8, 2019 for that purpose where a quorum was present.

ARTICLE I. DESCRIPTION OF THE SARATOGA TERRACE COMMUNITY CLUB.

Section 1. The Saratoga Terrace Community Club, also commonly known as the Saratoga Terrace Homeowners Association, hereinafter the STHOA, is a non-profit perpetual corporation incorporated and registered in the State of Washington on June 04, 1981. See the Articles of Incorporation.

Section 2. The declarations and boundaries of the STHOA are as defined in the Revised Restrictive Covenants, Revision 2, Plat of Saratoga Terrace, Division No. 1, adopted on June 8, 2019. Exhibit A shows unofficial geographic boundaries of the STHOA.

Section 3. Governing documents and other references are listed below. Copies may be obtained from the Secretary or online.:

- A. Articles of Incorporation filed with The State of Washington, Department of State, dated June 4, 1981, file number 2-310698-2. The Articles are available from the Secretary of State website or from the STHOA Secretary.
- B. The original Restrictive Covenants, Saratoga Terrace Division No. 1, dated 3/17/1982 and recorded at the Auditor, Island County, Washington, file number 396274.
- C. Revision 1, Restrictive Covenants, Plat of Saratoga Terrace, Division No. 1, adopted on June 8, 2019, and recorded with the Auditor, Island County, Washington, on 6/12/19, file number 4465278.
- D. Revision 2, Restrictive Covenants, Plat of Saratoga Terrace, Division No. 1, adopted on June 8, 2019, and recorded with the Auditor, Island County, Washington, on 6/12/19, file number 4465279.
- E. Original Bylaws of the Saratoga Terrace Community Club, signed July 12, 1981.
- F. Plat of Saratoga Terrace, Division No. 1 in Section 31, TWP. 31 N., RGE. 3 E., W. M. as per plat recorded in Volume 13 of Plats, page 24, records of Island County, Washington.

- G. Revised Code of Washington (RCW) §64.38, Homeowners Associations.
- H. RCW §64.90.525, Budgets, Assessments and Special Assessments.
- I. Beach Access Agreement with Camano Shores HOA, as Amended, Auditor File Numbers 97009743 and 97007134.

ARTICLE II. PURPOSES.

Section 1. The purpose of these Bylaws is to establish consistent and legal procedures, methods and responsibilities for the administration and conduct of business by the STHOA in accordance with the reference governing documents in Article I, Section 3.

Section 2. The STHOA was also established to construct, install, and maintain a community water system for the mutual benefit of property owners of the Saratoga Terrace Community Club located in Island County, Washington, on Camano Island.

Section 3. The STHOA is incorporated to own, maintain and administer recreational and utility common areas owned by the STHOA.

ARTICLE III. MEMBERSHIP.

Section 1. In accordance with References A and B, the STHOA consists of Lots 1-24 located within the plat of Saratoga Terrace Division 1, plus two off-plat Lots 25- 26 located east of South Camano Drive, plus one off-plat Lot 27 located west of Wagner Road. See Exhibit A.

Section 2. Mandatory Membership. Every owner of a lot described in the Revised Restrictive Covenants, Revision 2, Article 1, adopted on June 8, 2019, and in Article III Section 1 of these Bylaws shall ipso facto become a member of the STHOA. Membership shall be appurtenant to and non-segregable from the ownership of any lot.

Section 3. The membership of the STHOA at all times shall consist exclusively of the owners of all real property over which the association has jurisdiction, both developed and undeveloped. The membership shall be inseparably attached to the lot owned by the member(s), and upon the completion of transfer of ownership, the membership attached thereto shall be deemed to be transferred to the purchaser or grantee. In the event of the death of a member, their membership passes in the same manner and to the same persons as does the property itself.

Section 4. The privileges and facilities of the STHOA shall be extended to the currently residing spouse and children of the member and may be temporarily extended to guests and visitors under such rules and regulations as the Board of Directors may prescribe.

Section 5. Multiple Owners of One Membership. Two or more persons may own one membership, which shall not entitle such membership to more than one vote. The same

principle shall apply if the owners of the land are partners, corporations, joint tenants or tenants in common.

Section 6. Termination of Membership. Membership is automatically terminated without action by the Board of Directors upon sale and after the transfer of title to which the membership is attached. No member may withdraw except upon sale of the property and after the transfer of title to which their membership is attached. No compensation shall be paid by the corporation upon the transfer of membership, and no member whose membership is transferred or terminated shall be entitled to share or participate in any of the property or assets of the corporation.

Section 7. Non-Profit to Members. No member shall receive any financial benefit or gain from the corporation.

Section 8. Good Standing. Members must be in good standing in order to share in the benefits of membership. Good standing is defined as all fees, dues, assessments, and penalties and interest (if any) are paid and current and the owner is not in violation of the Restrictive Covenants or Bylaws. The Board may, at its discretion and for reasons stated in Articles X and XIII, declare that the member is not in good standing and suspend all member privileges up to and including the right to build a house on their property, to vote on any matter, to serve on the board or any committee or to use any common area. Standing may be restored at the discretion of the Board when account balances are paid or violations are remedied.

Section 9. Common Areas. The STHOA owns a beach lot, Tax Parcel No. R33131-246-4240, Island County. The property is located on Elger Beach Lane and includes a boat ramp and beach cabana. This beach property is for the exclusive use of STHOA members in good standing and their guests. STHOA owners and members are responsible for the conduct of their family members and guests.

Section 10. Beach Property Pass-Through Agreement. The following summarizes the agreement and is provide for information only. The Camano Shores HOA allows Saratoga Terrace members and guests access to and use of Camano Shores' beach property. The STHOA has granted an easement 10 feet in width along the northern property line for perpetual access by the Camano Shores, its members and their successors and assigns, over and across the STHOA beach property. The easement is for foot traffic only for ingress and egress to Camano Shores beach property. The use of STHOA's beach lot facilities (e.g. gazebo and boat ramp launching facilities) by members of the Camano Shores HOA are not permitted under the agreement. Use of the "porta potty" is permitted. The details of this agreement can be obtained from the STHOA Secretary and are on file with Island County Auditor.

Section 11. Water Well Easement. Lot 25 contains an easement which was granted to the Saratoga Terrace Community Club by the then owners in 1981 for a well, water tank, water works and pipelines.

ARTICLE IV. POWERS OF THE SARATOGA TERRACE HOMEOWNERS ASSOCIATION.

Section 1. Reference: RCW Chapter 64.38.20. Unless otherwise provided in the governing documents, the STHOA may:

- a. Adopt and amend Bylaws, rules, and regulations;
- b. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
- c. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- d. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the homeowners association, but not on behalf of owners involved in disputes that are not the responsibility of the association;
- e. Make contracts and incur liabilities;
- f. Regulate the use, maintenance, repair, replacement, improvement, and modification of common areas;
- g. Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas;
- h. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- i. Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
- j. Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the Board of Directors or by the representative designated by the Board of Directors and in accordance with the procedures as provided in these Bylaws Articles X and XIII or rules and regulations adopted by the Board of Directors, levy reasonable fines in accordance with an established schedule adopted by the Board of Directors and furnished to the owners for violation of the Bylaws, rules, and regulations of the STHOA;
- k. Exercise all other powers that may be exercised in this state by the same type of corporation as the association that are necessary and proper for the governance and operation of the association; and

1. The STHOA is empowered to enter into debt if needed to make emergency repairs to the Saratoga Terrace water system. The STHOA is empowered to use the common areas as collateral if needed to obtain a loan to make emergency repairs to the water system.

Section 2. The above powers are delegated by the members of the STHOA to the Board of Directors, except budgets and all assessments shall be adopted by the Board and ratified by the members of the STHOA at a duly called meeting. See Article X for procedures.

ARTICLE V. MEETINGS OF THE GENERAL MEMBERSHIP.

Reference RCW 64.38.035.

Section 1. Annual Meeting of the Members. A meeting of the STHOA membership shall be held at least once each year. The Annual Meeting will be conducted on the second Saturday in October. The date may be changed pursuant to extenuating circumstances. The specific time and location shall be established by the Board President and included in a notice to all members.

Section 2. Notice.

2.1. Not less than fourteen (14) nor more than fifty (50) days in advance of any meeting of the association, the Secretary or other officers specified in these Bylaws shall provide written notice to each owner of record by:

- a. Hand-delivery to the mailing address of the owner or other address designated in writing by the owner; or
- b. Prepaid first-class United States mail to the mailing address of the owner or to any other mailing address designated in writing by the owner; or
- c. Electronic transmission to an address, location, or system designated in writing by the owner. Owners must provide a written record to the Secretary consenting to receive electronically transmitted notices. An owner who has consented to receipt of electronically transmitted notices may revoke the consent at any time by delivering a written record of the revocation to the Secretary or President. Consent is deemed revoked if the Secretary or President is unable to electronically transmit two consecutive notices given in accordance with the consent.

2.2. The notice shall state the business to be placed on the agenda by the Board of Directors for a vote by the owners, including the general nature of any proposed amendment to the Restrictive Covenants, Articles of Incorporation, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, any proposal to remove a director and other business as

deemed necessary by the Board. Members wishing to add items to the agenda shall submit such items to the Board of Directors.

2.3 In case of the absence of or disability of the Secretary, or his or her refusal or neglect to act, notices may be given by the President or Vice President or by any person authorized by the President, Vice President or the Board of Directors.

2.4. See Article VI, Section 9 for Notice of Board Meetings.

Section 3. Change of Meeting Date, Time or Place. The date, time and place of holding membership meetings shall not be changed after the notice has been sent out unless the notice of such change shall be given at least fourteen (14) days prior to the new meeting date.

Section 4. Attendance. All members are encouraged to attend all meetings of the general membership.

- a. Purchasers who are under a signed real estate contract are deemed owners and members with full voting rights and owner privileges. Purchasers who are under a signed purchase and sale contract to purchase a lot or home are welcome to attend, but they may not vote until the sale is closed and title is transferred to the purchaser.
- b. Open Meetings. Except as provided in this subsection, all meetings of the members and of the Board of Directors shall be open for observation by all owners of record and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the board, which shall be available to all owners.
- c. Closed Session.
 - (1) Upon the affirmative vote of the Board members in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes.
 - (2) The Board of Directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion.

- (3) No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Section 5. Elections of Board Members. The Board of Directors shall be elected annually at the Annual Meeting.

Section 6. Special Meetings. Special meetings of the association may be called by written request by the President, a majority of the Board of Directors, or by owners representing thirty-three percent (33%) of the votes in the association. Notice of any special meeting, stating the specific purpose thereof, shall be given by the President or Secretary to all members in the same manner as in Article V, Section 2. Discussions, motions and voting at any special meeting are limited to the specific purpose for which the meeting has been called.

Section 7. Quorum at General Membership Meeting. A quorum is present throughout any meeting of the STHOA if the owners to which fifty percent (50%) of the votes of the association are allocated are present in person or by proxy at the beginning of the meeting. See also Section 8, paragraph a.

Section 8. Voting.

- a. One Vote Per Lot. The owner or owners of each lot shall have one membership and the right to cast but one vote per each lot owned at STHOA meetings and elections. If any lots are owned by two or more persons, the several owners of such interests shall be entitled to cast a proportional share vote which collectively shall total to one vote per lot owned. As used in this context, the term "owner" includes a marital community, partnership, corporation, joint tenants, tenants in common or syndicate of ownership. A vote for any membership owned by a single marital community may be cast by either spouse without the presentation of authority from the other.
- b. Voting Restrictions.
 - (1) Members must be in good standing in order to vote on any matter. See Article III, Section 8.
 - (2) In certain instances, described herein, only those members owning completed dwellings located within Article III Section 1, may vote. Circumstances requiring restricted voting are limited to amending, supplementing, revising or changing the Restrictive Covenants and the Articles of Incorporation.

c. Proxy Voting.

- (1) Members who cannot attend may vote by proxy. At any duly called meeting, a member in good standing may designate another member in good standing to vote as his or her proxy. Votes shall be cast in accordance with the owners' instructions on the proxy and the provisions in Section 8a and 8b.**
- (2) The proxy voting authorization shall be in written form, signed and dated by the submitting member(s), signed and dated by the designated member receiving the proxy, and presented to the Secretary before or at the start of the meeting. Any proxy presented after the vote has been taken shall not be counted. All proxies are valid only for the particular meeting for which they were prepared and presented.**
- (3) If two or more owners of the same property wish to cast different votes on any measure, then each owner shall prepare, sign and submit a separate proxy, and in accordance with Section 8a, each proxy shall be counted as a proportional share vote which collectively shall total to one vote per lot owned.**

Section 9. Majority at a Duly Called Annual or Special Meeting of the Members.

- a. In matters involving amending, supplementing or changing the Restrictive Covenants and the Articles of Incorporation, a majority shall consist of two-thirds (2/3rds) of the votes cast in person or by proxy by the property owners then owning completed dwellings located within properties described in Article I of the Revised Restrictive Covenants on that date. Such vote shall be evidenced by written ballot.**
- b. In matters involving amending, supplementing or changing the Bylaws, a majority shall consist of a two-thirds (2/3rds) vote cast by the members then in attendance in person or by proxy. Such vote shall be evidenced by written ballot. See also Article XV.**
- c. In other matters, excluding budgets, dues and assessments, a majority shall consist of more than fifty percent (50%) of the votes cast by members then in attendance in person or by proxy.**
- d. In matters of ratifying budgets, dues and assessments see Article X, Sections 1, 2, and 8.**

Section 10. Robert's Rules of Order shall govern all board meetings.

Section 11. Minutes. The Board Secretary shall keep and provide minutes of all annual and other special meetings. The association must 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. Minutes of the previous association meeting must be approved at the next association meeting in accordance with the association's governing documents.

ARTICLE VI. BOARD OF DIRECTORS.

Reference RCW 64.38.25.

Section 1. Membership. The Board of Directors shall be members in good standing of the STHOA. The corporate powers of the STHOA shall be vested and exercised by the authority of the Board of Directors, hereafter the Board. The Board shall normally consist of three to five (3-5) members. Vacancies should be filled as soon as practicable.

Section 2. Requirement to Act on Behalf of the STHOA. Except as provided in the association's governing documents or this article, the Board shall act in all instances on behalf of the association. In the performance of their duties, the officers are members of the Board and shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 24.03 RCW.

Section 3. Limitations. The Board of Directors shall not act on behalf of the association to amend the Articles of Incorporation, to take any action that requires the vote or approval of the owners, to terminate the association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

Section 4. Election of the Board of Directors. The Board of Directors shall be elected at the annual meeting of the membership. The Secretary shall notify the STHOA members of the upcoming election and seek nominations for candidates. These nominations shall be sent to STHOA members with the regular board meeting announcement, to be voted upon at the next annual meeting. Nominations may also be made from the floor during a meeting of the members.

Section 5. Terms. The newly elected Board of Directors shall begin serving immediately. Each Director serves for a one (1) year term. Directors may be reelected for additional terms without limit.

Section 6. Loss of Qualification. In the event a Director can no longer qualify as an owner of a lot and he or she ceases to be a member in accordance with Article III, he or she shall thereupon automatically cease to be a Director, and their office shall become vacant without the necessity of any action of the Board. The subsequent vacancy shall be filled in accordance with Section 7.

Section 7. Vacancies. When a vacancy on the Board exists for any reason, the Board shall notify the STHOA membership of the vacancy. STHOA members may nominate candidates as replacement(s). The Board of Directors shall appoint by a majority vote of the remaining Directors a new Director selected from the STHOA membership to serve for the duration of the unexpired portion of any term. The Board shall notify the members of the STHOA of the appointment.

Section 8. Directors are volunteers and serve without compensation. Directors may be reimbursed for expenses.

Section 9. Board Meetings. The Board shall meet at least twice annually. Board meetings shall provide notice of meetings in a manner the same as Article V, Section 2. The Board will normally give not less than fourteen (14) nor more than fifty (50) days notice of Board Meetings. However, the Board may provide less notice in the event they need to meet in an emergency session such as a repair to the water system. In such cases the Board will provide as much notice as is reasonably practicable.

Section 10. Quorum for Board Meetings. A simple majority of not less than fifty (50%) of then serving Directors shall constitute a quorum to conduct the business of the STHOA. A Director who is not able to attend a meeting of the Board of Directors may grant a proxy to a fellow director by using procedures similar to Article V, Section 8c.

Section 11. Attendance. Board meetings shall be open to members except as noted in Article V, Section 4c. STHOA members may address the Board if desired during the public input portion of the agenda.

Section 12. Closed Session. The Board of Directors may enter into closed session in accordance with Article V, Section 4c.

Section 13. Minutes. The Board shall keep and provide minutes of meetings in accordance with Article V, Section 11.

Section 14. Electronic Communications.

- a. Directors are expected to attend in person, but inasmuch as some Directors may be absent from the immediate area at the time of a board meeting, such members may dial in or tele-conference into the meeting. Such Directors are considered present and exercise full voting rights as if they attended in person.
- b. Directors may use electronic communications such as telephone, email and fax to conduct day-to-day business.

Section 15. Resignation, Termination, and Absences.

- a. Directors serve at will and may resign for any reason. Resignation from the Board must be in writing and submitted to the Secretary.

- b. The STHOA members by a majority vote of the members present, in person or by proxy, and entitled to vote at any meeting of the members at which a quorum is present, may remove any member of the board of directors with or without cause.
- c. Absences. A Director may be terminated from the board due to excess absences, defined as three or more consecutive unexcused absences from board meetings. Termination requires a majority vote by the STHOA membership.

Section 16. Insurance. The STHOA shall, at its expense, purchase and maintain suitable property and liability insurance to protect the STHOA against loss. The STHOA shall also, at its expense, purchase Directors and Officers (D & O) insurance to protect Directors against loss pursuant to the execution of their duties.

ARTICLE VII. OFFICERS and DUTIES.

Officers serving on the Board of Directors are the President, Vice President, Secretary and Treasurer. All officers shall be elected by the membership of the STHOA except as noted in Article VI, Section 7, Vacancies. Their duties are as follows:

Section 1. President.

- a. The President is the principal and chief executive officer of the Board, and, subject to the approval by the Board of Directors, he or she shall generally supervise and control all of the business and affairs of the STHOA.
- b. The President shall call meetings and, when present, preside at all meetings of the Board of Directors. The President shall ensure that the Secretary gives proper notice of meetings. The President may delegate the duties of calling and presiding at meetings to the Vice President in the event of his or her absence or disability.
- c. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors or general membership from time to time.
- d. The President may sign, along with any other officer of the Board so authorized by the Board of Directors, contracts, agreements, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the STHOA, or shall be required by law to be otherwise signed or executed.

Section 2. Vice President.

- a. The Vice President shall be vested with all the powers of and discharge the duties of the President in the event of any absence or disability of the President.
- b. The Vice President shall chair duly called and convened meetings of the Board in the absence of the President.
- c. The Vice President shall perform such other duties as the President or the Board of Directors may direct.

Section 3. Secretary.

- a. The Secretary shall take special care to ensure that all official governing documents pertaining to the STHOA such as Restrictive Covenants and Bylaws, and amendments thereto are properly recorded at Island County, State of Washington.
- b. The Secretary shall make available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents copies of all records of the STHOA in accordance with Article XII, Section 5.
- c. The Secretary shall issue all meeting notices and shall attend and keep the minutes of all meetings and acts of the Board of Directors and of the membership and shall have charge of all corporate books, records, papers. If the Secretary cannot attend a meeting, the President or Vice President may designate another board member to keep minutes.
- d. The Secretary shall keep a complete current and historical list of all members.
- e. The Secretary shall attest by signature all instruments executed by the corporation and shall perform all such other duties as are incidental to the office or as may be required by the Board of Directors.

Section 4. Treasurer.

- a. The Treasurer shall keep sufficiently detailed financial and other records to enable the STHOA to fully declare to each owner the true statement of its financial status.
- b. The Treasurer shall receive, faithfully keep and deposit in such bank or banks as may be designated by the Board of Directors, all funds, securities and liquid assets of the corporation in its name, for its account.
- c. The Treasurer shall disburse the funds of the STHOA only under the direction of the Board of Directors on checks signed by the Treasurer. Checks over \$500 require signature of the Treasurer plus one other officer of the corporation.

- d. The Treasurer shall keep full and accurate books of account and shall make copies of such reports of the finances and transactions of the corporation as may be required by the Board of Directors and shall prepare and present to the annual meeting of the members a full statement showing in detail the financial condition of the corporation.
- e. The Treasurer shall file an annual report with the Washington State Secretary of State.

ARTICLE VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

Section 1. Subject to any limitation of the Articles of Incorporation, the Restrictive Covenants, Article IV of these Bylaws, RCW Chapter 64.38, and RCW 64.90.525, all the administration, business and affairs of the STHOA are delegated by the members of the STHOA to the Board of Directors. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly agreed that the Board of Directors shall have the following powers and duties:

- a. To cause to be kept complete records of all minutes and acts and to present a full statement at regular annual meeting of the members, showing in detail the condition of the affairs of the corporation.
- b. To cause to be kept a complete list of all members.
- c. By majority vote of the Board and subject to ratification by the members in person or by proxy at a duly called meeting, to establish and amend a budget for each fiscal year. See Article X, Section 1.
- d. By majority vote of the Board and subject to ratification by the members in person or by proxy at a duly called meeting, to fix and establish the annual assessments, dues, fees, and any other special assessments in accordance with these Bylaws. See Article X, Sections 2 and 8.
- e. At the Board's discretion, request bids for proposals, review bids and select contractor(s) that provide the best value for construction or maintenance projects for the STHOA water system, the common areas, and other projects as needed for the benefit of the STHOA.
- f. The Board of Directors shall authorize in writing an officer or officers or agent or agents of the STHOA to enter into any contract or execute and deliver any instrument in the name of and on behalf of the STHOA. Such authority may be general or may be confined to specific instances.

Section 2. Emergency Repairs to the Water System. The Board is authorized to approve expenditures of funds in the amount of up to fifteen thousand dollars (\$15,000) required

for any water system emergency repairs without obtaining membership approval. The Board shall promptly notify all members of the STHOA of the emergency repair.

ARTICLE IX. COMMITTEES.

Section 1. The Board may create committees as needed for specified tasks. Committees will include but are not limited to Architecture Committee, Water Committee, Beach Committee and Emergency Preparedness Committee. Each committee shall be composed of a minimum of one member in good standing. The Board shall appoint a Director as liaison to each committee to facilitate oversight and communications.

- a. The Architecture Committee shall promptly review site plans, building plans and specifications to ensure that said plans comply with the STHOA Revised Restrictive Covenants Articles 5 through 16 inclusive. The Committee Chairperson shall make a recommendation in writing to the Board of Directors to approve or reject the application within 30 days after receipt thereof. The Committee Chairperson shall promptly notify the applicant if more information or more time is needed to review the plans. The Board will approve or reject the construction plans and notify the applicant in writing of the decision.
- b. The Water Committee shall oversee all matters pertaining to the STHOA Water System. The Chairperson shall ensure that the STHOA is properly inspected and is kept in good operating order, and he or she shall ensure that the Water System is in compliance with all State of Washington statutes. The Water Committee Chairman shall be the interface to the contractor that is maintaining the STHOA Water System, and he or she shall promptly report any deficiencies to the Board by the most expeditious means. The Water Committee Chairman shall provide a budget input for the next fiscal year to the Board as directed, but not less than at least two months prior to the next annual meeting.
- c. The Beach Committee shall oversee all matters pertaining to the upkeep of the beach common area including grass mowing, maintenance of the cabana and porta potty, maintenance of the boat ramp and sea wall, and clean up after storms. The committee shall also be in charge of reserving the property for scheduled gatherings. Users of the beach community property shall clean up after themselves and are expected to assist with its upkeep and maintenance.
- d. The Emergency Preparedness Committee will coordinate emergency preparedness planning with the members of the STHOA and with the Camano Emergency Preparedness Group and first responders. Camano Island is vulnerable to earthquake, tsunami, fire, etc., because there is only one way on and off the island, and that route passes through areas that are susceptible to natural disasters. Homeowners are encouraged to take steps to be able to survive for up to 30 days without outside assistance. The EPC has purchased radios for communication within and outside the neighborhood if phone and cellular

services are down. A good website is
www.camanopreparednessgroup.org/resources/

Section 2. The Board may delegate authority to execute specified actions to committees, but responsibility and accountability remains with the Board.

Section 3. The Board appoints and may remove the committee chairman and any or all members by majority vote.

Section 4. Committees shall submit reports of activities and results to the Board at annual meetings.

ARTICLE X. BUDGETS, DUES AND ASSESSMENTS.

Reference RCW 64.90.525, Budgets, Assessments and Special Assessments.

Section 1. Budget.

- a. The STHOA shall establish a budget for each fiscal year.
- b. The budget shall be adopted only by the Board of Directors and a copy provided to the membership within thirty (30) days of approval by the Board. The Board shall then set a date not less than fourteen (14) nor more than fifty (50) days after providing the budget for a special or annual meeting of the members to consider ratification.
- c. Unless at that meeting the owners of properties to which a majority of the votes in the STHOA are allocated reject the budget, the budget and the assessments against the properties included in the budget are ratified whether or not a quorum is present.
- d. 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.
- e. The budget must include:
 - The projected income to the association by category;
 - The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category;
 - The amount of the assessments per lot and the date the assessments are due;
 - The current amount of regular assessments budgeted for contribution to the reserve account; and
 - A statement of whether the association has a reserve study and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study (See Article XI, Section 7).

Section 2. Annual Dues and Assessments.

- a. All members as defined in Article I are subject to dues, assessments and fees for the purpose of financing the activities of the Saratoga Terrace Community Club, also known as the STHOA. It is hereby declared that all lots within the jurisdiction of the Saratoga Terrace Community Club shall be charged and/or assessed dues at the rate approved only by the Board and subject to ratification by the members. The Saratoga Terrace Community Club may at its discretion assess lesser rates for unbuilt lots. See also the Bylaws, Article X.
- b. Annual dues and assessments shall be adopted only by the Board of Directors and a copy provided to the membership within thirty (30) days of approval by the Board. The Board shall then set a date not less than fourteen (14) nor more than fifty (50) days after providing the assessment for a special or annual meeting of the members to consider ratification.
- c. Unless at that meeting the owners of properties to which a majority of the votes in the STHOA are allocated reject the assessment, it is ratified whether or not a quorum is present.
- d. The assessment shall provide the method and manner of payment. The assessment may be due and payable in installments over any period the Board determines. Subject to ratification by the members, the rates and any changes thereto shall be recorded in the meeting minutes. Anyone seeking information on the current rates should contact the Treasurer.

Section 3. Due Date. The annual dues shall be due and payable in full on February 15 of each and every year. If any member wishes to pay his or her dues in increments, they may do so by contacting the President or Treasurer and set up a payment schedule at the beginning of the fiscal year (January).

Section 4. Prorated Assessments. In the event the property is sold by the owners subsequent to full payment, the annual dues shall be prorated as to the remaining months of the said twelve (12) month fiscal year. The buyer shall be responsible as assessed for the remaining months of the fiscal year.

Section 5. Late Payments. The STHOA shall have the right to charge late fees, interest, costs, and reasonable attorney's fees that are necessary to collecting unpaid assessments or fees. Payment of any annual dues received after March 15 of each year is deemed late. A \$25 late fee will be charged on each and any dues or assessment that is late, and interest will accrue at one percent (1.0%) per month compounded monthly on any outstanding balance. This includes dues, assessments, charges, interest and attorney's fees for the first month and all subsequent months thereafter until the balance is paid in full. The Treasurer shall send quarterly statements to any owner who owes late or

delinquent payments. An additional \$25 billing fee will be charged quarterly to cover the cost of preparing the statements.

Section 6. Delinquent Payments. Any payment more than ninety (90) days overdue shall be deemed delinquent. The Board may, at its discretion and for reasons here stated, declare that the member is not in good standing and suspend all member privileges up to and including the right to vote on any matter, to serve on the board or any committee, to use any common area, or to build on any property. In addition to and not by way of limitation upon other methods of collecting any assessments, the Board of Directors shall have the right, but not have the obligation, after having given thirty (30) days' notice to any lot owner who is delinquent in paying his or her assessments, annual or special, to shut off water service to the delinquent owner's lot until all outstanding balances are paid in full.

Section 7. Foreclosure. Any and all dues and/or special assessments herein set forth and/or authorized shall be and become a lien upon the property of the member. In the event of default in the payment of the same, it shall be foreclosed in the same manner as prescribed by the statutes of the State of Washington for the foreclosure of real estate mortgages; and in addition to costs provided for by statute, there shall be allowed in the decree of foreclosure such reasonable attorney's fees and cumulative compounded interest on the outstanding balance as the court shall deem proper.

Section 8. Special Assessments.

- a. The Board may at any time may propose a special assessment that is determined by the Board to be necessary to carry out the purposes and intent of the corporation, the Revised Restrictive Covenants and these Bylaws.
- b. Special assessments shall be adopted only by the Board of Directors and a copy provided to the membership within thirty (30) days of approval by the Board. The Board shall then set a date not less than fourteen (14) nor more than fifty (50) days after providing the special assessment for a special or annual meeting of the members to consider ratification.
- c. Unless at that meeting the owners of properties to which a majority of the votes in the STHOA are allocated reject the assessment, it is ratified whether or not a quorum is present.
- d. The special assessment shall provide the method and manner of payment. The special assessment may be due and payable in installments over any period the Board determines, and it may provide a discount for early payment. Subject to ratification by the members, the rates and any changes thereto shall be recorded in the meeting minutes. Anyone seeking information on the current rates should contact the Treasurer. Payment of any special assessments received more than 30 days after the due date is deemed late and subject to the same penalties and interest as stated in Section 5 and 6 above.

Section 9. Water Service Connection and Hook Up Fee. All water connections must be effected under the direction and supervision of STHOA and the Water Committee. Connections shall be completed only by the licensed contractor servicing STHOA's water system. For any lot within STHOA that does not have water service, a buy-in fee (currently \$5000) is required to hook into the STHOA Water System if the lot owner has not already previously paid the fee. The buy-in fee is collected only once for each lot and may be pre-paid. The buy-in fee is subject to change from time to time by a majority vote of the members and will be recorded in the minutes of the meeting. One membership shall entitle the owner thereof to only one (1) water service connection (not to exceed one-inch pipe) onto the water system.

Section 10. Reconnect Water. In the event that water service has been disconnected due to failure of the owner to pay assessments, the cost to disconnect and reconnect water service shall be paid by the owner before service is reconnected. Amounts owed are subject to the same penalties and interest as stated in Section 5 and 6 above.

Section 11. All assessments, special assessments, annual dues and fees described above may be changed only by approval of the Board and subject to ratification by the members in person or by proxy at a duly called meeting in accordance with Article X, Sections 2 and 8.

Section 12. Application of Funds. The funds collected by reason of the aforementioned payment of dues and assessments shall be applied as follows: First, to pay the costs of operation, maintenance and repair of the water system; second, to be devoted towards a reasonable reserve fund to provide for depreciation of the water system and unforeseeable contingencies which might occur; and third, operation, maintenance and repair of Common Areas.

ARTICLE XI. FISCAL YEAR, ACCOUNTS, CONTRACTS, EXPENDITURES, DISPERSMENTS, EMERGENCY EXPENDITURES, STATEMENTS, AND RESERVE STUDY.

Section 1. Fiscal Year. The fiscal year of the STHOA runs from January 1 to December 31 and coincides with the calendar year.

Section 2. STHOA Accounts. The funds of the STHOA shall be kept in accounts in the name of the STHOA and shall not be commingled with the funds of any other association, nor with the funds of any manager of the association or any other person responsible for the custody of such funds.

Section 3. Contracts. The Board shall authorize in writing an officer or officers or agent or agents of the STHOA to enter into any contract or execute and deliver any instrument in the name of and on behalf of the STHOA. Such authority may be general or may be confined to specific instances.

Section 4. Expenditures.

- a. Expenditures for items that are listed in the ratified budget do not need further approval from the Board or the members.
- b. The Board may authorize off-budget expenditures of not more than one thousand dollars (\$1000).
- c. Any off-budget expenditures of more than \$1000 must be authorized by a majority vote of the Board and ratified by the members except as defined in Section 6.
- d. Checks over \$500 require signature of the Treasurer plus one other officer of the corporation.

Section 5 Disbursements. Bills and invoices will be forwarded to the Treasurer for prompt payment. The Treasurer shall disburse the funds of the STHOA only under the direction of the Board of Directors on checks signed by the Treasurer.

Section 6. Emergencies Expenditures.

- a. The Board is authorized to approve expenditures of funds in the amount of up to fifteen thousand dollars (\$15,000) required for any water system emergency repairs without obtaining membership approval.
- b. If circumstances require emergency repairs to the water system and if funds in the bank are not sufficient to pay for the repairs, the Board is empowered to enter into debt on behalf of the STHOA in order to effect said emergency repairs in an expeditious manner. Costs to retire said debt shall be borne on an equal pro rata basis by the owners of each lot of the STHOA via special assessment.

Section 7. Reserve Study and Reserve Account. Reference RCW 64.38.65, 64.38.80 and 64.38.85.

At the present time the Board of Directors has elected to not prepare a professionally developed reserve study. The Board asserts that a professional reserve study would cause unreasonable financial hardship and the cost of preparing a reserve study would exceed five percent (5%) of the association's annual budget.

Monetary damages or any other liability may not be awarded against or imposed upon the STHOA, the officers or Board of Directors of the association, or those persons who may have provided advice or assistance to the association or its officers or directors, for failure to establish a reserve account; have a current reserve study prepared or updated in accordance with the requirements of this chapter; or make the reserve disclosures in accordance with this chapter.

ARTICLE XII. GOVERNING DOCUMENTS, MINUTES, BOOKS AND RECORDS.

Section 1. Duties in this Article are delegated to the Secretary.

Section 2. Definition. IAW RCW 64.38.10 "Governing documents" means the articles of incorporation, bylaws, plat, declaration of covenants, conditions, and restrictions, rules and regulations of the association, or other written instrument by which the association has the authority to exercise any of the powers provided for in this Article or to manage, maintain, or otherwise affect the property under its jurisdiction.

Section 3. Governing Documents. The STHOA shall take special care to ensure that governing documents pertaining to the STHOA such as the Restrictive Covenants, Bylaws, and amendments thereto are promptly and properly recorded at Island County, State of Washington. The Articles of Incorporation are filed with the Washington Secretary of State and need not be recorded with Island County.

Section 4. Minutes. See also Article V, Section 11, and Article VI, Section 13.

- a. The STHOA shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of general membership meetings and meetings of the Board of Directors
- b. The STHOA 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. Minutes of the previous association meeting must be approved at the next association meeting in accordance with the association's governing documents.
- c. All books and records of the STHOA may be inspected by any Director or owner, or his agent or attorney, for any proper purpose at any reasonable time.

Section 5. Records.

- a. All financial and other records of the STHOA, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the STHOA. Each officer or committee chair shall turn over all original books and records to the association immediately upon termination of his or her relationship with the association, or upon such other demand as is made by the Board of Directors. The officer or committee chair is entitled to keep copies of association records. All records which the officer or committee chair has turned over to the association shall be made reasonably available for examination and copying.
- b. Copies of the governing documents including the Restrictive Covenants, the Bylaws, the Articles of Incorporation, amendments thereto, and ballots amending these documents shall be kept until 10 years after the corporation has dissolved.

Copies of financial records including budgets, assessments, Treasurer's reports, checks, bank records, and invoices shall be kept for not less than six (6) years. Copies of meeting minutes shall be kept until 10 years after the corporation has dissolved.

Section 6. Examination. All records of the STHOA, including the names and addresses of owners and other occupants of the lots, shall be made available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the STHOA's managing agent. The association shall not release the unlisted telephone number of any owner. The association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the association in providing access to records.

Section 7. The Board shall respond in a timely manner to requests for information from prospective sellers, buyers and their designated agents.

ARTICLE XIII. ENFORCEMENT.

Section 1. Rules and Regulations. The Board of Directors may make and enforce such rules and regulations governing the use of STHOA property, the water system and any other facilities or property of the STHOA, including the determination of the charges and assessments, which they shall consider to be proper.

Section 2. Obligations. Members are obligated to abide by these Bylaws and the Revised Restrictive Covenants, Plat of Saratoga Terrace Division No. 1, as amended. Dues, fees and assessments shall also be the personal obligation of the person who was the owner of the property at the time the assessment became due. See also Revised Restrictive Covenants, Article 28 and these Bylaws, Article X.

Section 3. Complaints.

- a. Complaints or comments about observed or suspected violations or infractions of the Revised Restrictive Covenants or Bylaws, or requests for changes in STHOA operation, must be in writing, signed and submitted to the Board before any action will be taken by the Board. Where appropriate the complaint should include pictures to document the violation. The complainant may remain anonymous if so requested.
- b. When failure to abide by the Restrictive Covenants or the Bylaws is reported, the Board will investigate to determine if a violation has or is occurring. The property owner may, within fifteen (15) days, request to be heard by the Board. The Board will make it's best effort to confirm or reject the complaint in writing within thirty (30) days. If the Board needs more time, they will notify the complainant and the property owner(s).

Section 3. Violations. If a violation is confirmed, the Board will send to the member or property owner via certified mail a Notice of Violation that identifies the offense and requests compliance with the Restrictive Covenants or Bylaws. The member in violation shall have thirty (30) days to cure the violation or provide a written plan and timetable for correction that is acceptable to the Board.

Section 4. Fines. It is the goal of the Board of Directors and in the best interests of the members of the STHOA to promote voluntary compliance with the Revised Restrictive Covenants and Bylaws of the STHOA.

- a. In accordance with RCW 64.38.020 (11) and Article IV, Section 1j, of these Bylaws, the Board may, if deemed necessary and at their discretion, assess fines in order to compel compliance. Table 1 is a schedule of reasonable fines for violation of the Bylaws, Restrictive Covenants and rules and regulations therein. Fines shall be levied by the Board in writing to the member or property owner via certified mail. An owner who is levied a fine may, within fifteen (15) days of notice, request a hearing before the Board. The Board shall have the discretion to commute all or a portion of such fine based upon such conditions as they deem reasonable and proper. The decision of the Board is final and conclusive. Fines shall be assessed as outlined below.

Offense	Time to Cure the Violation After Notification	Fine
First Offence	≤ 30 days	No Fine
	> 30 days	Up to \$100
	> 60 days	Up to \$250
Second or Repeated Offense Within 1 Year	No Grace Period	Up to \$500
Failure to Comply	> 90 days	Up to \$500 per year Loss of Standing Loss of Voting Rights Shut Off Water Lien on Property

Table 1. Schedule of Fines and Penalties.

- b. The Board may at its discretion assess up to one percent (1.0%) interest per month compounded monthly to any and all fines that are not paid within thirty (30) days.
- c. Fines for violations recorded under this Article will be retired first prior to payments of dues such that any balance remaining will be the balance owed for dues and charges related to violations.

Section 5. Failure to Comply.

- a. If the violation is ongoing in nature and the offending member fails to remedy the violation or provide and successfully implement an acceptable plan and timetable, the Board shall have the authority to hire an outside contractor to perform the necessary corrective actions. The member in violation will be responsible for all associated costs to cure the violation. The STHOA will pay the contractor, and the lot owner shall within 30 (thirty) days pay to the STHOA the contractor's fees and other related costs plus a fine of up to \$500 to the STHOA. If the payment is not received within 30 days, the amount owed shall be subject to the same late payment penalties, fees and interest as stated in Article X.
- b. The association, through its duly authorized agent, and after reasonable notice to the owner, is hereby authorized to enter any or all of the lots at reasonable times for the purpose of aiding in the enforcement of these covenants and restrictions. This does not include the homes.
- c. If a violation continues for more than 90 days from the date of the first notice, the Board may at its discretion declare that the member is not in good standing and suspend all member privileges up to and including the right to vote on any matter, to serve on the board or any committee, to use any common area, or to build on any property, and, after having given thirty (30) days notice, shut off the water service to the violator's property until such time as the violation has been corrected and all fines, dues and/or assessments are paid.
- d. If a member fails to remedy the conditions resulting in a violation, the Board may pursue any and all available remedies at law and equity including placing a lien on the property deemed to be in violation.

Section 6. Vandalism and Gross Negligence. Destruction or defacing of STHOA property and ignoring posted signs will be subject to all costs incurred for damages and payable the same as assessments and fines.

ARTICLE XIV. DISSOLUTION.

Section 1. In the event of the dissolution of the corporation, each lot owner who is then a member in good standing shall receive his or her *pro rata* portion of the assets less any lien charges of the property and assets after all debts have been fully paid. Outstanding unpaid dues, fees and assessments shall be subtracted from the amount due any member.

Section 2. The STHOA Board of Directors may, by majority vote and subject to ratification by a two-thirds (2/3rds) vote of the property owners then owning completed dwellings located within the properties described in Article I, sell or transfer the common areas.

ARTICLE XV. AMENDMENTS.

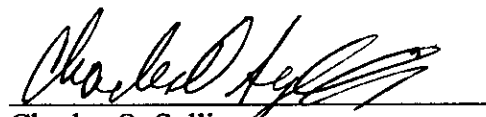
Section 1. These Bylaws may be amended at any time by a two-thirds (2/3rds) affirmative vote by written ballot, cast in person or by proxy, by the members then in attendance at a duly called meeting. Such amendments shall be promptly filed with Island County Auditor.

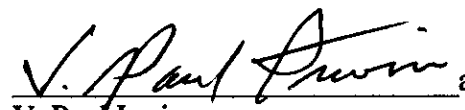
Section 2. Procedures for revising or amending the Revised Restrictive Covenants are included in the Covenants, Article 22.

ARTICLE XVI. ANTI-DISCRIMINATION. Saratoga Terrace Community Club does not and shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.

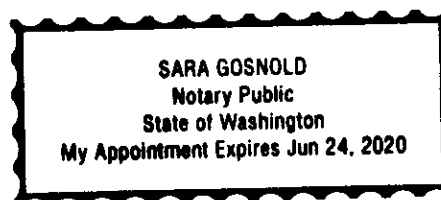
ARTICLE XVII. CERTIFICATIONS.

These bylaws revise the Saratoga Terrace Community Club bylaws that were adopted by the corporation on July 12, 1981, in their entirety. In accordance with Article XII of the aforementioned 1981 bylaws, and having been approved and adopted by a two-thirds (2/3rds) affirmative vote of the members present in person or by proxy at special meeting called on June 8, 2019, for that purpose where a quorum was present, these Revised Bylaws are hereby adopted and executed on June 8, 2019.


Charles O. Sylling
President

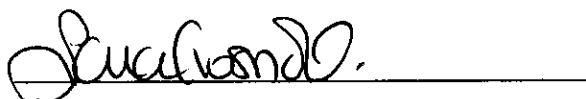

V. Paul Irwin
Secretary

NOTARY ACKNOWLEDGEMENT:

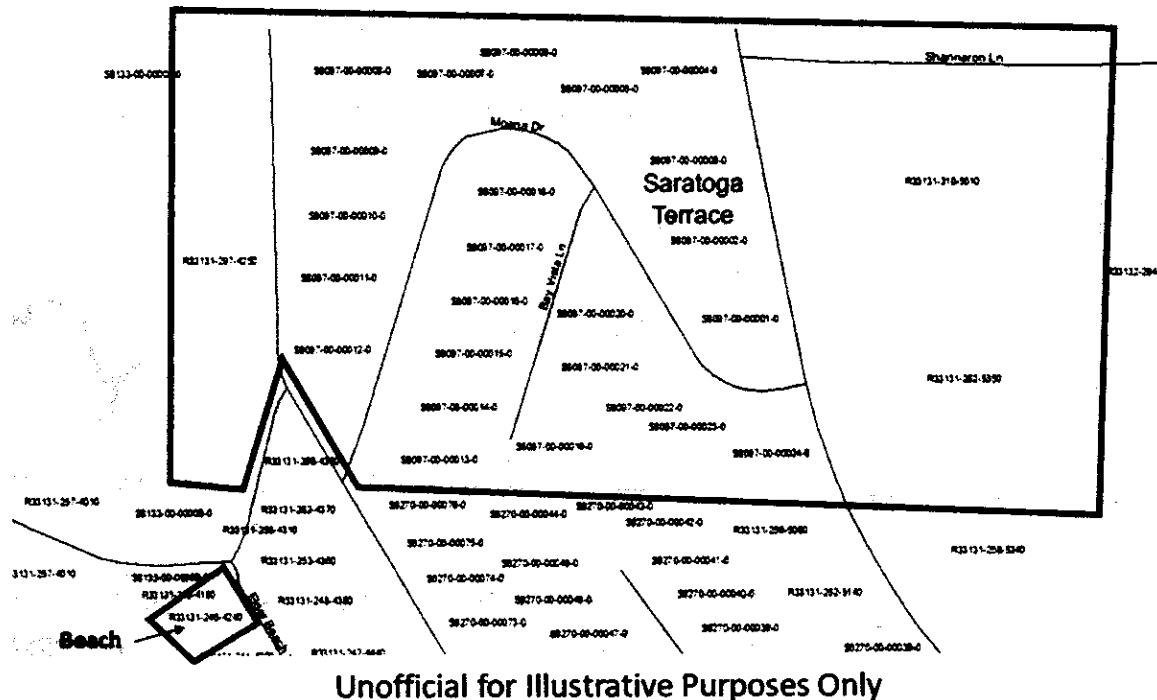


State of Washington
County of Island?

I certify that I know or have satisfactory evidence that Charles Sylling & V Paul Irwin are the person(s) who appeared before me; and said person(s) acknowledged that he/she/they signed this instrument and acknowledged it to be his/her/their free and voluntary act for the uses and purposes mentioned in the instrument.


Signature
Notary Public, State of Washington
Residing at Cameron Island

SARA GOSNOLD
Printed Name
My Appointment Expires on
JUN 24, 2020

EXHIBITS:**Exhibit A Unofficial General Boundaries of STHOA Properties****History of Changes to the Bylaws:**

- A. Original Bylaws of the Saratoga Terrace Community Club, signed July 12, 1981.
- B. Minutes of the September 16, 2000, STHOA Annual Meeting. Changed steps to address delinquent payments.
- C. Minutes of the September 20, 2003, STHOA Annual Meeting. Changed interest rate on delinquent payments to 3% per month compound interest.
- D. Minutes of the October 17, 2009, STHOA Annual Meeting. Changed interest rate on delinquent payments to 18% per year.