

**BYLAWS  
OF  
SUNNYSIDE HEIGHTS 2017 HOMEOWNERS ASSOCIATION**

**ARTICLE I  
NAME AND LOCATION**

The name of the corporation is SUNNYSIDE HEIGHTS 2017 HOMEOWNERS ASSOCIATION, herein also referred to as the "Association."

Meetings of Members and Directors may be held at such places within the State of Washington as may be designated by the Board of Directors.

**ARTICLE II  
DEFINITIONS**

Section 1. "Association" shall mean the SUNNYSIDE HEIGHTS 2017 HOMEOWNERS ASSOCIATION, a Washington non-profit corporation, its successors and assigns.

Section 2. "Developer" shall mean Sunset Heights 2017 LLC, a Washington Limited Liability Company, and its successors and/or assigns.

Section 3. "Subdivision" shall mean that certain real property described in the Plat of Sunnyside Heights, records of Snohomish County, State of Washington and such additions thereto as may be hereafter brought within the jurisdiction of the Association.

Section 4. "Common Properties" or "Common Area" shall mean all areas defined as such in the Declaration of Covenants, Conditions and Restrictions (the "Declaration") as recorded in Snohomish County, Washington and as thereafter amended, including specifically those amendments subsequently and duly recorded in the Snohomish County Auditors Office.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Plat of Sunnyside Heights, with the exception of common properties described above.

Section 6. "Member" shall mean every person or entity that holds a membership in the Association.

Section 7. "Owner" shall mean the record owner, whether one or more persons or entities and specifically including the Developer, of the fee simple title to any Lot or Lots which are a part of the Subdivision, but shall not include a contract seller or a mortgagee.

Section 8. The term "real estate contract" shall not include an earnest money receipt and agreement and the terms "contract seller" and "contract purchaser" shall not include the parties to any such earnest money receipt and agreement.

Section 9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Subdivision recorded or to be recorded in the Office of the Snohomish County Auditor.

Section 10. "Declarant" shall mean and refer to Sunset Heights 2017 LLC, its successors and assigns.

### ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Qualification for Membership: Every person or entity who is the contract purchaser or record owner of a fee interest in any Lot or Lots which are subject by covenants of record to assessment by the Developer named in the Declaration or by the Association, shall be a member of the Association, provided, however, that if any Lot is held jointly by two (2) or more persons, the several owners of such interest shall designate one (1) of their number as the "Member." The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. No Lot shall have more than one (1) Membership. Membership shall be appurtenant to and may not be separated from ownership of or the contract purchaser's interest in any Lot that is subject to assessment by the Developer or the Association. Upon transfer of the fee interest to, or upon the execution and delivery of a contract for the sale of (or of an assignment of a contract purchaser's interest in) any Lot, the Membership and Certificate of Membership in the Association shall ipso facto be deemed to be transferred to the Grantee contract purchaser, or new contract purchaser as the case may be. Ownership of or a contract purchaser's interest in any such Lot shall be the sole qualification for Membership.

Section 2. Transfer of Membership: The Association Membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such Membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of title to the Lot, and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

Section 3. Suspension of Membership: During any period in which a member shall be in default in the payment of any monthly or special assessment, the voting rights and right to use of the common properties by such member may be suspended by the Board of Directors until such assessment had been paid. During the developmental period, the Board shall be required to exercise such right upon the request of the Developer. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed one hundred eighty (180) days, for any and each violation of any rules and regulations established by the Board governing the use of the common properties and facilities. In the event of suspension, such member shall continue to incur and remain liable for any and all monthly, annual and special assessments.

Section 4. Voting Rights: The total voting power of the Association at any given time shall equal the number of Lots included within the Property at that time. The Owner or Owners of each Lot within the Property shall be entitled to one vote. If a Person or Entity (including the Declarant) owns more than one Lot, he or she shall have the votes appertaining to each Lot owned. Association Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for Membership. When more than one person holds such an interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If a Husband and Wife own a Lot and only one of them is at a meeting, the one who is present will represent the marital community. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. If joint Owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question.

### ARTICLE IV BOARD OF DIRECTORS

Section 1. Number: The affairs of this Association shall be managed by a Board of Directors (the "Board"), which shall after the period of Declarant Control shall be composed of three members who shall be Members of the Association. The number of Board members may be increased by amendment of these bylaws.

Section 2. Election: At the first annual meeting, the Members shall elect one (1) Director for a term of one (1) year; one (1) Director for a term of two (2) years; and one (1) Director for a term of three (3) Years; and, at each annual meeting thereafter, the Members shall elect one (1) Director for a term of three years.

Section 3. Removal: Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a trustee, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting: The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

#### **ARTICLE V MEETINGS OF DIRECTORS**

Section 1. Regular Meetings: Regular meetings of the Board of Directors shall be held quarterly without notice, in the event business of the Association requires attention, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association or by any one Director, after not less than three (3) days notice to each Director. The Director may waive, in writing, the three (3) day notice requirement.

Section 3. Quorum: A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

#### **ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS**

Section 1. Nomination: Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee may be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among members.

Section 2. Election: Election to the Board of Directors shall be by secret ballot. As such election, the members or their proxies may each cast their vote in accordance with the voting rights provisions herein. The names receiving the largest number of votes shall be elected. There shall be no cumulative voting.

## **ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 1. Powers: The Board of Directors shall have the Power to:

(a) Adopt and publish rules and regulations governing the use of the common properties and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of the Bylaws, the Articles of Incorporation, or the Declaration;

(c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(d) Employ managers, independent contractors, professional advisors or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties: It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by twenty-five (25) percent of the members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration:

(1) to establish, levy, assess and collect the assessments or charges referred to in the Declaration, as applicable to the Association; and

(2) to send written notice of each assessment to every owner or contract purchaser subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a statement or certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessments therein stated to have been paid;

(e) Procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

- (g) Cause any common properties owned by the Association to be maintained.

## **ARTICLE VIII COMMITTEES**

Section 1. The Board of Directors shall appoint a Nominating Committee, as provided by these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

## **ARTICLE IX MEETING OF THE MEMBERS**

Section 1. Annual Meeting: The first annual meeting of the members shall be held at such time as designated by the Developer, the Board of Directors, or upon a majority vote of the members. In the event of an affirmative vote of the members, the Board of Directors shall be responsible for giving proper notice of the time and place of the meeting. Each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of ten (10) percent of the members who are entitled to vote.

Section 3. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by personally delivering or mailing a copy of such notice, postage prepaid, not less than fourteen (14) days and not more than sixty (60) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty five (25) percent of the votes of the entire membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum, as aforesaid, shall be present or represented.

Section 5. Proxies: At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon the conveyance by the member of his lot.

Section 6. Majority Vote. Except as otherwise provided by statute, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance, shall require the affirmative vote of at least fifty one percent (51%) of the voting power present.

Section 7. Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

Section 8. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order.

## **ARTICLE X OFFICERS AND THEIR DUTIES**

Section 1. Enumeration of Officers: The Officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two or more offices may be held by the same person.

Section 2. Election of Officers: The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term: The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he shall sooner resign or shall be removed or otherwise become disqualified to serve.

Section 4. Special Appointments: The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal: Any Officer may be removed from office, with or without cause, by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies: A vacancy in any office may be filled in the manner prescribed for regular elections. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer being replaced.

Section 7. Multiple Offices: Multiple offices may be held by the same person; however, no one person shall simultaneously hold the offices of Secretary and President.

Section 8. Duties: The duties of these Officers are as follows:

(a) President: The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all checks or promissory notes.

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

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

## **ARTICLE XI ASSESSMENTS**

Section 1. Creation of the Lien and Personal Obligations of Assessments: By the Declaration, each member is deemed to covenant and agree to pay to the Developer during the developmental period, and thereafter to the Association:

- (a) annual or monthly assessments of charges; and
- (b) special assessments for capital improvements and other purposes as set forth in the Declaration.

The assessments, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who was the owner or contract purchaser of such property at the time when the assessment fell due. Any such lien or assessment runs with the property. The Association may file or record a lien or take any other action deemed appropriate to effectuate collection of unpaid assessments.

Section 2. Purpose of Assessments: The assessments shall be used exclusively for the purpose of promoting the recreation, health, and welfare of the residents in the properties, including without limitation, the construction, establishment, improvement, repair, maintenance

and other expenses of the common properties, services and facilities related to the use and enjoyment of the common properties, the payment of taxes and insurance on the common properties, and the installation and maintenance of the entry planting areas on streets located within the Subdivision. Assessments may also be levied to pay for any professional services, advice or consultation incurred by the Association in carrying out its duties.

Section 3. Special Assessments for Capital Improvements: In addition to the assessments authorized above, the Association may levy special assessments for capital improvements upon the common properties. Any such levy by the Association shall be for the purpose of defraying in whole or in part, the cost of any construction, reconstruction or replacement of any described capital upon the common properties, including the necessary fixtures and personal property related thereto; provided that any such assessment shall have the assent of sixty-seven (67) percent of the votes of members of each class of membership voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than ten (10) days, nor more than fifty (50) days in advance of the meeting, setting forth the purpose of the meeting.

Section 4. Uniform Rate: All assessments shall be fixed at a uniform rate for all lots subject to assessment. Provided that if particular lots have responsibilities for maintaining certain areas of the Plat under the Declaration or the plat then those lots shall pay for said maintenance in addition to the general assessment.

Section 5. Quorum for any Action Authorized Under Section 3: The presence at the meeting of members or of proxies entitled to cast twenty five (25) percent of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 6. Date of Commencement of Assessments & Due Dates: As to each particular lot involved, the liability for the assessments shall begin on the first day of the calendar month following the date of any deed or contract of sale for the lot, to a buyer other than a speculative builder, or on the first day of the calendar month following occupancy of the premises, whichever is earlier. Said assessment shall be due and payable on such date and on the first day of each calendar month thereafter, or on an annual date designated by the Association. The due date of any special assessments under Section 3 hereof shall be fixed by the resolution authorizing such assessment.

Section 7. Effect of Non-Payment of Assessments; Remedies: If any assessment is not paid within thirty (30) days after it was first due and payable, the assessment shall bear interest from the date on which it was originally due at the rate of twelve (12) percent per annum, and the Association may bring an action at law against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit. No owner or contract purchaser shall be relieved of liability for the assessments provided for herein by non-use of the common properties or abandonment of his lot.

Section 8. Subordination of the Lien to Mortgages: The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage (and to the lien of any second mortgage given to secure payment of the purchase price) now or hereafter placed on the lot, only in the event that the lien for delinquent assessments has not been recorded with the Snohomish County Auditor at the time of the recording of the mortgage lien. Notwithstanding any provision herein, the lien for delinquent assessments shall be subordinate to any first mortgage when said mortgage is FHA, VA or FNMA/FHLMC (Fannie Mae/Freddie Mac). Sale or transfer of any lot



shall not affect the assessment lien. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

## **ARTICLE XII BOOKS AND RECORDS**

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

## **ARTICLE XIII INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Directors of this Association shall not be liable to the Association or its members for damages caused by an action taken by a Director in good faith. This provision may not limit a Director's liability for acts involving intentional misconduct such as a knowing violation of the law or a knowing breach of the Director's fiduciary duty to the Association.

Directors and Officers of this Association shall be indemnified and held harmless from and against any damages, liabilities, judgments, penalties, fines, settlements and reasonable expenses (including attorney fees) actually incurred as a result of all actions undertaken by said Officer or Director in good faith, and (a) in the case of conduct in his own official capacity with the Association, he reasonably believed his conduct to be in the Association's best interest, or (b) in all other cases, he reasonably believed his conduct to be at least not opposed to the Association's best interests, and (c) in the case of any criminal proceedings, he had no reasonable cause to believe his conduct was unlawful. Said Officers and Directors shall be indemnified and held harmless to the full extent permissible under Washington law, including the provisions contained in RCW 24.03.043 and RCW 23A.08.025, and amendments thereto.

The foregoing right of indemnification shall not be exclusive of other rights to which such Director or Officer may be entitled to as a matter of law. The Board of Directors may obtain insurance on behalf of any person who is or was a Director, Officer, employee, or agent against any liability arising out of his status as such, whether or not the Association would have power to indemnify him against such liability.

## **ARTICLE XIV CORPORATE SEAL**

The Association may obtain a seal in circular form, having within its circumference the words "SUNNYSIDE HEIGHTS 2017 HOMEOWNERS ASSOCIATION" in the form and style as affixed in these Bylaws by the impression of such seal.

## **ARTICLE XV MISCELLANEOUS**

Section 1. Amendment: These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that during the developmental period, the Developer shall have the right to veto amendments.

Section 2. Conflict/Control: In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XVI  
FISCAL YEAR**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

**ARTICLE XVII  
DATE OF ADOPTION**

These Bylaws were duly adopted by the Association on the 6 day of February, 2018.

SUNSET HEIGHTS 2017 LLC

By 