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ARTICLE I

Name and Purpose

- Section 1.1 *Name:* The name of the organization shall be Sunshine Acres Property Owners Association, (hereinafter referred to as "SAPOA" or "Association"), in accordance with the Articles of Incorporation dated October 28, 1980, as filed with the State of Washington's Secretary of State on March 31, 1981. The historical court decisions and amendments (Sections 1.1.1 – 1.1.4) are included here for the benefit of all property owners, and as guidance to inform the actions of SAPOA Boards of Directors.
- Section 1.1.1 The AMENDMENT to the Protective Covenants of Plats One, Two, Three, Four, Five and the Industrial Plat of Sunshine Acres record as No. 571315 dated July 23, 1985, states:

"All Sunshine Acres property owners shall be members of the Sunshine Acres Property Owners Association, a non-profit Corporation organized October 28, 1980. All Sunshine Acres property owners shall maintain current membership therein and hereby agree that Sunshine Acres Property Owners Association shall be the sole representative in all community matters."
- Section 1.1.2 Paragraph (13) of the Declaration of Protective Covenants for the Sixth and Seventh Plats of Sunshine Acres dated June 30, 1989, states:

"There is in existence a community organization known as Sunshine Acres Property Owners Association. It was voluntarily formed by the lot owners in the various plats/divisions of Sunshine Acres. Said Association is a non-profit corporation, organized October 28, 1980. Membership in this Association is mandatory for all property owners in the development. Annual dues are collected by a treasurer, who is a lot owner and not affiliated with the developer. All property owners shall maintain current membership therein and said Association shall be the sole representative in all community matters."
- Section 1.1.3 Court Case No. 96-01155-2 trial date May 11, 1999 conclusion of law by Judge William E. Howard:

"The 1995 Board of Directors of SAPOA had no authority to "invalidate" the 1985 amendments by "declaration" and that "invalidation" was in violation of RCW 64.38.025 and in breach of Board Members' fiduciary duties and must be set aside as of the date it was made."

"The 1985 amendment makes SAPOA the sole agent for the entire set of 8 plats for dealing in community matters. Matters which relate to the common property owned by SAPOA are community matters. Accordingly, only SAPOA could conduct an election to revoke the 1985 amendment, and the revocation would have to be approved by 65% of each before it would be effective as to any individual plat."
- Section 1.1.4 Court Case No. 97-2-00105-9

"It is further ordered that the 1985 Amendment (Trial Exhibit 10 and Exhibit 2 here to) affecting Plats I-V and the Industrial Plat of Sunshine Acres is in full force and effect. That this amendment requires all lot owners in said plats to be members of Sunshine Acres Property Owners Association (hereafter SAPOA); and that the members are required to pay dues or assessments levied by SAPOA for the proper maintenance of the organization and its common properties."
- Section 1.2 *Purpose:* SAPOA is hereby established to pursue the purposes stated below. All activities carried out by the Association shall be for the furtherance of these purposes and goals. ~~This constitution~~ These By-Laws

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empowers the members of the Association to elect a Board of Directors to conduct the business of the Association and provide guidance for the operation of the Association.

1.2.1 To maintain and preserve, without profit, for the betterment of the area near Sequim, Washington known as Sunshine Acres all properties owned in common, excluding DIAMOND POINT AIRPORT properties (See ARTICLE I, Section 1.5).

1.2.2 To preserve the character of Sunshine Acres and ~~their~~ its common properties as a private residential area and its common/recreational areas in accordance with the provisions of the Sunshine Acres Deeds of Trust. Reference Court Case Number 90-2-00443-3 dated December 20, 1991, the result of which was to make Diamond Point Airport Association trustee of airport properties.

Section 1.3 Limitations: Use of SAPOA COMMON PROPERTIES ~~are~~ is to be solely limited to Sunshine Acres Property owners and their guests and shall be at their own risk.

Section 1.4 Dues: SAPOA is empowered to establish conditions of membership, assess dues and/or fees, promulgate rules, and carry on the business of SAPOA in accordance with the Articles of Incorporation and in pursuit of the purposes above.

Section 1.5 Trusteeship: SAPOA recognizes that the Diamond Point Airport Association has title to ownership of the airport property, taxiways, and taxiway easements, and is trustee on behalf of all Sunshine Acres property owners. Reference Court Case Number 90-2-00443-3 dated December 20, 1991.

Section 1.6 *Governing:* The purposes shall be accomplished in accordance with RCW 24.03, Corporations and associations (nonprofit); and RCW Title 64.38, Washington State Act governing Incorporated Non-Profit Homeowners Associations; and By-laws established by the members, ~~along with the Rules and Regulations.~~

ARTICLE II

Members

Section 2.1 *Membership:* All Sunshine Acres property owners of developed and undeveloped property shall be members of SAPOA, a non-profit Washington State Corporation organized October 28, 1980 (filed March 31, 1981). All Sunshine Acres property owners shall maintain current membership therein and hereby agree that SAPOA shall be the sole representative in all community property matters excluding the Diamond Point Airport properties.

2.1.1 SAPOA levies an annual membership fee on all property owners, which is the same regardless of the number of lots owned.

2.1.2 Any current paid-up membership passes automatically to a subsequent purchaser of that property. However, if a member sells one or more of a multiple of lots, but retains at least one lot, that member retains membership, and the purchaser/s of the lot/s is required to pay membership fees.

2.1.3 Each member is obligated to keep SAPOA apprised of his/her current mailing address and e-mail address.

Section 2.2 *Voting Rights:* Each member is entitled to one vote ~~for each aggregate of lots regardless of number of lots~~ owned. When more than one person holds a financial interest in any lot or aggregate of lots all such persons are eligible for membership. The vote for multiple owners of a lot or aggregate of lots shall be exercised as the owners determine, but in no event shall more than one vote be cast with respect to any lot

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or aggregate of lots; nor shall any individual owner cast more than one vote. ~~Under no circumstances will proxy votes be allowed.~~ Delinquent members are not entitled to vote on any SAPOA issue.

- Section 2.3 *Dues and Fees:* Membership dues, assessments, and fees shall be determined by the Board of Directors and ratified via a mail-in ballot as described in Article V, Section 5.1.
- Section 2.4 *Annual Due Dates:* The annual membership dues shall be payable September 1st and cover the period from September 1 to August 31. Members will be reminded in a newsletter when dues are payable and will be granted a forty-five (45) day grace period. Any member not paying dues by October 15th will be delinquent and ineligible to vote on any SAPOA issues or to hold any office or committee position until dues and fees are paid in full. Failure to pay dues may at the discretion of ~~the Board~~ result in a lien being filed against the property. All costs of placing and removing such a lien will be added to the lien amount and be payable by the member.
- Section 2.5 *Fees Use:* Membership dues and fees are based on the intended use of the SAPOA common property as residential and recreational areas. Any approved activity which would increase the cost of insurance, maintenance, etc., in the judgment of the Board of Directors, shall be the responsibility of the person(s) generating those added costs.
- Section 2.6 *Requests to the Board of Directors:* If a member desires to bring an issue before the Board of Directors, they may do so by:
- 2.6.1 Written request to the SAPOA Secretary (Preferred means)
 - 2.6.2 Verbal request to the Board of Directors at a regularly scheduled Board of Directors Meeting – the Board of Directors response may be delayed to the next meeting in order for the Board of Directors to research the issue.

ARTICLE III

Board of Directors

- Section 3.1 *Board of Directors Member:* The Board of Directors shall consist of a minimum of five (5) and a maximum of seven (7) directors who must be eligible voting members of SAPOA. Board of Directors Members shall serve staggered terms of two (2) years each term and may not serve more than three (3) consecutive terms each. ~~A President and Vice President~~ The Officers (President, Vice-President, Secretary, and Treasurer) shall be elected by the Board of Directors at the first January meeting of the Board of Directors. ~~The President shall also appoint a Secretary and Treasurer at this time who does not have to be a Board of Directors member. The Board shall be charged with soliciting members for committees to handle any needs of the Board that they cannot complete on their own.~~
- Section 3.2 *Board of Directors Meeting Attendance:* If a Board of Directors member, unless excused by the Board of Directors, fails to attend three (3) consecutive Board of Directors meetings in person or by electronic means or does not attend fifty percent (50%) of Board of Directors meetings in any six (6) month period, the President may request his/her resignation. If such member does not submit a written resignation, his/her membership on the Board of Directors may be declared vacant by a majority vote of all Board of Directors members at a publicly announced open Board of Directors meeting.
- Section 3.3 *Board of Directors Vacancies:* In the event of a vacancy (ies) on the Board of Directors, the remaining members of the Board of Directors shall appoint a temporary replacement(s) to serve until the next annual election of Board of Directors members. The Board of Directors election candidate with the next highest vote count at the last election will be considered first as a replacement.

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3.3.1 Any member leaving the Board must turn over all SAPOA documents and property within 7 days of removal from the Board.

Section 3.4 *Duties of the Board of Directors:* The Board has the authority to act on any and all matters concerning the Association except those requiring a vote of the members. Decisions of the Board can be overridden by a two-thirds (2/3) vote of those members present at a regularly scheduled or special meeting within six (6) months of the contested decision. The Board shall:

3.4.1 Protect the interests and welfare and act on behalf of SAPOA in all legal and business matters.

3.4.2 Act in a judicial capacity on violations of SAPOA By-Laws.

3.4.3 Propose regulations deemed necessary and recommend their adoption by SAPOA.

3.4.4 Submit Board findings and recommendations to the membership.

3.4.5 Assemble SAPOA financial records to be audited and testified thereto annually.

3.4.6 Review and purchase liability insurance annually for the Common Properties and the Board of Directors.

3.4.7 Provide the following functions in support of Plat Architectural Committees:

a. Appoint the SAPOA Architectural representative.

b. Maintain and supply contact information of Plat members to Architectural representatives.

3.4.8 Provide the following services to SAPOA members:

a. Approve member use of Common Properties.

b. Issue at least one (1) newsletter per year.

c. Communicate the existence of Sunshine Acres Covenants and SAPOA By-Laws to new property owners and/or realtors.

3.4.9 Make reports/records and lists available, at cost, to members in good standing upon request:

a. Annual Report, including the annual financial audit, shall be provided for approval at the Fall membership meeting and will be available for distribution within thirty (30) days of the meeting.

b. All other SAPOA records and correspondence, except property owners' dues payments history, unlisted phone numbers and email addresses, property tax ID numbers, plat legal descriptions and any other private information as deemed confidential by the Board or by law.

Section 3.5 *Duties of the President:*

3.5.1 Preside at the meetings of SAPOA and the Board of Directors.

3.5.2 Present candidates for all committees to the Board for approval.

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3.5.3 Be responsible for appointing committees and act as ex-officio member thereon and perform other duties properly pertaining to the office.

3.5.4 May cast a vote to decide the outcome of any tie vote.

Section 3.6 *Duties of the Vice-President:*

3.6.1 Preside as President in the absence of that officer.

3.6.2 Preside as Chairman of the Nominating Committee.

3.6.3 Preside as Chairman of the Common Properties Committee.

3.6.4 Act as SAPOA Architectural Representative on Plat Architectural Committees.

3.6.5 Perform all other duties that properly pertain to the office.

Section 3.7 *Duties of the Secretary:*

3.7.1 Take minutes of all meetings, and make an accurate record of the proceedings by both minutes and electronic record.

3.7.2 Maintain list of SAPOA members and provide to the Treasurer, as well as address labels to requesting members, at cost.

3.7.3 Conduct correspondence at the direction of the Board of Directors.

3.7.4 Collect and record all bills before submitting to the Treasurer.

3.7.5 Make available to members current rules, regulations, fee schedules, etc...

3.7.6 Keep, maintain, retain and transfer intact all official records, including computer stored data of SAPOA to her/his successor; all records shall be retained for seven (7) years.

3.7.7 Serve as Chairman of the Election and Ballot Committee.

3.7.8 Check postmark date and voter eligibility per list maintained by SAPOA.

3.7.9 Perform all other duties that properly pertain to the office.

Section 3.8 *Duties of the Treasurer:*

3.8.1 Receive all SAPOA monies and deposit to established SAPOA accounts maintained in a Federally insured depository.

3.8.2 Receive donations and record and deposit them specific to their intention under Bylaw Article VIII, Section 8.4,

3.8.3 Make all authorized disbursements.

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3.8.4 Keep accurate records of all transactions, using conventional bookkeeping methods, and report the financial condition at each regular Board meeting and each General Membership meeting.

3.8.5 Prepare and file all reports as required by governmental agencies.

3.8.6 Prepare a record of annual reports, bank statements and bills in a timely manner for the member elected to do the audit.

3.8.7 Keep, maintain, retain and transfer intact all official financial records and documents, including computer stored data, to his/her successor.

3.8.8 Provide Title Companies with information on dues owed by members.

3.8.9 Serve as Chairman of the Budget, Finance and Audit Committee.

3.8.10 Perform all other duties that properly pertain to the office.

Section 3.9 Members at Large

3.9.1 Perform any duties as directed by the Board of Directors

ARTICLE IV

Elections of Board of Directors

Section 4.1 *Nominating Committee:* Three months prior to the fall annual meeting, the Board of Directors President will present a Nominating Committee to the Board of Directors for approval. The committee shall be composed of the SAPOA Vice President of the Board of Directors as Committee Chairperson and three (3) members at large. This committee shall report back to the Board of Directors at least one month prior to the annual general membership meeting.

Section 4.2 *Soliciting Nominees:* The Nominating Committee shall have attempted to solicit at least one (1) member from each unrepresented Plat to serve as a Board of Directors member and representative of his/her Plat and who has agreed to serve if elected. If no volunteer representative from a relevant Plat can be found, another eligible member may be nominated to fill the position ~~and act as the Plat representative~~. The Nominating Committee shall, at the Fall annual meeting, present the slate of candidates for election to the open positions on the Board of Directors. Additional nominations for the Board of Directors will be solicited from the floor. A biography/resume will be submitted by candidates and sent with the Election Ballot.

Section 4.3 *Election Committee:* The Election Committee shall consist of the SAPOA Secretary and at least three (3) volunteer voting members at large (this committee shall not be Board of Directors appointed).

Section 4.4 *Mailing Ballots:* Ballots shall be mailed by the Election Committee to all members within thirty (30) days after the annual meeting IF there are more candidates than Directors positions to be filled ~~the five (5) members to fill the Board~~. The candidates securing the greatest number of votes shall be declared elected and shall take office at the first January Board of Directors meeting, to be set no later than January 10th. In the case of a tie, the decision shall be made between candidates by the flip of a coin; the loser shall be the first alternate for appointment to the Board of Directors should a vacancy occur before the next election. Should there be a number of candidates equal to or less than the number needed, it shall be deemed that the volunteer members will be accepted to serve for the coming year as noted in Article III, Section 3.3.

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Article V

Balloting Procedures

- Section 5.1 Ballot Mailing Process: When the by-laws require that voting occur by mail-in ballot, a ballot shall be sent ~~prepared~~ by first class U.S. mail to each member's address of record. The ballot shall be returned to SAPOA, ~~validated by the Secretary,~~ and held ~~unopened by the Secretary,~~ until the prescribed ballot counting date. All ballots shall be given a return deadline of at least 30 days from the date of mailing. Twenty percent (20%) of the eligible voters' ballots must be returned by the due date stated on the ballot to establish a quorum. If a quorum of ballots is not established, the election will be null and void. The risk of a ballot not reaching SAPOA in time to be counted lies with the voting member, not SAPOA. ~~The ballot counting procedure shall be done according to the Rules and Regulations.~~
- Section 5.2 Balloting Instructions: Ballot mail-outs shall contain the Balloting Instructions, the Ballot, a plain small inner envelope (stamped "BALLOT"); ~~the and a~~ return envelope with SAPOA as the addressee as well as the member's return name and address printed on must be utilized. The return envelope will also be stamped "BALLOT" to insure its unopened delivery to the ~~Election Committee~~ SAPOA Secretary (chair of election committee). (See ~~by laws~~ Article IV, Section 4.3)
- Section 5.3 Opening and Counting Ballots: Ballots will be opened and counted within ten (10) days following the ballot return deadline. The date, time and place of the ballot count will be clearly stated on the ballot form and all members are welcome to attend the counting of the ballots. After the Treasurer has verified a quorum has been established, and under the supervision of the Elections and Ballots Committee as described in Article IV, section 4.3, the procedure is as follows:
- 5.3.1 The voter's name and return address is required on the envelope and is checked against the list of eligible voters provided by the Treasurer and verified by the Secretary.
- 5.3.2 The eligible voters are checked off the list as having voted.
- 5.3.3 The inner envelope stamped BALLOT is removed from the return envelope.
- 5.3.4 The return envelopes are kept to be counted for verification of the number of votes cast. Return envelopes not containing a ballot shall be noted and retained accordingly.
- 5.3.5 The inner envelope is opened, and the folded ballot is removed and placed, still folded, into a receptacle.
- 5.3.6 When all inner envelopes have been processed, the folded ballots are taken from the receptacle, unfolded and the votes are counted.
- 5.3.7 The number of total counted ballots must agree with the number of inner and outer envelopes MINUS incorrectly submitted ballots received. The ballots shall be tabulated by the Election Committee and presented to the Treasurer for validation.
- 5.3.8 Issue Ballots: unless otherwise specified in the By-Laws, any issue(s) shall be approved by a simple majority of the ballots agreeing with the proposed action.
- 5.3.9 All ballots and envelopes must be held for at least one (1) year after the ballot count for review by any member or group of members who request it.
- 5.3.10 The list of eligible voters for any election and the Tally of the vote count shall be dated, printed and retained in SAPOA Storage for at least one (1) year.

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Article VI

Recall

- Section 6.1 Recall of Officer/s Procedure: A Recall petition must be signed by a minimum of twenty percent (20%) of eligible voting members. ~~When complete, it shall be presented to the Secretary of the Board of Directors, who, in conjunction with the Treasurer, will check it for membership validity and eligibility.~~ Petitioners shall form a committee consisting of five general members, who shall choose a chairperson. The Treasurer shall produce a list of eligible voting members and give it to the Committee, which will schedule a validation meeting within ten (10) days of receipt of Petition. The validation meeting will be open to the membership.
- Section 6.2 Upon Validation: ~~The Board of Directors Committee shall solicit within thirty (30) days a one-page statement from the Recall initiating group stating the reason(s) for the Recall, to be received by the Committee within fifteen (15) days of Validation meeting. A one-page defense statement from each affected Board of Directors member who is being recalled may be submitted to the Committee within thirty (30) days of said Validation meeting.~~
- Section 6.3 Mailing Recall Ballot: ~~Within forty-five (45) days of the validation of the recall petition, the Board of Directors Committee shall mail a ballot per Article V, Sections 5.1 and 5.2, with the exception that the Committee Chairman's address shall be used as the return address.~~
- Section 6.4 Ballot Results: ~~Opening and counting of the ballots shall be according to Article 5 Section 5.3. If two-thirds (2/3) of the eligible votes are cast in favor of the recall action, the officer(s) shall immediately be removed from office and his/her position(s) shall be declared vacant until refilled by temporary appointment or election of a new candidate(s). Directors who are successfully recalled may not run for election for at least five (5) years and all documents and property of SAPOA must be returned immediately upon request of the Board of Directors at the ballot count meeting. Records pertaining to the recall action shall be retained for at least five (5) years.~~

ARTICLE VII

Meetings

- Section 7.1 General Meetings: ~~Per RCW 64.38.035, the Association shall have a minimum of one (1) general meeting per year to occur between July and October of each year. Meetings of the general membership shall be held twice a year. The Board of Directors shall establish the date, time and location of these meetings and notify the membership not less than 30 nor more than 60 days in advance of the meeting. The notice of any general membership meeting of SAPOA shall be sent by First Class U.S. mail and shall state the time and place of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the owners, including, but not limited to, the general nature of any proposed amendment to the Articles of Incorporation, By-Laws, any budget or changes in the previously approved budget that result in a change in assessment obligation or dues, as well as any proposal to remove a director.~~
- 7.1.1 Notification may be in any way that is approved by current RCWs, including but not limited to the following. Not less than 14 days nor more than 60 days in advance of any meeting of the Association, the Secretary or other officer(s) specified in the By-Laws shall provide written notice to each owner of record by:
- a. Hand delivery to the mailing address of the owner, or other address designated by the owner in writing.

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- 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. Notice to owners of an electronic transmission complies with this section only with respect to those owners who have delivered to the Secretary or other officer(s) specified in the By-Laws a written record consenting to receive electronically transmitted notices. This consent may be revoked at any time by the owner in writing to the same officer(s). Consent is deemed revoked if the Secretary or other officer(s) specified in the By-Laws is unable to electronically transmit two (2) consecutive notices given in accordance with the consent.

- Section 7.2 *Meeting Quorums:* A quorum at any general membership meeting shall consist of at least ten percent (10%) of the voting members of SAPOA present in person or by Proxy and a majority of the Board of Directors members. After a quorum is established, it must be maintained until the meeting is adjourned.
- 7.2.1 A Proxy shall only be deemed valid if a member in good standing will not be at a meeting in person and has given another member in good standing their proxy. The Proxy shall be valid for ONLY that meeting and will give that Proxy authority to vote ONLY on matters relative to the general meeting business and limited to Meeting Minutes & and Audit Reports. All matters of a specific nature shall be put forth to the entire membership in a ballot.
- Section 7.3 *Delinquent Dues:* Members with delinquent dues may not vote or be heard at a general meeting or board meeting unless dues have been paid ten (10) days in advance of the scheduled meeting.
- Section 7.4 *Board of Directors Meetings:* The Board of Directors shall hold Regular Board of Directors meetings with open attendance to all members as required by Washington State Law by giving notification at least seven (7) days in advance. Board of Directors members may be notified by electronic means, telephone, or mail and SAPOA members will be notified by reader board, internet web site or by electronic means, if desired, ~~having provided the Board of Directors with an e-mail address.~~ Board Members may attend meetings in person, by telephone or by electronic means.
- 7.4.1 Board of Directors Meeting Quorum: A majority of Board of Directors member(s), two of whom must be officers, shall constitute a quorum at a Board of Directors meeting. Once a quorum is established, it must be maintained until the meeting is adjourned.
- Section 7.5 *Closed Board of Directors Meetings:* In an open Board meeting, upon an affirmative vote by the Board of Directors members, the Board of Directors may convene in closed executive session to consult with legal counsel, consider communications with legal counsel, and discuss likely or pending litigation, matters involving possible violations of the governing documents of SAPOA, ~~consider~~ personnel matters and matters involving the possible liability of an owner to SAPOA.
- 7.5.1 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.
- 7.5.2 The Board of Directors shall restrict the consideration of matters during the closed portions of meetings to only those purposes stated in the motion.
- 7.5.3 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.
- 7.5.4 The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.
- Section 7.6 *Special General Membership Meetings:* Special general membership meetings may be called by the President, a majority of the Board of Directors, or as requested in writing by twenty percent (20%) or more

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of the eligible voting members. The Board of Directors must provide prompt notice sent by prepaid mail of any special meeting and its agenda. Such notice shall be mailed no later than ten (10) days after the petition of request is received by the Board of Directors and shall state the time and place of the meeting and the business to be placed on the agenda for a vote. Any such meeting shall be held more than fourteen (14) days, but less than thirty (30) days, after the postmark date of the mailing.

- Section 7.7 *Special Board of Directors Meetings:* Special meetings of the Board of Directors may be called by the President, or at the written request of any three (3) Board of Directors members. All Board of Directors members must receive a minimum of three full days (72 hours) notice of the time, date, place, and agenda of the meeting by telephone or electronic means and SAPOA members will be notified by reader board, internet web site, or electronic means.
- 7.7.1 *Emergency Board of Directors Meetings:* Emergency meetings of the Board of Directors may be called by the President with 24 hours notice. All Board of Directors members will be notified in person, by telephone or electronic means. SAPOA members will be notified by internet web site or electronic means. The President shall have the authority to take any action necessary to meet an emergency, without Board of Directors approval, if the emergency could cause harm to life or damage to SAPOA property. However, an Emergency Board of Directors Meeting must be called as soon as possible under these circumstances to update the full Board of Directors of actions taken.
- Section 7.8 *Board of Directors Decisions:* The Board of Directors may not approve or vote upon any Board of Directors business by telephone and/or electronic means. Such action can only be conducted at formal openly observed Board of Directors meetings.

ARTICLE VIII

General Finances, Budgets, and Insurance

- Section 8.1 ~~*Annual Budget General Finances:* The Board of Directors has the authority to act on any and all financial matters concerning SAPOA. All checks, vouchers, and withdrawal slips must bear the signature of any approved signer, two (2) of the four (4) Officers. An annual budget shall be prepared by the Budget and Finance Committee and approved by the Board at the Regular May Board Meeting. If there are no changes to the Budget from the previous year, it shall stand as accepted as a continuation of the previous approval of the Budget. If the Budget is changed in anyway, the Board shall mail a ballot no later than July 15th, per Article IV, Section 4.4, for ratification by the membership. The Chairperson of the Budget and Finance Committee shall be the Treasurer and shall present the results of the vote on the annual budget at the September Annual membership meeting.~~
- Section 8.2 *Annual Budget:* An annual budget shall be prepared by the Budget and Finance Committee and ~~presented to approved by~~ the Board of Directors ~~for approval at the Regular May or June Board Meeting.~~ If there are no changes to the budget from the previous year, it shall stand as accepted as a continuation of the previously approved budget. If the budget is changed in any way, the Board of Directors shall mail a ballot no later than July 15th, per Article V, Section 5.1, for ratification by the membership. The Chairperson of the Budget and Finance Committee shall be the Treasurer ~~and~~ who shall present the results of the vote on the annual budget at the ~~Fall~~ Annual membership meeting.
- 8.2.1 In the event the proposed budget is rejected, or the required notice is not given, the periodic budget last ratified by the owners shall be renewed until such time as the owners ratify a subsequent budget proposed by the Board of Directors.
- 8.2.2 Following adoption by the Board of Directors of any proposed special budget of SAPOA, the Board of Directors shall set a date for a meeting of the members to consider special budget ratification

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not less than 14 nor more than 60 days after the mailing to the members of notice of said meeting and a summary of said budget.

8.2.3 Unbudgeted obligations of SAPOA in excess of Seven Hundred Fifty Dollars (\$750) must be approved by the Board of Directors before they are incurred.

8.2.4 Budgeted line items may not be exceeded by more than ~~10%~~ 20% of the line-item total.

8.2.5 Emergency non-budgeted expenditures may not exceed 10% of the ratified annual budget total.

Section 8.3 *Bank Accounts:* The funds of SAPOA shall be kept in accounts in the name of SAPOA and shall not be commingled with the funds of any other SAPOA accounts, or with the funds of any Director of SAPOA or any other person responsible for the custody of such funds.

Section 8.4 *Special Projects:* Donations, assessments, and any member approved portion of the annual dues specific to a special project ~~or set aside as "Restricted Funds" on Financial Reports will be deposited to a separate bank account and~~ used for the intended purpose approved by the membership via mail-in ballot.

Section 8.5 *Insurance and Liability:* As deemed by the Board of Directors, all necessary liability insurance shall be purchased by ~~the corporation~~ SAPOA. Insurance policies shall be reviewed annually. A copy of the current policy shall be made available at cost to any member upon written request.

Article IX

Committees

Section 9.1 *Committees:* Standing and Special Committees may be appointed by the Board of Directors President and must be approved by the Board of Directors at an open Board of Directors meeting. Committees shall be composed of one (1) Director and at least two (2) General Members. Committee members may be dropped from a committee ~~by upon approval of the Board of Directors. President with the Board of Directors' approval.~~

9.1.1 *Standing Committees (including but not limited to):*

- a. Common Properties
- b. Budget, Finance and Audits
- c. Social

9.1.2 *Special Committees (including but not limited to):*

- a. By-Laws
- b. Nominating
- c. Election
- d. Recall

Section 9.2 *Committee Chairperson:* The committee chairpersons, unless otherwise noted, shall be elected by committee members and will report to the Board of Directors.

Section 9.3 *Architectural Representatives:* Elected Plat Architectural Representatives shall coordinate, individually, with the ~~Board of Directors~~ SAPOA Architectural Representative.

SAPOA CONSTITUTION AND BY-LAWS

ARTICLE X

SAPOA Address and Website

Section 10.1 *SAPOA Information:* No member shall use the name of SAPOA in any advertisement except with written permission of the Board of Directors. A post office box shall be maintained at the Sequim Post Office (98382) as the official address of SAPOA and shall not be used by any member for personal business except by written permission of the Board of Directors. The President, Secretary, and Treasurer shall be responsible for the Post Office box keys. SAPOA shall also maintain a website and an e-mail address for the purpose of public and member information and member communication.

ARTICLE XI

SAPOA Property

Section 11.1 *Financial Status:* Property of SAPOA includes all money and other assets. SAPOA shall keep financial and other records sufficiently detailed to enable SAPOA to fully declare to each member the true statement of its financial status.

Section 11.2 *Common Property:* SAPOA common property is for the use of all members and no member may alter SAPOA property for his own private or commercial use or the private or commercial use of others excepting as may be approved by the Board of Directors. Unauthorized or unlawful use of, or removal of, SAPOA property shall be subject to disciplinary or legal action.

Section 11.3 *Loss or Damage:* SAPOA is not responsible for loss or damage to articles of value left on SAPOA premises. Use of SAPOA common properties are to be solely limited to Sunshine Acres Property Owners and their guests and shall be at their own risk.

ARTICLE XII

Parliamentary Authority

Section 12.1 The rules contained in the most current edition of Robert's Rules of Order shall govern SAPOA in all cases to which they are applicable and in which they are not inconsistent with these by-laws and any special rules of order SAPOA may adopt.

ARTICLE XIII

Amendments

Section 13.1 *Amending:* The By-laws may be amended via a mail-in ballot per Article V, Section 5.1. Approval by sixty-five percent (65%) of the returned ballots received by the date specified on the ballot shall constitute approval of the proposed change(s). The mailed ballot shall contain a copy of the current bylaw(s) and proposed changes.

Section 13.2 *Certification:* The President or Vice-president and Secretary shall certify and record valid amendments of SAPOA governing documents with the appropriate authorities.

SAPOA CONSTITUTION AND BY-LAWS

ARTICLE XIV

Mediation and Arbitration

Section 14.1 *Mediation Procedure:* It is the intent of SAPOA to function in harmony with all individuals and groups in the community. Therefore, disputes arising from common properties operations or management or those that arise under the various Plat Protective Covenants and SAPOA shall be resolved, if possible, by mediation according to the American Arbitration Association Rules of Arbitration, Washington State Uniform Mediation Act, RCW 7.07. Mediation may be initiated by written notice of complaint or dispute to or from the Board of Directors. In the event mediation is not successful mandatory and binding arbitration shall be employed, pursuant to the Washington State Superior Court Mandatory Arbitration Rules (MAR) and RCW 7.06.

Section 14.2 *Initiating Arbitration Procedure:* Arbitration shall be initiated by the party making a demand in writing upon another party for arbitration, stating the basis of the dispute and depositing such sum money as may be required, if any, with the arbitrator agreed upon by the parties as a security deposit for arbitration fees. If the parties fail to agree upon an arbitrator, SAPOA may select the arbitrator, whom the parties shall pay, to resolve the dispute.

Section 14.3 *Rules:* The Arbitrator shall determine procedural rules.

Section 14.4 *Prevailing Party:* The prevailing party shall be entitled to all costs, including reasonable attorney fees, and the losing party shall pay all fees and costs. Results of the arbitration shall be final and binding. The prevailing party may apply to any appropriate court to enforce the arbitration award. The party paying the security deposit shall be entitled to its return should he/she prevail; if not, that deposit will be applied to offset arbitration fees.

ARTICLE XV

Invalidation

Section 15.1 Should any part of these By-laws or referenced material be found invalid by any court or at arbitration then ONLY that invalid part shall be deemed null and void.

With the approval of the SAPOA Board of Directors, the following officers certify that, to the best of their knowledge and belief, the bylaw amendments adopted on _____ by the voting membership of SAPOA are accurately presented in this document.

Signed: _____

SAPOA CONSTITUTION AND BY-LAWS

DEFINITIONS

All terms not specifically defined in these By-laws shall be defined by their common usage. When a definition is at issue, the Board of Directors interpretation of the term shall apply.

Common Properties: Beach Road, retention pond, lot 28, Recreation Lot, SAPOA sign, or any other right-of-way areas.

Eligible Election Voter: A member whose dues, assessments, and fees are paid in full no less than 10 days before the ballot due date. A ballot received from a member who has not met that deadline will be declared invalid, and not be counted.

Eligible Membership Meeting Voter: A member whose dues, assessments, and fees are paid in full 10 days prior to a general and or special membership meeting is called to order.

Emergency Board of Directors Meeting: Meeting is called to address a single issue/situation requiring immediate attention and resolution by the Board of Directors. Inaction by the Board of Directors could place common property at risk and or cause additional cost and or liability to the Association.

Member: An owner/s of real property located within any Sunshine Acres Plat/s 1 through 7 and/or Industrial Plat. Ownership validity shall be based upon real estate title/s as shown by the Clallam County Auditors' records. In cases of multiple owners of the same real property, the owners collectively shall be treated as a single owner respective to dues, voting rights and election to the Board of Directors. (See also Article II Section 2.1.1 and Article III Section 3.1)

Delinquent Member: An owner who hasn't paid his annual dues, fees and assessments by the October 15th deadline.

Post marked Date: The date that is stamped on the envelope by the US Postal Service at the time of the ballot mailing.

Special Board of Directors Meeting: Meeting is called to address a single issue/situation which requires nonemergency but timely resolution and action that is within the Board of Directors' powers and does not require a vote by member ballot.

Special Budget: A Budget that is drafted to manage singular item costs to the association for a prescribed need or a specific time period until an Annual or Project Budget can be properly ratified by the membership.

Special Committee: A committee that is formed for a specific time limited task and that ceases to exist after the task is completed.

Standing Committee: A permanent committee that performs a continuing function.