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sent via regular mail and email: wolf4039@gmail.com

Bob Salisbury
Sunshine Acres Property Owners Association
PO Box 824
Sequim, WA 98382

RE: Impact of Rejection of Proposed Amendments to the Sunshine Acres Property Owners Association (SAPOA) Bylaws

Dear Bob:

I have been asked to give an opinion regarding the impact of the SAPOA membership's rejection of the proposed amendments to the Bylaws. Currently, SAPOA is operating under Bylaws adopted on December 3, 2014.

There are major problems with the 2014 Bylaws. There are inconsistencies, ambiguities, and gaps throughout. Starting in March, 2020, you, other board members and I started working to deal with these issues to present amended Bylaws for approval by the membership.

First, there is nothing in the Bylaws empowering the Board to approve house plans. Bylaw paragraph 9.3, title "Architectural Representatives" only states that elected plat Architectural Representatives shall coordinate, individually, with the Board. This is meaningless. SAPOA, has no separate, stand-alone, architectural committee that would oversee, and approve, plans for all Plats. The approval is left up to the separate Plat Architectural Committees. If a Plat does not have an active Architectural Committee, the Board is not authorized to step in.

This is a major problem and one of the reasons the Board proposed amendments. Some Plats have no architectural committees. This means no approval process and leaves a Plat open to home designs that are not compatible with the surrounding area.

The Board does have authority to approve plans that involve use of SAPOA common areas, but only to the extent a land owner goes onto the common area.

One inconsistency is the use of proxies to vote. Section 2.3 states “Under no circumstances will proxy votes be allowed.” However, section 7.2 and 7.2.1 outline how to vote by proxy. The use of proxies, since 2014, brings into question the validity of budgets and other business matters approved at general meetings. That needs to be clarified.

Another inconsistency is the number of members needed to constitute a quorum for a vote. I will not cite each current bylaw section dealing with quorums, but the amended bylaws consolidated some provisions and made that number consistent throughout.

Further, Plat CC&R’s lack a voting process to deal with issues for that Plat, including variances. The proposed amended By-Laws were intended to deal these issues.

The Budget is another problem. The membership rejected the proposed 2020 budget. This means the Board is working with a budget amount that was set in 2010 or before. Costs have increased significantly since that time. For example, insurance has increased from approximately \$2,000.00 per year to \$8,000.00 per year. Therefore, the Board is currently spending more than allowed by the budget. The membership’s failure to increase the budget limits may be detrimental to the HOA. It, further, fails to recognize that some budget items may decrease over time.

Additionally, the failure to approve an annual budget exacerbates the issue of reserve studies. These are required by State law to ensure the financial viability of the HOA. A professional study is required every Three years. The cost of such studies must to be a part of the annual budget.

The proposed amendments were to clarify an ambiguity regarding voting rights and payment of dues. Currently, it appears that an owner of multiple lots only gets one vote. There is no such limitation on the per lot assessment of annual dues. (Each lot owes annual dues) The Board has no authority to waive the one lot, one due assessment without a change in the bylaws. Again, this was one reason for the proposed amendments.

There is a real need to change Article XIV concerning mediation and arbitration. This provision currently requires, at least for mediation, the use of the American Arbitration Association Rules of Arbitration. This is known as Triple-A (AAA). I assume the AAA rules would be required for arbitrations under the current Bylaws. AAA is extremely expensive. The filing fees are based upon the size of the claim, which can lead to fees in the thousands of dollars. Further, there are on going monthly fees to pay for administrative costs and the arbitrator. The proposed amendments would have used the Washington State Uniform Mediation Act, RCW 7.07 for mediations and the Washington State Superior Court Mandatory Arbitration Rules (MAR) and RCW 7.06 for arbitrations. These are much more cost effective.

There was also an issue of whether the current mail in voting method met privacy standards. After reviewing the process, it appears a voting member’s privacy is protected.

Finally, although By-Laws and CC & R's are separate documents; they are meant to work in conjunction with each other. The By-Laws can be viewed as the federal government providing uniform guidance over the various state-like individual Plats. Each Plat has separate CC& R's that can obtain help by following uniform rules set forth in the By-Laws.

The concept of HOA Bylaws and Rules is to preserve property values and maintain the character of the area. The entire membership should consider revisiting these issues.

The above is not an inclusive list, but just representative examples of issues that need to be addressed in the 2014 bylaws.

Please contact me to discuss.

Very truly yours,



W. Jeff Davis

wjd/md