

BYLAWS
SKY MEADOWS COMMUNITY ASSOCIATION (SMCA)

ARTICLE I

Object and Definitions

1.1. Purpose. The purposes for which this Association is formed are set forth in the Articles of Incorporation for the Association, affecting the tracts of real property described in Exhibit "A", attached hereto and by this reference made a part hereof, and hereinafter referred to as Sky Meadows, which property has been submitted to the provisions of the Articles of Incorporation for the Association, filed on October 12, 1987 with the Secretary of State for the State of Washington. These purposes were further delineated in the original "Declaration of Covenants, Conditions and Restrictions for Sky Meadows of Grasser's Hill," recorded on January 13, 1987 in Island County, Washington, Auditor's File No. 87000488, and subsequently replaced in its entirety by the "Amended Declaration of Covenants, Conditions and Restrictions for Sky Meadows," recorded on _____ in Island County, Washington, Auditor's File No. _____ (hereinafter referred to as the "Declaration").

1.2 Definitions.

- Unless otherwise specified, all terms, words, or phrases shall have the same meaning in these Bylaws as such terms have in the Declaration.
- The terms "owners" and "members" as used herein shall be synonymous.
- "Sent and send" shall mean communicated by facsimile transmission, electronic transmission (email), ground mail or written personal delivery as specified in Washington State bill ESB 6188. Electronic transmission alone shall not be used to transmit to a member unless specifically approved by that individual member.

ARTICLE II

Membership, Voting, Meetings and Administration

2.1 Matters Governed by Declaration. With regard to various matters including membership, meetings and voting, reference is made to the Declaration.

2.2. Annual Meeting of Owners. Members of SMCA shall meet at least once annually between January 1 and February 15. The First Notice of the meeting, accompanied by a call for nominations for the new Board, shall be sent to all owners no more than sixty (60) and no less than forty-five (45) days prior to the date set for the meeting. A Second Notice, accompanied by a ballot, shall be sent to all owners no more than thirty (30) and no less than fifteen (15) days prior to the meeting date.

2.3. Annual Meeting Agenda. The meeting shall be presided over by the President of the Association. The agenda shall be as specified by the President and Board, but shall include the following:

- The Board's annual report on the state of the Association.
- Report by the Treasurer of the financial status of the Association.
- Report by the Chairman of the Architectural Control Committee.
- Report on the community water system.
- The election of the Board of Directors for the coming year.
- An open discussion period for questions, suggestions, comments, and announcements of general concern.

Members may vote on any resolution at the Annual Meeting with notice of twenty (20) or more calendar days.

2.4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of owners holding at least twenty percent (20%) of the total votes under Article 2 of the Declaration shall constitute a quorum. An affirmative vote of owners holding a majority of the total votes present, either in person or by proxy, shall be required to transact business; provided, however, that no Board member shall be removed unless a majority of owners vote affirmatively therefore.

2.5. Proxies. Votes may be cast by each member or by proxy. Proxies shall be in dated and signed by each party holding an interest in said vote and shall designate the person entitled to vote or otherwise act on behalf of the absent party. The Secretary must receive proxies before the appointed time for which they are valid. No proxy shall be valid for a period longer than eleven (11) months after the date thereof.

2.6. Majority of Owners. As used in these Bylaws, the term "majority of owners" shall mean the holders of more than fifty percent (50%) of the votes entitled to be cast with respect to the matters being considered.

2.7. Voting. The Board may decide that voting by the members with respect to adoption of any proposed amendment to the Declaration, or with respect to any other matter for which approval by owners is required by the Articles of Incorporation, the Declaration, or Bylaws. The procedure for such voting is as follows:

The Board shall send a ballot, with at least twenty (20) calendar days advance notice to all owners, setting forth the proposed action, and stipulating the date which ballots must be returned to the Association. Owners are entitled to vote for or against the proposal. The proposal shall be adopted if approved by the affirmative vote of a majority of the voters on such question, unless the Articles of Incorporation, the Declaration, or Bylaws establish a greater or lesser voting requirement for the matter in question.

2.8. Adjourned Meeting. If any meeting of the members cannot be organized because a quorum has not attended, the members who are present either in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

2.9. Order of Business. The order of business at all meetings of members shall be as follows:

- a) Roll Call
- b) Proof of Notice of Meeting or Waiver of Notice
- c) Reading of Minutes of Preceding Meeting
- d) Reports of Officers
- e) Reports of Committees
- f) Election of Board of Directors (Annual Meeting only)
- g) Unfinished Business
- h) New Business

ARTICLE III

Management of the Association

3.1 Board of Directors. The affairs of the Association shall be governed by a Board of Directors, which shall be composed of persons older than eighteen (18) years of age. The Board shall consist of five (5) voting members. To facilitate continuity, one or more retired officers from the previous Board may also serve in an *ex officio* (nonvoting) capacity.

3.2. Election and Term of Office. Board members will be elected for a one-year term at the Annual Meeting by the Association membership. Term of office shall begin at the next Board meeting, to be held no less than thirty (30) days following the Annual Meeting. Nominations for Board members will be requested from Association members when the Annual Meeting date is announced. All nominees for Board positions must be in good standing within the Association, having no past due annual assessment or water charges, and no current violations of Sky Meadows Covenants and Restrictions. Nominees' consent will be obtained

before placing them on the ballot. A ballot listing all nominees will be sent with the Second Notice of Annual Meeting. Members unable to attend the Annual Meeting may submit their ballots for the Board of Directors by proxy before the deadline designated on the ballot.

3.3. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; each person so elected shall be a Board member until a successor is elected at the next Annual Meeting of the Association or next special meeting of the Association for that purpose.

3.4. Removal of Board Members. At any regular board meeting or at any special meeting called for that purpose, any one or more of the Board members may be removed with or without cause, by a majority of all of the members of the Association voting as required by these Bylaws, and a successor may then be elected to fill the vacancy thus created. Any Board member whose removal has been so proposed by the owners shall be given an opportunity to be heard at the meeting.

3.5. Regular Board Meetings. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Board members, but at least two (2) such meetings shall be held during each fiscal year, and one (1) such meeting shall be held closely following the Annual meeting of owners. Notice of regular meetings of the Board shall be sent or telephoned to each Board member at least seven (7) days prior to such meeting.

3.6. Special Board Meetings. Special meetings of the Board may be called by the President with three (3) days notice to each Board member, A notice will be sent or telephoned, stating the time, place, and purpose of the meeting. The President or the Secretary may also call special meetings of the Board in like manner and on like notice upon the request of at least two (2) Board members. Special meetings may be called on less than three (3) days notice if the Board unanimously consents.

3.7. Waiver of Notice. Before, at, or after any meeting of the Board, any Board member may send a waiver of the notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

3.8. Quorum. At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business, and the acts of the majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board.

3.9. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The Association shall pay the premiums on such bonds. However, the Board may waive any such requirements.

ARTICLE IV

Officers

4.1 Designation. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Board from among its own members, and shall hold office at the pleasure of the Board. Should an office become vacant, the Board will fill it by election within seven (7) days.

4.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and a successor elected at any regular or special meeting of the Board called for such purpose.

4.4 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and the Board. The President shall have all the general powers and duties which are usually vested in the office of the President of a nonprofit association, including but not limited to, the power to appoint committees from among the owners to assist in the conduct of the affairs of the Association.

4.5 Vice-President. The Vice-President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. The Vice-President shall serve as the Board's primary reference on the Association's governing documents and shall perform such other duties as requested by the Board.

4.6 Secretary. The Secretary shall keep the minutes of meetings of the Board and minutes of meetings of the Association, have charge of such books and papers as the Board may direct, distribute and receive ballots and verify elections, and perform all the duties incident to the office of Secretary. The

Secretary shall keep up-to-date a complete list of members, their mailing addresses, and designation of the tract(s) owned. Such list shall be distributed to members no less than once a year and shall be open to inspection by other persons lawfully entitled on request.

4.7 Treasurer. The Treasurer shall maintain the Association's financial records. The Treasurer shall also have responsibility for Association funds and for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as designated by the President and Treasurer.

4.8. Other responsibilities. The above list of responsibilities is not comprehensive. To prepare for emergencies, help new officers step into their roles, and enhance continuity, current officers shall maintain an informal job description for their position. The description should briefly cover customary tasks, timelines, contacts, and/or other specifics that will assist their successor. Incoming Board members will receive an updated copy of these job descriptions.

ARTICLE V

Appointed Positions

5.1. In addition to the officers noted above, all of whom must be elected Board members, others appointed by the Board play vital roles in the Association. These include, but are not limited to:

- Members of the Architectural Control Committee (ACC), Composition, duties, and procedures are outlined in the Declaration and the Architectural Committee Rules.
- The Water System Coordinator/ Assistant, serve as the liaison between the Association and its professional water management firm and update the Board and membership on the community water system's performance.
- The Webmaster, who designs and maintains the Association's website on behalf of the Board.
- The Alternate Treasurer, who is duly authorized by the Board, relevant financial institutions and the Post Office to carry out the Treasurer's duties when necessary.

- The Meter Reader(s), reads meters, verifies and sends out each household's bill for community water usage. Several appointees may share these duties.

5.2. To prepare for emergencies, help new appointees step into their roles, and enhance continuity, appointees will maintain an informal job description for their position, briefly noting customary tasks, timelines, contacts and/or other specifics that will assist their successor. They will submit to the board any documents that should become a part of the Association's records.

ARTICLE VI

Amendments

The Board of Directors may adopt amendments to these Bylaws for the administration of the Association and for other purposes not inconsistent with the Articles of Incorporation or the Declaration.

ARTICLE VII

Conflict with Declaration or Articles of Incorporation

These Bylaws are intended to comply with and supplement the Articles of Incorporation of the Association and Declaration of Covenants, Conditions and Restrictions for Sky Meadows. If any of these Bylaws conflict with such, the provisions of the Articles of Incorporation and the Declaration will apply.

ARTICLE VIII

Nonprofit Association

This Association is not organized for profit. No member, member of the Board, or person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, be distributed to, or inure to the benefit of any members of the Board. The foregoing, however, shall neither prevent nor restrict the reimbursement of any member or Board member for actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE IX

Fiscal Year

The fiscal year of the Association will begin on January 1 and end on December 31 of each year.

Dated this ____ day of _____, 2009
SKY MEADOWS COMMUNITY ASSOCIATION
By the Board of Directors

Ron Henley

Joyce Hollywood

Pat Hoyrup

Clay Miller

Attest:

Bill Peters, Secretary