

BY-LAWS

REVISED AUGUST 2016
EFFECTIVE JANUARY 2017

ARTICLE I: NAME

- Section 1. The name of the Association shall be LOCLOMAN WATER ASSOCIATION.
- Section 2. The Locloman Water Association is incorporated under the Washington State statutes as a non-profit mutual corporation.
- Section 3. Principle offices of the Association shall be located in King County, Washington.

ARTICLE II: MEMBERSHIP

- Section 1. All legal property owners of Locloman Estates shall be members of the Association.

ARTICLE III: PURPOSE

- Section 1. The purpose of the Association is to own, operate and maintain a private water system that provides a potable water supply to the sixty-two (62) lots which comprise Locloman Estates.

ARTICLE IV: ORDER OF BUSINESS

1. Roll Call
2. Reading of the Minutes of the preceding meeting
3. Reports of Committees
4. Reports of Officers
5. Old Business
6. New Business

ARTICLE V: BOARD OF DIRECTORS

- Section 1. The business of this organization shall be managed by a Board of Directors. The board will consist of six [6] members, which is comprised of four [4] officers and two [2] directors at large.
- Section 2. The two [2] directors to be chosen for the ensuing term shall be chosen at the annual meeting in the same manner and style as the officers of the Association and they shall serve for a term of two [2] years. May be one of the officers authorized to sign the checks and drafts of the organization.
- Section 3. The Board of Directors shall have the control and management of the affairs and business of this Association. Such Board of Directors shall only act in the name of the organization when it shall be regularly convened by its chairman after due notice to all the directors of such meeting.
- Section 4. Eighty (80%) percent of the members of the Board of Directors shall constitute a quorum at the meetings of the Board of Directors. Board of Directors meeting will be held quarterly. Property owners will be informed at least 30 days in advance of the meeting location, date and time.
- Section 5. Each director shall have one [1] vote and such voting may not be done by proxy.
- Section 6. The Board of Directors may make such rules and regulations covering its meetings as it may in its discretion determine necessary.
- Section 7. Vacancies in the Board of Directors shall be filled by a majority vote of the remaining Board members. The newly elected member shall serve for the balance of the term.
- Section 8. The President of the organization by virtue of his office shall be Chairman of the Board of Directors.
- Section 9. The Secretary of the Association shall act as the Secretary for the Board of Directors and record each meeting.
- Section 10. A director may be removed when sufficient cause exists for such removal. The Board of Directors may entertain charges against any director. A director may be represented by counsel during any removal hearing. The Board of Directors shall adopt rules for this hearing as it may, in its discretion, consider necessary for the best interests of the organization.

ARTICLE VI: OFFICERS

Section 1. The officers of the Association, each of whom must be a member of the Association, shall be President, Vice-President, Secretary and Treasurer. Officers shall by virtue of their office be members of the Board of Directors.

Section 2. The offices of President, Vice-President, and Secretary shall be elected by simple majority vote of the members present at the Annual Meeting of the Association. Term of the office shall be for two years, unless removed for cause. The Treasurer shall be appointed by the other board members. There will be no term limits on the office of Treasurer. The board retains authority to remove the Treasurer.

Section 3. The duties of the officers shall be:

President: To preside at all membership meetings.
Be Chairman of the Board of Directors.
Present at each annual meeting of the organization an annual report of the work of the organization.
Appoint all committees, temporary or permanent.
See all books, reports and certificates required by law are properly kept or filed.
Be one of the officers who may sign the checks or drafts of the organization.
Have such powers as may be reasonably construed as belonging to the chief executive of any organization.
Be one of the officers who may access the PO Box.

Vice-President: In the event of the absence or inability of the President to exercise their duties, the Vice-President shall become acting president of the organization with all the rights, privileges and powers as if he had been duly elected president.
Be a member of the Board of Directors.
Be one of the officers who may sign the checks or drafts of the organization.
Be one of the officers who may access the PO Box.

Secretary: Shall keep the minutes and records of the organization in appropriate books.
Give and serve all notices to members of this organization.
May be one of the officers required to sign the checks and drafts of the organization.
Present to the members and the Board of Directors at the meetings any communication addressed to them as Secretary of the organization.

Be a member of the Board of Directors and keep minutes of the board meetings.

Be one of the officers who may access the PO Box.

Attend to all correspondence of the organization and shall exercise all duties indicated by the office of Secretary.

Treasurer: Maintain the accounting of the Association.
Establish and maintain such bank accounts as may be necessary.
Prepare and deliver to members' quarterly statements and record payments properly.
Present a report of financial condition at the Annual Meeting of the Association.
Be a member of the Board of Directors.
Perform other duties as implied by the title.
Be responsible to keep information current on PO Box registration.
Be one of the officers who may access the PO Box.
File a yearly tax report to the IRS.

Section 4. One [1] officer, either the Vice President or Secretary, determined by mutual agreement, shall be designated as the registered agent of the Association and listed with the Secretary of State on the Association's UBI record.

Section 5. Officers may be removed from office for cause upon a simple majority vote of the membership. Officer must be notified of the proposed removal at least 10 days prior to the meeting which removal is to be voted upon.

Section 6. Officers will receive no compensation for their services; however, the Treasurer acts an independent contractor. Treasurer's monthly payment amount will be determined by the board and can be paid monthly or quarterly at the treasurer's request. The Treasurer is responsible for his/her own taxes. Officers shall be reimbursed for actual expenses incurred on behalf of the Association upon presentation of proof of expense to the Treasurer.

Section 7. Officers will meet, on call of the President, to discuss and recommend actions to the members, regarding all matters which may affect the continued operation of the system.

ARTICLE VII: FINANCE

Section 1. A twenty-five dollar (\$25.00) set up fee will be assessed on new property owners.

Each property owner will be assessed a monthly fee for water access. The amount will be determined by the board of directors. Fees may be paid on a

monthly or quarterly basis. Members will be billed quarterly. Members choosing to pay on a monthly basis must notify the treasurer.

Statements will be mailed out one (1) month prior to the start of a new quarter. Water payments are due on the 1st day of the month/quarter (January 1, April 1, July 1, October 1).

When an account has not been paid by the 15th day of the first month of the quarter a 10% late fee, based on quarterly charges, will be assessed. A statement, which reflects the late fee, will be sent to the property owner informing them the account must be paid in full by the end of the first month of the quarter to avoid additional action.

At 30 days past due, a \$25.00 shut-off proceedings fee will be assessed. A certified letter will be sent informing the property owner that payment in full in the form of a Cashier's Check or Money Order, to cover quarterly charges, late fee and shut-off notification fee, are due on or before the 15th day of the second month of the quarter to avoid water shut-off.

Water access will be discontinued on the 16th day of the second month of the quarter if account is not paid in full. In the event of water shut-off, water will be restored within 24 hours once full payment is received. An additional fee of \$25.00 to restore service will be assessed and applied to the next quarters billing.

Requests for a waiver of late fees will be considered and should be submitted in writing to the Locloman Water Association Executive Board during the quarter for which the account is due.

In the event of returned checks, a fee of \$10 will be assessed in addition to any bank fees. In the event that an NSF occurs at a time when a resident would have been issued shut-off notification, all reasonable methods of contact to inform the resident of their account status will be made prior to shut-off on the 15th day of the second month of the quarter. Under certain conditions the association may require a member to be on a cash or money order basis.

The Board of Directors, on behalf of the Association reserves the right to place a Property Lien on accounts that are more than 280 days past due. Property owners will receive a notice 10 days prior to the filing of the lien. Property owners will be billed for all costs associated with filing a lien on their property.

Section 2. Upon decision of the Board, special assessments for major repair to the system, or other unusual circumstances, may be levied. No member shall be exempt from special assessments.

Section 3. All funds received by the Association will be deposited into the association checking account and all expenses of the Association shall be paid from the account. The signature of the Treasurer and one other officer shall be required on all checks drawn on the account of the Association.

All checks to read "Two Signatures Required" above the signature lines. Bank statements are to be reviewed by the Board's Vice President or Secretary.

Section 4. The Board of Directors may decrease or suspend the monthly usage fee if the Association's operating account balance exceeds the anticipated annual expenses. If the balance in the reserve account exceeds the amount the Board of Directors has designated for use in the event of a catastrophic failure, those surplus funds may be used for improvements to the water systems or Locloman Estates. In no event will surplus funds be distributed to members.

Section 5. The accounting records shall be open to inspection by any member. The requesting member must make a written request to the President to set a time and place for such inspection.

Section 6. Costs for installation of water service to new homes in Locloman Estates will be the responsibility of the contractor/developer. These costs may include but are not limited to: installation of water lines, meters, meter boxes, repaving of roads, and inspections. All work must be done to the standards of the Association and must be approved by the Association in addition to any other state or county authorized inspections.

ARTICLE VIII: PROPERTY RIGHTS

Section 1. The Locloman Water Association is, and has been so designated; the rightful and legal owner of the water system, all existing property located in Tract A, Locloman Estates, all water mains, meters, etc.

Section 2. Installation and maintenance for individual connections from the water main supply pipes to the individual meters are the responsibility of the Association.

Section 3. Property owners are responsible for installation and maintenance of service connection from the water meter onto the property. In the event that a water line or internal water supply leak in the home is detected during the course of the bi-annual water meter readings, the property owner will be notified in writing by the board. The home owner will be given 30 days to repair the leak past the meter. If the leak is not repaired within 30 days, the water meter will be turned off and locked until the leak is repaired.

Section 4. Any willful and/or negligent damage to any property of the Association shall be the responsibility of the homeowner. Homeowners may not impede or restrict

access to Association property (as stated in Section 1). If the Association is required to expose Association property, homeowners will be notified 10 days prior to gaining access, unless in the case of an emergency. Solid surface materials such as concrete and asphalt are not to be installed on or over association property. In the event that a homeowner intends to install hard surface materials for a driveway or walkway that would cause association property to be encapsulated, the meter, meter box and pipe from the main line will need to be relocated at the expense of the current property owner. Any and all costs incurred to gain access will be the sole responsibility of the homeowner and will be assessed on billing statements. Repairing the hard surface material will be the responsibility of the property owner. The Association reserves the right to seek legal redress to recover costs.

- Section 5. All members of the Association are entitled to an adequate supply of potable water to their property. In case of severe shortage, the officers may take emergency measures to impose restrictions on usage until the emergency has passed or a general meeting of the membership can be convened.

ARTICLE IX: MEETING

- Section 1. An annual meeting will be held on a weekend during August. Date will be determined by the Board. The Association will notify members in good standing at least 30 days in advance. A member in good standing is defined as; A resident whose account is not past due.

Members in attendance at the annual meeting shall constitute a quorum; a majority vote by members present is required to pass new business.

The meeting will be a community get-together and barbeque. The water association will supply basic food, additional items to be donated by attending members.

- Section 2. Special meetings may be called by the President as needed. The members must be notified at least 10 days in advance of any special meeting stating the purpose of the meeting. Only items specified in the notification may be voted upon at the meeting. Any member of the Association may request the President to call a special meeting for good and sufficient cause.

ARTICLE X: VOTING

- Section 1. Each member is entitled to one vote regardless of the number of persons who may jointly own a specified property.

Voting shall be by voice at all meetings unless someone present stipulates a ballot vote is to be taken.

At any regular or special meeting, if a majority so requires, any question may be voted upon in the manner and style provided for election of officers and directors.

At all votes taken by ballot, the chairman of such meeting shall, prior to the commencement of balloting, appoint a committee of three (3) who shall act as "Inspectors of Election." They shall, at the conclusion of such balloting, certify in writing to the chairman the results and the certified copy shall be physically affixed in the minute book to the minutes of the meeting.

Votes on issues at the annual meeting may be made in person or by proxy. Proxies must be requested 20 days prior to the annual meeting. A majority vote of all members present and proxies received will be required to be valid.

All property owners in good standing as defined in Article IX have voting rights.

ARTICLE XI: SALARIES

Section 1. The Board of Directors shall hire and fix the compensation of any and all employees and/or subcontractors which they, in their discretion, may determine to be necessary for the conduct of the organization's business.

Per state law, the association will retain the services of a "Certified Operator." The board will determine the monthly payment amount which can be paid monthly or quarterly at the CO's request. The CO is responsible for his/her own taxes. All ongoing training and operator costs will include lost wages, lodging, meals etc. to be negotiated by the board and the operator.

ARTICLE XII: AMENDMENTS

Section 1. These by-laws may be amended at any Annual or Special meeting of the Association by a majority vote of the proxies and members present, provided each member has been given notice, in advance of the meeting, of any amendment to be considered.

ARTICLE XIII: FISCAL PERIOD

Section 1. The fiscal year of the Association shall be the calendar year.