

**CLEARWOOD COMMUNITY ASSOCIATION INC.  
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# **BY-LAWS**

**(YELLOW BOOK)**

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## I. DEFINITIONS

1. **Clearwood** means, Clearwood Division I through XIX, as identified and described by the plats thereof recorded in the land records of Thurston County, Washington.
2. **Association** means, Clearwood Community Association, a Washington corporation organized under the Washington Nonprofit Corporation Act.
3. **Members Present** means, members of the Association, in good standing, voting by ballot (hand delivered, mailed in and/or electronically) at a meeting.
4. **Residential Lot** means, any lot in Clearwood, whether referred to as "residential" or "recreational". Each residential lot shall be considered to be a developed lot.
5. **Members in good standing** means assessments, special assessments and all fines caused by violations are paid in full prior to registration at a meeting or election, and payments are current on a promissory note, submitted at least 30 days prior to a meeting or election.
6. **Authorized agent** means an individual or firm authorized by a member to act in his or her behalf in CCA matters including voting at meetings and elections. Each matter of authority shall be identified specifically in writing, notarized and filed at the CCA office.
7. **Budget** shall mean a statement approved by the Board and proposed to the members for ratification in accordance with RCW 64.90.525 containing the following information:
  - i. Projected operational expenses;
  - ii. Projected income by category;
  - iii. The amount of assessments per Residential Lot and the date the assessments are due;
  - iv. The current amount of regular assessments budgeted for contribution to the reserve account;
  - v. A statement of whether Clearwood has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of the reserve study;

- vi. The current deficiency or surplus in reserve funding expressed on a per Residential Lot basis; and
  - vii. Such other information as may be required by law.
8. **General Meeting** shall mean meeting of the membership.

## II. MEMBERSHIP

1. This corporation shall not have any stock. The members of this corporation shall consist of those persons who now own or who shall hereafter own one or more residential/recreational lots in the Divisions of Clearwood. The owner of each lot, as a member of the corporation, shall have one vote for each lot owned in the conduct of the business of the corporation.
2. No membership shall be voted except by the owner or authorized agent of the specific residential/recreational lot to which it is and shall be inseparably appurtenant.
3. Except as herein otherwise provided, each member of the Association shall, during the period of his membership, have an indefeasible right to the nonexclusive use and enjoyment of all common areas, including but not limited to community parks and recreational facilities, which the Association may own or operate for the common benefit of the owners of residential lots in Clearwood. A member may share this privilege with the members of his family, his invitees and guests. This Section 3 of Article II of the By-Laws of the Association shall not be repealable or amenable except by the unanimous vote of membership of the Association.
4. The Board of Directors or any officer designated by it may, in accordance with procedures prescribed by the Board, suspend the privileges of or exclude any member from the use and enjoyment of the facilities and benefits of the Association for delinquency in payment of assessments, special assessments and all fines resulting from violations or for failure to comply with the Articles of Incorporation, the By-Laws of the Association or the reasonable rules and regulations established by the Board.
5. No member may withdraw or resign from the Association while he/she owns land or an interest in land, in Clearwood.
6. Policies approved by a vote of the general membership of the Association, which affects all members shall be included as an

addendum to the By-Laws.

- a. Policies approved by the Board of Directors having an effect on the members, excluding those policies pertaining to the operational and the financial management of the Association, shall be presented to the members at the Annual Meeting following the Board of Directors adoption. The members at the Annual Meeting shall decide if the policy should be continued and
- b. Policies included in the By-Laws and the By-Laws Addendum (Rules and Regulations) shall be reviewed at least every four (4) years and shall be immediately updated upon the effective date of new amendments approved by the membership.

### **III. TRANSFER OF MEMBERSHIP**

1. In the event a residential/recreational lot in Clearwood is assigned, transferred or sold to a subsequent owner or purchaser of such land, the membership shall be inseparably appurtenant to such land and shall be transferred when satisfactory evidence of purchase is supplied to the Association by mail or in person. Recorded evidence of transfer shall consist of, but not necessarily be limited to, statutory warranty deed, deed of trust, quit claim deed, divorce decree (showing property settlement), last will and testament.
2. The Association shall keep a record of its members showing, inter alia, the name and address of each member, the number and division, or other description, and satisfactory evidence of purchase of the lot to which each such membership is appurtenant.
3. Transferees of such membership shall not be entitled to vote until such membership has been transferred to the transferee upon the books of the Association.
4. The transferee thereof, and the land which said membership is appurtenant, shall be subject to any and all such assessments as this Association may from time-to-time levy in accordance with the By-Laws for purposes therein.

### **IV. ASSESSMENTS**

1. In order to enable the Association to secure the funds necessary for the accomplishment of its corporate purposes, including but not limited to the construction, maintenance and improvement of community park and recreation facilities and other common areas of whatsoever description, the payment of taxes and assessments (if and when levied by any

municipal corporation or assessing district), and interpretation and enforcement of the protective covenants and restrictions governing the use of land in Clearwood each and every residential/ recreational lot in Clearwood and the owner thereof, shall be subject to such assessment or assessments as the Board of Directors may from time-to-time levy. The amount assessed against each member shall bear the same proportion to the total amount assessed against all members as the number of residential/recreational lots subject to assessments. If any residential lot is owned by several persons holding undivided interests therein, it may be assessed to anyone of them.

2. The Association consists of 1356 lots (including the Association owned lot on which the Windy Beach mailboxes are located).
3. Members, who choose to combine lots for the purpose of tax and building convenience, will be responsible for all assessments and water usage bills for each individual lot as identified in the Association's original governing documents to include plats.
4. Payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at the rate of 12 percent (12%) per annum until paid. Members facing difficulty in making timely payments may sign a promissory note committing to making 12 equal monthly payments to cure the arrearage.
5. The amount of any assessment and all fines from violations, together with reasonable costs incurred in enforcing or collecting the same, including but not limited to reasonable attorney's fees, shall be a personal obligation of the Member and shall be enforceable by the Association by court action. Such assessment, attorney's fees and other costs shall also constitute a lien upon the residential/recreational lot with respect to which the assessment was made. Such lien shall be enforceable by foreclosure proceedings in the manner provided by law for foreclosure of mortgages upon land. Such liens shall be superior to any and all other liens except mortgage liens recorded prior to the date of assessment.
6. General assessments shall not exceed the last adopted limit without a vote of the lot owners at the annual meeting or any special meeting called for that purpose.
  - a) **General Reserve Account** - A reserve account shall be maintained by the Association to be used for the repair and/or replacement of existing roads, structures and operating equipment. The amount of general assessments allocated to the General Reserve Account shall be set annually by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at

the annual meeting or any special meeting called for this purpose. The Board of Directors, with the advice of the Finance Committee, shall determine expenditures from this account

b) **Futures Reserve Account** - A reserve account shall be maintained by the Association to be used for the construction and/or the acquisition of new equipment, amenities or facilities that will serve the needs of the membership. This account shall also be used for the enhancement of amenities, such as the beaches, forests and other common areas, that are not included in the repair/replacement schedule. The amount of general assessments allocated to the Future Reserve Account shall be set annually by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose. The Board of Directors, with the advice of the Finance Committee, shall determine expenditures from this account.

c) **Water Reserve Account** – A reserve account shall be maintained by the Association to be used for repair or replacement of components of our Water Distributions System according to the Water Reserves Study. The amount of general assessments allocated to the Water Reserve Account shall be set annually by the Board of Directors of the Association, with advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose. The Board of Directors with advice of the Water Committee and Finance Committee shall determine expenditures from this account.

7. **Water Service Charge and Reserve** - shall be based on regular and fixed costs associated with the maintenance and operation of the water system, with consideration given to the costs of meeting all regulations, debt service or any other long term financial viability of the physical plant. These charges shall be set by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose.

**8. Deposit and Disposition of Funds:**

a. The Funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other association or any other person responsible for the custody of such funds, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds. (This paragraph quoted from RCW 64.38.045-(4).

b. The Treasurer, with the advice of the finance Committee and approval of the Board of Directors, shall deposit all the funds of the Association in Federally-insured banks (FDIC) or National Credit Union Association-

insured credit unions (NCUA) (which accounts may exceed the FDIC or NCUA insured limits, but, in which case the Association's funds are backed by U.S. Treasury bills).

- c. Disposition of funds shall be by check, signed by two (2) persons, either physically or by electronic means acceptable to the bank, at least one of whom shall be a Director, except for a small operation petty cash fund (both of which shall not require a Director's signature).
- d. No funds of the Association may be invested with members, Directors, officers or employees of the Association or any person related to them.

## **V. BOARD OF DIRECTORS**

1. The Board of Directors shall not act on behalf of the Association to amend the Articles of Incorporation, to take any action that requires the vote or approval of the owners, to terminate the Association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors, and duties of office of members of the Board of Directors, but the Board of Directors may fill vacancies in its membership pursuant to these bylaws.
2. The powers of the Association shall be vested in a Board of Directors. It is the responsibility of the Board of Directors to enforce the protective covenants and restrictions of the Association. The Board of Directors are responsible for implementing policies and procedures to ensure the continuing enforcement of the protective covenants and restrictions of the Association.

To run or serve as a Clearwood Board Director one must be a current Clearwood member in good standing. The number of directors who shall govern the Association shall be seven (7). At any annual general meeting or at any special general meeting called therefore the members may increase or decrease the number of directors to any number not more than nine nor less than three.

It is a responsibility of the Board of Directors to ensure that all volunteers must pass a Clearwood Community Association (CCA) criminal background check prior to being seated, elected or otherwise volunteering. And that passing a Clearwood Community Association background check is as follows; No felony convictions and no misdemeanor convictions within the last 10 years. And it is a further responsibility of the Board to ensure that those candidates for vacant seats on the Board of Directors must pass a CCA criminal background check prior to their name being presented to the membership for election. This goes into effect immediately upon the affirmative vote of the membership at the 2019 annual membership meeting.



## VI. ELECTIONS, BUDGET, VOTING, & MEETINGS

### 1. Election(s).

#### a. Schedule of Election Process

- i. The annual Association election process ends with an election on the first Saturday each November. The annual election will include the voting for all measures, election of Directors, and ratification of the budget.
- ii. The annual budgeting cycle will begin in June. The final draft proposed budget will be presented to the Board for adoption no less than sixty (60) days prior to the Annual or Special General Meeting.
- iii. Within thirty (30) days after the adoption of the proposed budget the Board must provide a copy of the budget to the owners and set a date for a meeting of the owners to consider ratification of the budget. The meeting must not be less than fourteen (14) nor more than fifty (50) days after providing the budget to the owners.
- iv. The Board will begin open discussion on proposed measures at regularly scheduled board meetings in June and will finalize these for mailing to the Membership with the budget.
- v. The Board Secretary shall begin soliciting for eligible Board candidates no less than eighty (80) days prior to the Annual General Meeting, and the candidates' information will be included in the mailed ballot materials.
- vi. The Board shall schedule and hold sufficient informational meeting(s) (i.e. Town Halls) to communicate with the membership and obtain their input on the budget, proposed measures, and presentations by candidate(s) running for office.

#### 2. **Nomination, Election, & Terms of Directors.** Nomination and election of members to the Board shall be governed by the following:

- a. **Solicitation and Filings.** The term "solicitation" means posting on the Clearwood Community Association website. The Board Secretary shall solicit eligible candidates for the Board no less than eighty (80) days prior to the Annual General Meeting. If a vacancy occurs at any other time, the Board Secretary shall

solicit candidates at least thirty (30) days prior to the appointment by the Board.

- i. Nominations: Any member desiring to nominate an eligible member shall submit to the Association's principal office by the Filing Deadline the following:
    1. The name(s) of eligible nominees for the Board,
    2. Disclosure of Interest Statement for each nominee and
    3. A written consent signed by each nominee.
  - ii. Candidate Filing. Eligible members may file directly for a Board position by submitting a completed Disclosure of Interest Statement to the Association's principal office by the Filing Deadline.
- b. Submission and Deadline. Any nomination or candidate filing must be in writing and received Via US Postal service mail or delivered in person at the Association's principal office no later than the close of business (5:00 p.m. PST) the day after Labor Day ("Filing Deadline").
- c. Eligibility. In order to be eligible for election to the Board, a candidate must meet all of the following requirements:
- i. Be a member in good standing as of the date of filing and remain so through the date of the Annual General meeting.
  - ii. Timely submit a Disclosure of Interest Statement to the Association's principal office by the Filing Deadline. The Disclosure of Interest Statement shall contain the business and financial interests of the candidate together with an agreement to disclose potential conflicts of interest in any action under consideration by the Association. (Note: Board members shall recuse themselves from discussion of the action at issue and abstain from discussing or voting on any motion in which they have a direct or substantial interest not common to other members of the Association.)
  - iii. No candidate shall have served more than two (2) consecutive terms, in addition to the time served as appointed. After the expirations of one (1) year, the

member shall again be eligible for election to the Board.

- d. Communications. All eligible candidates for elected position shall be invited to attend and fully participate in Association informational meetings (i.e. Town Halls) and such eligible candidates shall have an equal opportunity at such meetings to communicate their qualifications to the members and solicit votes.
- e. Election Process. All eligible members of the Association shall be entitled to vote in the manner set forth in these Bylaws for all directors to be elected, and the candidate(s) receiving a plurality vote shall be elected. No more than three (3) directors shall be elected each year, except when additional directors are necessary to fill vacancies otherwise existing on the Board.
  - i. Candidates elected with the most votes fill vacant Director positions.
  - ii. In case of tie(s), the successful candidate will be determined by lot (draw straws).
  - iii. A Board approved volunteer shall supervise the handling of mailed ballots, supervise the counting of all ballots, and submit a written report to the President of the Board detailing the results of the election.
  - iv. No candidate for election to the Board, nor their family members nor persons living in their household, shall assist in counting ballots.
- f. Directors shall be elected and hold office as follows:
  - i. The term of office of each elected director shall be three (3) years or until their respective successors have been elected by the Association. However, a Director who has been appointed to fill a vacancy shall serve until the conclusion of the following Annual General Meeting at which a successor is elected.
  - ii. Newly elected Directors shall take office immediately following the Annual General Meeting.
  - iii. Any vacancy occurring in the Board of Directors shall be filled by appointment by a majority vote of remaining Directors. The person so appointed shall hold office until their successor has been duly elected and qualified at the next Annual General Meeting. If two (2)

or more successors are to be elected at the same Annual General Meeting, the candidates receiving the most votes shall be awarded the longest available term.

- iv. At least one, but not more than two (2) members of the Board of Directors not seeking re-election or not re-elected to another term of office may be appointed, with their acceptance, by a majority vote of the Board of Directors to serve one additional year as an 'ex-officio member' of the Board. These members may sit with the Board at all meetings but shall have no vote. The Board, by majority vote, may subsequently remove any such ex officio member prior to the end of the one year. Ex officio members may be excluded from closed sessions at the discretion of the Board.

### **3. Budget Development & Member Vote.**

- a. The Treasurer through the Board will initiate the annual schedule/process for budget development and submission to the membership. The annual budget will be submitted to the membership for ratification at the same time as voting for Directors and other measures.
- b. The annual budget shall be established after evaluating all contracts, operating costs, insurance, staffing levels (etc.). The budget shall annually establish a specific amount to be assigned to the Reserve Funds which shall include:
  - i. Water Reserve Fund
  - ii. General Reserve Fund
  - iii. Futures Reserve Fund
- c. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the voting Membership continues until the membership ratifies a subsequent budget proposed by the Board.

### **4. Meetings.**

- a. **Place of Meetings.** Meetings of the Association shall be held at the Association's principal office or such other suitable place as may be designated by the Board, including use of online teleconferencing or videoconferencing platforms.
- b. **Annual General & Special Meetings.** The Board shall set the Annual General Meeting to occur on the first Saturday of

November of each year to commence at 9:00 a.m. The President shall have the authority to call Special General Meetings of the Association. In addition, it shall be the duty of the President to call a Special General Meeting of the Association if so directed by resolution of a majority of the Board or upon a petition signed by members in good standing having ten percent (10%) of the votes in the Association, said petition specifying the purpose of the Special General Meeting. The President, upon receipt of the petition, shall cause notice to be given as herein provided for a Special General Meeting to be held within fifty (50) days of the President's receipt of the petition.

- i. **Notice of Meetings.** It shall be the duty of the Secretary to mail or cause to be delivered to each member, at the address set forth in the Association's records, a notice of each Annual or Special General Meeting of the Association stating the date, time and place of such meeting, and the agenda for the meeting as adopted by the Board. In addition, all matters to be presented for a vote of the members at any such Annual or Special General Meeting shall be generally described in the notice including; 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 and any proposal to remove a director. No business shall be transacted at any such Annual or Special General Meeting except as stated in the notice. Within thirty (30) days after adoption by the Board of any proposed budget, notice shall be given to all Members of the date for the Annual or Special Meeting at which that proposed budget shall be considered, which date shall be not less than fourteen (14) nor more than fifty (50) days after notice is provided. The notice shall include any information required by RCW 64.90.525(2), shall be posted at the Association's offices, and shall be considered served if delivered personally, mailed, or handled as more fully described in RCW 64.38.035(2)(c).
- ii. **Waiver of Notice.** Waiver of notice of an Annual or Special General Meeting shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any Annual or Special General

Meeting, either before or after such meeting. Attendance at a meeting by a member or submission of a ballot shall be deemed a waiver by such member of notice of the meeting, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

- iii. **Quorum.** The presence of 10% of the votes in the Association in person and through timely received ballots shall constitute a quorum at any Annual or Special General Meeting of the Association. Once a quorum is established at a meeting, a quorum shall be deemed to exist throughout the meeting regardless of whether a quorum shall cease to exist.
- iv. **Adjournment of Meeting.** If any Annual or Special General Meeting of the Association cannot be held because a quorum is not present at the time called, the meeting shall be automatically continued to a specified time and place to occur within thirty (30) days of the initially scheduled meeting. A quorum must be present at this adjourned meeting. At such adjourned meeting, no business shall be transacted other than the business which was originally scheduled to be considered at the meeting originally called.

**c. Meetings of the Board.**

- i. **Organizational Meeting.** The first meeting of the Board following each Annual General Meeting shall be held immediately following the annual election. The purpose of the Organizational meeting will be to elect officers. The assembled Directors will elect a person to initiate the meeting, and then turn the meeting over to the Board President once elected.
- ii. **Regular Board Meeting(s).** Regular meetings of the Board shall be held at the Principal office of the Association or at such other suitable place at a time to be determined by the majority of the Directors. At least four (4) such meetings shall be held during each fiscal year. If such meetings are scheduled by the Board on a routine basis pursuant to a Board approved resolution, notice of the prearranged schedule shall be posted on the Association website and no further notice need be given. Alternately, at least forty-eight (48) hours prior to each meeting, the Secretary shall

cause to be given to each Board Member notice of the meeting and shall cause to be provided public notice, including the agenda, by posting the meeting notice on the Association website. A majority of the Directors shall constitute a quorum at all meetings.

- iii. **Special Board Meeting(s).** Special meeting of the Board may be held when requested by the President or by a majority of the Board. At least forty-eight (48) hours prior to each meeting, the Secretary shall give each Board Member notice of the meeting and shall provide public notice, including the agenda posted on the website. A majority of the directors shall constitute a quorum at all meetings.
- iv. **Conduct and Transparency.** Board meetings shall be conducted in accordance with applicable laws of the State of Washington, including but not limited to 64.38.035(4) RCW, and these bylaws.

Except for closed sessions, meetings of the Board of Directors shall be video and audio recorded, and live-streamed online whenever reasonably possible. All persons attending such board meetings are on notice that their actions and/or words may be recorded and posted online as part of the recording process. Video recordings of meetings are considered a record of the Association and should be retained whenever reasonable possible for no less than two years from the recording date.

Except as provided in this subsection, all meetings of the Board of Directors shall be open for observation by all owners of record and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all owners. Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters, consult with legal counsel or consider communications with legal counsel, and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of any owner to the Association. 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.

The Board of Directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. 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 reasonable identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure. The initial draft of the board meeting minutes, as prepared by the Secretary, Executive Secretary, or Assistant Secretary, as the case may be, shall conform to Robert's Rules of Order and shall be published and the recording posted online, and made available to the membership within seven days after each and all board meetings so as to provide immediate information to the membership. All persons attending such Board meetings are on notice that their actions and/or words may be recorded and posted online as part of the recording process.

The final draft of the board meeting minutes shall be approved no later than the next scheduled regular monthly board meeting.

Any video recording of a board meeting shall be posted online whenever reasonably possible within seven days of each meeting by the Association on an official platform; line-stream video feeds may be initiated by the Association on an official platform.

- d. Non-Members, Renters or other non-member occupants shall not be on committees unless they are deemed an authorized agent via a notarized letter from the lot owner. Renter or other non-member occupants shall be allowed to help with committee work parties, at the committee chair's discretion.

## **5. Member Voting.**

- a. A member shall be entitled to one (1) vote for each lot which he/she owns as prescribed in paragraph (b) below.



- b. At duly constituted Annual or Special General Meetings, each member in good standing may vote for candidates for the Board and any other items set forth on the Agenda. Voting shall be by ballot based on the number of lots owned at the meeting based on the number of lots owned. All members, including those who are not in good standing, may vote on the Budget. Voting for election of candidates to the Board shall also be subject to the terms otherwise set forth in these Bylaws. No member shall be entitled to cumulate votes, such that a member is entitled to no more than one (1) vote per lot for any single candidate.
- c. If a lot is owned by two (2) or more persons, the several owners shall designate one (1) person to cast the vote for each lot so owned. If a lot owner owns more than one (1) lot, such owner may cast one (1) vote for each lot owned. A corporation, partnership, trust or other legal entity which owns an interest in any lot must designate one (1) person to cast the vote for each lot owned. Each person who has the right to cast the one (1) vote for each lot owned shall be called the voting member. The voting member is hereby designated as the proper party to receive notices of meetings and other notices as provided hereunder. The Association shall designate the voting member for each lot which has failed to designate a voting member on its behalf.
- d. Any member in good standing may cast a vote by ballot provided that: (i) the ballot is on a form authorized by, and the original provided by, the Association; and (ii) the ballot, whether delivered or mailed, shall be sealed within a special recognizable ballot envelope with the signature, division and lot number of the member on the outside, with no other ballot inside. Selecting and/or writing in more than the number of vacant director positions invalidates that section of the ballot. A candidate can only be voted once per ballot regardless of the number of vacant director positions. All mailed ballots must be received by the day prior to the election in order to be valid.
- e. Once a vote cast, it may not be changed.
- f. Notwithstanding anything to the contrary herein, the Association may institute and utilize electronic voting through a third-party vendor selected by the Board. If the Board authorizes such voting for any election, the Board shall adopt a resolution and state whether such method of voting shall be the sole, or an additional, method of voting in such election. Electronic voting shall be deemed the equivalent of voting by ballot for all purposes.

- g. The Association shall not be allowed to cast votes for lots owned by it.
- h. In the event all the Board of Directors resign or are removed, then the Board shall appoint such number of Directors as necessary to constitute a quorum. Once a quorum is constituted, the Board shall call a Special General Meeting to elect directors to fill the remaining vacancies and to serve the unexpired terms of the vacant positions. Those candidates receiving the greatest number of votes will be assigned the longest terms.
- i. All measures to be submitted to the membership for a vote shall be reviewed by the Association's General Legal Counsel prior to being approved by the Board for placement on the agenda. The Board of Directors is required to adopt proposed amendments to the Articles of Incorporation, Bylaws, Rules and Regulations, and the Association's annual budget by a vote no less than sixty (60) days prior to the date of the Annual or Special General Meeting where it will be submitted to the membership for a vote.
  - i. The Membership may submit a proposed amendment to the Articles of Incorporation, Bylaws, Rules & Regulations by submitting to the President a petition signed by members in good standing comprising at least 10% of the voting power in the Association.
- j. The Board shall set the schedule for informational meetings (i.e. Town Halls) during the budget development process and communicate the time and place of those meetings providing the membership with 7 days' notice through posting on the website.

## **6. Board of Directors.**

- a. Each December, no later than 45 days after the Annual election, the Board of Directors shall be assembled for annual Board Orientation and Training.
- b. At Orientation the Directors shall:
  - i. Receive legal and insurance training for Corporate Officers, including fiduciary responsibilities (provided by the CCA Attorney and Insurance Agent).
  - ii. Review all roles and responsibilities of Board, Committees, and Staff.
  - iii. Receive a thorough review of Association finances including the status of the latest Audit and Reserve

Study.

- iv. Receive training on Roberts Rules of Order Newly Revised (most current edition), which shall be utilized during all Board and Committee meetings.
- v. Sign the Board Member Code of Conduct and Authority on contracting and submit to the Board Secretary.

## VII. OFFICERS

1. At the first meeting of the Board of Directors and at the regular annual meeting of the Board that follows each annual meeting of the members, the Board of Directors shall elect a President, Vice President, Secretary and Treasurer. The Board may also at any time appoint an Executive Secretary and/or Assistant Secretary and/or Assistant Treasurer. Officers of the Association so elected shall hold office for the term of one year or until their successors have been elected and qualified. Any Board officer may be suspended or removed from their office by a majority vote of all the directors.
2. No director or officer, except the executive secretary and/or assistant secretary and/or assistant treasurer shall receive any salary or compensation for his/her services from the Association. However, out of pocket expense such as telephone, postage, FAX, copies and mileage for special assignment, as directed by the President, are allowed subject to approval at regular board meetings.
3. **The President** shall preside at all meetings of the directors and members, and shall have and exercise, under the direction and subject to the control of the Board of Directors, the general supervision of the affairs of the Association.
4. **The Vice President** shall preside at meetings in the absence of the President, and in case of the absence or disability of the President, shall perform all other duties of the President.
5. **The Secretary** shall issue notices of meetings and keep the minutes of meetings. He/she shall keep a record of the names and addresses of the members, their memberships and their land holdings in Clearwood and shall have charge of the other necessary records and papers of the Association. He/she shall be custodian of the corporate seal and impress papers with the seal when needed.
6. **The Treasurer** shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association. The books of account shall at all times be open to inspection by any member. The Treasurer shall keep safely all monies and securities of the Association and disburse the same under the direction of the Board of Directors. He/she shall cause the funds of the

Association to be deposited in a bank or institution selected by the directors.

At each annual meeting of the members, and at any time directed by the directors, he/she shall issue and present a full statement showing in detail the condition of the affairs of the Association.

7. **Annual Audit.** At least annually, the Association shall prepare or cause to be prepared, a financial statement of the Association. The financial statements of Associations with annual assessments of fifty thousand dollars or more shall be audited at least annually by an independent certified public account, but the audit may be waived if sixty-seven percent of the votes cast by owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit. (This paragraph is quoted from RCW 64.38.045-(3).
8. Should any Executive Secretary and/or Assistant Secretary and/or Assistant Treasurer be appointed by the Board of Directors, he/she shall perform such duties as may be assigned to him/her by the Board.
9. Any person may occupy two offices concurrently if the Board of Directors so directs, except the office of President and Secretary.

## **VIII.COMMITTEES**

### **Section 1. Special Committees**

#### A. Formation.

- 1) The formation and subsequent termination of special committees shall reflect the needs of the Association.

#### B. Appointment.

- 1) Committees shall be solicited and appointed from the membership of the Association by the President and with the approval of the Board of Directors.
- 2) Special Committees shall be appointed for a special purpose and shall continue to exist until the duty assigned it is accomplished, unless sooner discharged.

### **Section 2. Standing Committees**

- A. The terms of committees shall start with their confirmation by the Board of Directors after each annual meeting, but no later than the October Board meeting, and shall end with the seating of committees following the next annual meeting.

### **Section 3. Architectural Control Committee**

- A. The Board of Directors shall appoint an Architectural Control Committee composed of not less than three (3) persons. A majority of the committee

- may designate a representative to act for it.
- B. The committee shall have the power to charge a reasonable fee for the costs incurred in processing and considering plans and specifications submitted for its approval.
  - C. Approval or disapproval of any matter submitted to the committee shall be made within thirty (30) days of submission to the committee or to its duly appointed representative and shall be in writing.
  - D. Any owner adversely affected by committee action may appeal to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days of the committee's action and shall set forth the part of the committee's action deemed objectionable. The appeal shall be considered by the Board at its next scheduled meeting, and a final and conclusive determination shall be made by the Board within fifteen (15) days after such meeting.
  - E. The Architectural Control Committee (ACC) will not issue any building permits for structures on split or conjoined lots without Board approval.

#### **Section 4. Violation Committee**

- A. The Board of Directors shall appoint a Violation Committee composed of (3) persons. A majority of the committee may designate one member as a chairperson.
- B. The Committee shall have the power to issue citations and assess fines, according to the schedule established by the Board of Directors, to members who have committed a violation or to notify members of an alleged violation.
- C. Upon the request of the member, the committee shall have the power to seat a Violations Review Panel of six persons, randomly selected from a group of volunteers who have agreed to serve, who will review the citation and/or alleged violation and determine if the assessed fine should be upheld or what, if any, action should be taken. The determination of the Panel shall be by a two-thirds majority. At least one member of the Violations Committee must be present and act as chairperson to assure that both sides of the situation are properly and fairly represented. The Violations Committee will have no voice or vote in the Panel's decision. Members of the Board of Directors shall not be eligible to serve on the Panel.
- D. The determination may result in legal action for civil damages; it may result in abatement expenses; or it may result in the levying of a special assessment against the member in violation. The chairperson shall be responsible to submit the determination of the Panel to the Board of Directors.
- E. Any Member adversely affected by the action of the Violations Committee

and/or the Violations Review Panel may appeal to the Board of Directors of the Clearwood Community Association.

### **Section 5. Finance Committee**

- A. The Board of Directors shall appoint a Finance Committee composed of not less than three (3) nor more than ten (10) persons. Members of the Board of Directors may be members of the committee but in no event shall board members comprise a majority. The Association Treasurer must be a member of this committee. A majority of the committee may designate one member as a chairperson.
- B. The committee shall recommend to the Board of Directors the type of annual audit to be made of the association finances.
- C. The committee shall be advisory to the Board of Directors, with reviewing and preparing the Annual Association Budget for presentation to the membership at the annual meeting.
- D. The committee shall review at least semi-annually the finances of the association and recommend how, what and if any monies should be invested, so as to attain the maximum earnings.
- E. The committee shall periodically review the repair/ replacement schedule and recommend modifications to the schedule and/or addition/deletion of items in order to prudently expend funds in the Reserve Account.
- F. The committee shall periodically review the long-term goals of the association and suggest viable alternatives for the use of funds in the Futures Account.

### **Section 6. Water Committee**

- A. The Board of Directors shall appoint a Water Committee. The Water Committee shall advise and assist the Board of Directors on the operation and maintenance of the Water System as well as planning for capital improvements to maintain a safe and adequate water supply system.

### **Section 7. Roads Committee**

- A. The Board of Directors shall appoint a Roads Committee. The Road Committee shall advise and assist the Board of Directors on the maintenance and planned improvement of the Road System within Clearwood to maintain a safe network of roads.

### **Section 8. Volunteers**

- A. It is a responsibility of the Board of Directors to ensure that all volunteers must pass a Clearwood Community Association (CCA) criminal background check prior to being seated, elected or otherwise volunteering. This goes into effect immediately upon the affirmative vote

of the membership at the 2015 annual membership meeting.

## **IX. CORPORATE SEAL**

The seal of the Association shall be circular form and shall contain the words "CLEARWOOD COMMUNITY ASSOCIATION" and the words "CORPORATE SEAL WASHINGTON 1974".

## **X. AMENDMENT**

Except as herein otherwise provided, those By-Laws may be amended by a vote of the holders of a majority of the Association's membership present or represented by proxy at any annual or at any special member's meeting called for that purpose.

## **XI. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Association shall indemnify each present and future director and officer of the association against, and each such director and officer shall be entitled without further act on his/her part to indemnity from association for, all expenses, including the amount of judgments and the amount of reasonable settlements made with a view to the curtailment of costs or litigation, other than amounts paid to association itself; reasonably incurred by him/her in connection with or arising out of any action, suit or proceeding in which he/she may be involved by reason of his/ her being or having been a director or officer of the Association, whether or not he/she continues to be such director or officer at the time of incurring such expenses; provided, however, that such indemnity shall not include any expenses incurred by any such director or officer.

- a) in respect of matters as to which he/she shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his/her duty as such director or officer, or
- b) in respect to any matter in which any settlement if affected, to an amount in excess of the amount of expenses which might reasonably have been incurred by such director or officer in conducting such litigation to a final conclusion; provided, further, that in no event shall anything herein contained be so construed as to protect, or to authorize association to indemnify, such director or officer against any liability to the association to which he/she would otherwise be subject by reason of his/her misfeasance, bad faith, negligence or disregard of the duties involved in the conduct of his/her office as such director or officer.

The foregoing right of indemnification shall insure to the benefit of the heirs, executors or administrators of each director or officer and shall be in addition

to all other rights to which such director or officer may be entitled as a matter of law. Insurance to cover must be purchased by the Board of Directors.

## **XII. PROCESSING VIOLATIONS**

1. A form entitled, "Report of Violation", shall be made available to all members of the Association. This form will be available at the Clearwood office, from the Association employees, the Board of Directors and the Clearwood Patrol.
2. Any Clearwood member may complete a "Report of Violation" when they witness what they perceive to be a violation of the Protective Covenants, Bylaws or Rules and Regulations of the Association. The report should include pictures and/or statements from witnesses, if appropriate. The report shall be mailed or delivered to the Clearwood Office or to any member of the Clearwood Board of Directors.

## **XIII. WATER SYSTEM**

1. In accordance with the Articles of Incorporation of Clearwood Community Association, Article 3, Paragraph B, utility systems in or for the benefit of the community shall be acquired, constructed, improved, maintained and operated. The Board of Directors shall have the general control and management of the water system and its related policies, service connections, appurtenances and funding for the purpose of distributing the same at cost and without profit.
2. Standards of construction and design for all new construction within the water system shall be in accordance with the following standards and regulations:
  - Washington State Board of Health Drinking Water Regulations, Chapter 246-290 WAC
  - Washington Department of Transportation/ American Public Works Association Combined Provisions
  - Recommended Standards for Water Works, Great Lakes, Upper Mississippi Board of State Public Health & Environmental Manager ("Ten State Standards")

The Board of Directors may adopt other standards by resolution and/or the Business/Maintenance Manager may waive the construction requirements in the event of specific circumstances.

3. The cost of operating the water system shall be evaluated from time to time by the Board of Directors to determine funding to meet expected or unexpected requirements of the state and federal regulations, as well as renewal, replacement and development of the water system. The Board shall annually establish and approve a five-year forecast of the revenues from all water service charges, special levies and/or assessments or



reserve funds, together with the expected application of those funds to capital improvements, operations, maintenance and administration of the water system. Article III of these By-Laws describe in detail said Assessments, Charges and related issues.

4. No member supplied with water by the Association shall be permitted to use it for any purpose or in any way to serve other persons or families except in the case of emergencies. Any violation of this Article shall result in a fine being levied or legal action being taken against the violator.
5. To prevent any potential contamination or possible interaction with any other water source, all users of water connected to the Clearwood water system shall take reasonable and prudent measures to ensure that no cross connection takes place within their premises.

**"Cross connection"** means any physical arrangement where the public water system is connected, either directly or through other lawfully connected fixtures, to any other system, container, or device that contains, or may contain, water, waste products, or other substances of unknown or unsafe quality which may be introduced to the potable water system as a result of backflow.

**"Backflow"** means the reversal of flow in any connection to the water system, by whatever cause, such that any material other than the water from approved sources, storage or treatment facilities is or may be made to enter the potable water distribution system.

All lots and residents must have a current Water Cross-Connection Control Survey on file at the Clearwood office. Failure to complete and submit the annual survey in a timely manner shall be considered to have violated the integrity of the water system and may have their water service discontinued.

A check valve shall be installed by the Association with any service connection.

The water system shall provide Air/Vacuum relief facilities at appropriate points within the water system and shall be maintained at least annually. These facilities will introduce air to the water mains in the event of loss of pressure to minimize the potential of siphoning.

- 6a. Any water user found to be in violation of the integrity of the water system shall have their water service discontinued immediately. Service will not be restored until all such matters are resolved.
- 6b. Any water user found to be in arrears in their assessments, levies or fees, per established policies for the collection of same, shall be given notice in writing of potential termination of water service. Such notice shall be given at least thirty days prior to the intended date of service termination. The water user may request a hearing before the Board of Directors at the next regular scheduled meeting, after receipt of the notice, to

determine if the Association regulations have been appropriate and/or whether mitigating factors exist. Service shall not be terminated while such a review is pending or continued.

#### **XIV. Hiring Contractors**

1. All current and future Accountants, auditors, Bookkeepers, and Attorney's contracted by Clearwood Community Association must pass a Clearwood Community criminal background check prior to having any access to Clearwood proprietary information, or, have passed a criminal background check with their organization within the past two years and provided Clearwood with evidence of such background check.
2. All current and future Accounting and Auditor services contracted by Clearwood Community Association must have a Certified Public Accountant as part of their staff and are covered under their insurance prior to having any access to Clearwood proprietary information.
3. All current and future Contractors contracted by Clearwood Community Association must not have any conflicts of interest with any Clearwood Board of Director, Clearwood Committee member, or Clearwood Staff. A Conflict of Interest shall be deemed to exist when any director, Committee Member, or Staff has a significant relationship (business or persona) with the Contractor.
4. All current and future Contractors doing work for Clearwood Community Association must have evidence of insurance that is sufficient to cover the cost of the project that they are contracted to work for Clearwood. The HOA Contract should involve making sure the Contractor has the specific type and level of insurance appropriate for the project, proof of proper endorsements for working in an HOA, and require that Clearwood HOA be named as an additional insured whenever possible.
5. Any lengthy projects that the Clearwood Association uses a Contractor for will require a signed Contract that has been reviewed by Clearwood's legal counsel.

## ADDENDA TO BY-LAWS

### RULES & REGULATIONS APPLICABLE TO CLEARWOOD COMMUNITY ASSOCIATION, INC. (also referred to as the "RED BOOK").

**(Resolution 91-05-20 Member-approved Aug. 17, 1991)**

This book contains the Rules and Regulations governing the use of Clearwood and its facilities by property owners and their guests. These regulations were duly considered and officially adopted by the Board of Directors of the Clearwood Community Association (hereinafter called CCA) on May 18th, 1991. All of these Regulations have been formulated with two foremost aims:

- (1) to establish orderly and reasonable procedures for governing activities and*
- (2) for maintaining the integrity of Clearwood while restricting individual freedom as little as possible.*

It is hoped that the regulations will be accepted in a spirit of cooperation and that the rule of common sense will prevail in those instances where the interpretation of a regulation does not exist to cover a particular situation. In the final analysis, the application of common sense and courtesy, together with respect for one's neighbor and their property, is the primary requisite to ensure that Clearwood will be a truly enjoyable place to live and play. Further, it is to be understood that all activities engaged in at Clearwood, at any time of the year, are at the sole risk of the participant.

Other pertinent documents include the Amended Declaration of Covenants, Conditions and Restrictions Applicable to ALL Divisions of Clearwood and the Articles of Incorporation (contained in the Blue Book), and the Clearwood Community Association By-Laws. Copies are available at the Association Office.

In the event of conflict between the Covenants, Articles of Incorporation, By-Laws and this book, be it hereby understood that the Covenants, Articles of Incorporation and By-Laws (excluding this addenda) shall take precedent and control.

To further note, the Covenants and Restrictions run with the land and when there is any change of ownership, the new owner(s) is deemed to have accepted such Covenants and Restrictions and is bound by them to the same extent as the original owners.

These policies (The RED BOOK) must be reviewed by the Membership on or before the year 2005 Annual Meeting.

**End**

**Clearwood Community Association By-Laws**