

**Cherrywood Estates Homeowners Association
Bylaws**

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Section 1: Board of Directors – Organization and Operation

1.1 Power and Authority of the Board of Directors. The Board of Directors (hereafter 'Board') shall govern in accordance with the Amended and Restated Declaration of Covenants, Conditions, and Restrictions (hereafter CCR's), for Cherrywood Estates Homeowners' (hereafter the "Association"), and the Articles of Incorporation created pursuant thereto. The board shall also be governed in its operations by RCW 24.03 and RCW 64.38 (Homeowners' Associations). In connection therewith, the board shall have the power to:

1.1.1 Adopt and amend rules, and regulations.

1.1.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners.

1.1.3 Hire and discharge or contract with managing agents and other employees, agents, and independent contractors.

1.1.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association.

1.1.5 Make contracts and incur liabilities.

1.1.6 Regulate the use, maintenance, repair, replacement, and modification of common areas.

1.1.7 Cause additional improvements to be made as a part of the common areas.

1.1.8 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property.

1.1.9 Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys.

1.1.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas.

1.1.11 Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the Board or by the representative designated by the Board, and, in accordance with the procedures adopted by the Board, levy reasonable fines in accordance with a previously established schedule adopted by the Board and furnished to the owners for violation of the bylaws, rules, and regulations of the Association.

1.2 Number and Election of Directors. The Association shall be governed by a Board of directors, each of whom shall be a Member of the Association. The term of office shall be for two years. The terms shall be staggered so as to elect an even number of Directors in even numbered years and an odd number of Directors in odd number of years. Nominations may be submitted to the Board president in writing prior to the meeting or taken from the floor at the time of said meeting. Board nominations will take place based on the 4 mailbox zones within the neighborhood. Members from each mailbox zone will nominate and elect a person within their mailbox zone (See Attachment A for a listing of addresses within each mailbox zone). One Board member will be nominated and elected by the entire association. The elected board will elect its officers on an annual basis.

1.3. Removal of Directors. Any Director may be removed from the Board, with or without cause by a majority vote of all the Members of the Association at a meeting where a quorum of Members are present in person or by proxy.

1.4 Board Vacancy. Any vacancy on the Board of Directors created or caused by any reason whatsoever, may be filled by an election held at a special meeting of the members of the Association called for that purpose or by the remaining Directors, if a special meeting of the Association does not occur within sixty (60) days of the occurrence of the vacancy.

1.5 Architectural Control. The Board shall assume the responsibilities of the Architectural Control Committee or may delegate this responsibility to assigned agents to the extent authorized by statute.

1.6 Compensation. Directors shall not be entitled to any compensation for services performed, but will be entitled to reimbursement for actual expenses conforming to the guidelines set forth in these bylaws.

1.7 Officers.

1.7.1 The officers of the Association shall be elected annually by the Board from among its members at the first meeting following the annual meeting of the membership.

1.7.2 The President of the Board shall supervise all activities of the Association; execute all instruments in its behalf; preside at all meetings of the Board and of the membership of the corporation; and perform such other duties usually inherent in such office.

1.7.3 The Vice-President of the Board shall act for the President in his absence and perform such other acts as the President may direct.

1.7.4 It shall be the duty of the Secretary of the Board to keep all records of the Board and of the Association and to perform such other acts as the President may direct.

1.7.5 The Treasurer shall receive and be accountable for all funds belonging to the Association; pay all obligations incurred by the corporation and maintain bank accounts in depositories designated by the Board; and render periodic financial reports as required or directed..

1.8 Board Meetings. Action at Board meetings shall be by majority vote of those directors present and constituting a quorum. A quorum shall consist of a majority of the directors. 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 an 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 reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Section 2: Membership and Membership Meetings

2.1 Membership. All owners of lots in Cherrywood Estates shall automatically become a Member in Cherrywood Estates Homeowners Association.

2.2 Annual Meeting. There shall be an annual meeting of the Members during the month of August in each year at such reasonable place and time as may be designated by the board.

2.3 Quorum. The presence at the meeting of Members or proxies entitled to cast, twenty-five percent (25%) of all the votes of the membership shall constitute a quorum of all action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

2.4 Voting. All owners may vote in person or by written proxy. A single vote assigned to each lot in Cherrywood Estates. If any more than one individual is the owner of any lot, the co-owners shall be required to designate the voting individual for their lot. In the absence of designation the individual whose name first appears on title shall be the designated voting owner. Voting may be conducted by mail only on Board action requiring ratification by the membership, or as permitted by statute. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. Electronic voting shall be allowed to the extent authorized by law.

2.5 Special Meetings. Special meetings of the Association may be called by the president, a majority of the Board, or by Members having ten percent of the votes in the Association.

2.6 Notice of Meetings. Not less than fourteen nor more than sixty days in advance of any meeting, the secretary or other officers specified in the bylaws shall cause notice to be delivered to each Member of record. Delivery may be in person, by mail, or by e-mail if an e-mail address has been provided by the Member, and such notice has been authorized by statute.. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the board of directors for a vote by the owners, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

2.7 Action of the Membership. Action taken by a majority of Members present in person or by proxy shall constitute action of the membership, except where provided otherwise in these bylaws or related covenants, reservations and restrictions. No action of the membership shall be binding on the Board or the Association, except at a meeting duly noticed and conducted as set forth herein.

Section 3: Budget, Financial Matters and Record Keeping.

3.1 Budget Preparation. The Board may adopt whatever fiscal year or assessment period it deems convenient. Prior to the expiration of each year, the Board shall establish a budget establishing the basis for any assessment. Within thirty days after adoption by the board of directors of any proposed regular or special budget of the association, the board shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Members holding a majority of the votes in the Association reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last

ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

3.2 Assessments and Late Charges. As described in the Amended and Restated Cherrywood Estates Covenants, Conditions, and Restrictions, each Member agrees to pay assessments levied by the Association. Such assessments shall be determined annually by the Board as set forth herein and assessed equally among all lots in Cherrywood Estates. The Board will determine whether assessments are paid in monthly, quarterly, or annual payments. In rare instances of major damage (e.g., casualty loss) for which reserve funds or insurance proceeds are inadequate, the Board may initiate a special assessment to secure the needed funds. The special assessment shall be payable as determined by the Board in monthly, quarterly or lump sum payments. The Board shall notify each Member not less than 15 days prior to the due date of the first payment along with a reasonably detailed statement of the estimated costs.

3.3 Record Keeping. The Board shall cause to be kept complete and accurate records of the expenditures of the Association. Accounting shall be consistent with generally accepted accounting principles. Records shall be available for examination by its Members, mortgagees, or agents during normal business hours. In the event that assessments exceed \$50,000.00 on an annual basis, the Association financial statements will be required to be audited by an independent CPA unless waived by a minimum of 75% vote of the Members.

3.4 Reserve Account. The Board shall establish and fund a reserve account with a reputable banking institution authorized to do business in the State of Washington. The reserve account shall be used for unanticipated repairs and improvements of property maintained by the Association.

3.5 Insurance. The Board shall cause the Association to purchase and maintain policies of insurance for the protection of the Association's directors and agents from personal liability in the management of the Association's affairs. Other insurance shall also be purchased as the Board deems advisable. Each director or individual acting on behalf of the Association shall be indemnified by the Association against all expenses and liabilities including legal fees, except in cases where a Director or individual is adjudged guilty of willful misconduct in the performance of his or her duties. Indemnification for each settlement requires Board approval that such settlement and reimbursement is in the best interests of the Association.

3.6 Indemnification. To the full extent permitted by the Washington Non-Profit Corporation Act, the Corporation shall indemnify any person who was or is a party of is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Corporation or otherwise) by reason of the fact that said person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, against expenses (including attorneys' fees, judgment, fines and amounts paid in settlement) actually and reasonably incurred by said person in connection with such action, suite or proceeding; and the Board of Directors may at any time, approve indemnification of any other person which the corporation has the power to indemnify under the Washington Non-Profit Corporation Act.

3.7 Member Damages. A Member shall be fully liable for any damage to property maintained by the Association and caused by said Member or their family, dependents, guests, contractors, agents, or service personnel. Such damages shall be repaired to like new condition within 15 days of the occurrence. If Property is not restored to like new condition, the Board reserves the right to make said repairs and assess any associated expenses and penalties deemed reasonably necessary.

Section 4: General Provisions

4.1 Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. No loans shall be made by the corporation to its directors or officers.

4.2 Notices and Meetings.

4.2.1 All notices given under the provisions of these bylaws shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the third day of regular mail delivery after a copy has been deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Member mailing addresses may be changed by written notice to the Board.

4.2.2 The Board's initial mailing address will be determined by the Board after initial elections, and may be changed from time to time by written notice 30 days in advance to Members using the latest addresses on file.

4.3 Waiver of Notice. Whenever any notice is required to be given to any member or director of the corporation under the provisions of these By-Laws or under the provisions of the Articles of Incorporation or under the provisions of the Washington Non-Profit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

4.4 Amendments. These bylaws may be amended by approval of at least 75% of all Members confirmed in writing,, following a meeting of the membership duly noticed and held at which a quorum is present. If an amendment is proposed by at least 30% of its Members, then regardless of whether the Board concurs, it shall be submitted to all Members of the Association for consideration at an Association meeting for which timely notice shall be given. Notice of a meeting at which an amendment is to be considered, shall include the text of the proposed amendment. The Board will handle preparation and recording of amendments on behalf of the Association. The written signature of the Board President and one other Director is required to certify that the recorded amendment is approved by the Board.

IN WITNESS WHEREOF, the undersigned Board of Directors of Cherrywood Estates represent and affirm that the foregoing bylaws were duly adopted following approval of 75% of the Members and executed at Richland, Washington, on the date indicated below.

Dated this 28th day of May, 2010.

Director

Director

Director

Attachment A

Cherrywood Estates Mailbox Zone Details

| ZONE | DESCRIPTION |
|-----------|---|
| Northeast | 413 - 453 Cherry Blossom Loop |
| Southeast | 400 - 410 Cherry Blossom Loop 1303 - 1351 Jubilee Street |
| Southwest | 1260 - 1299 Jubilee Street 451 - 469 Royal Ann Court |
| Northwest | 454 - 488 Cherry Blossom Loop 1239 - 1257 Jubilee Street |