

BY-LAWS of THE INNIS ARDEN CLUB
As amended through May 11, 2021

Article I, II, III, IV, V, VI, VII, VIII, Property
Owned

Preamble

The By-Laws of the The Innis Arden Club, hereafter called the Club, are the rules which form the structure or framework of the Innis Arden Community. They govern the administrative program. By-Laws must not conflict with state and local laws, Articles of Incorporation of The Innis Arden Club or the Innis Arden Restrictive Mutual Easements.

Article I. Meetings

- **Section 1. Annual Meeting.** The annual meeting of the members shall be held on the third Wednesday in January in each year, at 8:00 PM, or at such other time as the Board of Directors selects, for the election of directors and transaction of business. The President of the Board of Directors shall serve as the chair of the annual meeting. In the President's absence, the chair shall be elected by the Board prior to the annual meeting.
- **Section 2. Special Meetings.** Special meetings of the members may be called by the Board of Directors or at least 10% of the members not less than 14 or more than 60 days in advance. The Board of Directors shall set the date, place and time of said meeting.
- **Section 3. Place of Meeting.** All meetings of the members shall be held at the clubhouse, or at any such place in King County that the Board of Directors shall select.
- **Section 4. Changing the Time and Place of Members' Meeting for Election of Directors.** The time and place of the members' meeting for election of directors may not be changed within sixty days before the scheduled date. Notice of any such change prior to the sixty days shall be given to all members in writing by mail.
- **Section 5. Notice of Meetings.** Except as otherwise required by statute, notice of the time, place and purpose of each meeting, whether annual or special shall be given at least fourteen days before such meeting in writing or as otherwise permitted by these By Laws. No other publication or notice shall be required.

- **Section 6. Quorum.** Per RCW 64.38.040 as amended, at all meetings of the members, the presence of 40% of all members, in person or by proxy, at the beginning of the meeting shall constitute a quorum for the transaction of business. A proxy shall also act as a member's presence at the meeting for purposes of a quorum. If such a quorum shall not be present or represented at the Annual Meeting, the chair, after stating any proposed dues that are less than 110% of the previous year's amount are ratified since the meeting lacks a majority to disapprove the dues, shall have the power to adjourn the Annual or any other meeting for not more than thirty days. At any reconvened meeting at which a quorum shall be present, any further business may be transacted.
- **Section 7. Requirements for Adoption.** When a quorum is present, a majority vote is sufficient for adoption of any motion that is in order.
- **Section 8. Voting.** Every member shall have a right to one vote at every members' meeting. A member shall be defined as a property owner within Innis Arden. Only one vote shall be allowed for each building site within Innis Arden regardless of the number of owners of such building site. Voting at meetings may take place by way of a roll call vote, written, or electronic ballots.
- **Section 9. Proxies.** At all meetings, each member may vote in person or by proxy (which may include electronic means of transmission). All proxies shall be filed with the Secretary or the Secretary's designated agent. Every proxy shall be revocable and shall cease upon conveyance by the member of his property.
- **Section 10. Voting by Mail.** In addition to voting in person or via proxy per Sections 8 & 9 above, the Board may decide consistent with Chapter 24.03 RCW and Chapter 64.38 RCW as amended from time to time or their successor statutes that voting of the members shall be by mail with respect to any particular election of the Board, adoption of any proposed amendment to the Restrictive Mutual Easements or Bylaws or any other matter for which approval by members is required by the Restrictive Mutual Easements or Bylaws. Such voting shall occur in accordance with procedures adopted by the Board.
- **Section 11. Electronic Notice and Voting.** In addition to (i) voting in person or via proxy per Sections 8 & 9 above and in accordance with the procedures set forth below, and (ii) voting by mail pursuant to Section 10 above, the Board may allow notice and voting on any matter to be via e-mail in compliance with Chapter 24.03 RCW and Chapter 64.38 RCW as amended from time to time or their successor statutes. "Via e-mail" means electronic transmission of information from a sender

to a receiver in a form that the sender and receiver can both store and print, but it does not include transmissions sent via text message, instant message, Twitter, a comment posted by a member on a social networking website or blog, or other forms of electronic communication. For member meeting notices given by the Association to a member, “via e-mail” also means the combination of (a) posting the notice on an electronic network by the Association, and (b) delivering clear instructions to the member on how to access the notice posted on the network. For receiving a vote from a member, “via e-mail” includes the additional requirements that (a) the identity of the sending member is either (i) stated in the information transmitted, or (ii) already known to the Association, and (b) the vote is received at an e-mail address, location or system that the Association designated for receipt of the vote. To the extent Chapter 24.03 RCW and Chapter 64.38 RCW authorize electronic notice of meetings only for those members who have opted in to receiving electronic notice, electronic notices sent via email will be deemed as effective notice only for those members who have opted in to receiving electronic notice in compliance with statutory requirements.

Article II, Board of Directors

- **Section 1. Definition.** The Board of Directors shall consist of the officers and chairmen of the standing committees.
- **Section 2. Number and Term of Office.** The number of Directors shall be nine. The number may be varied by amendment of the By-Laws either by the Board of Directors or the members, but the number shall not be reduced to less than three nor increased to more than nine. The term of office shall be three years unless a director shall sooner resign, or shall otherwise be disqualified to serve, except that the Director serving as Chairman of the Activities Committee shall serve a one-year term. Until the remainder of the vacated term has expired, any member elected to fill a vacancy shall serve until the next annual election.
- **Section 3. Election.**
 - a. Members who wish to be candidates for Director positions and who wish to have their names appear on the official ballot shall notify the Secretary in writing not later

than the stated Board of Directors meeting the month before the Annual Meeting. Additional nominations may be made from the floor at the Annual Meeting by a qualified member. The nomination must be seconded and with the consent of the nominee. The additional nominees shall be presented with the slate at the Annual Meeting. The Secretary shall formulate and mail an official ballot to each member at his or her address of record not later than two weeks prior to the Annual Meeting. Each candidate may publish a personal statement regarding his or her candidacy in the Bulletin mailed to the address of each member of record at least two weeks prior to the Annual Meeting. The maximum length of the personal statement shall be established by the Board and shall be equal for all candidates.

- b. Ballots may be cast at the Annual Meeting or by proxy or electronically (email). The Secretary shall make replacement ballots available to members. All ballots shall be validated by the Secretary or such other Director as the President may appoint, prior to opening by the Tellers Committee.
- c. The President shall appoint a Tellers Committee to open and count the ballots received and validated. Only official ballots will be counted. The Tellers Committee shall consist of three or more members none of whom shall be candidates or relatives or spouses of candidates. The Committee shall be refereed by the Secretary or another Director, who is not a candidate, who is appointed by the President.
- d. Those candidates for open Board positions receiving the greatest number of votes from validated and counted ballots shall become Directors and shall assume their duties immediately following the Annual Meeting, except that the Director who shall be Chairman of the Activities Committee shall be elected by that committee and confirmed by the members.
- e. The Board of Directors shall establish written procedures governing the length of statements published in the Bulletin by candidates, the alphabetical listing of candidates, format and distribution of official ballots, the validation and counting of ballots, the publication of election results, and other matters relating to election procedure which the Board may determine to be appropriate. The initial procedures shall be published in the community Bulletin at least one month before the Annual Meeting. Subsequent procedures shall be published in the community Bulletin at least one month before they are to become effective.

f. Teller procedures:

Processing Mailed Proxies (3:30-4:30 PM)

- 1) Open envelopes and remove mailed proxy ballots. Sort proxies by IA subdivision, and then alphabetize.
- 2) For proxies directed to the Board of Directors or any you received, go through the sign-in procedures below for proxies.
- 3) Use this time to practice signing in other ballots and proxies.

SIGN-IN (4:30-8:00)

You will have

- A stack of blank non-white ballots
- A printed list of residents and addresses sorted by subdivision and last name (sign-in sheet) A rubber stamp and stamp pad
- A stapler
- Ballot Cards and Proxy Cards (if motions will be made from the floor)

VOTING IN PERSON: (Members from Innis Arden 1, 2, and 3 will sign in at tables so designated)

Usual Situation:

- Have the members sign the sign-in sheet next to their names and addresses, and verify that phone numbers (for the directory) and addresses are correct. Also ask for email addresses, assuring all that email addresses will not be publicized.
- For each member, write the block and lot of the associated residential lot on the lower right of the back (blank) side of the ballot. Validate the ballot by stamping it next to where you wrote the block and lot number.
- Instruct members to cast ballots when polls close after candidate presentations and discussion of ballot issues.
- Give processed ballot to member

PROCESSING PROXIES: (Proxy holders will sign in at the table(s) appropriate for the residential lot(s) of those giving proxies)

- Have the proxy holder sign the sign-in sheet next to the proxy giver's name and address with date proxy was executed.
- Ask proxy holder to fold each proxy form, print side out, along the line that says '**NOT VALID IF SEPARATED**' and present the form with the member-proxy information side up and thus voting information down and hidden.
- Proxy ballots must not be separated from proxy forms. (Any separated forms must be rejected. Ok if taped together.)
- Insure that all information on the signature side of the proxy is filled out correctly. (If it is not, do not continue.)
- Fold the signature side to cover member and proxy holder information and staple the now twice- folded form. (Folded samples will be provided.)
- On the lower right of the back (blank) side of the folded form, write the block and lot number of the member who gave the proxy.
- Validate the proxy ballot by stamping it next to where you wrote the block and lot number.
- Instruct proxy holder to cast proxy ballot(s) only when a quorum has been achieved (if a quorum has not been achieved, the same proxy ballot may be used at a subsequent meeting).
- Give proxy ballot back to member.

Processing electronic ballots:

- An email is sent to members with instructions and a ballot included in the body of the email:

“If you haven’t submitted/mailed your proxy ballot and you don’t plan on attending the annual meeting, please click on ‘reply’ and then fill out member address and name. Then click ‘send’.

Please send by 6:30 PM on the evening of the meeting. Thank you”

- The Secretary ensures that member name, address, subdivision, block, lot number and date are included. Ballots are printed, sorted by subdivision, last name and sent to tellers for processing.

COUNTING THE BALLOTS

1. Verify that all ballots and proxy ballots have lot and block number and validating stamp on the backside, lower right.
2. Divide the ballots and proxy ballots approximately equally among pairs of tellers.
3. Working in pairs, tally the votes for each candidate, the budget ratification, the dues ratification and the Activities Chair ratification and enter the counts on the tally sheet, using the tally sheet on back of these instructions. Use the system of 4 vertical lines plus diagonal to represent each five. If more than four write-in names appear, subdivide one or more columns of tally sheets to handle the extras. Tellers initial the tally sheets they used for recording votes.
4. After all ballots and proxies have been counted, the head and two other tellers will sum up all the tally sheets, put the totals on a clean tally sheet, mark it "Total Counts," and initial this sheet. **SAVE ALL BALLOTS AND PROXIES!**
5. One of the tellers will be asked by the Chair to report the final results.
6. At the end of the meeting please give all the tally sheets, ballots, and proxy ballots to the Board Secretary.

g. Voting Procedures

Voting procedures will be passed out to each voting member. Suggestion: Print the previous annual meeting minutes on the reverse side.

Completing the sign-in procedure is required prior to turning in your ballot or proxy ballot(s).

- For your own ballot, find the table and tellers representing your subdivision, initial the sign-in sheet next to your name and address, and make sure that address, phone, and email information is correct.

- If you hold one or more proxies: a) for each, find table and tellers for member(s) who gave a proxy, b) sign your name next to that of the person who gave the proxy and c) write the date that the proxy was executed. Then d) fold each proxy ballot at the line reading NOT VALID IF SEPARATED (with printed side out) and hand it to the teller, signature side up. Do not separate proxy and ballot sections of the form. After checking the proxy information, a teller will fold the signature section again, hiding member and proxy holder names, and will staple the now twice-folded form.
- For both ballots and proxy ballots, tellers will write the block and lot number on the back (blank) side (to uniquely connect each to a single lot in Innis Arden) and will stamp the ballot or proxy ballot to indicate that it has been validated.
- Do not vote until a quorum has been announced.
- Vote Counting. After collecting ballots and proxy ballots, tellers will check the back of each for the validation stamp and then tally votes for all valid ballots and proxy ballots.

h. Typical Annual Meeting Schedule

3:30 p.m. tellers process mailed proxy ballots

4:30 p.m. sign-in for proxy holders

6:00 p.m. coffee hour and sign-in for Members

7:00 p.m. meeting

- Approve the minutes from the 2006 Annual Meeting.
- Take nominations from the floor
- Candidates' presentations followed by a question and answer period
- Discussion of other ballot issues—ratifying Activities Chair, approving the budget and dues. Voting and the collection of ballots
- Committee Reports:

Treasurer:

Activities:

Clubhouse:

Reserves:

Grounds:

Remodels:

- Community Comments
- Announce Election Results
- Adjourn

i. Sample Ballot

<p><u>1. Board of Directors</u></p> <p>There are three positions open. Ballots with more than a total of three votes for Directors <u>will be disqualified</u>.</p> <p><i>Mark 'x' in the box to vote.</i></p> <p>Candidate 1</p> <p>[]</p> <p>Candidate 2</p> <p>[]</p> <p>Candidate 3</p> <p>[]</p> <p>Write-in</p> <hr/> <p>[]</p>	<p><u>2. Shall the election of the Activities Chairperson, XXXXX, be ratified for 20XX?</u></p> <p><i>Mark 'x' in the box to vote.</i></p> <p>[] Yes [] No [] Abstain</p> <p><u>3. Shall the BUDGET proposed by the Board for 20XX</u></p> <p><i>be approved? Budget will pass unless rejected by 270</i></p> <p>[] Yes [] No [] Abstain</p> <p><u>4. Shall the ANNUAL DUES proposed by the Board for 20XX, of \$XXX be approved? Because dues are unchanged from last year, they will be ratified unless disapproved by 270 (a majority of the total number of Tracts in Innis Arden) members voting in person or by proxy. March 'x' in the box to vote.</u></p> <p>[] Yes [] No [] Abstain</p>
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- **Section 4. Place of Meeting.** Meetings of the Board of Directors shall be at the clubhouse unless otherwise designated by the Board.

- **Section 5. Annual Organizational Meeting.** The Board of Directors shall meet immediately following the Annual Meeting for the purpose of organization and the assignment of duties, and if a quorum be present, no notice thereof shall be required.
- **Section 6. Stated Meetings.** The Board of Directors shall normally meet on a regular basis on the second Tuesday of each month at the Clubhouse at 7:00 PM, but the Board may set other dates, locations and times, depending on need, so long as all members are given timely notice in the Bulletin, or by other means, of any change. Except where otherwise stated in the By-Laws, any and all business may be transacted at such stated meeting.
- **Section 7. Special Meetings.** Special meetings of the Board of Directors shall be held within King County whenever called by the President or by any director. Notice of any such meeting shall be mailed to each director at his residence or usual place of business, not later than two days before the meeting, or be delivered personally, or by telephone or by e-mail, not later than the day before the meeting. Notice of any meeting of the Board need not, however be given to any director, if waived by him in writing, or of he shall be present at the meeting; and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given, if all the members shall be present thereat. Except as otherwise provided in the By-Laws as may be indicated in the notice thereof, any and all business may be transacted at any special meeting.
- **Section 8. Quorum and Manner of Acting.** A majority of directors in office at the time of any stated or special meeting shall constitute a quorum for the transaction of business; and the adoption of any motion by a majority of the directors in office at any such meeting at which a quorum is present shall be the act of the Board of Directors. The Board of Directors may communicate and perform their duties via email, text, or other electronic or written communications between meetings of the Board of Directors, however they may not adopt motions except for at a meeting of the Board of Directors or as otherwise permitted by law. A director who has viewed a proposal for a remodel and is not able to attend a meeting of the Board of Directors may vote to approve or disapprove such remodel in writing (including by electronic means of transmission). Such vote shall count as if the director were present at the meeting, and, only for the purpose of approving or disapproving of the remodel shall count toward the quorum. In absence of a quorum, a majority of directors present must adjourn the meeting until a quorum is present. No notice of the adjourned meeting need be given. A quorum shall not be required to organize a

meeting held for the purpose of filling vacancies on the Board of Directors not caused by removal as provided in Section 10 of Article II of these By-Laws.

- **Section 9. Resignations.** Any director may resign at any time either in person at a meeting, or in writing to the Secretary. Such resignation shall take effect at the time specified therefore; and unless specified, the acceptance of such resignation shall not be necessary to make it effective.
- **Section 10. Removal of Directors.** Any director may be removed either for or without cause at any time by the affirmative vote of a simple majority of the members voting at a special meeting of the members called for that purpose and the vacancy caused by any such removal may be filled by the members at such meeting or a subsequent meeting.
- **Section 11. Filling of Vacancies Not Caused by Removal.** In the case of an increase in the number of directors, or of any vacancy created by death or resignation, the additional director or directors shall be elected, or the vacancy may be filled by the Board of Directors at any meeting by the affirmative vote of a majority of the remaining directors even though less than a quorum. Each person so elected shall serve until the next Annual Meeting, or until any other special meeting of the members, duly called for that purpose and held prior thereto.

Article III, Officers, Employees and Agents. Powers and Duties

- **Section 1. Officers.** The elected officers of the corporation shall be a President [who shall be a director], a Vice President [who shall not succeed to the Presidency unless he be a director] a Secretary [who shall be a director] and a Treasurer. The Board of Directors may also appoint other officers and agents, as necessary in the proper conduct of the club. Any two of the offices of Vice President, Secretary or Treasurer may also be combined in one person, and any elected officer may also be appointed to an appointive office.
- **Section 2. Term of Office.** So far as is practical, elected officers shall hold office from the Annual Organizational Meeting following their election to the next Annual Organizational meeting. All other officers shall hold office for a term set by the Board of Directors.

- **Section 3. Removal of Elected Officers.** Any elected officer may be removed at any time, either for or without cause, by the affirmative vote of a majority of the whole Board of Directors, at any meeting called for that purpose.
- **Section 4. Vacancies.** If any vacancy shall occur in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.
- **Section 5. Powers and Duties.** The several officers of the Club shall exercise powers and perform such duties as are customary to their respective offices and shall perform such other duties and exercise further powers as may be provided in these By-Laws or as the Board of Directors shall determine.

Article IV, Club Operation

- **Section 1. Membership.** In any club operated by this Corporation, the following persons only shall be eligible for membership in such a club:
 - a. Bona fide owners of one or more residential lots in any of the following properties, namely:
 - Innis Arden # 1, blocks one, two three and four
 - Innis Arden # 2, blocks five through twenty-four inclusive.
 - Innis Arden # 3, blocks twenty-five through thirty-two inclusive.
 - Innis Arden # 4, lots one through six inclusive.
 - b. Persons renting and actually residing in any of the foregoing properties and their families, if the owner of said property foregoes the right of membership in favor of the tenant, in writing to the Secretary.
 - c. Persons buying one or more building sites or residential lots and members of their families.
 - d. Any persons may be designated as temporary members of a club authorized under these By-Laws by a majority vote of the Board of Directors of the Club, as well as the majority vote of the directors of the particular club involved. Such temporary membership shall be subject to dues and shall cease at the end of each calendar year.

- **Section 2. Termination of Membership.** Upon any person ceasing to possess one of the qualifications enumerated in Section 1 of Article IV, his membership in the Club shall cease.
- **Section 3. Mandatory Dues.** The Board shall follow the procedures established by the mandatory dues amendment (MDA) to the covenants, adopted by members on July 23, 2001, for setting, billing and collecting annual dues.
 - a. At least 30 days before the end of the current fiscal year, the Board shall notify members by mail of its estimated annual budget, including proposed dues, for the coming fiscal year.
 - b. The amount of dues for the coming year shall be determined and authorized by member vote at the annual meeting pursuant to the procedures in Section 4 of the MDA.
 - c. As soon as reasonably practical, the Secretary of the Board shall certify to the Board the amount of dues determined and authorized by member vote at the annual meeting.
 - d. The Board shall authorize the Treasurer of the Board to collect the dues. The Board shall instruct the Treasurer that the dues are due and payable on February 1 of the fiscal year for which dues are authorized, unless the annual meeting of members shall take place after January 24. If the annual meeting of members takes place after January 24, the Board shall instruct the Treasurer that the dues are due and payable on the date two weeks after the annual meeting. The Board shall also instruct the Treasurer to assess and keep records of late charges, interest and other charges to be assessed, pursuant to Section 5 of the MDA, against members whose dues payments are late or unpaid.
 - e. The Treasurer of the Board shall mail an invoice for the authorized dues to each member. The Treasurer shall include a notice on each invoice describing the consequences for late or non-payment, as authorized and defined in Section 5 of the MDA. The notice shall clearly state that pursuant to Section 5 of the MDA:
 - 1.) a member who fails to pay the dues within 60 days following the due date shall be liable for a late charge of 10 percent of the amount past due and shall be liable for interest on all amounts past due. Interest shall accrue at the rate of 10 percent per year (or the maximum interest rate permitted by law, if lower.);

and

2.) the Board shall promptly institute proceedings for collection of all dues, late charges, interest and associated collection costs against a member who fails to pay any and all dues, charges and interest due within 180 days following the due date. Such proceedings may include use of a collection agency, filing of legal action and/or filing of a lien upon the title of the member's tract.

f. The Treasurer shall mail reminder notices to members of unpaid dues, charges, interest and possible legal consequences no less than 50 days after the original due date and no more than 160 days after the original due date.

• **Section 4. Committees.** The Board shall have the authority to establish Committees as it determines are desirable to carry out the duties and responsibilities of the Club. The chairperson of each such Committee shall be a member of the Board of Directors. Each Committee Chair or its representative shall present its plans to the Board for approval. With respect to each Committee that supervises or manages property owned by the Club, each member of such Committee shall be approved by the Board. These Committees may include one or more of the following:

a. **Activities.** The Activities Committee shall have the rights and responsibilities of directing, organizing and encouraging the activities of the community.

b. **Building.** The Building Committee shall have charge of enforcing the Protective Restrictions of Innis Arden # 1-4, and any subsequent building sites, with regard to construction of houses, garages or other buildings or site improvements as provided for in the Protective Restrictions and amendments thereto. Compliance with the view preservation amendment may be considered as part of the application for building and remodeling requests.

c. **Clubhouse.** The Clubhouse Committee shall have charge of and be responsible for the maintenance and use of the clubhouse and may recommend rules to the Board for the governing thereof.

d. **Grounds.** The Grounds Committee shall have charge of and be responsible for the maintenance and use of the clubhouse grounds, tennis courts, entrances and other community owned properties other than the Reserves.

- e. Reserves. The Reserves Committee shall have charge of the management, use and maintenance of the Reserves.

 - f. Unsafe or Dangerous Conditions. With respect to any unsafe or dangerous condition that may arise on Club property and that represents an imminent risk of harm to persons or an imminent risk of substantial harm to property, any member of the Board of Directors with the concurrence of the President (or when unavailable, the Vice-President) or the Chair of the Committee responsible for the property in question may take appropriate action to abate such unsafe or dangerous condition.
- **Section 5. Special Committees.** The Board of Directors may appoint such special committees for any proper Club purpose as may be desirable.
 - **Section 6. Compliance Procedures for Violation of the Bylaws, Rules, and Regulations of the Association.**

The Club has inherent authority under the Mutual Restrictive Easements as well as pursuant to state statute (RCW 64.38.020(11)) to establish procedures for obtaining compliance with and levying reasonable fines for violation of the bylaws, rules, and regulations of the Association. This bylaw implements that authority. The compliance process is intended to provide a mechanism to resolve complaints and impose fines as a supplement to other means of enforcement. The process described in this section should be construed and administered in light of the Club's intention to provide a fair and efficient means of obtaining compliance. The establishment of this system does not obligate the Club in any instance to pursue compliance or enforcement action. Nor does it authorize direct or indirect interference in any way with the Club's independent authority to enforce the Mutual Restrictive Easements, bylaws, rules, regulations, and policies; to approve or disapprove plans, building sites, or other matters; or to regulate and enforce in any way.

a. Provisions For Which Fines May Be Levied:

The following provisions of the Mutual Restrictive Easements and the Bylaws, and related regulations and policies shall constitute designated provisions which are subject to enforcement under this Bylaw (the titles below refer to the topics/titles given to these provisions in the Mutual Restrictive Easements,

Bylaws or regulations and policies themselves, as applicable):

Building restrictions

Approval of plans by Grantor (including building/remodel and solar regulations/policies)

Moving of buildings, construction of outbuildings

Prosecution of construction work

Excavation, digging of wells

Refuse disposal, storage of material

Fences, hedges

Noxious use of property: spite fences

Billboards, signs

View preservation amendment

Reserves (Article IV, Section 7 of these By-Laws prohibiting damage to Reserves)

Members' Cooperation (Article IV, Section 8 of these By-Laws)

The Club Board may adopt as necessary additional rules and regulations, which are subject to enforcement by levying of fines.

b. Compliance Process.

Nothing in this section or the Bylaws in general shall be deemed or construed as waiving, burdening, or interfering with Club authority to take any action, including but not limited to seeking injunctive or declaratory relief directly in Superior Court, which the Board deems necessary to ensure compliance with any provision of the Mutual Restrictive Easements, By- Laws, Rules and Regulations or other provisions governing the Innis Arden community. Subject to the preceding limitation, the following process is established as a means of securing compliance with Covenants, Bylaws, and Rules:

1. Compliance Chair:

The Board will appoint a Compliance Chair who will be responsible for administration of the compliance process and who will provide advice to the Board on compliance complaints from community members. The Compliance Chair shall bring to the Board's attention potential violations.

The Compliance Chair shall also review community members' requests for Board compliance action and bring to the Board's attention those that appear to have potential merit.

2. Potential Violation Notice:

If the Board decides that a potential violation may exist, the Board shall transmit to the member/member whose lot is the subject of the complaint a notice of potential violation letter describing the potential violation and setting a date for a Board meeting to determine whether a violation exists. The Board meeting to determine whether a violation exists will be set no sooner than 21 days from the date the Board's letter is deposited for delivery. Notice of the Board meeting may also be posted on the Innis Arden website or similar social media to facilitate awareness and participation by potentially interested community members.

3. Delivery of Potential Violation Letter:

The notice of potential violation letter shall be delivered by documented hand-delivery or deposited for delivery by registered mail, Federal Express, or other similar means to the address on record with the Club for the member/member. It is the responsibility of all members/members to ensure that the Club has a current address for receipt of such official communications from the Club.

4. Potential Violation Letter Content:

The notice of potential violation letter shall advise of the opportunity to submit a written response to the notice no later than seven calendar days before the date of the Board meeting to determine whether a violation exists. The letter shall further state that a response contending that the potentially noncompliant use or vegetation is not on the responding lot owner's lot must be substantiated. In cases in which such claims are made without conclusive substantiation, the Board will be entitled to use its best judgment. The notice of potential violation letter shall further advise the lotowner that his/her presence is not necessary for the Board to make a determination on the date set. The Board, at the meeting to determine whether a violation exists, may accept comments from interested

community members and from the lot owner.

5. Outside Arbiter Option:

The letter notifying a lot owner that a hearing has been scheduled before the Board shall also advise the parties that the lot owner may request that an outside arbiter rather than the Board hear the matter. Any such request, to be valid, must be received by the Board President in writing no later than seven days before the date set for the Board meeting to determine whether a violation exists. If such a request is timely made, the lot owner may then select an arbiter from an arbitration organization designated by the Club or from a list of qualified arbiters designated by the Club. The requesting party shall be responsible and liable for all costs and fees associated with use of the arbiter. **The Board may also, as it deems appropriate, exercise its authority in compliance matters to, at any time before it has rendered a final decision, appoint an arbiter at its own expense.** The arbiter shall function as the Board's representative in the compliance matter and render a decision for the Board on whether a violation exists. However, once the arbiter has rendered a decision on whether a violation exists, the Board shall have the sole and final authority to implement and enforce that decision including but not limited to by setting a compliance deadline after which fines shall accrue in amounts and on bases determined by the Board in its sole discretion under these bylaws and the Covenants.

6. Site Visit:

As part of its determination of whether a violation exists, the Board may but is not required to formally visit the site on a structured basis. Regardless of whether the Board determines to conduct such a structured site visit, Board members and consultants/experts for the Board shall be entitled to view the site(s) independently as part of their hearing preparation and/or deliberation process. Reasonable notice will be given of site visits. If the responding lot owner attempts to prevent or interfere with a site visit, then the Board may in its discretion presume that information gathered on the site visit would have supported a determination that a violation exists.

7. Fairness:

While it would be impossible for a neighborhood association to comply strictly with the "appearance of fairness" rules, which apply in more formal governmental contexts, Board members whose participation would genuinely compromise the fairness of resolution of a particular complaint shall not participate in its resolution.

8. Informal Hearing:

Unless the arbiter option has been timely exercised, the Board will meet at the appointed date and time (generally at the Clubhouse if the facility is available) to determine whether a violation exists. The meeting shall be recorded, but insubstantial gaps in such recordings shall not affect the validity of the Board's decision.

9. Board Deliberation and Decision:

Board deliberations may be conducted immediately after the close of Board review of facts concerning the potential violation or at such subsequent time as the Board may designate. The Board may either issue a final decision and compliance instructions orally or direct subsequent preparation of a separate written decision. Board deliberations, consultation with counsel if deemed necessary and subsequent preparation of a written decision need not occur in public.

A Board decision shall include informal findings and conclusions concerning the violation(s), as the Board deems necessary, as well as a specification of compliance required and by when. The Board shall promptly transmit any written decision to the lot owner

The Board's decision determining that a violation exists may impose deadlines and requirements for compliance including without limitation a deadline for submission of a compliance plan for Board review and approval before any compliance action commences. The Board may also in its discretion, invite comment on the proposed compliance plan by the community. The Board shall decide to approve or disapprove the plan based among other factors on the extent to which the plan would achieve

full compliance and within the shortest possible time. In the event of the Board's disapproval of a compliance plan, the Board shall set a new deadline for submission of a revised plan responding to the Board's disapproval. Failure to timely submit a plan satisfying the Board's requirements and/or any action or omission that directly or indirectly delays or hinders complete and maximum compliance may result, in the Board's discretion, in doubling of the applicable daily fine accrual.

10. Repeat Complaints/Violations, Continuing Obligation Running With Lot:

If the Board determines that there is no violation, then in any subsequent review of that lot for the same potential violation the Board must affirmatively determine that there has been a change in facts or circumstances justifying the complaint.

If the Board has once determined that a violation exists and has secured compliance, but the violation is repeated within ten years of that determination, all fines imposed for the repeat violation will be double the amounts normally assessed.

If the Board has determined that a violation exists of a type that is naturally recurring (such as regrowth of vegetation), the Board may in its discretion impose triple fines for a repeat violation.

A Board determination that a violation exists applies to both the lot and its owner(s) and the resulting compliance requirements and obligations survive any and all sales or transfers of the lot and continue to apply to the lot and new owner(s).

11. Fine Schedule and Collection:

As part of its decision, the Board shall set a deadline by which compliance must occur.

If compliance does not occur by the deadline, then fines shall immediately become due and owing and continue to accrue. If the Board determines that a violation exists, fines shall be calculated as commencing on the first

meeting date set by the Board on the complaint, regardless of any postponements or continuances and then accruing daily thereafter until the date full compliance occurred, as determined by the Board. Fines shall be \$50.00 per day. Upon good cause shown, the Board may in its sole discretion reduce accrued fines, but only after providing notice and an opportunity for interested community members to comment on any reduction. Fines shall not be reduced where the noncompliant lot owner's actions or omissions directly or indirectly caused delay in compliance.

Any fines imposed by the Board shall be the personal obligation of the person against whom it is imposed, shall also constitute a dues assessment secured by a lien upon the Lot owned or occupied by that person, and, in addition to other means may be collected as an assessment of dues or other charges in any manner permitted under these Bylaws, the Restrictive Mutual Easements, or state law. In any action or proceeding brought by the Club for such collection, the Club shall be entitled to recover a reasonable sum for attorney's fees and expenses incurred, in addition to taxable costs permitted by law.

12. Costs, Expenses, and Fees:

As an additional element of fines, the Board may recover from a noncompliant party all fees, costs, and expenses (including, without limitation, permitting and other governmental charges, attorney's fees, consultant fees, expert fees) incurred by the Club with respect to a compliance matter. Such amounts, once itemized by the Board and presented to the noncompliant party for payment, shall be that party's personal obligation, constitute a dues assessment secured by a lien upon the Lot owned or occupied by that person, and, in addition to other means may be collected as an assessment of dues or other charges in any manner permitted under these Bylaws, the Restrictive Mutual Easements, or state law. In any action or proceeding brought by the Club for such collection, the Club shall be entitled to recover a reasonable sum for attorney's fees and expenses incurred, in addition to taxable costs permitted by law.

13. Club Decision Final:

The arbiter's jurisdiction terminates upon issuance of a final decision on the

question of whether a violation exists unless the Board agrees to refer the matter back to the arbiter. The Board or arbiter's decision shall be binding and final unless judicial review is sought in King County Superior Court within twenty-one days of its issuance. The accrual of fines, compliance requirements, and deadlines established by the Board shall remain in effect unless enjoined by the court or stayed by the Board.

Section 7. Reserves. Use of the Club's Reserves Tracts is subject to the Board's regulatory authority per Section 13 of the Mutual Restrictive Easements, these By-Laws, and RCW Ch. 64.38. Except as authorized by the Board or a duly authorized Board representative, topping, significantly altering or removing any significant tree within the Reserve Tracts shall be prohibited. Dumping or placement of any material or improvements of any kind in the Reserve Tracts is also prohibited without prior written authorization by the Board or a duly authorized Board representative. In addition to remedies available at law or in equity, any violation of these prohibitions is subject to enforcement and fines under Article V, Section 6 of these By-Laws. Fines for such violations continue to accrue until the damage caused by the violation has been fully mitigated and restitution and restoration have been accomplished. The Board is also authorized to recover all fees, costs, and expenses (including, without limitation, permitting and other governmental charges, attorney's fees, consultant fees, expert fees) incurred by the Club.

Section 8. Members' Cooperation. In addition to its authority to resolve complaints brought pursuant to the Club's Compliance Procedure, the Board retains independent authority to identify instances of noncompliance with the Mutual Restrictive Easements and these Bylaws and to take action to abate them. Members shall cooperate with, and take reasonable action to assist the Club in doing so and in avoiding and abating conditions determined by the Board to be noncompliant. This includes cooperation in fulfilling permitting and other governmental requirements. Pursuant to a compliance decision and deadline by the Board or upon other request by the Club, Members, including but not limited to those owning lots adjacent to property owned by the Club (whether in the form of a Reserve Tract or a Club-owned area overlaid with a municipal right of way easement), are obligated to sign municipal applications for and assist the Club in achieving compliance. Failure to do so may result in imposition of fines at the rate of \$50.00 per day. In addition to daily fines, the Board is authorized to recover all fees, costs, and expenses (including, without limitation, permitting and other governmental charges, attorney's fees, consultant fees, expert fees) incurred by the Club when the matter concerns compliance of the member(s)' lot, rather than a Reserve Tract or Club-owned right of way area.

Section 9. Withdrawal of Privileges. Payment of member dues and other amounts owed to the Club and cooperation in compliance with the Mutual Restrictive Easements are essential for effective and efficient operation and maintenance of Club facilities. When members do not pay amounts owed to the Club or do not comply with the Mutual Restrictive Easements, then the community as a whole suffers, burdening those who do fulfill their obligations. Therefore, pursuant to its authority to regulate use of Club property, including the Reserve Tracts and associated facilities and amenities, the Board may bar nonpaying and noncompliant members (and their families) from entry into the Reserves and from use of Club facilities including for example the pool, racquet and ball courts, playing fields, trails, and Clubhouse (except when necessary to attend a Club meeting or election or an event open to the general public).

Article V. Miscellaneous

- **Section 1. Fiscal Year.** The fiscal year of the Club shall be the period commencing January first and ending December thirty-first.

Article VI, Amendments

- **Section 1. Amendments.** The By-Laws of the Club may be altered or repealed in any particular, and new By-Laws, not inconsistent with any provision of the Articles of Incorporation or any provision of the law, may be adopted either by affirmative vote of a majority of the members at an Annual Meeting or a special meeting, notice thereof to include the proposed revisions or a summary thereof; or by the affirmative vote of a majority of the Board of Directors at any meeting thereof, provided that in the latter case, notice of such meeting shall include the proposed revisions or a summary thereof, and provided further that the Board of Directors not make or alter any by-law fixing their qualifications classifications, term of office or compensation.

Article VII, Indemnification

- **Section 1. Indemnification.** To the fullest extent permitted by the Washington Business Corporation Act, this Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding whether by or in the right of the Corporation or otherwise by reason of the fact that he 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 but not limited to

attorney's fees], judgments, fines and amounts paid in settlement actually and, in the case of expenses and settlement amounts, reasonably incurred by him in connection with such action, suit 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 Business Corporation Act. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law, by contract or otherwise.

Article VIII, Meeting Participation.

Notwithstanding any other provision herein, the Board of Directors may decide that any meeting of members or the Board of Directors shall be by other means of communication other than in person. Upon said determination by the Board:

Members may participate in any annual, budget, regular, special, or other meeting of members by any means of communication by which all members participating in the meeting can hear each other during the meeting, and that a member participating in a meeting by this means is deemed to be present in person at the meeting.

Additionally, the Directors may participate in any annual, regular, or special meeting of the Board of Directors by any means of communication by which all directors participating in the meeting can hear each other during the meeting, and that a Director participating in a meeting by this means is deemed to be present in person at the meeting.

THE INNIS ARDEN CLUB owns the following property:

Reserves A, B, C, D and E of Innis Arden # 1.

Reserves F, G, H, I, J, K and L of Innis Arden # 2.

Reserves N and O of Innis Arden # 3. 250 feet of beach property west of Reserve O in Innis Arden # 3.