

BYLAWS OF ARROWHEAD POINT HOMEOWNERS ASSOCIATION

Adopted 1 June 1987

Arrowhead Point HOA
P.O. Box 28173
Spokane, WA 99228-8173

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This is an electronic reproduction of the original document, prepared by scanning the as-filed original and then correcting the scanning errors. A few obvious typographical errors were also corrected.

In years past the Bylaws were not widely distributed for reasons unknown. Yet they describe **significant powers** of the Board of Trustees and its officers that are **not described in the CC&Rs** (Covenants, Conditions, and Restrictions).

Some parts of this document were not part of the original. They are added here for clarity and convenience: this cover page, highlights, index.

Great effort has been put into making this document accurate and giving it the look of the as-filed original, but it is not the original. It might yet contain undetected errors and omissions, but if so they are believed to be immaterial.

If reference to the original is wanted, contact any Arrowhead Point Board member.

Highlights of Arrowhead Point Bylaws

Art.	Title	Sec.	Title	Pg	Summary
1	Plan of Project Ownership	1.1	Name and location	1	They got the name of the Association wrong.
1	" " "	1.2	Application to Project	1	Incorporates by reference all Project Documents, including CC&Rs. Absolutely everyone is subject to their rules.
2	Membership, Meetings, and Voting Rights	2.2	Voting Requirements; Majority of Quorum	1	A valid vote of the membership is a simple majority of any quorum that is present (however, see 2.3). [CCR 3.4.1 says one vote for each lot <i>owned</i> . AHP has 138 total lots.]
2	" " "	2.3	Quorum	1	A quorum is 60% of "voting power" in person or by proxy [x 138 lots = 82.8 so 83 is minimum for quorum]. Once formed, even if members withdraw and leave less than a quorum, remaining members present can continue to do business. Per 2.2, majority vote of those is sufficient.
2	" " "	2.4	Proxies	2	May vote in person or by proxy. Proxies in writing & filed with Secretary before meeting.
2	" " "	2.5	Annual Meeting	2	Held not less frequently than once each calendar year.
2	" " "	2.6	Special Meetings	2	Called by President or majority of quorum of board or 25% of voting power [x 138 lots = 34.5 or 35 minimum.]
2	" " "	2.7	Notice and Location of Meetings	2	See §9.4 for details of written notice to members. Emergency meeting: no notice required. Normal notice: at least 10 days prior but no more than 50 days prior.
2	" " "	2.8	Adjournment	2	If lack of quorum, members present may reschedule NLT 5 days NMT 30 days from original meeting. New quorum for new meeting is 30% [x 138 = 41.4 or 42 minimum].
3	" " "	2.9	Action Without Meeting	3	Requires 100% written consent from all 138 lot owners.
3	Board of Trustees	3.1	Number and Term of Trustees	3	5 trustees, serving staggered terms of 2 years each. [Articles of Incorporation, page 4, Article VI, allows changing number of Trustees by amending Bylaws. See Bylaws Article 8 for amendment procedures: only 42 membership votes required to change Bylaws.]. Note §5.1 Trustees elected to an office serve 1 year terms.
3	" " "	3.2	Election of Board of Trustees	3	
3	" " "	3.2.1	Nomination	3	Made from floor at Annual Meeting or via Board-appointed Nominating Committee. Committee Chair is Board member. Minimum 2 other Association members. Appointed 90 days prior to Annual Meeting
3	" " "	3.2.2	Cumulative Voting	3	Vote by secret written ballot. Cumulative voting required but not defined. [Typically, lot owner's votes are # lots owned x # Trustees running for office, i.e., 2 lots owned x 3 trustees running = 6 votes for that lot owner. Those votes may be cast all for a single Trustee running or spread out in any manner on any trustees running. Ever done or needed to be done? Don't know].
3	" " "	3.3	Removal	3-4	Mathematical formula for voting required to remove an individual trustee. Trustee stays if, e.g., 138 lots x 1 trustee removed = $138 / (5 \text{ authorized trustees} + 1 = 6) + 1 = 24$ membership votes against removal. See §5.3 for removal of trustee from office.
3	" " "	3.4	Vacancies	4	Filled by majority vote of remaining Trustees. New trustee serves out unexpired term of replaced trustee.
3	" " "	3.5	Regular Meetings	4	Of Board. At least quarterly. Notice to Trustees NLT 5 days prior. Notice also posted in a prominent place in AHP.
3	" " "	3.6	Special Meetings	4	Of Board. Written notice signed by President or by 2 other Trustees. Provide notice per §3.5. Notice to include nature of special business to be considered.
3	" " "	3.7	Waiver of Notice	4	§3.5 & §3.6 Trustee notice requirements can be waived.

3	" " "	3.8	Quorum	4	Of Board. In-person majority of Trustees [3 out of 5...evidently, proxies cannot be used to form a quorum]. A majority vote of the quorum present is a good vote. Note that, unlike §2.3 Association quorum, a Board meeting quorum fails if enough Trustees later leave the meeting.
3	" " "	3.9	Action by Consent of Trustees	4	Board can act without a meeting if all members [5] consent in writing.
4	Powers and Duties of the Board of Trustees	4.1	Powers and Duties	5	Enumeration of Board powers does not limit the powers.
4	" " "	4.1.1	[untitled]	5	Officers, agents, employees: select, appoint, supervise, remove, prescribe powers.
4	" " "	4.1.2	[untitled]	5	Enforce provisions of Project Documents.
4	" " "	4.1.3	" " "	5	Subject to approval of membership, make rules re Common Areas & penalties for infractions.
4	" " "	4.1.4	" " "	5	Pay taxes and assessments on Common Areas.
4	" " "	4.1.5	" " "	5	Contract for insurance.
4	" " "	4.1.6	" " "	5	Maintain Common Areas; contract for goods & services
4	" " "	4.1.7	" " "	5	Delegate powers to committees, persons, mgmt company
4	" " "	4.1.8	" " "	5	keep books, itemize, make budgets, prepare financials, get audits.
4	" " "	4.1.9	" " "	6	Conduct disciplinary proceedings against violators of rules in Project Documents or rules set by Board.
4	" " "	4.1.10	" " "	6	Enter onto private property to make repairs FBO AHP
4	" " "	4.1.11	" " "	6	Set & collect assessments. Board's discretion to foreclose liens for assessments not paid within 30 days of due date.
4	" " "	4.1.12	" " "	6	File tax returns; minimize taxes.
4	" " "	4.2	Limitation on Board's Power	6	Board can't do the following things without majority vote of members [138 lots x 50% + 1 = 70 lots].
4	" " "	4.2.1	" " "	6	Capital improvements in fiscal year exceeding 5% of budgeted gross expenses for fiscal year.
4	" " "	4.2.2	" " "	6	Sell property in fiscal year w/ FMV over 5% of budgeted gross expenses for fiscal year
4	" " "	4.2.3	" " "	6	Pay trustees or officers for services to AHP, but can reimburse for their expenses.
4	" " "	4.2.4	" " "	6	Make contracts for goods/svc longer than 1 year, except:
4	" " "	(a)	" " "	6	w/ regulated public utility but only for shortest poss. term
4	" " "	(b)	" " "	7	Insurance NMT 3 years, if can be short rate cancelled
4	" " "	None	" " "	7	Mgmt contract ok if 30-day cancelable & 1-year term
5	Officers	5		7	
5	" " "	5.1	Enumeration and Term	7	Pres, VP, Sec, Treas, + any other offices Board creates. Board elects Trustees to serve as officers for 1 year terms. Note §3.1 Trustee terms are 2 years.
5	" " "	5.2	Election of Officers	7	By Board, at first Board meeting after Annual Meeting.
5	" " "	5.3	Resignation and Removal	7	Board majority can remove Trustee who holds office from that office at any time for any reason. [See §3.3: Can remove officer from office but can't remove Trustee from Board without member vote meeting certain voting rules]. Resign (from office and presumably from Board also) at any time by written notice.
5	" " "	5.4	Vacancies	7	Filled by Board appointment; serves unexpired term.
5	" " "	5.5	Multiple Offices	7	1 Trustee can hold 2 or more offices but not Pres+Sec'y.
5	" " "	5.6	Duties	7	As follows:
5	" " "	5.6.1	President	7	Preside at meetings, carry our resolutions, sign documents, co-sign checks and promissory notes.
5	" " "	5.6.2	Vice President	8	Same as Pres if absent, + other duties required by Board.
5	" " "	5.6.3	Secretary	8	Record votes, keep meeting minutes, serve meeting notices, keep name/address list, + other duties required by Board.
5	" " "	5.6.4	Treasurer	8	Receive, deposit, disburse funds per Board; co-sign checks & promissory notes; keep books; prepare financials. Some duties can be delegated to a management company.

6	Discipline of Members; Suspension of Rights	None	[untitled]	8	Board can only cause forfeiture of property for unpaid dues, not failure to follow rules. However... <u>"the Board shall have the power to impose monetary penalties...for failure to comply with...rules" if notice and hearing are given. Monetary penalties shall include attorney's fees and collection costs.</u>
7	Budgets, Financial Statements, Books and Records	7.1	Budgets and Financial Statements	8	Prepare NLT annual budgets and financials and copy members. Records to be audited NLT annually.
7	" " "	7.2	Fiscal Year	9	Fiscal year is calendar year unless board says otherwise.
7	" " "	7.3	Inspection of Association's Books and Records	9	All to be available for Trustee or member inspection, extracting and copying at reasonable times w/ proper notice.
8	Amendment of Bylaws	None	[Untitled]	9	Amendment not restricted by time or manner [Note CCR §11.3 does have amendment restrictions]. Only bare majority of quorum of membership needed [Per §2.3: quorum is 60% x 138 lots = 82.8 or 83. Bare majority thereof is 83 x 50% = 41.5 or 42 votes minimum.] More votes may be required if provision being amended has higher vote requirement.
9	Miscellaneous Provisions	9		9	
9	" " "	9.1	Regulations	9	Absolutely everyone is subject to Project Document rules.
9	" " "	9.2	Compensation and Indemnification of Officers and Trustees	9	No loans or compensation for services; only reimbursement of expenses. Trustees and officers indemnified against liabilities from serving, unless fraud, negligence, or bad faith in performing duties.
9	" " "	9.3	Committees	10	Board designates committees. Each must have at least 2 Trustee members. Committees shall have power to act on behalf of Board as the Board specifies by resolution.
9	" " "	9.4	Notices	10	Delivered however Project Documents allow. If by mail, notice occurs on the date of posted mailing to address given to Secretary.
n/a	Adoption of Bylaws	None		10	Adopted 1 June 1987

Bylaws of Arrowhead Point Homeowners Association
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BYLAWS OF

ARROWHEAD POINT HOMEOWNERS ASSOCIATION

ARTICLE 1

PLAN OF PROJECT OWNERSHIP

1.1 Name and Location. The name of the owners association ("Association") is ARROWHEAD HOMEOWNERS ASSOCIATION. The principal office of the Association shall be in Spokane County, Washington.

1.2 Application to Project. The provisions of these Bylaws are applicable to the residential development project known as Arrowhead Point, located in the County of Spokane, Spokane County, Washington. All present and future Owners, and their tenants, future tenants, employees, and any other person who might use the facilities of the project in any manner, are subject to the regulations set forth in these Bylaws, in the Articles of Incorporation for the Association, and in the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for the project ("Declaration") recorded or to be recorded in the office of the Spokane County Auditor, and applicable to the project. The mere acquisition or rental of any Unit will signify that these Bylaws are accepted, ratified, and will be observed.

1.3 Meaning of Terms Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE 2

MEMBERSHIP, MEETINGS, AND VOTING RIGHTS

2.1 Classes of Members The Association shall have two (2) classes of voting membership according to the Articles.

2.2 Voting Requirements; Majority of Quorum. Except when otherwise expressly provided in the Declaration, the Articles, or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage of the voting power of the Association. Except on matters specifically provided for in the Declaration, the Articles, or these Bylaws, the vote of a majority of a quorum present at any meeting (in person or by proxy) shall constitute the vote of the Members.

2.3 Quorum. The presence in person or by proxy of at least sixty percent (60%) of the voting power of each class members of the Association shall constitute a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.4 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. All proxies shall be valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy. Every proxy shall be revocable and shall automatically cease upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of such Member.

2.5 Annual Meeting. Regular annual meetings of the Members of the Association shall be held not less frequently than once each calendar year on the Project or such other suitable place convenient to the Members as may be designated by the Board. The first meeting of the Association shall be held within forty-five (45) days after the closing of the sale of each Unit which represents the fifty-first (51st) percentile interest offered for sale in the first Phase of the Project, but in no event shall the first meeting be held later than six (6) months after the closing of the first Unit.

2.6 Special Meetings. A special meeting of Members of the Association may be called by the President or by the Board (upon the vote for such a meeting by a majority of a quorum of the Board). A special meeting shall be called by the Board upon receipt of a written request therefor signed by Members representing not less than twenty-five percent (25%) of the total voting power of the Association or by Members representing not less than fifteen percent (15%) of the voting power residing in members other than Declarant.

2.7 Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice shall specify the place, day, and hour of the business to be undertaken, and, in the case of special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days notice (but not more than fifty (50) days notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Project or at a meeting place as close thereto as possible. Notice shall also be delivered to any institutional lender filing a written request with the Association, and any such lender shall be permitted to designate a representative to attend all such meetings.

2.8 Adjournment. In the absence of a quorum at a Member's meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a reconvened meeting shall be thirty percent (30%) of the voting power of each class of members of the Association.

2.9 Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote.

2.10 Rules at Meetings. Except as otherwise provided in these laws, the Articles, or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

2.11 Commencement of Voting Rights. Voting rights attributable to any Unit shall not vest until an assessment has been levied against that Unit by the Association.

ARTICLE 3 BOARD OF TRUSTEES

3.1 Number and Term of Trustees. After the first annual meeting of the Members, the Board shall consist of five (5) Trustees, each of whom shall be a Unit Owner or an agent of Declarant (while Declarant remains a Unit Owner). The Trustees shall serve staggered terms of two (2) years each: provided, however, that at the first annual meeting, the Member shall elect three (3) Directors for a term of two (2) years and two (2) Directors for a term of three (3) years. The initial Trustees, as identified in the Articles, or their duly elected replacements, shall serve until the first meeting of the Association; thereafter all Trustees shall be elected and removed according to these Bylaws.

3.2 Election of Board of Trustees.

3.2.1 Nomination. Nominations for election to the Board of Trustees may be made from the floor at the annual meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Trustees, and two (2) or more members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meetings, and shall make as many nominations for election to the Board of Trustees as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

3.2.2 Cumulative Voting. Elections of Board members shall be by secret written ballot. All elections in which more than two (2) positions on the Board are to be filled shall be conducted by cumulative voting.

3.3 Removal. Unless the entire Board is removed from office by the vote of Association Members, an individual Trustee shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater

than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of Trustees.

3.4 Vacancies. Vacancies in the Board caused by any reason other than the removal of a Trustee by the voting in of a replacement by the Members shall be filled by vote of the majority of the remaining Trustees, and each person so elected shall be a trustee for the remainder of the term of the Trustee he replaces, or until a successor is elected at a special meeting of the Members called for that purpose.

3.5 Regular Meetings. Regular meetings of the Board shall be conducted at least quarterly at a time and place within the Project (or at such other place as may be convenient to all Board Members), as may be fixed by the Board. Notice of the time and place of regular meetings shall be given to each Trustee, personally or by mail, telephone, or telegraph, at least five (5) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Project.

3.6 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Trustees other than the President. Notice shall be provided to all Trustees and posted within the Project in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

3.7 Waiver of Notice. Before, at, or after any meeting of the Board, any trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Trustee. Attendance by a trustee at any meeting of the Board shall be a waiver of notice by him of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

3.8 Quorum. The presence in person of a majority of the Trustees at any meeting of the Board shall constitute a quorum. The vote of a majority of the quorum actually present at any meeting shall constitute the vote of the Board unless expressly provided to the contrary in these Bylaws, or in any future amendment thereto.

3.9 Action by Consent of Trustees. Any action which may be taken by the Board of Trustees may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action.

3.10 Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Trustees, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or

may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 4
POWERS AND DUTIES OF THE BOARD OF TRUSTEES

4.1 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

4.1.1 To select, appoint, supervise, and remove all officers, agents, and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Articles, the Declaration, and these Bylaws; and to require from them security for faithful service when deemed advisable by the Board;

4.1.2 To enforce the applicable provisions of the Declaration, Articles, these Bylaws, and other instruments relating to the ownership, management, and control of the Project;

4.1.3 To adopt and publish rules and regulations governing the use of any Common Area, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership;

4.1.4 To pay all taxes and assessments which are, or could become, a lien on any Common Area or a portion thereof;

4.1.5 To contract for casualty, liability, and other insurance on behalf of the Association as required or permitted in the Declaration;

4.1.6 To cause any Common Area to be maintained and insured, and to contract for goods and/or services for the Association, subject to the limitations set forth these Bylaws;

4.1.7 To delegate its powers to committees, officers, or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by these Bylaws;

4.1.8 To keep complete and accurate books and records of the receipts and expenditures of the Association (relating to any Common Area and otherwise), specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

4.1.9 To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Articles, Declaration, these Bylaws, and such rules as may be promulgated by the Board, in accordance with procedures set forth in these Bylaws;

4.1.10 To enter upon any privately owned Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Project or the Owners;

4.1.11 To fix and collect regular and special assessments according to the Declaration and these Bylaws, and, in the Board's discretion, foreclose the lien against any Unit for which an assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such assessment;

4.1.12 To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

4.2 Limitation on Board's Power. Except with the vote or written assent of a majority of the voting power of the Association, the Board shall be prohibited from taking any of the following actions:

4.2.1 Incurring aggregate expenditures for capital improvements to any Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.2.2 Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.2.3 Paying compensation to Trustees or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Trustee or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.2.4 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(a) A contract with a public utility company if the rates charged for the materials or services are regulated by government authority; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(b) Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits for short rate cancellation by the insured.

Any agreement for professional management of the Project or any other contract providing for services by Declarant shall provide for termination by either party without cause and without payment of a termination fee on thirty (30) days or less written notice and shall provide for a maximum contract term of one (1) year.

ARTICLE 5 OFFICERS

5.1 Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following the annual meeting of the Members.

5.3 Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

5.5 Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.6 Duties. The duties of the officers are as follows:

5.6.1 President. The president shall preside at all meetings of the Board of Trustees; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company as provided in these Bylaws) and promissory notes.

5.6.2 Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

5.6.3 Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

5.6.4 Treasurer. The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; shall co-sign all checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

ARTICLE 6

DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Unit on account of a failure by the Owner to comply with provisions of the Declaration, Articles, these Bylaws, or of duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgement of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association. Notwithstanding the foregoing, the Board shall have the power to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association, or other appropriate discipline for failure to comply with the Declaration, Articles, these Bylaws, or duly enacted rules; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties shall include actual attorney's fees and all costs in connection with the collection of such penalties.

ARTICLE 7

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

7.1 Budgets and Financial Statements. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association. All books and records shall be audited at least annually.

7.2 Fiscal Year. The fiscal year of the Association shall be as designated by resolution of the Board. In the absence of such resolution, the fiscal year shall be the calendar year.

7.3 Inspection of the Association's Books and Records. The membership register, books of account, vouchers authorizing payments, and minutes of meetings of the Members of the Board, and of committees of the Board of the association shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Project as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least forty-eight (48) hours written notice to the Board by the Member desiring to make the inspection. Any Member desiring copies of any document shall pay the reasonable cost of reproduction. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents.

ARTICLE 8 AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by the vote or written assent of a bare majority of a quorum of the total voting power of the Association; provided however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 Regulations. All Owners, tenants, or their employees, or any other person that might use the facilities of the Project in any manner, are subject to the regulations set forth in these Bylaws and in the Project Documents and to all reasonable rules enacted pursuant to the Declaration. Acquisition, rental, or occupancy of any unit shall constitute acceptance and ratification of the provisions of all such rules and regulations.

9.2 Compensation and Indemnity of Officers and Trustees. No Trustee or Officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement according to Article 6 of these Bylaws. To the maximum extent permitted by law, each Trustee and officer shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or

liabilities, including attorney's fees, reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Trustee or officer of the Association, except in cases of fraud, gross negligence, or bad faith of the Trustee or officer in the performance of his duties.


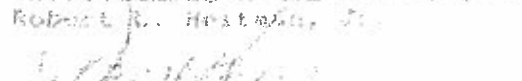

9.3 Committees. The Board may, by resolution, designate one or more committees, each of which shall include at least two (2) of the Trustees, and which shall have such powers to act on behalf of the Board as may be set forth in the resolution, subject to prohibitions or limitations imposed by law.

9.4 Notices. Any notice permitted or required to be given by the Project Documents may be delivered either personally or by mail or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been given upon deposit thereof in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Unit of such person if no address has been given to the Secretary.

ADOPTION OF BYLAWS

We, the undersigned, being all of the Trustees of Arrowhead Point Homeowners Association, do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of the said Arrowhead Point Homeowners Association.

EXECUTED by the undersigned on _____, 1987.


Robert R. Hartman, Jr.

Paula Henry

Richard G. Weiner

By the undersigned, the duly elected and acting Secretaries of the Arrowhead Point Homeowners Association, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on _____, 1987, and that the same do not constitute the Bylaws of said Association.

EXECUTED by the undersigned on _____, 1987.


Paula Henry

Richard G. Weiner