

## ARTICLE III: BOARD OF DIRECTORS

### 1. Number, Election and Tenure.

(a) Phase 1. Until the election of directors at the first annual meeting called after the turnover meeting described in Section 3 of Article II, the property and affairs of the corporation shall be managed and controlled by a Board of Directors of one, the membership of which shall be designated by the Declarant. At such first annual meeting called pursuant to Section 4 of Article IT, the members of the corporation shall elect two additional directors, and thereafter there shall be three directors; provided, that at such time as Declarant, and its successors in interest as developers shall own no real property in that phase of GOOSE HOLLOW SUBDIVISION, the authority of Declarant to designate members of the Board shall terminate and all three shall be elected by the membership. The members of the Board to be elected by the membership after the meeting called pursuant to Section 3 of Article II shall be elected at the annual meeting of the members. At the first such annual meeting two directors shall be elected for a two year term and one director shall be elected for a one year term. At each subsequent annual meeting, directors shall be elected for a three year term. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the members elected by the membership shall be filled by appointment of the remaining directors. Any vacancy in the directorship held by a person designated by Declarant shall be filled by a person designated by the Declarant and such person shall be a member of the Board. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board.

(b) Phase 2. Until the Class B membership shall cease and be converted to Class A membership in Phase 2 as provided herein, the number, election and tenure of directors in Phase 2 shall be the same as described in this Article ill lea). When Class B membership terminates with respect to Phase 2 and the Associations for Phase I and Phase 2 combine, there shall thereafter be five directors elected by the combined membership. The members of the Board to be elected by the combined membership at the first meeting called after the termination of Declarant's Class B membership shall be three directors elected for a two year term and two directors elected for a one year term.

(c) Phase 3. Until the Class B membership shall cease and be converted to Class A membership in Phase 3 as provided herein, the number, election and tenure of directors in Phase 3 shall be the same as described in this Article ill lea). When Class B membership terminates with respect to Phase 3 and the Associations for Phase 1, Phase 2 and Phase 3 combine, there shall thereafter be seven directors elected by the combined membership. The members of the Board to be elected by the combined membership at the first meeting called after the termination of Declarant's Class B membership shall be four directors elected for a two year term and three directors elected for a one year term.

2. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held. A designated representative of TUKWILA HOMEOWNERS ASSOCIATION, INC. may attend such meeting as anon voting member.

3. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors.

Special meetings of the Board of Directors may be called by the chairman and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or telegraph, at least seven (7) days prior to the date named for such meeting. Such notice also shall be posted at a place or places in the development at least three days before the meeting or shall be given to members by a method otherwise reasonably calculated to inform members. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to members. A designated representative of TUKWILA HOMEOWNERS ASSOCIATION, INC. may attend such meeting as a non voting member.

4. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
5. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.
6. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the declaration or by these Bylaws may not be delegated to the Board of Directors by the members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following: (a) Operation, care, upkeep, maintenance and repair of common areas in accordance with law, these Bylaws and the declaration. (b) Assessment and collection of assessments as provided in the declaration and the making of related expenditures set forth in the declaration. (c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the common areas. (d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association. (e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor. (f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the declaration or law. Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the common areas. (h) Enforcement by legal means of the provisions of applicable law, the declaration, these Bylaws and any rules and regulations adopted hereunder.
7. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager

such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

8. Compensation. No director shall receive any compensation from the Association for acting as such.
9. Removal of Directors. At any regular or special meeting of the Association duly called, anyone or more of the directors other than a director appointed by Declarant may be removed with or without cause by a majority vote of the members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting. A director appointed by Declarant may be removed only by Declarant.
10. Liability and Indemnification of Directors, Officers, Manager or Managing Agent. The directors and officers shall not be liable to the Association or the members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of the contracts made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the declaration of these Bylaws. Each director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties.
11. Fidelity Bonds. The Board of Directors shall require that any person or entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the board deems adequate. The premiums on such bonds shall be paid by the Association.
12. Insurance. The Association shall at all times cause to be in force: (a) Broad form fire and extended insurance coverage for all insurable improvements in the property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and (b) Liability insurance with limits of not less than \$200,000.00 for one person, \$1,000,000.00 per occurrence and \$50,000.00 for property, with the Association and its members named as joint insureds. Premiums for insurance obtained under these subsections 12 (a) and 12 (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost. The insurance described in these subsections 12 (a) and 12 (b) shall, if reasonably possible, provide for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association, any owner or any guest of an owner; for a waiver by the insurer of its right to repair and reconstruct instead of paying cash; that no policy may be canceled, invalidated or suspended because of any action of a member; that no policy may be

canceled, invalidated or suspended because of the conduct of any director, officer or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction; and that any "other insurance" clause in any policy shall exclude from its coverage all members' policies. (c) Each member shall keep liability insurance in appropriate amounts and shall keep the buildings on his lot insured against loss or damage by fire and such other hazards as are customary for the full value thereof. There is not any insurance a member is prohibited by these Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be brought into contribution with insurance bought by members of their mortgagees.

13. Conduct of Meetings. Except as otherwise provided herein, meetings shall be conducted in accordance with Roberts Rules of Order.