

**BYLAWS FOR
SUNCADIA COMMUNITY COUNCIL**

**AMENDED AND RESTATED
BYLAWS**

OF

SUNCADIA COMMUNITY COUNCIL

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**AMENDED AND RESTATED
BYLAWS
OF
SUNCADIA COMMUNITY COUNCIL**

**ARTICLE 1.
NAME, PRINCIPAL OFFICE, AND DEFINITIONS**

1.1. Name. The name of the corporation shall be the Suncadia Community Council (the "Council").

1.2. Principal Office. The principal office of the Council shall be located in Kittitas County, Washington. The Council may have such other offices, either within or outside Washington, as the Board may determine or as the affairs of the Council may require.

1.3. Definitions. The words used in these Bylaws shall have their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants and Easements for Suncadia Community Improvements (the "Declaration"), as recorded, unless the context indicates otherwise.

**ARTICLE 2.
PURPOSE AND FUNCTION OF THE COUNCIL**

2.1. Suncadia. MountainStar Resort Development, LLC, a Delaware limited liability company doing business as Suncadia Development Company, is the successor in interest to Trendwest Investments, Inc., a Washington corporation ("Declarant"). Declarant has established a general plan of development for the mixed-use, master-planned resort known as "Suncadia". Suncadia is expected to include various components, including Residential Areas, Commercial Areas, and Privately-Owned Amenities, such as a Golf Course. In furtherance of such general plan of development, Declarant has recorded the Declaration which establishes a reasonable arrangement for the maintenance, operation, repair and replacement of property and facilities benefiting all Owners within Suncadia. The Declaration also provides for an equitable allocation of the costs of such activities among the Owners.

2.2. Purpose and Function of the Council. The Council is responsible for management, maintenance, operation, and control over the Community Improvements and such other property and matters as are of interest to the Suncadia community in

accordance with the Declaration. In addition, the Council is authorized to engage in other activities for the general promotion and benefit of Suncadia.

The Council also shall have the authority to manage, maintain, operate and control property, levy assessments, and enforce rules against Owners within particular areas of Suncadia (e.g., one or more Villages or Districts). The role of the Council may extend to such matters as collecting assessments from such Owners and administering and enforcing architectural standards and guidelines with respect to such Owners.

The Council shall perform its functions in accordance with these Bylaws, the Declaration, the Articles of Incorporation and Washington law.

ARTICLE 3. ADMINISTRATION OF THE COUNCIL

The Council shall have no members. The affairs of the Council shall be managed by its Board of Directors.

ARTICLE 4. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition, Term and Appointment.

4.1. Governing Body. The Council shall be governed by a Board of Directors. Each director shall have one equal vote. Each director shall be a natural person of at least 18 years of age.

4.2. Interim Board. Declarant shall have the right to appoint an interim board of three to five directors, who shall serve as the Board until replaced by Declarant or their successors take office at the next annual meeting following termination of the Development Period. At such meeting the interim directors shall resign and be replaced by their successors, who shall be appointed as provided in Section 4.3 below.

4.3. Regular Board. At the next annual meeting following termination of the Development Period, the interim directors shall resign and three regular directors shall be appointed. The Board shall be comprised of one director appointed by the Residential Association Board of Directors, one director appointed by the Commercial Association Board of Directors, and one director appointed by the Owner of the Privately-Owned Amenities. In the event there is more than one Owner of the Privately-Owned Amenities, such director shall be elected by vote of such Owners with voting weighted based upon the relative square footage of the parcels owned by the respective Owners.

4.4. Term. The interim directors each shall serve a term which expires upon the appointment of regular directors in accordance with Section 4.3. Thereafter, except as

provided below, each director shall serve terms of two years with the beginning and end of each term corresponding with the fiscal year; provided, directors shall continue to hold office until their successors take office. Directors may serve one or more consecutive terms. At each annual meeting of the Council, directors shall be selected, as provided above, to succeed those directors whose terms are expiring.

4.5. Removal of Directors and Vacancies. Any director may be removed, with or without cause, by a vote of a majority of the other directors or, for so long as Declarant is the owner of any property subject to assessment under the Declaration, by Declarant in its sole and absolute discretion. Any director whose removal is sought shall be given written notice prior to any action being taken to remove him. Upon removal of a director, a successor shall be appointed in the manner provided in Section 4.3 to fill the vacancy for the remainder of such director's term.

B. Meetings.

4.6. Regular Meetings. Regular meetings of the Board may be held at such time and place as a majority of the directors shall determine, but at least two meetings shall be held during each fiscal year. One meeting shall be designated as the annual meeting for selection of directors. Notice of the time and place of the meeting shall be communicated to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

4.7. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or Secretary of the Council or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first-class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, computer, fiber optics or any such other electronic communication device.

All such notices shall be given at the director's telephone number, fax number, or e-mail address, or sent to the director's postal address as shown on the records of the Council. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or other device shall be delivered, telephoned or transmitted at least 72 hours before the time set for the meeting.

4.8. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed

given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.9. Quorum of Board. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which there is a quorum shall constitute the decision of the Board except as otherwise specifically provided in these Bylaws. The members of the Board present at a meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

4.10. Compensation. Unless otherwise approved by a majority of the directors and set forth in a board resolution, no director shall receive any compensation from the Council for serving as a director. A director may be reimbursed for expenses incurred on behalf of the Council upon approval of a majority of the other directors. Nothing herein shall prohibit the Council from compensating a director or any entity with which a director is affiliated for services or supplies furnished to the Council in a capacity other than as a director pursuant to a contract or agreement with the Council, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of directors other than the interested director.

4.11. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings. The Board is authorized, but not obligated, to utilize computer voting and to employ cable television and other electronic methods for its meetings and other appropriate activities so as to provide the broadest possible, relevant participation or observation of its decision-making processes.

4.12. Open Meetings. Subject to the provisions of Sections 4.13 and 4.14, all meetings of the Board shall be open to all officers and directors or their authorized representatives. Owners and other residents (residential or commercial) of Suncadia may attend meetings only with permission of the Board. An attendee other than a director may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

4.13. Telephonic Participation. One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those directors so participating shall be deemed to be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

4.14. Action Without a Formal Meeting. Any action that may be taken at a meeting of the directors may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

4.15. Powers. The Board shall have all the powers provided under Washington law and all the powers necessary for the administration of the Council's affairs, for furthering the general purposes of the Council, and for performing all responsibilities and exercising all rights of the Council as appropriate for maintaining the Community Improvements as set forth in the Declaration, the Articles, these Bylaws, and as provided by law.

The Board may exercise such powers as it determines, in its business judgment, necessary or desirable to accomplish the goals and objectives of the Council and the Suncadia community as set forth in the Declaration and in resolutions the Council may adopt. Specifically, the powers of the Board shall include, without limitation:

- (a) owning real and personal property;
- (b) operating and maintaining the Community Improvements; such property may be owned in fee by the Council or occupied by easement or lease and may also include land and facilities over which the Council has operation and control responsibilities or for which the Council has a maintenance easement;
- (c) making or contracting for the making of repairs, additions, and improvements to or alterations of the Community Improvements;
- (d) entering into contracts and other agreements for the benefit of the Suncadia community;
- (e) designating, hiring, and dismissing personnel necessary to carrying out the Council's rights and responsibilities and, where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(f) facilitating (by, among other things, providing mediation or arbitration services) the resolution of disputes between Owners Associations or between one or more Owners Association and the Golf Course or any other Privately-Owned Amenity, or such other disputes the Board determines to be of general interest to Suncadia;

(g) administering and enforcing the terms and conditions of covenants and other agreements concerning particular areas within Suncadia in accordance with such covenants or agreements;

(h) providing for the general promotion of Suncadia;

(i) taking such action as deemed necessary or appropriate to carry out the duties and obligations of the Council as set forth in the Declaration;

(j) fixing and levying assessments in accordance with the Declaration; and

(k) entering into contractual agreements or covenants to share costs with other property or facilities or for maintaining and/or operating shared or mutually beneficial property or facilities.

4.16. Duties. Duties of the Board shall include, without limitation:

(a) managing, operating, repairing and maintaining the Community Improvements;

(a) acquiring or leasing, repairing and replacing fixtures and equipment for the Community Improvements;

(b) paying all taxes and assessments and other costs and charges affecting or related to the Community Improvements and discharging, contesting or protesting liens or charges affecting the Community Improvements;

(c) obtaining and paying the cost of electrical and other utility services the Board deems appropriate for the Community Improvements;

(d) adopting from time to time and enforcing Policies and Procedures relating to use and enjoyment of the Community Improvements by the Owners and their lessees, family members, guests and invitees, and by the public;

(e) obtaining and paying for the cost of legal and accounting services necessary or appropriate for the maintenance and operation of the Community Improvements and the enforcement of this Declaration;

(f) doing all other acts or things necessary or appropriate to the ordinary and necessary operation and maintenance of the Community

Improvements and to preserve and protect the same in the event of any emergency;

(g) imposing and collecting Assessments in accordance with the Declaration; and

(h) entering into joint use agreements with one or more Owners Associations and other entities or persons relating to the joint use of recreational or other facilities as provided in the Declaration.

4.17. Implied Rights; Board Authority. The Council may exercise any right or privilege given to it expressly by the Declaration or these Bylaws, or which may be reasonably implied from, or reasonably necessary to effectuate, any such express right or privilege. Except as otherwise specifically provided in the Declaration, the Articles, these Bylaws, or by law, all rights and powers of the Council may be exercised by the Board.

4.18. Council Insurance. The Council, acting through the Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available and affordable and to the extent the Board deems reasonably necessary:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the property owned by the Council. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Council shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(b) Commercial general liability insurance on the property owned or maintained by the Council insuring the Council for damage or injury caused by negligence of the Council or any of its employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost in the judgment of a reasonably prudent person, the Council shall obtain such additional coverage or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Commercial crime insurance, including fidelity insurance covering all persons responsible for handling the Council funds in an amount

determined in the Board's business judgment but not less than an amount equal to one-sixth of the annual Budget plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation; and

(f) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

4.19. Power of Declarant to Disapprove Actions. For so long as Declarant or any affiliate of Declarant owns any property within Suncadia, directly or indirectly, in whole or in part, Declarant shall have a right to disapprove any action, policy, activity, service, or project of the Council which, in the sole judgment of Declarant, would tend to impair rights of Declarant or to interfere with development, construction, marketing, or sale of any portion of Suncadia, or diminish the level of services being provided by the Council.

No such action, policy, activity, service, or project shall become effective or be implemented until and unless:

(a) Declarant is given written notice of the proposed action and any meeting at which it is to be considered. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Council, and shall comply with the notice requirements of these Bylaws. Except in the case of the regular meetings held pursuant to the Bylaws, such notice shall set forth in reasonable particularity the agenda to be followed at such meeting.

(b) Declarant is given the opportunity at any such meeting to participate in or to have its representatives or agents participate in discussion of any proposed action, policy, activity, service or project which would be subject to the right of disapproval set forth herein.

Declarant, its representatives or agents shall make its concerns and suggestions known to the Board. Declarant, acting through any officer, director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, within 10 days following receipt of written notice of the proposed action. This right to disapprove shall not include a right to require any action or counteraction on behalf of the Council, except to the extent necessary to reverse the disapproved action.

4.20. Management. The Board may employ a professional management agent or agents for the Council, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate to the management agent, subject to the Board's supervision, such powers as are necessary to perform the management agent's assigned duties but shall not delegate policy-making or

budget-adoption authority. Declarant, or an affiliate of Declarant, may be employed as a management agent. The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of any management agent which might arise between meetings of the Board.

4.21. Accounts and Reports. The following management standards of performance shall be followed unless the Board specifically determines otherwise:

- (a) Accrual accounting, as defined by generally accepted accounting principles, shall be employed.
- (b) Accounting and controls should conform to generally accepted accounting principles.
- (c) Cash accounts of the Council shall not be commingled with any other accounts.
- (d) No remuneration shall be accepted by the management agent from vendors, independent contractors, or others providing goods or services to the Council, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; any thing of value received shall benefit the Council.
- (e) Any financial or other interest which the management agent may have in any firm providing goods or services to the Council shall be disclosed promptly to the Board.
- (f) Commencing at the end of the month following establishment of the initial budget for the Council, financial reports shall be prepared at least quarterly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period; and
 - (v) a delinquency report listing all those who are delinquent in paying any assessments or other revenue due to the Council at the time of the report and describing the status of any action to collect such assessments or revenue which remain delinquent. (Any assessment or installment

thereof shall be considered to be delinquent on the 30th day following the due date unless otherwise specified by Board resolution.)

(g) An annual report consisting of at least the following shall be made available to the Owners and Owners Associations, upon request, within 120 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an audited or reviewed basis, as the Board determines, by an independent public accountant.

4.22. Borrowing. To the fullest extent allowed by the laws of the State of Washington, the Council and the Board shall have the power to borrow money, contract debts, and issue evidences of indebtedness for any purpose. The Council and the Board shall have the power to secure such debts, which shall include, without limitation, the power to pledge collateral including property and future assessment income or future income to be generated pursuant to any covenant to share costs or other agreement.

4.23. Right to Contract. The Council shall have the right to contract with any person or entity for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with non-profit entities that are exempt from federal income tax under the Internal Revenue Code (including, but not limited to, Section 501(c)(3) or 501(c)(4)), any trust, condominium, cooperative, and any Owners Association or other owners or residents association within or outside the Suncadia community.

4.24. Enforcement. The Council shall have the power to enforce the provisions of these Bylaws as provided herein and the Declaration. In addition to such other rights as may be specifically granted under the Declaration, the Board shall have the power to impose monetary fines for violation of any duty imposed thereunder or under these Bylaws which shall be assessed as a Specific Assessment against the property of the violating Owner or Owners Association. The failure of the Board to enforce any provision of these Bylaws or the Declaration shall not be deemed a waiver of the right of the Board to do so thereafter.

4.24.1. Notice. Unless otherwise provided by these Bylaws or the Declaration, the Board shall not impose any sanction pursuant to this Section unless and until the Board follows the procedures set forth in this Section and Section 4.24.2, below. If the Board is considering imposing any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within 10 days of the notice. If a timely request is not made, the sanction stated in the notice shall be imposed; provided, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day

period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

4.24.2. Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to any sanction becoming effective, proof of proper notice shall be placed in the minute book of the Board. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator requests a hearing. The minutes of the hearing shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

4.24.3. Additional Enforcement Rights. The Board may elect to enforce any provision in the Declaration or the Bylaws, by self-help (specifically including, but not limited to, towing vehicles that violate parking rules and regulations) or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above, and entry upon property for the purpose of exercising this right shall not be deemed a trespass. In any such action, to the maximum extent permissible, the person responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

4.25. Board Standards. While conducting the Council's business affairs' the Board shall be protected by the business judgment rule. The business judgment rule protects a director from personal liability so long as the party claiming liability does not prove that the director failed to (a) serve in a manner the director believes to be in the best interests of the Council; (b) serve in good faith; or (c) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In fulfilling its governance responsibilities the Board's actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Declaration and these Bylaws.

ARTICLE 5. OFFICERS

5.1. Officers. The Council officers shall be a President, Secretary, and Treasurer. The President shall also act as the Chairperson of the Board. The Board may appoint such other officers, including one or more Vice President, Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office. The Board shall elect the officers of the Council at such times as it deems appropriate. Officers may serve terms of such length as may be designated by the Board, not to exceed three years.

5.3. Removal and Vacancies. Whenever, in its judgment, the best interests of the Council will be served, the Board may remove any officer and may fill any vacancy in any office for the unexpired portion of the term.

5.4. Powers and Duties. Officers of the Council shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Council. The Treasurer shall have primary responsibility for the preparation of the budget for the Council Expenses and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5.5. Resignation. 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 the 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.

5.6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Council shall be executed by at least one officer or by such other person or persons as may be designated by Board resolution.

5.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 4.10.

ARTICLE 6. COMMITTEES

6.1. General. The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

No committee may take any of the following actions:

- (a) Amend, alter, or repeal the Bylaws;
- (b) Except as provided in Section 6.2, elect, appoint, or remove any member of any such committee or any director or officer of the Council;

(c) Amend or repeal the Articles, adopt a plan of merger or a plan of consolidation with another corporation;

(d) Authorize the sale, lease or exchange of all of the property and assets of the Council;

(e) Authorize the voluntary dissolution of the Council or revoke proceedings therefore;

(f) Adopt a plan for the distribution of assets of the Council (provided, a Committee may devise or recommend such a plan for approval by the Board); or

(g) Amend, alter or repeal any resolution of the Board unless it provides by its terms that it may be amended, altered, or repealed by a committee.

6.2. Advisory Committees. In addition to any other committees appointed as provided above one or more Advisory Committees may be formed for portions of Suncadia which have no formal organizational structure or association. Among other things, an Advisory Committee shall serve as a liaison between the Owners within any such area and the Board. An Advisory Committee may advise the Board on any issue but, unless such authority specifically is delegated by resolution of the Board, shall not have the authority to bind the Board.

ARTICLE 7. MISCELLANEOUS

7.1. Fiscal Year. The fiscal year of the Council shall be set by Board resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

7.2. Parliamentary Rules. Except as may be modified by Board resolution, *Robert's Rules of Order* (the then current edition) shall govern the conduct of Council proceedings when not in conflict with Washington law, the Articles or these Bylaws.

7.3. Conflicts. If there are conflicts among the provisions of Washington law, the Declaration, the Articles, and these Bylaws, the provisions of Washington law, the Declaration, the Articles and the Bylaws (in that order) shall prevail.

7.4. Books and Records.

7.4.1. Inspection by Owners and Mortgagees. The Council shall maintain or cause to be maintained full and accurate books of account with respect to performance of its responsibilities under these Bylaws and the Declaration. The Board shall make the following available for inspection and copying by any holder, insurer or guarantor of a first mortgage on any individually owned property, the duly authorized representative of any of the foregoing, or any authorized representative of an Owners

Association, during normal business hours or at any other reasonable time and for a purpose reasonably related to his or her interest in such property: the Declaration, the Articles, these Bylaws, and rules of the Council (including any amendments to the foregoing), books of account and the minutes of meetings of the Board and committees. The Council shall provide for such inspection to take place at the office of the Council or at such other place within the community as the Board determines.

The Board shall provide for the Council's records to be reviewed or audited as the Board may determine, on an annual basis. If an Owners Association, or any Owner, desires to have the records audited at any other time, an audit shall be performed by an auditor mutually agreed upon by the requesting party and the Council. The Council shall cooperate by making available to the party performing the audit the records, including all supporting materials (e.g., check copies, invoices, etc.), for the year in question. The party requesting such audit shall be responsible for all costs associated with performing the audit.

7.4.2. Rules for Inspection. The Board may establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

7.4.3. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Council. The right of inspection by a director includes, upon reasonable request, the right to make one copy of relevant documents at the expense of the Council.

7.5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or three days after deposited in the United States Mail, first class postage prepaid:

- (a) if to an Owners Association or Owner, at the address which the Owners Association or Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at either the address of the registered office of the Owners Association or Owner or at the address of such Owner's property; and
- (b) if to the Council, the Board, or the managing agent, at the principal office of the Council or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Owners Association and Owners pursuant to this Section.

7.6. Amendment. The power to alter, amend or repeal these Bylaws and to adopt new Bylaws shall be vested in the Board and shall be exercised in accordance with Washington law.

No amendment may remove, revoke or modify any right or privilege of Declarant, including the right of Declarant to approve the appointment of members of the Board, without the written consent of Declarant or the assignee of such right or privilege.

ARTICLE 8. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Council shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section and Washington law.

Officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. Officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Council (except to the extent that such officers or directors may also be members of an Owners Association). The Council shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Council shall, as a Council Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation if such insurance is reasonably available.

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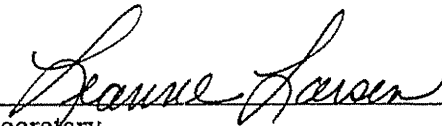
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Suncadia Community Council, a Washington nonprofit corporation;

That the foregoing Amended and Restated Bylaws were adopted pursuant to Section 7.6 of the original Bylaws of said Council, as duly adopted by a consent in lieu of a meeting of the Board of Directors dated as of June 3, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary of said Council this 14th day of July, 2004.


Secretary