

BYLAWS FOR
NEWPORT YACHT BASIN, A Condominium

Table of Contents

ARTICLE 1	<u>DEFINITIONS</u>	1
ARTICLE 2	<u>APPLICATION OF BYLAWS AND ASSENT OF OWNERS</u>	1
2.1	Application	1
2.2	Assent of Owners	1
ARTICLE 3	<u>NAME AND OFFICE</u>	1
3.1	Name	1
3.2	Principal Office	1
ARTICLE 4	<u>PURPOSE AND POWERS</u>	2
4.1	Purpose	2
4.2	Powers	2
ARTICLE 5	<u>MEMBERSHIP AND VOTING</u>	2
5.1	Membership	2
5.2	Voting	2
5.3	Others	4
5.4	Register	4
5.5	Registration of Mailing Address	4
ARTICLE 6	<u>MEETINGS</u>	5
6.1	Annual Meeting	5
6.2	Special Meetings	5
6.3	Quorum	5
6.4	Adjourned Meetings	5
6.5	Attendance Sheet	5
6.6	Order of Business	5
6.7	Rules of Order	6
6.8	Place of Meetings	6
6.9	Notice of Meetings	6
ARTICLE 7	<u>BOARD OF DIRECTORS</u>	6
7.1	Number and Qualifications	6
7.2	Powers	6
7.3	Election	7
7.4	Vacancies	7
7.5	Removal	7
7.6	Compensation	7
7.7	Organizational Meeting	7
7.8	Regular Meetings	7
7.9	Notice of Meetings	7
7.10	Special Meetings	8
7.11	Waiver of Notice	8
7.12	Quorum	8
7.13	Dissent	8
7.14	Fidelity Bond	8

7.15	Committees	8
7.16	Conflicts of Interest	9
7.17	Actions without a Meeting	9
7.18	Attendance by Electronic Means	9
7.19	Open Meetings	9
ARTICLE 8	<u>OFFICERS</u>	10
8.1	Office, Election, and Removal	10
8.2	President	10
8.3	Secretary	10
8.4	Treasurer	10
8.5	Assistant Officers	11
8.6	Other Officers	11
8.7	Delegation	11
8.8	Vacancies	11
8.9	Indemnification	11
ARTICLE 9	<u>FINANCE – BUDGET – HANDLING OF FUNDS</u>	11
9.1	Budget and Common Expenses	11
9.2	Budget Summary	12
9.3	Depositories	12
9.4	Accounts and Investment of Funds	12
9.5	General Account	12
9.6	Records – Financial Reports	12
9.7	Surplus Funds	13
ARTICLE 10	<u>RULES AND REGULATIONS</u>	13
10.1	Rules and Regulations	13
10.2	Distribution of Rules and Regulations	13
ARTICLE 11	<u>RULES ENFORCEMENT PROCEDURES</u>	13
ARTICLE 12	<u>MORTGAGEES</u>	14
12.1	Notice to Association	14
12.2	Notice of Unpaid Assessments	14
ARTICLE 13	<u>NONPROFIT ASSOCIATION</u>	14
ARTICLE 14	<u>FISCAL YEAR</u>	14
ARTICLE 15	<u>MISCELLANEOUS</u>	14
15.1	Construction	14
15.2	Amendments	15
15.3	Persons Affected	15
15.4	Amendment to Declaration	15

**BYLAWS OF THE NEWPORT YACHT BASIN
ASSOCIATION OF CONDOMINIUM OWNERS**

The following are the Bylaws of The Newport Yacht Basin Association of Condominium Owners, a Washington nonprofit corporation, (“Association”). These Bylaws provide for the operation of Newport Yacht Basin, a Condominium (the “Condominium”) located in Bellevue, Washington and created pursuant to the provisions of the Washington Horizontal Property Regimes Act (RCW Chapter 64.32) and all applicable provision of the Washington Condominium Act (RCW Chapter 64.34) (“Act”). These Bylaws apply to the entire Condominium, each Unit therein, and all Common Areas and Facilities.

ARTICLE 1
DEFINITIONS

Words and phrases which are capitalized in these Bylaws shall have the meanings set forth in the Condominium Declaration (the “Declaration”).

ARTICLE 2
APPLICATION OF BYLAWS AND ASSENT OF OWNERS

2.1 Application. These Bylaws apply to the condominium property situated on the following described real property:

3911 Lake Washington Blvd SE
Bellevue, WA 98006

2.2 Assent of Owners. All present or future Owners, tenants or any other person using the facilities of the project in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the Units in the condominium or the mere act of occupancy of one of the Units shall constitute ratification of these Bylaws.

ARTICLE 3
NAME AND OFFICE

3.1 Name. This Association shall be named “The Newport Yacht Basin Association of Condominium Owners,” hereinafter referred to as the “Association.”

3.2 Principal Office. The principal office of the Association shall be located at 3911 Lake Washington Boulevard SE, Bellevue, Washington, 98006 or at such other place as designated by the Board of Directors for the Association.

ARTICLE 4
PURPOSE AND POWERS

4.1 Purpose. The purpose of the Association is to administer the Condominium pursuant to applicable provisions of the Act and the Governing Documents and to act as the governing body for all of the Owners for the maintenance, repair, replacement, administration, and operation of the Condominium, and all other property the Association is required or permitted to maintain by the Declaration.

4.2 Powers. The Association shall have the powers enumerated in the Act, in the Declaration, and in these Bylaws.

ARTICLE 5
MEMBERSHIP AND VOTING

5.1 Membership. The Association shall be composed of all Owners of Units in the horizontal property regime known as Newport Yacht Basin. Ownership of a Unit shall be the sole qualification for membership in the Association. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Each Unit is entitled to one membership in the Association. Owners of a Unit as joint tenants, tenants-in-common, community property, or other type of mutual ownership involving more than one Owner, shall be joint members of the Association, but the sum total of their votes shall not exceed the voting power allocated to the Unit owned. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a Unit or any interest therein, and any mortgages thereon.

5.2 Voting.

5.2.1 Number of Votes. The voting power of each Unit shall be equal to its percentage of ownership in the undivided interest of the Condominium, and the total voting power shall equal 100%.

5.2.2 Voting at Meetings; Proxies. Votes may be cast at a meeting of the Association in person or by proxy. Proxies shall be in writing and must be signed. Proxies must be filed with the secretary before the appointed time of each meeting. A Unit Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

5.2.3 Voting by Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, that Owner is entitled to cast all the votes

allocated to that Unit. If more than one of the multiple Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. The vote for a Unit must be cast as a single vote. If multiple Owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If more than one vote on a matter is cast by different Owners of a particular Unit and there is a conflict among those votes, none of the votes cast for the Unit shall be counted and the votes shall be deemed void, except that the vote(s) of the Unit shall be counted for the purpose of constituting a quorum. Multiple votes cast for one Unit in a consistent manner shall be counted only once.

5.2.4 Voting by Mail or Electronic Means. The Board may decide that voting of the Owners shall be by mail or by electronic means and without a meeting of the Association with respect to items of Association business for which approval by the Owners is required by the Washington Condominium Act, this Declaration, or the Bylaws. However, voting by mail or by electronic means shall not be used with respect to any particular election of the Board or with respect to the adoption of any proposed amendment to the Declaration, or ratification of the annual budget. If the Board determines that a matter may be determined by a vote by mail, the vote shall be conducted in accordance with the following procedure:

a. The secretary shall give written notice and one written ballot per Unit to the Unit Owner (or the Unit's voting representative, if applicable), which notice shall include the text of any proposed resolution for action which sets forth a description of the proposed action. The notice shall state that the Owners are entitled to vote by mail or Electronic Means for or against the proposal by delivering the completed enclosed ballot to a specified address on or before a specified date not less than fifteen (15) days after delivery of notice to the Owners (the "Deadline"). After the expiration of the Deadline, the Board may but shall not be required to request in person or in writing that each Owner who has not submitted his or her ballot with respect to the proposal promptly return such ballot to the address specified in the original notice. Ballots which are received more than twenty-eight (28) days after the Deadline shall not be effective.

b. With respect to issues on which voting is conducted by mail, the submission of valid ballots representing thirty-five percent (35%) of the total voting power shall constitute a quorum for voting by mail or Electronic Means.

c. Any proposal shall be adopted if a quorum for voting by mail is represented and the proposal is approved by the affirmative vote of not less than a majority of the votes cast on such question, unless a greater or lesser voting requirement is established by the Washington Condominium Act, the Declaration or the Bylaws and unless the consent of the Eligible Mortgagees has not been obtained as required by the Washington Condominium Act, or the Declaration.

d. Delivery of a vote in writing to the specified address shall be equivalent to receipt of a vote by mail or Electronic Means at such address for the purpose of this Section.

e. Within thirty (30) days after the ballots have been counted, each Owner shall be notified by mail or other delivery with written notice of the results of the ballot or that a quorum of ballots were not returned.

5.3 Others. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association with respect to any Unit Owner or held by him in such capacity whether or not the same shall have been transferred to his name, provided that he shall satisfy the Secretary of the Association that he is the executor, administrator, guardian, or trustee holding such Unit in such capacity. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf.

5.4 Register. The Board of Directors of the Association shall cause a register to be kept, containing the names and addresses of all members and voting Owners of the Association.

5.5 Registration of Mailing Address. Each Owner shall notify the Association of an address to be used by the Association for purpose of notice ("Registered Address"). Multiple Owners of a Unit shall designate a single Registered Address to be used by the Association. The Registered Address shall be used for mailing of quarterly assessment statements, notices, demands and all other communications.

5.5.1 Use of the Registered Address by the Association for giving of notice shall be sufficient to constitute notice to any person, firm, corporation, partnership, association, or other legal entity or any combination thereof, which owns the Unit or an interest in the Unit. The Registered Address shall be provided by the Owner to the Secretary of the Association within five days after receipt of title or interest in the Unit. The registration shall be in written form and signed by all Owners of the Unit, or by the person(s) authorized by law to represent the interests of all of the Owners.

5.5.2 If no Registered Address is provided, or if all the Owners cannot agree, the address of the Unit shall be the last known address until the Registered Address is furnished as required under this paragraph. The Registered Address may be changed in the manner prescribed by this paragraph.

5.5.3 Owners may supply information to the Association so that they may receive notice by electronic means in lieu of by mail consistent with the Non-Profit Corporation Act.

ARTICLE 6 **MEETINGS**

6.1 **Annual Meeting.** A meeting of the Association must be held at least once a year. The annual meeting of the Association shall be held in the first quarter of each year or at such other time designated by written notice of the Board of Directors. The annual meeting shall be for the purpose of electing directors, receiving reports from the Board as to the status of the Association's business affairs, voting on matters required by the Act, Declaration and Bylaws, and for the transaction of any other business properly brought before the meeting.

6.2 **Special Meetings.** It shall be the duty of the President of the Association to call a special meeting of the Association as directed by resolution of the Board of Directors of the Association, or upon the written request of not less than thirty-five percent (35%) of the members of the Association and on not less than ten (10) nor more than sixty (60) day advance notice of the meeting. No business shall be transacted at a special meeting except as stated in the notice.

6.3 **Quorum.** At any meeting of the Association thirty-five percent (35%) of the voting power in the Association present in person or by proxy shall constitute a quorum and the concurring vote of a majority of such Owners present and constituting a quorum shall be valid and binding upon the Association, except as otherwise provided by law or by these Bylaws.

6.4 **Adjourned Meetings.** Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the Unit Owners present, whether or not a quorum is present, without notice other than the announcement at the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

6.5 **Attendance Sheet.** Prior to the commencement of any meeting of the Association, a sign-in sheet shall be provided for attendees to confirm the presence of a quorum at the meeting. A roll call of attendees may substitute for the sign in sheet.

6.6 **Order of Business.** The order of business at all meetings of the Owners shall be as follows, unless suspended by a majority of votes cast:

- (a) Proof of Notice of Meeting or Waiver of Notice;
- (b) Announcement of percentage of votes present;
- (c) Approval of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of Board members (annual meeting or special meeting called for that purpose only);
- (g) Old business;

- (h) New business;
- (i) Adjournment.

6.7 Rules of Order. All matters shall be governed by the most recent edition of Robert's Rules of Order or other published code of parliamentary procedure as shall be approved by a majority at the meeting.

6.8 Place of Meetings. All meetings of the Association shall be held at its principal office unless otherwise stated in the call, and all meetings shall be held in the State of Washington.

6.9 Notice of Meetings. Written notice of any meeting of the Association shall be given by the Secretary to each Unit Owner not less than ten (10) days before the meeting; provided, that no notice of a meeting need be given to any Owner who has, in writing, waived such notice or who is present at such meeting, in person or by proxy. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer. Written notice shall be effective, whether or not received, if mailed to the last known address of a Unit Owner shown on the books of the Secretary and shall be effective as of the date mailed or delivered. The written ratification by an Owner of any action taken at any meeting shall be equivalent of a waiver of notice of such meeting by the one so ratifying.

ARTICLE 7 **BOARD OF DIRECTORS**

7.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who shall be elected by ballot and from the Unit Owners and/or voting Owners of the Association. The number of members may be increased or decreased at any time by amendment of the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent member.

To qualify to serve on the Board, a member must qualify for coverage with fidelity insurance and must be a Member in Good Standing with the Association.

7.2 Powers. The Board of Directors shall be vested with the management of all of the affairs of the Association, including all powers and duties provided in the Washington Horizontal Property Regimes Act (RCW 64.32), the Washington Condominium Act (RCW 64.34), and the \ Declaration, together with all other powers necessary for the administration of the affairs of the Association.

7.3 Election. The directors shall be elected at the annual meeting of the Association. The initial Board of Directors for the Association shall be made up of two Directors who will serve a one year term, and three Directors who will serve a two year term. Those Directors receiving the highest percentage of the vote in the initial election will serve the two year terms. Thereafter, in order to create staggered terms for Directors, there will be two (2) Directors elected in even years, and three (3) Directors elected in odd years. Directors shall serve for a term of two (2) years. The Board members shall take office upon election and each director shall serve until his successor has been elected. To be elected to the Board requires that the candidate for each position receives the highest number of voting power percentage at the meeting when the election is held, in person or by proxy.

7.4 Vacancies. Vacancies in the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a Board member until a successor is elected at the annual meeting of the Association.

7.5 Removal. Any director may be removed from office at any time, with or without cause, upon the vote of a majority of the Unit Owners at a meeting of the Association, provided that the notice of such meeting shall have stated that such was to be considered, and provided that a substitute director is elected at the same meeting for the then unexpired term of the one so removed. Any Board member whose removal has been so proposed shall be given an opportunity to be heard at the meeting. The Board at its sole discretion may remove a Board member in the event that member has missed three (3) consecutive Board meetings without the Board having excused the absences in advance.

7.6 Compensation. The directors, as such, shall serve without compensation.

7.7 Organizational Meeting. The first meeting of the newly elected Board of Directors shall be held within thirty (30) days of the date on which they are elected at such place as shall be fixed by the directors at the meeting at which such directors were elected and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the directors shall be present.

7.8 Regular Meetings. The Board of Directors may hold regular meetings when and in such place in the State of Washington as the President shall designate, or, in the case of his absence from the State, incapacity, or death, then as may be designated by either of the other directors.

7.9 Notice of Meetings. The Secretary shall give written notice of each meeting of the Board of Directors (except the organizational meeting mentioned above) to each director in person, by mail, or by electronic means consistent with the Non-Profit Corporation Act at least ten (10) days before the meeting. The failure to give notice shall not invalidate any action at a meeting of the Board of Directors at which all of the

directors are present. No notice of meeting need be given any director who is at the time incapacitated or absent from the State of Washington. The presence of any director at any meeting shall constitute a waiver of any required notice of such meeting. Notice to the membership of meeting times and location shall be posted or sent by electronic means so as to inform the members of the meetings.

7.10 Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each Board member, given personally or by mail, telephone or email, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members. Notice to the membership of meeting times and location shall be posted or sent electronically so as to inform the members of the meetings

7.11 Waiver of Notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.12 Quorum. A majority of the directors shall constitute a quorum for the transaction of business, and in every case the affirmative vote of a majority of the whole Board shall be necessary to the validity of any act of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as such originally called may be transacted without further notice.

7.13 Dissent. A Board member who is present at a meeting of the Board at which action on a matter is taken shall be presumed to have assented to that action unless his or her dissent is entered into the minutes of the meeting, or unless he or she files a written dissent to that action with the Secretary before the minutes of the meeting are approved.

7.14 Fidelity Bond. The Board of Directors shall require that all officers and employees of the Association handling or responsible for funds of the Association furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association as a common expense.

7.15 Committees. Standing or temporary committees may be appointed by the Board and invested with reasonable powers as the Board sees fit; provided that no such committee shall have the authority of the Board in reference to amending, altering or repealing the bylaws; electing, appointing or removing any member of any such committee or any Board member; amending the articles of incorporation; authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the corporation not in the ordinary course of business; authorizing the voluntary dissolution of the corporation or revoking proceedings therefore; adopting a plan for the distribution

of the assets of the corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. All committee chairs shall provide a written summary of the year's activities to the President for presentation at the annual meeting of the Owners. The delegation of authority to a committee shall not relieve the Board or any director of any responsibilities imposed by law.

7.16 Conflicts of Interest. Nothing in the Governing Documents shall be construed to authorize the Association or the Board to enter into any contract, employment, or other transaction between the Association and one or more of its directors or any other corporation, firm, association, or entity in which one or more of its directors are directors or officers or are financially interested, and any such contract, employment, or other transaction shall be void unless, after the fact of such relationship or interest is disclosed or known to all of the Owners entitled to vote, such contract, employment, or transaction has been authorized or approved by vote or written ballot by Owners holding at least fifty-one percent (51%) of the Voting Power of the Association, excluding any interested directors and the votes of the Units of which they are Owners, and the contract, employment, or transaction is fair and reasonable to the Association.

7.17 Actions Without a Meeting. Any action required or which may be taken at a meeting of the Board or a committee may be taken without a meeting if all of the directors or all of the members of the committee consent to the action to be taken in writing. E-mail communication is sufficient to satisfy the writing requirement of this section. Any such action taken shall be ratified by motion at the next regular or special meeting of the Board.

7.18 Attendance by Electronic Means. Attendance may be had for any meeting of the Board or any committee may by means of a conference telephone or other communications equipment by which all persons participating in the meeting can hear each other at the same time.

7.19 Open Meetings. All regular meetings of the Board shall be open to the membership to attend and listen to the meeting. Open meetings need not provide an opportunity for the membership to be heard by the Board, nor need any participation by the membership be allowed by the Board. Emergency meetings may be called by the Board without notice to the members. The Board may conduct closed portions of the meeting to discuss specific collections matters, contracts with employees or management companies, litigation or potential litigation. Except as recommended by the Association's attorney, no action shall be taken by the Board that is not done in open session, and is recorded in the minutes.

ARTICLE 8 **OFFICERS**

8.1 Office, Election, and Removal. The Board of Directors shall elect annually, at its first meeting after the annual meeting of the Association, a President, Secretary, and Treasurer, each of whom shall serve for the ensuing year and until his successors shall be elected. All such officers shall be elected from among the Board of Directors. The Board of Directors may elect such other officers as it may deem necessary, who shall have authority and perform such duties as from time to time may be prescribed by the Board of Directors. One person may hold more than one office, except that the President shall hold no other office. All officers shall be subject to removal at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer shall become vacant for any reason, the Board of Directors may elect a successor.

8.2 President. The President shall preside over all of the meetings of the Board of Directors and of the Association of which he shall be present. In his absence, the senior of the other members of the Board of Directors who is present shall preside. The President shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him elsewhere in these Bylaws or as may be assigned to him from time to time by the Board of Directors.

8.3 Secretary. The Secretary shall keep the minute books wherein all resolutions duly passed and all other actions taken at any meeting by the Association and by the Board of Directors shall be recorded. The secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their Registered Addresses as well as a list of the Board members names, titles and addresses. Such lists shall also show opposite each member's name the number or other appropriate designation of the Unit owned by such member. Such lists shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. The secretary shall have the power to certify ratified amendments to the Declaration and Bylaws on behalf of the Association. The secretary shall give notice of all meetings of the Association and the Board of Directors. The Secretary shall have the powers and perform the duties customarily incidental to his office and such other powers and duties as may be assigned to him from time to time by the Board of Directors.

8.4 Treasurer. The Treasurer shall oversee and be responsible for all the financial records, books of account, funds and securities of the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board. He shall cause statements to be rendered in such form and as often as required by the Board of Directors or the Association. He shall cause a financial statement to be sent to each Unit Owner as soon as practicable after the end of the fiscal year of the Association. He shall have the powers and perform the duties

customarily incidental to his office and such other powers and duties as may be assigned to him by the Board of Directors.

8.5 Assistant Officers. The Board may appoint one or more assistant officers to perform all of the duties of any of the officers in the absence of that officer.

8.6 Other Officers. Other officers of the Association shall have such authority and shall perform such duties as the Board of Directors may prescribe.

8.7 Delegation. In the case of absence or inability to act of any officer of the Association and of any person authorized in the Bylaws to act in his or her place, the Board may delegate the powers or duties of that officer to another officer, director, or other person whom it may select.

8.8 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board.

8.9 Indemnification. The Association shall indemnify and hold harmless each person who shall serve at any time as a director of the Association, or as an officer without compensation, from and against any and all claims and liabilities to which such person shall become subject, by reason of his having served as a director or uncompensated officer of the Association, or by reason of any action alleged to have been taken or omitted to be taken by such person. The Association shall reimburse each person for all legal and other expenses reasonably incurred by him in connection with any such claim or liability; provided, however, that no such person, shall be indemnified against or be reimbursed for an expense incurred with any claim or liability arising out of his own fraud, bad faith or willful misconduct

ARTICLE 9 **FINANCE - BUDGET - HANDLING OF FUNDS**

9.1 Budget and Common Expenses. The Board shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of assessments required to meet common expenses of the Condominium, and allocate an assessment of such common expenses against the Owners, according to their respective percentage interests as defined by the Declaration. The budget may be adopted at any regular meeting of the Board or any special meeting of the Board called for that purpose. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be of which have been obtained by the Board pursuant to the Declaration and these Bylaws. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium property, including, without limitation, an amount of working capital, for general operating expenses, for long-term reserve funds for replacements and repairs, and to make up any deficit in the common expenses for any prior year, all in accordance with the Declaration. The Board shall advise each Owner in writing of the amount of common charges payable by him.

9.2 Budget Summary. Within thirty (30) days after adoption of any proposed budget, the Board shall provide a summary of any proposed budget to all Owners and shall set a date for a meeting of the Association to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing the summary. Unless at that meeting the Owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the Declaration reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors.

9.3 Depositories. The monies of the Association shall be deposited in the name of the Association in federally insured depositories designated by the Board, and shall only be drawn out by the Treasurer. The Treasurer shall deposit all funds of the Association to the account of the Association promptly, and in all events within five (5) business days of the receipt thereof. The power to deposit and withdraw money from the Association's general or operating account may be delegated by the Secretary to another Board member or to the Association's manager.

9.4 Accounts and Investment of Funds. The funds of the Association shall not be commingled with the funds of any other person or entity. The reserve funds may be combined in one or more savings accounts, certificates of deposit, or other accounts or deposits. Subject to the discretion of the Board, overall management of the account(s) that contain the funds of the Association and the funds in those accounts shall be the responsibility of the Treasurer. The Treasurer may open such account(s) and adopt any procedures he or she and the Board deem advisable to properly secure the accounts and funds of the Association.

9.5 General Account. The Treasurer shall establish a checking account in the name of the Association in a commercial bank to be known as the general or operating account. This account will contain funds to provide for the current operations of the Condominium, and will receive all monthly assessments and all income and other funds received by the Association. Checks shall be issued from this account for all management, maintenance, and operation expenditures necessary for the Condominium, as well as funds designated to the reserve fund for common elements.

9.6 Records- Financial Reports. Complete and accurate books and records of the receipts and expenditures of the Association shall be kept in accordance with generally accepted accounting principles, and annual financial statements prepared in accordance with generally accepted accounting shall be made available for inspection upon the request of any Owner, together with an audit by an independent certified public accountant if one has been prepared. The books and records of the Association shall be maintained by the Treasurer in the location designated by the Board. Except as otherwise protected from disclosure by applicable law, the books and records of the Association shall be made available to any Owner upon request within 7 days. The

books and records shall be made available for inspection within 48 hours of a written request of any Board member.

9.7 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for common expenses and any prepayment of reserves shall, in the discretion of the Board of Directors, either be paid to the Owners in proportion to their common expense liabilities or credited to them to reduce their future common expense assessments.

ARTICLE 10 **RULES AND REGULATIONS**

10.1 Rules and Regulations. In order to assure the peaceful and orderly use and enjoyment of the Condominium, and particularly the Common Areas and Facilities of the Condominium, a majority of the Board of Directors may from time to time adopt, modify, and revoke in whole or in part such rules and regulations governing the conduct of persons and the operation and use of the Units and Common and Limited Areas and Facilities as it may deem necessary or appropriate.

10.2 Distribution of Rules and Regulations. A copy of such rules and regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Secretary promptly to each Unit Owner and shall be binding upon all Unit Owners and occupants of the Units from the date of delivery.

ARTICLE 11 **RULES ENFORCEMENT PROCEDURES**

The Board shall adopt a schedule of fines for late payment of Assessments and for other violations of the Declaration, Bylaws, or Rules and Regulations. Such schedule shall be furnished to all Owners. The Board or its designated Management Agent may assess fines in accordance with that schedule following notice to the offending party of the violation, and providing an opportunity to the offending party to be heard by the Board or a representative designated by the Board.

The Board may adopt procedures for conducting hearings to provide Owners an opportunity to present information to the Board following notice of a violation, in advance of a final decision being made by the Board regarding the violation or the amount of fine to be assessed against a Unit Owner for any particular violation. A failure by the offending party to request a hearing following notice of the violation shall allow the Board or its designated Management Agent to assess fines in accordance with the previously furnished fine schedule. Fines shall be levied against the Unit as an Assessment, which may be collected and foreclosed by the Association in the same manner as Assessments may be collected and foreclosed under Article 9 of the Declaration.

ARTICLE 12
MORTGAGEES

12.1 Notice to Association. An Owner who mortgages his Unit shall notify the Association through the management agent, if any, or the President of the Board of Directors in the event there is no management agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled, "Mortgagees of Unit."

12.2 Notice of Unpaid Assessments. The Association shall, at the request of a mortgagee of a Unit, report any unpaid Assessments due from the Owner of such Unit.

ARTICLE 13
NONPROFIT ASSOCIATION

This Association is not organized for profit. No member, member of the Board or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to or distributed to or inure to the benefit of any members of the Board. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any member or manager while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) any member or Board member may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with administration of the affairs of the Association.

ARTICLE 14
FISCAL YEAR

The fiscal year of the Association shall begin on February 1, and end on January 31st.

ARTICLE 15
MISCELLANEOUS

15.1 Construction. All provisions of these Bylaws are subject to the provisions of the laws of the State of Washington regulating condominiums, the "Act" as designated in the Declaration, and to the terms of the Declaration itself. All ambiguities herein or matters not explicitly stated shall be governed by the terms of the Declaration, and matters directly inconsistent with the Declaration shall be deemed modified to conform to the Declaration. To the extent these Bylaws are more detailed or explicit than the Declaration they shall be enforceable unless inconsistent with express terms of the Declaration or violative of the Act. If any of these Bylaws conflict with the provisions of said statutes or the Declaration, the provisions of the statutes and Declaration will apply,

and that particular section of the Bylaws will be stricken. The remaining portions of the Bylaws shall remain in full force and effect.

15.2 Amendments. These Bylaws may be amended by a vote of sixty percent (60%) of the voting power in the Association. A proposed amendment shall be submitted to the membership as directed by the Board of Directors, or upon filing with the Secretary a petition signed by at least thirty-five percent (35%) of the voting power of the members of the Association. Notice of the time, place and purpose of such meeting shall be delivered to each Owner pursuant to these Bylaws and shall include the text of the proposed amendment to these Bylaws.

15.3 Persons Affected. All Unit Owners, tenants of such Owners, employees of Owners and tenants, and any other persons that may in any manner use the property subject hereto shall be subject to the Declaration of Horizontal Property Regime covering the subject property and to these Bylaws and all rules and regulations promulgated pursuant thereto, as the same may from time to time be amended.

15.4 Amendment to Declaration. The Condominium Declaration may be amended by an instrument in writing signed and acknowledged by the President and Secretary of the Association certifying that sixty percent (60%) of the voting power in the Association have approved such amendment. An amendment shall be effective upon recording with the King County Auditor.

The above Bylaws of the Newport Yacht Basin Association of Condominium Owners are hereby adopted by the undersigned in accordance with the provisions of the Declaration.

DATED THIS _____ DAY OF _____, 2013.

By:
Title: