

**AMENDED AND RESTATED BYLAWS
OF
ISLANDER RESIDENTS ASSOCIATION
A Washington Nonprofit Corporation**

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**AMENDED AND RESTATED BYLAWS
OF
ISLANDER RESIDENTS ASSOCIATION**
A Washington Nonprofit Corporation

The undersigned hereby certify and acknowledge that these Bylaws for the Islander Residents Association, a Washington nonprofit corporation (the "Association"), were duly adopted by a unanimous vote of the Board of Directors of the Association present at a meeting held on the 28th day of September, 2004; amended by the Members of the Association at meetings held on April 22, 2008, August 7, 2008, and March 19, 2013; and last duly amended by the Members at a meeting on the 7th day of March, 2015.

ARTICLE 1. GENERAL PROVISIONS

1.1 Name. The name of this co-operative corporation shall be Islander Residents Association.

1.2 Principal Office. The principal office of the Association shall be at such location in Kitsap County, Washington, as designated by the Board.

1.3 Purpose of Association. The purpose of this Association as set forth in the Restated Articles of Incorporation of the Association is to acquire, own and operate as a cooperative Islander Manufactured Home Park, located in Bainbridge Island, Kitsap County, Washington, for and on behalf of the residents and homeowners therein.

ARTICLE 2. DEFINITIONS

Throughout these Bylaws, the following terms, when capitalized, shall have the following meanings, except when the context requires otherwise:

2.1 **"Adjacent Homeowner"** shall mean the owner of a manufactured or mobile home on a lot adjacent to Islander who is eligible to purchase a Membership in the Association as provided in the Articles.

2.2 **"Articles"** means the Restated Articles of Incorporation of Islander Residents Association most recently adopted by the Association and any amendments thereto.

2.3 **"Association"** means the Islander Residents Association.

2.4 **"Board"** means the Board of Directors of Islander Residents Association.

2.5 **"Bylaws"** means these Bylaws adopted by Islander Residents Association on September 28th, 2004, and amendments hereto.

2.6 **“Capital Acquisition”** means an investment by the Association to acquire new real or personal property which is not considered an ordinary expense for accounting or tax purposes.

2.7 **“Capital Improvement”** means an investment by the Association to improve or repair real or personal property of the Association, which is not considered an ordinary repair or maintenance expense for accounting or tax purposes.

2.8 **“Certificate” or “Membership Certificate”** means a certificate issued by the Association evidencing membership in the Association upon payment of a subscription and qualification for Membership as provided in the Articles and these Bylaws.

2.9 **“City”** means the City of Bainbridge Island in Kitsap County, Washington.

2.10 **“Common Expenses”** means all expenses incurred by the Association in the operation, maintenance and repair of Islander and the Association.

2.11 **“Consent to Sublease”** means the agreement to be executed by the Association, the City and a Sublessee in which the Association consents to the Sublease by the City to the Sublessee and the Sublessee attorns to the Association under the City’s Lease and covenants to pay the monthly Maintenance Fee due under the Lease and assumes all of the City’s obligations under the Lease.

2.12 **“Islander”** means the Islander Manufactured Home Park (also known as Islander Mobile Home Park) located in Bainbridge Island, Kitsap County, Washington.

2.13 **“Lease” or “Proprietary Lease”** means the ninety-nine (99) year proprietary lease offered to every Member for the manufactured home lot appurtenant to the Membership of that Member.

2.14 **“Maintenance Fee”** means the monthly assessment paid by a Member to the Association required by the Lease.

2.15 **“Manufactured Home” or “manufactured home”** means a home built to HUD manufactured home standards or a mobile home built prior to establishment of HUD standards in 1976.

2.16 **“Manufactured Home Lot” or “manufactured home lot”** means a lot on which a manufactured, modular or mobile home is located on a permanent basis.

2.17 **“Member”** means (i) any person or persons who own(s) a manufactured home on a manufactured home lot in Islander and subscribe(s) to and purchase the Membership pertaining to the lot on which their manufactured home is located; (ii) any person or persons who own(s) a manufactured home on a lot adjacent to Islander and subscribe(s) to and purchase(s) the Membership for a lot in Islander on which they will relocate their manufactured home or locate another manufactured home they will own, as set forth in the Articles; or (iii) the City of

Bainbridge Island (or assignee) upon subscribing to and purchasing Memberships in the Association as allowed in the Articles.

2.18 **“Memberships”** means the ownership units in the Association.

2.19 **“Modular Home”** means a home that (a) is composed of pre-built modules that are fully or nearly completely assembled offsite, (b) is inspected and approved by the Washington Dept. of Labor & Industries and carries an L & I sticker, (c) is transported to Islander and installed on the lot, (d) complies with all applicable federal, state, and local building codes, and (e) is of a size and height that is acceptable to the Board of Directors of the Association.

2.20 **“Mortgage Payments”** means the payments made by the Association on any commercial loan secured by a trust deed or mortgage on Islander.

2.21 **“Preservation Period”** means that period of time for up to eighteen (18) months in which a Secured Party may seek to foreclose its lien in and sell the Membership of a Member without action by the Association to cancel such Membership.

2.22 **“Secured Party”** means a lender to a Member who has given notice to the Association of its lien or encumbrance in the Membership or Lease of a Member as provided in Section 3.8 in Article 3 below.

2.23 **“Sublease”** means the sublease between the City and the owner of the manufactured, modular or mobile home on a manufactured home lot appurtenant to the Membership owned by the City. Unless the context clearly dictates otherwise, the word “sublease,” with a lower-case “s,” is a reference to a sublease between a Member other than the City and a third-party.

2.24 **“Sublessee”** means the owner of the manufactured, modular or mobile home on a manufactured home lot appurtenant to a Membership owned by the City who subleases under the Lease of the City for that lot. Unless the context clearly dictates otherwise, the word “sublessee,” with a lower-case “s,” is a reference to a sublessee of a Member other than the City.

2.25 **“Terminated Member”** means any Member whose Membership is canceled and Lease terminated as provided in Section 10.2(b) in Article 10 below.

ARTICLE 3. MEMBERSHIP

3.1 Qualifications for Membership. Membership in the Association shall be upon the terms and conditions set forth in Article III of the Articles, as such Articles may be amended from time to time, and shall be limited to those persons who qualify as set forth in said Article III. For purposes of Article III of the Articles, a person purchasing a manufactured, modular or mobile home on contract shall be considered an owner of the home for purposes of qualifying to purchase the Membership for the manufactured home lot on which the home is located. At all times during Membership, a Member, other than the City (or the City's assignee, as permitted herein), must (a) maintain the manufactured, modular or mobile home located on the manufactured home lot for which Membership is appurtenant in good condition and repair and (b) maintain the manufactured, modular or mobile home at the manufactured home lot in Islander for which Membership is appurtenant for his or her own use, except that an Adjacent Homeowner who purchases a Membership may maintain his domicile or primary residence on a lot adjacent to Islander for up to three (3) years. In accordance with the Articles, the City's Memberships shall not be conditioned upon its ownership of the manufactured, modular or mobile homes located upon the manufactured home lots to which the City's Memberships are appurtenant; provided, however, that each Sublessee of the City shall own the manufactured, modular or mobile home located upon the manufactured home lot subleased to such Sublessee. The City's Sublessees shall be subject to the same maintenance requirements set forth above, which shall be enforced in accordance with the Sublease.

3.2 Subscription for Membership. If the Association creates new Memberships, the price for subscription (purchase) of the new Membership shall be set by the Board. A prospective Member shall submit to the Association any subscription documents required by the Board. Upon payment of the subscription price and acceptance of the subscription, a person or persons who meet the Membership qualifications set forth in Article III of the Articles and these Bylaws shall become Members of the Association, shall be issued a Certificate of Membership evidencing such Membership, and shall execute a Lease for the manufactured home lot connected to the Membership. This Bylaw only applies to the sale of new, unsold Memberships by the Association. The sale by a current Member of the Member's Membership to a third-party (who will become a new Member) is governed by other Association Bylaws and policies; the Membership price in this situation is determined by the selling Member.

3.3 Membership Certificates. As provided in Article III of the Articles, each Membership in the Association is connected to a manufactured home lot in Islander. For each manufactured home lot in Islander, the Association shall prepare a Membership Certificate and each such Certificate shall be issued to a Member or Members upon their subscription to Membership in the Association. The Certificate shall be identified by number as to the particular manufactured home lot related to that Membership. The form of the Certificate of Membership shall be determined by the Board.

3.4 Conditions of Acceptance of Membership Certificates. Each Certificate of Membership shall recite the following and each Member receiving rights under a Certificate of Membership shall agree to the following:

“The rights of any holder of this Certificate of Membership are subject to the provisions of the Restated Articles of Incorporation, as they may be amended, and the Bylaws of Islander Residents Association (the “Association”), as they may be amended, and all the terms, covenants, conditions and provisions of a certain proprietary lease made between the Association, as Lessor, and the person or persons in whose name or names this Certificate is issued, as Lessee, for a manufactured, modular or mobile home lot in Islander Manufactured Home Park, which is owned by the Association and operated as a cooperative, which Articles, Bylaws and proprietary lease, as amended, limit and restrict the title and rights of any transferee of this Certificate, impose a lien on this Certificate to secure payment of assessments, Common Expenses and other sums which may become due to the Association from the holder hereof, and provide for the right of the Association to charge a right of first refusal or transfer fee upon the transfer of the Membership.”

3.5 Transfer of Membership by Sale. Subject to federal and state statutes and regulations, a Member may transfer that Member’s Membership to a qualified transferee (as defined below), subject to the Board’s approval, in its sole discretion. The Board may subject any prospective purchaser of a Membership to a credit and criminal investigation and review in accordance with applicable law. A Membership may be transferred by sale, devise or gift but only on the following terms and conditions: (a) the transferee pays to the Association the transfer fee set by the Board and reimburses the Association for all costs incurred by the Association in the transfer; (b) the manufactured home on the lot connected to the Membership is also transferred to the transferee; (c) the transferee executes an acceptance of the assignment of the Lease for the manufactured home lot connected to the Membership and agrees to be bound by all terms and conditions thereof; and (d) the transferee passes the credit and criminal investigation and review as required by the Board, meets all qualifications set by the Articles and these Bylaws for Membership, and is approved by the Board. Upon approval of such transfer, the Certificate of the transferring Member shall be canceled and the Association shall issue a new Certificate to the transferee. The Board may issue additional rules and regulations pertaining to the transfer of Membership by sale and the issuance of new Membership Certificates, including, except for Memberships owned by the City, the right to institute a right of first refusal to purchase a Membership on a prospective transfer and the right to institute a reasonable waiver fee in connection with such right of first refusal.

The City shall have the same rights to transfer any number of its Memberships to a qualified transferee as set forth above; provided, however, that the City’s prospective transfer shall not be subject to the condition that the manufactured, modular or mobile home on the lot connected to the Membership must also be transferred to the transferee; and provided, further, that the prospective transferee shall not be required to assume any Lease term or obligation which is specific to the City in its capacity as a municipal corporation or pertains to the City’s affordable housing program.

In addition to the transfer rights set forth herein, and notwithstanding anything to the contrary in these Bylaws, the Articles or the Proprietary Leases, the City shall have the right to

assign and/or transfer any number of its Memberships and/or Proprietary Leases appurtenant to the City's Memberships, to another public entity or agency authorized to lease, operate and/or manage affordable or income qualified housing, or to a nonprofit corporation organized and operating for purposes of preserving, promoting, operating and/or managing affordable or income qualified housing; provided, that said assignee must execute an acceptance of the assignment of the City's Membership and Lease for the manufactured home lot connected to the Membership. Upon such assignment or transfer, the assignee or transferee shall have the same rights and obligations as the City as set forth in the Articles, Bylaws and Proprietary Leases and the City shall be released from any further obligations to the Association; provided, however, that the City shall remain liable to the Association for any obligations incurred by the City prior to the date of assignment or transfer.

3.6 Transfer of Membership by Bequest, Intestacy or Operation of Law. Upon the death of a Member, the Membership of that Member shall pass to the heir or devisee of that Member by bequest, intestacy or operation of law so long as the person receiving the Membership as heir or devisee lives or occupies the manufactured home himself or herself and does not rent the manufactured home, executes an acceptance of the assignment of the deceased Member's Lease, and otherwise satisfies the requirements for Membership set forth in the Articles and these Bylaws.

3.7 Association's Lien. As provided in Article IV of the Articles, the Association shall at all times have a lien upon the Membership and Membership Certificate of each Member for all indebtedness and obligations owing and to be owing by such Member to the Association, arising under the provisions of any Lease issued by the Association, the Articles, these Bylaws or any other contract between the Member and the Association. The lien shall be superior to all other liens except that the Board shall subordinate the Association's lien position to that of the lender of a Member who finances either the purchase of the Membership or the manufactured home of the Member. The Board may refuse to consent to the transfer of any Membership until all indebtedness is satisfied.

3.8 Secured Party Lien. A Member may mortgage, pledge, hypothecate or encumber the Member's Membership or the Lease appurtenant thereto and the leasehold interest created thereby for the purposes of financing or refinancing the Member's purchase of the Membership or the manufactured home on the manufactured home lot connected to the Membership or in connection with a pledge to secure financing for the purchase of Islander by the Association. Upon notice to the Association by the Member or the Secured Party providing financing, the Association shall subordinate its lien in such Membership to the lien of the Secured Party and register the Secured Party's lien in the Roster required by Section 13.2 of Article 13 below. For any Secured Party registered in the Roster, the Association shall give to the Secured Party a copy of any notice sent to the Member pursuant to Section 10.1 or Section 10.2 of Article 10 below. If the Association elects to terminate the Lease or cancel the Membership of the Member as provided in Section 10.2.2 of Article 10 below, the Secured Party may notify the Association at any time before the effective date of the termination of the Lease and cancellation of the Membership of the Secured Party's election to initiate the Preservation Period. The Secured Party may also initiate the Preservation Period upon written notice to the Association where the Member is in default under any contract, loan agreement or security agreement with the Secured

Party. During the Preservation Period, the Association shall abate all action to terminate the Lease or cancel the Membership; provided that the Secured Party shall pay all Maintenance Fees or other assessments or payments when and as due under the Member's Lease as if the Member were not in default. The Secured Party shall also pay the defaulting Member's past due Maintenance Fees or other unpaid assessments or indebtedness to the Association. During the Preservation Period, the Secured Party may foreclose on its lien, take possession but not occupy or lease out the manufactured home lot or the manufactured home on the manufactured home lot appurtenant to the Membership, and/or sell the Membership and/or manufactured home subject to the transfer requirements of Section 3.5 of Article 3 above. Upon petition by the Secured Party, the Board, in its discretion, may extend the Preservation Period beyond eighteen (18) months. Otherwise, upon expiration of the Preservation Period or upon failure of the Secured Party to timely make any payment required hereunder and after ten (10) days notice from the Association to cure such failure, the Association may terminate the Lease and cancel the appurtenant Membership, pursuant to Section 10.2.2 of Article 10 below.

3.9 Cancellation of Membership. The Membership of any Member is subject to cancellation upon the terms and conditions set forth in Section 3.8 of Article 3 above and Article 10 below.

ARTICLE 4. MEETINGS AND VOTING

4.1 Place. All meetings of the Members shall be held at such suitable meeting place as the Board may designate within Kitsap County which is reasonable and accessible to the Members.

4.2 Annual Meeting. The annual meeting of the Members shall be held in October of each year at the hour of 7:00 p.m. or at such other hour as may be established by the Board and duly announced to all Members as provided herein. At the annual meeting, the Members shall elect by a plurality vote directors to serve on the Board (in accordance with Article V below), consider reports of the affairs of the Association, and transact such other business as may be properly brought before the Membership.

4.3 Regular Meetings. Regular meetings shall be scheduled by the Board at intervals during the year by establishing at the annual meeting a calendar of meetings for the ensuing year. At such regular meetings any business may be transacted which may be properly brought before the Membership.

4.4 Special Meetings. Special meetings of the Members for any purpose or purposes specified in the notices of special meetings may be called at any time by the President or, in the President's absence, by the Vice-President if either is so directed by the Board. A special meeting may also be called upon petition, signed and presented to the President or in the President's absence the Vice-President, by Members holding a total of ten percent (10%) of the voting rights of Memberships issued and outstanding. The notice of special meeting shall state the date and time of the meeting and the subject or subjects to be considered or transacted, and at such meeting no business not mentioned in the notice shall be considered.

4.5 Notices. Notice of all meetings of the Members shall be given to all Members as shown on the Association's records by the Secretary depositing in the mail, delivering in person written notices, or delivering an electronic transmission (such as an email) to all Members at their respective addresses at least ten (10) and no more than fifty (50) days prior to the date fixed for such meeting or by publishing notice of the meeting in the Association newsletter and posting a notice on each reader board located in Islander. If notice is given through an electronic transmission, the Members receiving notice in that manner must have, prior to receiving the electronic notice, given their consent to receive electronic notices. Their consent can be given by signing a written document or sending an email to an appropriate IRA officer or employee. If notice is given in the newsletter, such newsletter must be delivered to each Member at least ten (10) and no more than fifty (50) days prior to the date of the meeting. Notices for special meetings shall be given in the same manner as for annual and regular meetings except in the event of an emergency. In the event of an emergency, notice of the meeting shall be posted on the reader boards and, if feasible, notices shall be delivered to the homes of residents. Where the City has subleased any lot for which the City has a Membership, the Association shall deliver the notice required herein to both the City's Sublessee and the City, in accordance with the above-referenced standards. Both the City and the City's Sublessee(s) shall receive a copy of any newsletter produced by the Association.

4.6 Quorum. The holders of thirty percent (30%) of the Memberships entitled to vote, present in person or represented by proxy, shall be required and shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, a quorum is not present at any meeting of the Members, the Members entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time-to-time, until the requisite amount of voting Members shall be present or represented. At such adjourned meeting at which the requisite amount of voting Members shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

4.7 Order of Business. The order of business at annual meetings and, as far as practical, at other meetings of the Membership, shall be:

- a. Call to order by President;
- b. Calling of the role and certifying of proxies;
- c. Proof of notice of the meeting or waiver of notice;
- d. Reading and disposal of any unapproved minutes;
- e. Elections of Directors;¹
- f. Ratification of prior actions of Board of Directors;
- g. Reports of officers;
- h. Reports of committees;
- i. Elections (if an election is set);
- j. Unfinished business;
- k. New business;
- l. Adjournment.

¹ This agenda item refers only to those prior actions of the Board of Directors that (a) the Board of Directors is required to have ratified by the Members or (b) the Board of Directors decides to have ratified by the Members.

4.8 Proxies. Every Member entitled to vote may do so either in person or by an agent authorized by the Member. No agent may vote as proxy for a Member unless the Member files with the Secretary a certificate of proxy prior to or at the time of the convening of any meeting, and each proxy shall terminate at the conclusion of that meeting. Only one proxy per Membership can be issued at any one time. Only one proxy can be held by any one agent. The City may, in its discretion and in accordance with the applicable Sublease, appoint any Sublessee one vote by filing a notice with the Secretary.

4.9 Minutes of Meetings. The Secretary shall keep minutes of all meetings. The minutes of all meetings shall be kept in a book available for inspection by the Members or their authorized representatives and Board Members at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

4.10 Valid Transactions. The transactions of any meeting of Members, however called or noticed, shall be valid when consented to by a majority when a quorum is present, represented in person or by proxy.

4.11 Entry of Notice. Whenever any Member entitled to vote has been absent from any meeting of Members, whether annual, regular or special, any entry in the minutes to the effect that notice has been duly given shall be sufficient evidence that due notice of such meeting was given to such Member, as required by law and by these Bylaws.

4.12 Action of Members Without A Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if authorized in writing signed by all of the Members who would be entitled to vote at a meeting; provided, that, if the City has assigned a voting proxy to any of its Sublessees, the City shall be notified of the proposed action in the same manner as the City's Sublessees.

4.13 Conduct of Meetings. Except as may be otherwise required by law or these bylaws, meetings will be conducted in the manner determined by the Board. Each Member shall have the right to participate in meetings with reference to all designated agenda items. However, the Board may adopt reasonable rules governing the frequency, duration, and the manner of Member participation. Any Member may tape, record, or videotape meetings of the Members.

4.14 Voting. The owner or owners of each Membership shall be entitled to one vote for that Membership. Where the Membership is owned by more than one person, any one of the named persons may vote on behalf of the Membership and such vote shall be considered as made with the knowledge and consent of all other owners of the Membership. If, at the time of casting a vote, those individuals holding joint ownership cannot reach accord on the issue before the body and agree on voting on any issue, that Membership vote shall be declared invalid. The vote of a majority of Members at a meeting at which a quorum is present shall be binding upon all Members for all purposes except in those instances in which a higher percentage vote is required by statute, the Articles or these Bylaws.

ARTICLE 5. BOARD OF DIRECTORS

5.1 Number; Qualifications. The Association shall be managed by a Board of Directors. There shall be seven (7) to nine (9) directors. There shall also be one alternate director as specified in Section 5.4. All references in these bylaws to "director" or "directors" do not include or refer to the alternate director. All directors shall be elected by the Members. All directors shall be Members of the Association; provided, however, that the City's Sublessees may serve as elected directors, notwithstanding the fact that they do not own the Membership interest appurtenant to their Sublease. No Member who is indebted to the Association for any common expense, assessment or Maintenance Fee, which is overdue for a period of more than thirty (30) days and is not under protest, shall be eligible for election to the Board. Multiple owners of the same membership may not serve on the Board simultaneously, meaning each membership may have no more than one owner elected to the Board at any time.

5.2 Term. Directors shall serve two-year terms that are staggered so that four (4) or five (5) directors start their terms in one year and three (3) or four (4) directors start their terms in the following year.

5.3 Election and Removal of Directors. Election of directors shall be held at the annual meeting of the Membership. For so long as IRA shall have a HUD-insured loan, each time a new director is elected (meaning when a new person is elected to fill a director position; not when the same person is elected to an additional term as director) that new director must complete and sign the Acknowledgement of HUD Loan Documents and the President must deliver all such executed Acknowledgements to HUD.

Any director may be removed from office for cause by the affirmative vote of a majority of the Members then entitled to vote, including proxies, at a meeting duly called for that purpose. Any director may also be removed from the Board with or without cause by a two-thirds (2/3) vote of the Board at any regular or special meeting of the Board. Cause shall include the absence of the director from three (3) consecutive meetings of the Board followed by a fourth absence after the Board gives notice to said director of the Board's intent to remove the director from the Board if the director fails to attend the next (fourth) meeting of the Board. Any director may resign at any time by written notice delivered or mailed to the President or Secretary. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. A director who ceases to be a Member of the Association shall be considered to have resigned from the Board. Vacancies on the Board may be filled by a majority vote of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so selected shall hold office until that director's successor is elected at an annual meeting of Members or at a special meeting called for that purpose. The Members of the Association may at any time at a special meeting elect a director to fill any vacancy not filled by the remaining directors.

5.4 Alternate Director. The alternate director shall serve a one-year term and is elected by the Members in the following manner: At the annual meeting when the Members vote for a slate of new directors, the first runner-up in that election may accept the position of alternate director; if the first runner-up does not want the position, the second-runner up may accept the position of alternate director; and so on until a runner-up has accepted the position or all runner-ups have declined the position. Notwithstanding the foregoing, at no time shall a person who received one or zero votes be offered the alternate director position. Also, the

alternate director position shall not figure into the cumulative voting calculation used to elect directors. (In other words, when the Members are voting to fill four director positions, under cumulative voting they will receive four votes. They will not receive a fifth vote due to the alternate director position.)

For example, imagine a year when four director positions need to be filled and seven people run for those positions. In that situation, the four people who receive the highest number of votes will win the election and be named directors. The person who receives the fifth highest number of votes is the first runner-up and will have the opportunity to accept the alternate director position. If the first runner-up declines the alternate director position, the second runner-up (the person with the sixth highest number of votes) will have the opportunity to accept the alternate director position. And so on.

In order to retain the position of alternate director, the person filling that position must attend and take part in substantially all Board meetings just like a director with the difference being that the alternate director is not a "director" as that term is used in these bylaws and has no right to cast a vote on any business before the Board. Should the alternate director fail to meet this attendance requirement, the Board may by majority vote remove that person from the position of alternate director and appoint someone else to the position of alternate director to serve until the next annual Member meeting.

Should a director resign or take a temporary leave of absence, the Board may by majority vote appoint the alternate director to the absent director's position either on a temporary basis or to serve out the absent director's term. If this occurs, the alternate director is no longer an alternate director and is instead a director. At this time, the Board may appoint a new person to the position of alternate director.

5.5 Annual and Regular Meetings. Annual meetings of the Board shall be held each year within thirty (30) days following the annual meeting of the Members. Regular meetings of the Board shall be scheduled by the Board at intervals during the year by establishing at the annual meeting a calendar of meetings for the ensuing year. Notice of annual and regular meetings shall be given to each director by mail or in person at least four (4) days prior to the date of the meeting. Notices of such meetings shall also be posted on the reader boards in Islander.

5.6 Special Meetings. Special meetings of the Board shall be called by the President or Vice President in the President's absence, upon the written request of the majority of Board Members. Notice of a special meeting shall state the date, time, place and purpose of the meeting, and except in the case of an emergency, shall be delivered or mailed to each director at least three (3) days prior to the meeting. Notices of such meetings shall also be posted on the reader boards in Islander.

5.7 Waiver of Notice. A director may, in writing, waive notice of any meeting of the Board. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting unless the director states that his attendance is for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or because of a lack of adequate notice.

5.8 Quorum. A quorum at a meeting of the Board shall consist of a majority of the directors.

5.9 Majority Vote. At meetings of the Board all matters not otherwise conditioned by law or the Articles shall be determined by simple majority vote.

5.10 Adjourned Meetings. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted. Notice of any adjourned meeting shall be made in accordance with the notice requirements of regular meetings.

5.11 Order of Business. The order of business at meetings of the Board shall be:

- a. Roll call;
- b. Adoption of minutes of the last meeting;
- c. Resignations and elections;
- d. Reports of officers and employees;
- e. Reports of committees;
- f. Unfinished business;
- g. Original resolutions and new business;
- h. Adjournment.

5.12 Non-agenda Items. Any item not included on the notice of a meeting may be taken up on an emergency basis upon agreement by at least a majority of the Members of the Board. In the event that an emergency action is taken as set forth in this Section, notice of such action shall be included in the agenda of the next regular meeting of the Board and shall be ratified by all directors authorized to be at such meeting.

5.13 Executive Session. Upon a majority vote, the Board of Directors may go into executive session for part of a meeting. During executive session, all persons other than directors and those persons explicitly invited to attend shall be excluded from the meeting. No minutes shall be taken during executive session and all communications made, content of, and voting during the executive session shall be confidential except that decisions made during executive session shall be included in the minutes of the meeting during which the executive session took place. During executive session the Board may discuss or take action on matters that involve personal information about a member or other concerns except for termination of membership or adjustment of lot lines. Following an executive session, the board shall return to its regular meeting which is open to the Members.

5.14 Conduct of Meeting. Meetings of the directors shall be open to all Members. Any Member may tape, record or videotape meetings of the directors. The right of Members to attend such meetings includes the right to speak at such meetings with regard to all designated agenda items. The directors may adopt reasonable rules governing the frequency, duration and manner of Members' statements.

5.15 Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a book available for inspection by the Membership or their authorized representatives. Minutes of the meetings of the Board shall be retained for a period of not less than seven (7) years.

5.16 Electronic Communication. The Board may permit any or all directors to participate in or conduct the meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

5.17 Compensation. No director shall receive compensation for the director's services as director. However, upon submission of receipts, a director may receive reimbursement of the director's reasonable expenses incurred in connection with the performance of the director's duties and if such expense reimbursement is previously authorized by resolution of the Board. A director is not precluded by his Membership on the Board from serving in any other capacity in connection with the Association and receiving compensation for such service.

5.18 Committees. The Board may from time-to-time appoint a committee or committees. At the option of the chairman of the committee or majority of the committee members, committee meetings may be conducted in private. No committee shall take any action that shall be binding on the Board but shall submit its reports to the Board at a meeting of the Board.

5.19 Action Without Meetings. Every action permitted or required to be taken at a meeting of the Board of Directors except actions relating to membership termination or lot line adjustment may be taken without a meeting if all of the directors consent to the action. Directors may consent to the action in one of two ways: (1) directors may sign a written document that details the action and the fact that by signing the document a director is consenting to the action or (2) directors can send an email to the Secretary or President (or other person appointed by the Board) stating that they consent to the action. In order for a Board action taken via consent to be effective, every director entitled to vote on the action must provide his or her consent (i.e., it must be unanimous consent). Unless the consent specifies a later effective date, an action taken by unanimous consent is effective when the last director gives her or his consent. The Secretary shall preserve all consents, whether written or emailed, in the minutebook.

5.20 Powers and Duties of the Directors. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the management of Islander and may do all acts except such acts which by law or the Articles or these Bylaws may not be delegated to the Board by the Members. Among other things, the Board shall:

- a. Elect the officers of the Association as provided in these Bylaws;
- b. Collect rent from non-member residents and Maintenance Fees from Members necessary to pay for the Common Expenses of the Association, Mortgage Payments, Capital Improvements (or reserves therefor) and Capital Acquisitions (or reserves therefor);

- c. Determine the expenditures required for the operation of Islander and the cash requirements necessary to meet the Association's Common Expenses, Mortgage Payments, Capital Improvements and Capital Acquisitions;
- d. Prepare and provide an annual budget for the operation of Islander;
- e. Fix the terms and manner of payment of rent from non-member residents and the Maintenance Fee and other assessments under the Lease between Members and the Association, all sufficient to meet the Common Expenses, Mortgage Payments, Capital Improvements (or reserves therefor) and Capital Acquisitions (or reserves therefor);
- f. Maintain bank accounts and books of account according to generally accepted accounting practices reflecting all the Association's receipts and disbursements with proper supporting documents;
- g. Adopt and enforce such reasonable rules and regulations as it may deem necessary or desirable in respect to the use of the manufactured home lots and the common areas and facilities of Islander, in pursuance of the purposes and policies of the Association;
- h. Adopt and enforce the terms of the Lease under which each Member occupies and enjoys the Member's manufactured home lot and adopt and enforce the terms of a rental agreement for non-member residents;
- i. Employ personnel necessary for the operation of Association and Islander and order and supervise work deemed necessary to the operation, maintenance, repair and replacement of the common areas and facilities and any additions and improvements thereto;
- j. Obtain and maintain the kinds and amounts of insurance for the property and the Association as is reasonable and prudent;
- k. Prepare or supervise the preparation of an annual financial report to the Members as of the last date of each calendar year or fiscal year if the fiscal year is different from the calendar year;
- l. Employ attorneys and accountants and other professional or technical consultants and advisors as may be reasonably necessary in carrying out the management and administration of the Association;
- m. Borrow money to acquire Islander, to refinance any Association loan, or to pay for a necessary Capital Acquisition or Capital Improvement and to execute promissory notes, deeds of trust encumbering Islander or other security instruments and loan agreements as are reasonably necessary;
- n. Establish the terms and conditions for credit and criminal investigations and reviews of prospective Members or Sublessors of City leases; provided, that with respect to any Sublease, the terms and conditions of any credit and/or criminal investigations and reviews of prospective Sublessees shall not be contrary to federal, state and/or local laws and standards which are applicable to the City; and
- o. Establish the borders of each manufactured, modular or mobile home lot in Islander and resolve disputes between owners of manufactured, modular and mobile homes in Islander regarding the borders of their manufactured, modular and mobile home lots.
- p. Set the amount of the transfer fee to be paid upon the transfer of any Membership and/or provide for a right of first refusal upon transfer of any Membership or the

- waiver fee to waive such right of first refusal.
- q. Sell excess or bonus Floor-Area Ratio appurtenant to Islander.

5.21 **Actions Requiring Approval of Members.** Without a majority vote of the Members of the Association at a meeting of the Membership, the Board shall not:

- a. Contract for the construction or installation of any Capital Acquisition or Capital Improvement that will cost more than Ten Thousand Dollars and 00/100 (\$10,000.00);
- b. Employ any independent professional property manager or management firm;
- c. Cause the Association to conduct any business other than the operation of Islander as a cooperative;
- d. Approve any financing or refinancing of Islander in the event the directors do not agree among themselves to such financing or refinancing; or
- e. Sell or exchange any Association property other than in the ordinary course of business except as provided above.

ARTICLE 6. OFFICERS

6.1 **Designation.** As of the date of the adoption of these Bylaws, the officers of the Association are William Isley, President; Bob Sinnett, Vice-President; Carol Koch, Secretary and Lone Hansen, Treasurer. At the first annual meeting of the Directors after the adoption of these Bylaws, the terms of the above officers shall expire and new officers shall be elected. The officers shall be: President, Vice-President, Secretary, and Treasurer. The Board may appoint assistant officers as necessary to perform the Assistant's functions except for the President and Vice-President. No person may be elected or appointed to serve in more than one office at the same time. All officers shall also be directors.

6.2 **Elections.** Officers shall be elected annually by the Board at the annual meeting of the Board. After each officer election in which one or more new officers are elected, the Treasurer must cause IRA's bank to create a new signature card for IRA's accounts and all officers must go to the bank and execute the signature card(s).

The term of office for each officer shall be one year; nevertheless, each shall hold office at the pleasure of the Board, which may remove any officer by two-thirds (2/3rds) vote with or without cause and elect the officer's successor.

For so long as IRA shall have a HUD-insured loan, each time a new officer is elected (meaning when a new person is elected to fill an officer position; not when the same person is elected to an additional term as an officer) that new officer must complete and sign the Acknowledgement of HUD Loan Documents and the President must deliver all such executed Acknowledgements to HUD.

6.3 **President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and the Board. The President shall have general supervision over the affairs of the Association and other officers. For so long as IRA shall have a HUD-insured loan, each time a new President is elected (meaning when a new person is elected as President; not when the same person is elected to an additional term as President) that

new President will become the Association's Designated Corporate Representative to HUD. The new President must, within three business days of being elected, provide HUD with written notification of the President's status as Designated Corporate Representative along with the President's name, address, and telephone number.

6.4 Vice-President. The Vice-President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. The Vice-President shall perform such other duties as shall from time-to-time be assigned by the Board or the President. If neither of the President or Vice-President is able to act, the Board shall appoint some other director to act in the place of the President on an interim basis.

6.5 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and Members and shall attend to the giving and serving of all notices to the directors, Members, any Secured Party, and other notices required by law, unless otherwise provided by these Bylaws. The Secretary shall keep the minutebook of the Association and shall perform all other duties incident to the office of Secretary as may be required.

6.6 Treasurer. The Treasurer shall have the care and custody of all monies, funds and securities of the Association and shall keep true and accurate accounts of monies received and expended on behalf of the Association and report thereon at every meeting of the Members. The Treasurer shall submit the books to the Board for inspection when requested and make a report in writing of all amounts collected and disbursed and monies on hand at each annual meeting of the Members.

6.7 Compensation of Officers. No officer shall receive any compensation from the Association for acting as an officer of the Association unless previously authorized by the Board. However, an officer may receive reimbursement of the officer's reasonable expenses incurred in connection with performance of the officer's duties if such expense reimbursement is authorized by resolution of the Board.

6.8 Agreements, Contracts, Checks, Etc. The officers shall have the power to execute such agreements, contracts, deeds, leases and other instruments of the Association as authorized by the Board. The signatures of two persons authorized to sign checks are required on all checks for expenditures of \$10,000 or more; all other checks may be signed by one authorized signer. The persons authorized to sign checks are the President, Vice President, Secretary, Treasurer and such other board members that the Board shall approve

6.9 Committees. The President may appoint standing, operational and ad hoc committees to perform tasks and duties as necessary to achieve proper operation of the Association. These committees will be advisory to the Board and have no authority in themselves.

6.10 Resignations. Any officer may resign the officer's post at any time by written resignation delivered to the Secretary, which shall take effect immediately unless a later date is specified therein.

ARTICLE 7. LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

7.1 Liability. An officer or director of the Association shall have no liability to the Association or its Members for monetary damages for conduct as an officer or director, except for acts or omissions that involved intentional misconduct or a knowing violation of law or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Washington Non-profit Corporation Act is hereafter amended to authorize corporate action eliminating or limiting the personal liability of directors or officers, then the liability of an officer or director shall be eliminated or limited to the full extent permitted by the law as amended. Any repeal or modification of this limitation shall not be effective with respect to any act or activities occurring prior to the repeal or modification.

7.2 Bonds or Insurance. The Association may purchase fidelity bonds for directors, officers and management employees or purchase errors and omissions insurance or directors and officers insurance for them and the premiums for such bonds or insurance shall constitute a Common Expense of the Association.

7.3 Indemnification. Every director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney fees reasonably incurred by or imposed upon the director and/or officer in connection with any proceeding or settlement thereof in which the director or officer may become involved, by reason of the director and/or officer being or having been a director or officer of the Association. This indemnification shall apply whether or not the individual is a director or officer at the time such liabilities or expenses are incurred, except in cases wherein the director or officer is adjudged to have committed willful misfeasance or malfeasance in the performance of the director's or officer's duties. In the event of a settlement, the indemnification established herein shall apply only when the Board approves such settlement or reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights of indemnification to which such director or officer may be entitled.

ARTICLE 8. FINANCES

8.1 Sources of Revenues. The Association anticipates revenues from the following: subscription of Memberships, assessments or Maintenance Fees paid by Members pursuant to their Leases, rent paid by non-member residents pursuant to their rental agreements with the Association, interest income on funds held by the Association, administrative fees such as the subleasing fee, late fees, and transfer fees, proceeds from the sale of floor area ratio credits (FARs), and the sale of Association assets.

8.2 Duty of Members to Pay Maintenance Fee. The Association shall charge each Member a monthly Maintenance Fee in the amount determined by the Board as set forth below and it shall be the duty of the Member to pay the Maintenance Fee each month at the time and place set forth in the Lease.

8.3 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by resolutions of the Board. Funds shall be withdrawn only upon checks and demands for money signed by such officer or officers as may be designated by the Board and as provided by these Bylaws.

8.4 Fiscal Year. The fiscal year of the Association shall begin on January 1 of each year; provided, however, the Board is authorized to change to a different fiscal year if it deems it advisable.

8.5 Books and Records. The Association's books and records shall be maintained in accordance with generally accepted accounting practices and shall include all receipts and disbursements. The records shall segregate Common Expenses, Mortgage Payments, Capital Improvements, Capital Acquisitions and reserves for Capital Improvements and Capital Acquisitions. The accounting records of the Association shall be open to inspection by Members or their authorized Representatives at reasonable times.

8.6 Accounting Services. The Board may employ an accountant or tax specialist to perform audits or accounting services or prepare tax reports and returns as the Board may deem necessary and shall set the compensation to be paid to such accountant or accounting firm. Such compensation shall be a Common Expense.

8.7 Annual Budget and Determination of Assessments.

8.7.1 For each fiscal year, the Board shall prepare an annual budget no later than two (2) months before the commencement of the fiscal year. The budget shall project anticipated revenue from Maintenance Fees and assessments paid by the Members and rents paid by Non-member Residents and anticipated expenditures including the following: Common Expenses, Mortgage Payments, Capital Improvements, reserves for Capital Improvements, Capital Acquisitions and reserves for Capital Acquisitions. A copy of the proposed budget shall be mailed to the Members not less than seven (7) days prior to a Board meeting at which the budget will be considered, together with a notice of that meeting. All Board meetings at which the budget shall be considered shall be open to all Members. The Board shall review the budget, consider the statements of Members regarding the budget, make adjustments and adopt the budget.

8.7.2 Based on the budget, the Board shall then set the amount for the Maintenance Fee to be assessed against Members for the following fiscal year under their Leases as well as the rent to be charged to Non-member Residents for the ensuing fiscal year. The anticipated revenues from Maintenance Fees and rents paid by Non-member Residents must equal or exceed budgeted expenditures including reserves.

8.7.3 Upon adoption of a budget, the Treasurer shall mail to each Member a statement of assessment of Maintenance Fees for the ensuing year along with a copy of the final budget if the final budget is different from the budget provided to each member under Section 8.7.1 above. The Treasurer shall also mail to each Non-member Resident a notice regarding the rent to be charged for the ensuing fiscal year.

8.7.4 If an adopted budget requires assessment of Maintenance Fee against Members in any fiscal year exceeding one hundred fifteen percent (115%) of the assessments of Maintenance Fee for the preceding year, the Board, upon written application of ten percent (10%) of the Members, shall call a special meeting of the Members within thirty (30) days, upon not less than ten (10) days' written notice. At the special meeting, the Members shall consider the budget adopted by the Board. The Members may adjust that budget and shall enact a budget at the meeting. The Directors may propose an alternative budget to the Members at the meeting. The budget adopted at the meeting shall be adopted by a vote of not less than a majority of the quorum present.

8.7.5 If at any time the Board declares by resolution that the assessment of Maintenance Fee for Members for the current year is insufficient and that a financial emergency exists, the Board shall call a special meeting of the Members to consider an adjustment to the Maintenance Fee. Any such adjustment must be approved by a majority of the Members present at the meeting.

8.8 Reports to Members. In addition to the annual budget to be provided to Members, the Board shall provide an annual report to Members which shall include the financial statement of the Association and a narrative report as necessary to fully explain and account for the management and finances of the Association. The annual report shall be based on financial statements as of the end of the fiscal year and shall be made available to each Member not later than ninety (90) days after the Association's fiscal year.

ARTICLE 9. PROPRIETARY LEASES

9.1 Issuance. A Lease shall be issued by the Association to Members purchasing a Membership in the Association. One Lease shall be available for each leasable manufactured home lot in Islander but shall be issued only upon purchase of a Membership. The price for the issuance of the Lease is the price of the Membership for that manufactured home lot. The Lease shall be for ninety-nine (99) years.

9.2 Form of Lease. The form of the Lease shall from time to time be determined by the Board. The Lease shall provide for the payment of assessments including but not limited to Maintenance Fees to be paid by Members. Except for the Leases of the City, no Member may sublease the lot appurtenant to the Member's Membership, either with or without removal of the Member's manufactured home and installation of a sublessee's manufactured home, except with the consent on the Board. Notwithstanding any provisions to the contrary in the Lease, after receiving the consent of the Board, which consent may only be given if the terms of the Subleasing Policy will be met, Members may sublease for payment a portion of their unit or home to a third-party roomer or lodger.

9.3 Assignment. Except for Leases for the City, a Member's Lease may not be assigned to any person except concurrently with the transfer and conveyance of the related Membership and approval by the Board. However, a Member may assign the Lease and related Membership as collateral security as provided in Section 3.8 of Article 3 above. Any assignment

of a Lease by the City shall be as provided in Section 3.5 of Article 3 above or as a Sublease on the terms and conditions set forth in Section 9.5 below.

9.4 Lease Subordinate to Mortgages. Each Lease issued to a Member shall be subject and subordinate to the deed of trust or mortgage on Islander of any lender which has made a loan to the Association approved by the Board or the Members as provided in these Bylaws and which is secured by a deed of trust or mortgage encumbering Islander. Such subordination shall continue for all renewals, extensions, modifications and amendments of any such deed of trust or mortgage. This subordination shall be for any loan made to the Association to acquire Islander or for any future loan made to the Association which is secured by a deed of trust or mortgage on Islander. This clause shall be self-operative and no further instrument of subordination shall be required to give such deed of trust or mortgage priority over any Lease issued by the Islander although the form of Lease and any Memorandum of a Lease shall recite this subordination. Each Member accepts the Lease acknowledging the present or future subordination of the Lease to the deed of trust or mortgage on Islander of a lender which has made a loan to the Association.

9.5 Sublease by City. The City shall have the right to sublease any Lease between the Association and the City but only to a person or persons who own the manufactured home on the manufactured home lot appurtenant to the Lease. The City, in its discretion, may establish income-qualifications or other requirements for prospective Sublessees. Each prospective Sublessee shall be approved by the Board, which approval shall not be unreasonably withheld. Any prospective Sublessee shall, to the extent permitted by law, be subject to the same credit and criminal investigations and review established by the Board for prospective Members. Any Sublease by the City shall be effective only upon execution of a Consent to Sublease between the Association, the City and the Sublessee in which the Sublessee attorns to the Association and covenants to timely pay all the Maintenance Fee and any other assessments when due on the manufactured home lot occupied by the Sublessee (unless the City in its sole discretion elects to retain responsibility for paying all or any portion of such Maintenance Fees), to comply with all of the City's obligations as lessee under the Lease and to comply with these Bylaws and all rules and regulations binding on Islander residents. The Sublessee shall further agree in said Consent to Sublease that the Association shall have the right to take action directly against the Sublessee to terminate the Sublessee's right to occupy the manufactured home lot upon breach by the Sublessee of any covenant in the Consent to Sublease. The City shall also consent to the Association's right to take direct action against the Sublessee; provided, however, that nothing herein shall be construed as authorizing the Association to terminate or otherwise cancel the City's Membership in the event of a Sublessee's default, and under no circumstances shall the Association have the authority to terminate or cancel the City's Membership based upon a Sublessee's default. Notwithstanding the Sublessee's obligations under its Sublease with the City or the Consent to Sublease to pay the monthly Maintenance Fee and comply with all of the City's obligations as lessee under the Lease, the City shall not be released from its obligations to the Association under the Lease including but not limited to the payment of the monthly Maintenance Fee.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Events of Member Default. A Member shall be in default under the Lease for any of the following (all references to "Member" in this Section 10.1 shall be read to include sublessees of Members):

10.1.1 The Member ceases to own the Membership to which the Lease is appurtenant, the Lease passes or is assigned to anyone who is not approved by the Association as a transferee of such Membership, or, with the exception of the City, the Member ceases to own the manufactured, modular or mobile home on the manufactured home lot to which the Lease and Membership is appurtenant.

10.1.2 Except as to the City, the lot covered by the Lease is assigned, subleased or otherwise occupied in violation of the requirements of the Lease or these Bylaws.

10.1.3 The Member has failed for a period of two (2) months to pay any Maintenance Fee, rent or assessment or any installment thereof due under the Lease or these Bylaws and fails to cure such default within ten (10) days after written notice from the Association.

10.1.4 The Member fails to perform any covenant or provision of the Lease or these Bylaws, other than payment of the Maintenance Fee, and such default continues for thirty (30) days after written notice from the Association. Nevertheless, if the default is of such a nature that it cannot be completely remedied within said thirty-day period, this provision shall be complied with if Member begins correction of the default within the thirty-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy as soon as practicable.

10.1.5 During the term of the Lease, the Member files a voluntary petition in bankruptcy or is adjudicated as bankrupt under the laws of the United States; a receiver is appointed for the properties of the Member; an involuntary petition of bankruptcy is filed regarding the Member and the Member fails to secure a dismissal of that petition within sixty (60) days after filing; the Member makes a general assignment for the benefit of creditors; the Membership of the Member is attached or levied or the leasehold interest of the Member in the Lease is attached or levied and the Member fails to secure discharge of such attachment or release of such levy of execution within sixty (60) days.

10.1.6 The Member is convicted under a federal law, state law or local ordinance of a crime based on an act which the Board determines threatens or compromises the health, safety or welfare of the other Members and residents in Islander.

10.1.7 The Board, at a meeting called for that purpose, finds that the Member has engaged in egregious and objectionable conduct or has violated these Bylaws or any rules relating to residency in Islander which jeopardizes the orderly operation of Islander, Islander's reputation or the peaceful living of other Members and residents in Islander. Prior to calling a meeting for this purpose, the Board shall give the Member at least two (2) written notices to cease such objectionable conduct or cure such violations of the Bylaws or applicable rules. Each such notice shall give the Member an opportunity of at least ten (10) days to comply with the

demands contained in the notice. Notwithstanding the foregoing, if the Member's conduct constitutes a direct threat to the safety of any Member, director, officer or Islander resident, or otherwise creates an emergency situation, the Board in the Board's discretion may immediately declare the Member to be in default and shall deliver notice of such default to the Member. Under such circumstances, the Board shall not be required to provide the notice and cure periods set forth above.

10.1.8 The Member is in default under any security agreement, pledge or leasehold mortgage given to a Secured Party.

10.1.9 The Member engages in, undertakes, or allows to occur any of the actions, situations, or just causes listed in RCW § 59.20.080.

10.2 Remedies on Member Default. Upon occurrence of a default by a Member or a sublessee of a Member, the Association shall have the following remedies:

10.2.1 The Association may terminate the Lease and Membership after giving the Member written notice of its intent to terminate the Lease and Membership and the grounds for termination. If the Member does not request a meeting of the Board to review the proposed termination, then the Lease and Membership shall be terminated fifteen (15) days after notice of termination is delivered to the Member. If within fifteen (15) days after receipt of the notice, the Member gives written notice to the Board of a request to hold a meeting of the Board to consider the termination, then a meeting shall be scheduled as soon as practicable and the Board shall hear the Member at such meeting. At the meeting, the Member shall be given all reasonable opportunity to show the Board why the Lease and Membership should not be terminated. After hearing the Member, the Board shall render a decision that shall be written and delivered to the Member. If the Board votes to terminate the Lease and Membership, such termination shall be effective fifteen (15) days after delivery of the decision to the Member. In lieu of terminating the Lease and Membership, the Board may set terms of probation for the Member and require that the Member comply with such terms as are reasonable under the circumstances.

10.2.2 Upon termination of the Lease and Membership, the Member shall surrender to the Association the Member's Membership Certificate to which the Lease is appurtenant and the Member may be evicted in accordance with applicable law. Whether or not said Membership Certificate is surrendered, the Membership of that Member shall be canceled and the Certificate for such Membership shall thereafter be null and void. Upon cancellation of the Membership, the Association may issue a new Membership, Membership Certificate and Lease for the manufactured home lot formerly occupied by the Terminated Member. The Membership, Membership Certificate and Lease shall be issued upon subscription for the same and payment of market price for the Membership, as determined by the Board. The Association shall apply the proceeds of such subscription as follows: first, toward any balance and expenses owing to a Secured Party who has given notice to the Association of a lien under Section 3.8 in Article 3, as provided in any security documents with such Secured Party; second, toward the Terminated Member's indebtedness to the Association for any unpaid Maintenance Fee, rent or assessments or the Association's expenses including but not limited to attorney fees incurred because of the Terminated Member's default under the Lease; and third, the surplus to be paid to

the Terminated Member. The Association shall not be obligated to sell a Membership for the manufactured home lot formerly occupied by a Terminated Member or otherwise make any attempt to mitigate damages.

10.3 Default by City Sublessee.

10.3.1 A Sublessee shall be in default under the Sublease for any of the following:

10.3.1.1 The Sublessee ceases to own the manufactured, modular or mobile home on the lot to which the Sublease pertains or assigns or transfers the Sublease.

10.3.1.2 The Sublessee fails to pay the monthly Maintenance Fee owed under the Lease, which payment is assumed as an obligation of Sublessee under the Sublease.

10.3.1.3 The Sublessee fails to perform any covenant or obligation of the Sublease, any covenant or obligation of the Lease assumed by Sublessee or any provision of these Bylaws, other than the payment of the monthly Maintenance Fee, and such default continues for thirty (30) days after written notice from the Association or the City. Nevertheless, if the default is of such a nature that it cannot be completely remedied within said thirty-day period, this provision shall be complied with if the Sublessee begins the correction within the thirty-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy as soon as possible.

10.3.1.4 During the term of the Sublease, the Sublessee files a voluntary petition in bankruptcy or is adjudicated as bankrupt under the laws of the United States; a receiver is appointed for the properties of the Sublessee; an involuntary petition of bankruptcy is filed regarding the Sublessee and the Sublessee fails to secure a dismissal of that petition within sixty (60) days after filing; the Sublessee makes a general assignment for the benefit of creditors; or the Sublease of the Sublessee is attached or levied and the Sublessee fails to secure discharge of the same within sixty (60) days.

10.3.1.5 The Sublessee is convicted under a federal law, state law or local ordinance of a crime based on an act which the Board determines threatens the health, safety or welfare of the other residents in Islander.

10.3.1.6 The Sublessee engages in, undertakes, or allows to occur any of the actions, situations, or just causes listed in RCW § 59.20.080.

10.3.2 For any notice given above by the Association to the Sublessee, the Association shall send a copy to the City or the City's designee.

10.3.3 Upon occurrence of a default by a Sublessee, the Association shall have the following remedies:

10.3.3.1 The Association shall notify the City of the default.

10.3.3.1.1 In the case of nonpayment of Maintenance Fee, the City shall have twenty (20) days to cure the default and to notify the Association as to whether it shall (1) take action to assure future timely payment of the Maintenance Fee by Sublessee, (2) terminate the Sublease of the Sublessee and remove Sublessee from Islander, or (3) terminate the Sublease of the Sublessee and ask the Association to remove the Sublessee from Islander and bill the City for all costs associated with such removal.

10.3.3.1.2 In the case of any other default, the City shall have ten (10) business days to notify the Association as to whether it shall (1) take action to assure cure of the breach and future compliance, (2) terminate the Sublease of the Sublessee and remove Sublessee from Islander, or (3) terminate the Sublease of the Sublessee and ask the Association to remove the Sublessee from Islander and bill the City for all costs associated with such removal.

10.3.3.2 The Association shall have all rights and remedies as set forth in the Consent to Sublease and these Bylaws.

10.4 Default of Association. If, for any reason other than through the fault or conduct of the Member, the Association is unable to provide any Member with the quiet use and enjoyment of the manufactured home lot which is the subject of the Lease, and in addition to (and not in limitation of) other available remedies at law or in equity, the Member may terminate the Lease upon thirty (30) days written notice to the Association; provided, that the Member shall not terminate the Lease if within said thirty (30) day notice period the Association cures any default affecting the Member's quiet use and enjoyment of the manufactured home lot or, if such default cannot be cured within said thirty (30) day notice period, the Association begins to cure such default and thereafter diligently and promptly cures such default. In the event of the Member's termination of the Lease under this Paragraph 10.4, the Member shall concurrently surrender to the Association that Member's Membership Certificate to which the Lease is appurtenant and the terminating Member shall be refunded the Subscription Price paid by the terminating Member less (in the order of priority): (1) expenses owing to a Secured Party who has given notice to the Association of a lien under Section 3.8 in Article 3, as provided in any security documents with such Secured Party; and (2) the Terminating Member's indebtedness to the Association for any unpaid Maintenance Fee, rent or assessments or the Association's expenses.

10.5 Relation to Mobile Home Landlord-Tenant Act, Chapter 59.20 RCW. If any provision of this Section 10 conflicts with Chapter 59.20 RCW, Chapter 59.20 RCW shall control.

ARTICLE 11. EASEMENTS

Each of the following easements is a covenant running with Islander:

11.1 Utility Services; Drainage. Easements are reserved under, through and over Islander as may be required for utility services and drainage in order to serve the Association and residents at Islander. Such reservation shall be also reserved in the Lease and rental agreement. A Member shall do nothing on or under the unit that interferes with or impairs the utility services using these easements. The Association has the irrevocable right of access to each manufactured home lot from time to time during reasonable hours when necessary for the maintenance, repair and replacement of any utility.

11.2 Traffic. An easement shall exist for pedestrian traffic over, through and across sidewalks, paths, walks, other portions of Association as may be from time to time intended and designated for such purpose and use; and for vehicular and pedestrian traffic over, through and across such portions of Association as may, from time to time, be paved and intended for such purposes; and such easements shall be for the use and benefit of the Members, Non-member Residents, institutional mortgagees or lessees, and those claiming by, through and under the aforesaid.

11.3 Covenant. All easements of whatever kind or character, whether heretofore or hereafter created, shall constitute a covenant running with the land, shall survive the termination of the Association, and notwithstanding any other provisions of these Bylaws, may not be substantially amended or revoked in a way which would unreasonably interfere with its proper and intended use and purpose.

ARTICLE 12. AMENDMENTS

12.1 How Amended. Upon adoption of these Amended and Restated Bylaws, hereafter the Bylaws may be amended or revised by the affirmative vote of two-thirds (2/3rds) of the Members present in person or by proxy at any regular or special meeting of the Membership called to amend the Bylaws. Copies of the proposed amendments must be provided in writing to the Secretary at least fifteen (15) days prior to a meeting at which they are to be considered and shall be published and distributed to all Members by the Secretary at least ten (10) days prior to the date of the meeting.

12.2 Record of Amendments. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Bylaws, which certificate shall be executed by the President and attested by the Secretary and placed in the minute book of the Association. Additionally, for as long as IRA is bound by the requirements of its HUD-insured loan, a copy of this certificate and the amended Bylaws must be provided to HUD within ten (10) days of the effective date of such amendments.

ARTICLE 13. MISCELLANEOUS

13.1 Conflict. The provisions of these Bylaws shall govern the issuance and termination of Memberships and the management and administration of the Association affairs. However, if there is a conflict among the provisions of these Bylaws, the Articles and the provisions of Chapter 24.03 of Revised Code of Washington, the provisions of the statute shall

be controlling over the provisions of the Articles and these Bylaws, and the provisions of the Articles shall be controlling over the provisions of these Bylaws.

13.2 Roster of Members and Mortgages. The Association shall maintain records regarding liens, mortgages or encumbrances on the Membership interests of Members. A Member who encumbers his Membership shall notify the Association of the name and address of the Secured Party and shall file a copy of the lien or mortgage documents with the Association. A Member who satisfies a mortgage or lien covering his Membership shall also notify the Association thereof and file a copy of the satisfaction of the encumbrance with the Association. The Association may maintain other records regarding Members as is reasonable and set by the Board.

13.3 Manufactured Home Lot Boundary Disputes. The Board shall be the final authority as to the location of any boundary between manufactured home lots in Islander. All disputes regarding such boundaries shall be submitted to the Board with appropriate description and detail at least two (2) weeks prior to the Board meeting at which the Member(s) desires the dispute to be heard. The Board shall review the materials submitted, interview Members if needed, and conduct any other research or due diligence that the Board deems needed or reasonable. The Board shall make a decision based upon this information as soon as possible. The decision of the Board on any such boundary dispute shall be binding on all parties.

13.4 Liability Survives Termination of Membership. The sale or termination of the Membership in the Association shall not relieve or release any former Member from any liability or obligation incurred or in any way connected with the Association during the period of Membership, impair any rights or remedies which the Association may have against such former Member arising out of or which is in any way connected with such Membership.

13.5 Limitation of Liability. Notwithstanding the duty of the Association to maintain and repair the common facilities, the Association shall not be liable for injury or damage caused by a latent condition in any property of the Association, nor for injury or damage caused by the elements, Members or other persons.

13.6 Approval and Ratification. The Association, by its execution of these Restated Bylaws approves and ratifies all of the covenants, terms, and conditions, duties and obligations of these Bylaws. The Members, by virtue of their acceptance of a Lease and a pertinent Membership Certificate as to their manufactured home lot, hereby approve and ratify all of the terms and conditions, duties and obligations of these Bylaws.

13.7 Rules and Regulations. Rules and regulations for Islander may be adopted and amended from time to time and shall be deemed in effect until amended by the Directors and shall apply to and be binding upon all Members. The Members shall, at all times, obey said rules and regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, and persons over whom they exercise control or supervision. The rules and regulations may require that any purchaser of a non-member resident's manufactured home must purchase the Membership for the lot on which the home is located if such purchaser intends to keep the home on that lot. In order to change, amend or vary old or

present rules and regulations and/or adopt new rules and regulations, the same shall be duly passed by a majority vote of the Board. A change, amendment or adoption of a rule or regulation shall not require an amendment to the Bylaws. The rules and regulations, in full force and effect are made a part hereof as though set out in full. The Association shall also comply with all requirements of any Washington state statute regarding the adoption or amendment of rules and regulations.

13.8 Moving Homes into Islander. No new or used homes may be brought into Islander until the Association's Board of Directors has approved the design and placement of the new home, has been provided with the Department of Labor and Industries number for the home, and been given a copy of the title for the home.

13.9 Construction. As used in these Bylaws, the masculine, feminine and neuter gender and the singular and plural number shall each be deemed to include the others whenever the context so indicates. Should any of the covenants herein imposed, be void or become unenforceable at law or in equity, the remaining provisions of this instrument shall, nevertheless, be and remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of the Association, certify that these are the true and correct Bylaws of Islander Residents Association of this ____ day of _____, 2015.



Sybil Carrère, President

John Cowan, Secretary

Amendment History

Originally adopted on September 28, 2004
April 22, 2008
August 7, 2008
Amended on March 19, 2013
Amended last on March 7, 2015