THE RESTATED BYLAWS OF
HERITAGE AT DEER CREEK CONDOMINIUMS

Under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"), these Restated Bylaws provide for the operation of Heritage at Deer Creek Condominiums (the "Condominium") located in Everett, Washington, created pursuant to the Washington Condominium Act (RCW 64.34, the "Condominium Act"). They apply to the entire Condominium, each Unit therein, and all common elements. Each Owner automatically, by virtue of such ownership, becomes a member of the Association.

All present and future Owners, Mortgagees and other encumbrances, lessees, tenants, licensees, and occupants of Residential Units, and their guests and employees, and any other person who may use the facilities of the Condominium are subject to these Bylaws, the Condominium Declaration for Heritage at Deer Creek Condominiums, as it may from time to time be amended (the "Declaration") and the rules and regulations pertaining to use and operation of the condominium.

Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws.

ARTICLE 1. MEMBERSHIP, VOTING and PROXIES.

Section 1.1 Membership. The Owners of Residential Units in the Condominium shall constitute the members of 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. Owners of a Residential Unit as joint tenants, tenants in common, community property, or other ownership involving more than one Owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the voting power allocated to the Residential Units owned.

Section 1.2 Number of Votes. The total voting power equals the number of Residential Units in the Condominium and the total number of votes available to the Owner or Owners of each Residential Unit shall be equal to one vote for each Residential Unit owned. No voting rights shall attach to the Garage Units.

Section 1.3 Voting by Multiple Owners. If only one of the multiple Owners of a Residential Unit is present at a meeting of the Association, the Owner present is entitled to cast all the votes allocated to that Residential Unit. If more than one of the multiple Owners are present, the votes allocated to that Residential 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 Residential Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Residential Unit. Votes shall not be split; if multiple Owners are present and cannot reach a majority agreement among themselves, they cannot divide their vote.

Section 1.4 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Residential Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Residential Unit, or by actual notice to the Board of the death or judicially declared

incompetence of any person with an ownership interest in the Residential Unit, except in cases in which the person designated is a Mortgagee of the Residential Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Residential Unit shall be the group composed of all of its Owners. If a Residential Unit is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 1.5 Voting by Proxy;. Votes allocated to a Residential Unit may be cast pursuant to a proxy duly executed by an Owner as provided in the following sections:

1.5.1 Types of Proxies. There shall be three types of Proxy as follows:

1.5.1.1 General Proxy. A general proxy gives the holder the right to vote on behalf of the proxy issuer on any matter that comes before the membership in any manner the proxy holder chooses to vote. Any Proxy that does not specify limitations in writing will be considered a General Proxy.

1.5.1.2 Directed (Limited) Proxy. A Directed (limited) proxy gives the holder the right to vote on behalf of the proxy issuer but only in accordance with the stated wishes of the Proxy Issuer. A proxy may be Directed on specific issues and General on other issues, provided this is made clear in writing on the proxy statement.

1.5.1.3 Attendance Proxy. An attendance proxy allows the proxy to be counted toward a quorum so that a meeting may proceed, but the proxy holder has no authority to vote on any issue on behalf of the proxy issuers. This intention must be made clear, in writing, on the proxy statement.

1.5.1.4 Exceptions. At Special Meetings, General and Limited Proxies may be used to vote only on agenda items listed in the Meeting Notice.

1.5.2 Multiple Proxies. If any member signs more than one proxy for the same issue or same meeting, and more than one proxy is presented at the meeting, then all proxies signed by that member shall become null and void for that issue or meeting. If only one of several proxies issued is presented, then that presented proxy shall be considered valid, subject to the conditions in section 1.5.1, above.

1.5.3 Proxies for Multiple Owners. If a Residential Unit is owned by more than one person, only one vote or one proxy shall be allowed. It is the responsibility of the Owners to decide between or among themselves how that vote or proxy shall be cast. Their vote shall not be split.

1.5.4 Revocation of Proxies A Residential 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. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy a proxy terminates 1 month after its date of issuance.

1.5.5 No Obligation to Vote or Pledge a Proxy. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee.

1.5.6 Pledged Votes to Mortgagee. If an Owner is in default under a first Mortgage on the Residential Unit for one year or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. 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.

Section 1.6 Persons Under Disability. 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, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

ARTICLE 2. REGISTERS.

Section 2.1 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a Residential Unit shall promptly inform the Board of their interest. 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 Residential Unit or any interest therein, and any Mortgages thereon.

Section 2.2 Register of Tenants and Leased Units. The Board shall cause a register to be kept containing the names, addresses and telephone numbers of all Tenants and all other residents of rented (leased) Residential units, Garage Units and deeded parking spaces. Owners who plan to rent their Residential Units, garages or deeded parking spaces for the first time, or who plan to renew an existing lease, or who plan to rent to a new tenant shall promptly inform the Board of their intentions at least 15 days prior to signing the new lease. Note that deeded parking spaces and garages may be rented only to residents in the Association for their personal use.

ARTICLE 3. MEETINGS OF MEMBERS.

Section 3.1 Place. Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

Section 3.2 Annual Meeting. The annual meeting of the Association shall be held in the Fall of the year on a date fixed by the Board, which date shall not be fewer than 10 nor more than 60 days after notice of the meeting is given to the Members. At such annual meetings, the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting. Board Members who are elected at the Annual Meeting will assume office on the first day of January in the following year.

Section 3.3 Budget Meeting. Within 60 days after adoption of any proposed budget for the Association the Board shall provide a summary of the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget, which date shall be not fewer than 14 nor more than 60 days after mailing the summary. The Budget meeting may be run concurrently with the Annual Meeting. Unless at the meeting members holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present for the meeting. In the event the proposed budget is rejected or the required notice for the meeting is not given, the budget last ratified by the Owners shall be continued until a budget proposed by the Board is ratified.

Section 3.4 Special Meetings. A special meeting of the Association may be called by the President, by resolution of the Board or upon the written request of a majority of the Board or upon a written request signed by 10 Owners. Notice of a Special Meeting shall be given to all Members not

fewer than 15 days or more than 60 days in advance of the date of the meeting. No business shall be transacted at a special meeting except as stated in the notice given unless at least 25% of the Membership is present in person and they approve of the change by a majority vote.

Section 3.5 Notice of Meetings. It shall be the duty of the President or the Secretary, as the Board sees fit, to give notice of each annual, budget and special meeting to each Member of the Association and to each Eligible Mortgagee. Such notices shall be hand-delivered or sent prepaid by first-class United States mail to the mailing address of each Residential Unit or to any other mailing address designated in writing by the Residential Unit Owner, as required by **Article 28** of the Declaration. 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 amendments to the Declaration or Bylaws, changes in the previously approved budget that result in an increase in Assessment obligations, and any proposal to remove a director or officer. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he or she expressly challenges the notice when the meeting begins.

Section 3.6 Quorum. The presence in person or by proxy of members of the Association or voting representatives holding 25% of the total voting power in the Association shall constitute a quorum for the transaction of business at any meeting of members of the Association, except as stated otherwise in this document.

Section 3.7 Adjournment of Meetings. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners present, in person or by proxy, may adjourn the meeting to a time not fewer than 48 hours from the time the original meeting was called.

Section 3.8 Majority Vote. Except as otherwise provided by the Condominium Act, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is present, shall require the affirmative vote of at least 51 % of the votes present.

Section 3.9 Voting by Mail. The Board may decide that voting of the members shall be by mail with respect to any particular election of the Board or with respect to adoption of any proposed amendment to the Declaration, or with respect to any other matter for which approval by Owners is required by the Declaration or Bylaws, in accordance with the following procedure:

(a) With election of directors by mail, the Board shall advise the Secretary in writing of the names of nominees for all Directors to be elected and state a date not fewer than 50 days after such advice is given when all votes are to be received. The Secretary, within five days after such advice is given, shall give written notice to all Owners of the number of directors to be elected and of the names of the nominees. The notice shall state that any Owner may nominate additional candidates, not to exceed the number of directors to be elected. Owners nominating additional candidates must provide in writing the names and contact information for their nominees to the Secretary at the address specified in the notice. This list must be received by the Secretary on or before the deadline date specified in the original notice, which shall be at least 15 days from the date of the notice originally sent to the Owners. Within seven days after the deadline date, the Secretary shall give the final written notice and/or ballot to all Owners stating the number of directors to be elected, the names of all persons nominated by the Board, the names of persons nominated by members and the date by which votes of the Owners must be received by the

Secretary at the address specified. Votes received after that date will not be counted. All persons elected as directors pursuant to an election by mail shall take office effective on the date specified in the notice sent with the ballot.

(b) In the case of a vote by mail relating to any other matter, the President or the Secretary, as the Board sees fit, shall give written notice and/or a ballot to all Owners, which shall include a proposed written resolution setting forth a description of the proposed action and shall state that the Owners are entitled to vote by mail for or against the proposal by delivering the vote on or before a specified date not fewer than 20 days after the notice to the address specified in the notice. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the Declaration or Bylaws for the matter in question.

(c) Delivery of a vote in writing to the specified address shall be equivalent to receipt of a vote by mail at such address for the purpose of this **Section 2.3.4 of the Bylaws**.

(d) A quorum, for the transaction of business conducted via the US mail, of members of the Association shall be 25% of the total voting power in the Association.

Section 3.10 Written Ballot. At the discretion of the Board, any matter that might come before the Association at a meeting, including election of directors, may be determined by written ballot, rather than at a meeting. Ballots shall be sent to all Residential Unit Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. The vote by ballot shall be determined by the Board within 72 hours of the deadline for return of ballots. Within 10 days after the ballots have been counted, each Residential Unit Owner shall be notified by mail or other delivery of written notice of the results of the ballot or that a quorum of ballots was not returned.

Section 3.11 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

(a) Roll call;
(b) Proof of notice of meeting or waiver of notice;
(c) Minutes of preceding meeting;
(d) Reports of Officers;
(e) Reports of committees;
(f) Presentation of the budget for ratification (if the budget is included in the meeting.)
(g) Election of inspectors of election;
(h) Election of Directors (if annual meeting or special meeting calls for such purpose);
(i) Unfinished business;
(j) New business;
(k) Adjournment.

Section 3.12 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of ***Robert's Rules of Order*** or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 4. BOARD OF DIRECTORS.

Section 4.1 Number, Term and Qualifications. The affairs of the Association shall be governed by a Board of seven (7) Directors elected by the Members of the Association. The normal term of office shall be for three (3) years. In order to avoid having too many new members join the Board at the same time, terms shall be staggered so that only two or three new Board members take office at one time. If more than three Board positions become available due to expiration of terms and resignations or other loss of Board Members, to preserve continuity in the Board, the Board at its discretion, may extend the term of an existing Member beyond the normal three years for a period not to exceed one (1) year.

Board Members elected at the Annual General Meeting (the "AGM") shall begin their term on the First day of January following the AGM and end on the thirty-first day of December three years hence. Prior to their installation in January, newly elected members may attend Board meetings and participate in Board discussions, but not have a vote on Board matters until their installation. Only individual Owners who reside at 12530 Admiralty Way, may serve on the Board, and there shall not be more than one person from any unit serving on the Board at any time.

Section 4.2 Powers and Duties. The Board shall have the powers and duties for administering the Condominium as provided for in the Condominium Act and in the Declaration, and shall enjoy all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration or elsewhere in these Bylaws.

Section 4.3 Filling Vacancies. Vacancies on the Board occurring between General Meetings and caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of a simple majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a Director to serve the balance of the unexpired term. Only individual Owners who reside in the Condominium may be appointed to the Board in this way.

Section 4.4 Removal of Directors. At any regular or special meeting any one or more of the directors may be removed, with or without cause, by members holding a majority of the votes in the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting. Any Director who misses 3 or more consecutive meetings, may, at the discretion of the remaining Board members, be removed from the Board by a 2/3 majority vote of the other Board members thus creating a vacancy on the Boards that may be filled according to **Section 3.3** 0f the Bylaws (Vacancies.)

Section 4.5 Compensation. No compensation shall be paid to directors for their services as directors.

Section 4.6 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least six (6) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone, or e-mail, at least three days before the day fixed for the meeting.

4.6.1 Executive Sessions: The President may call an executive session at any time during a regular or special meeting of the Board. Normally, only Board members may attend executive, sessions, but the Board may invite certain individuals to attend an executive session as it sees fit.

Section 4.7 Special Meetings. Special meetings of the Board may be called by the president on three days* notice to each director, given personally or by mail, telephone, or e-mail, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the president or secretary in like manner and on like notice on the written request of any two directors.

Section 4.8 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 4.9 Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.10 Open Meeting. Any Owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interests of the Association in such litigation.

ARTICLE 5. OFFICERS.

Section 5.1 Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. Two offices may be held by the same person, except that a person may not hold the offices of President and Secretary or President and Vice-President simultaneously.

Section 5.2 Election of Officers. The officers of the Association shall be elected annually by the Board within 30 days after the Annual General Meeting (AGM). The tenure of an Officer shall begin on the following January 1st and end at midnight on December 31st, one year later. Officers serve at the pleasure of the Board.

Section 5.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

Section 5.4 President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.

Section 5.5 Vice President. The vice president shall perform the duties of the president when the president is absent or unable to act, and shall perform other duties as may be prescribed by the Board.

Section 5.6 Secretary. The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. He or she shall also perform such other duties as may be prescribed by the Board.

Section 5.7 Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

Section 5.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

Section 5.9. Compensation. The Board may pay reasonable compensation to any Officer or Owner who performs substantial services to the Condominium in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

ARTICLE 6. COMMITTEES.

Section 6.1 Committees of Directors. The Board shall form the following committees and appoint a chair for each of these committees. Committee chairs must be Members of the Board, but committee chairs may (but are not required to) appoint other members to their committees who need not be Board members. An exception to this rule is the Finance Committee which must be composed of three Board members appointed by the Board. The committees formed by the Board and their duties shall be a follows:

6.1.1 Finance Committee. The Finance Committee shall have three members, all of whom are Board members and appointed by the Board. The Treasurer shall serve as the Chair of the Finance Committee. The Finance Committee may, at its discretion and with Board approval, appoint others, including non-Board members, to serve on the Committee. The President shall be ineligible to serve on the Finance Committee. The Finance committee shall oversee and be responsible for handling the Association's financial accounts and for approving all expenditures as described in **Section 6.5** of these Bylaws. The Finance Committee will supply the Property manager with a timely list of all expenditures that have been approved by the Board, along with the name of the committee chair responsible for each expenditure.

6.1.2 Architectural and Engineering (A&E) Committee. The A&E Committee shall be responsible for repairs and maintenance of Association structures and limited common areas (apart from landscaping but including treesnd for maintenance of the electrical, water and irrigation systems and for architectural control. Prior to modifications of limited common areas or of residence or garage units where the Declaration requires Board pre-approval, plans shall be submitted in writing to the A&E committee, which, in turn, will submit the plan with a recommendation to the Board.

6.1.3 Landscaping Committee. The Landscaping Committee shall be responsible for maintaining grass, shrubs, flowers and other plants (except trees) in the common areas and limited common areas, where appropriate. In cases of a dispute as to what is "appropriate" for the Landscaping Committee to maintain, the Board shall be the final arbitrator.

6.1.4 Parking Committee. The Parking Committee shall be responsible for developing the Association's Parking Regulations and instituting mechanisms for enforcing these regulations. The Parking Committee Chair shall be the primary liaison on behalf or the Board with any Security Company employed to assist with enforcement. Generally, any issue involving vehicles and parking shall fall under the jurisdiction of the Parking Committee. In cases of dispute or uncertainty of responsibility, the Board shall decide where responsibility for the issue resides.

6.1.5 Oversight Committee. The Oversight Committee shall serve to monitor the progress and performance of the other committees to insure the appointed tasks are carried out as intended by the Board. The Oversight Committee shall report problems and issues, first to the Chair of the committee involved, and if not subsequently resolved, second to the Board. The Oversight Committee may also assume responsibility, with Board approval, for tasks that do not clearly fit into the responsibilities of the other committees, such as the Cabana.

6.1.6 Safety and Security Committee. The Safety and Security Committee shall have responsibility for fire, insurance and liability issues related to safety, for maintaining security camera systems, security gates, and any other issues involving safety and security of residents and property as directed by the Board.

Section 6.2 Other Committees. Other committees may be appointed by the Board.

6.2.1 Sub-Committees. The Board or a Chair of a committee may, with Board approval, form subcommittees with members who do not need to be Board members, Owners or Residents of the Association.

6.2.2 Ultimate Responsibility. The appointment of any committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Condominium.

ARTICLE 7. HANDLING OF FUNDS.

Section 7.1 Accounts. The Association shall establish funds and/or accounts necessary to provide properly for the operation and maintenance of the Condominium as directed by the Board and by this section. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. There shall be at least three separate funds as described in **Sections 6.2, 6.3, and 6.4.**

Section 7.2 Working Capital Fund. There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund." This fund will be used for the normal operation of the Condominium and will receive all monthly Assessments, first purchasers* initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the Condominium and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Common Elements. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Elements will normally be deposited in the Working Capital Fund from which checks will be immediately issued to the other established fund accounts as prescribed so an overall account of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.

Section 7.3 Insurance Premiums. The Association shall maintain a fund which shall be known as the "Reserve Fund for Insurance Premiums." The Treasurer shall direct the Property Manager or other person or persons who manage funds for the Association to pay from the "Working Capital Fund" all premiums as directed by the insurance contract. At no time shall the reserve fund be less than one year of anticipated insurance premiums.

Section 7.4 Reserve Fund for Common Elements. The Association shall maintain a fund which shall be known as the "Reserve Fund for Common Elements" or simply, the "Reserve Fund." The Treasurer shall direct the Property Manager or other person or persons who manage these funds for the Association to deposit to this Reserve Account amounts reasonably anticipated to be required for the periodic maintenance, repair, and replacement of the Common Elements. The amounts to fund this reserve will part of the annual budget. The Board, at its discretion, will direct The Finance Committee to analyze the adequacy of funds in the "Reserve Fund for Common Elements." The Board may also require the engagement of an independent company to perform a Reserve Study.

Section 7.5 Combination and Deposit or Investment of Funds. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States Government. The finds of the Association shall not be commingled with the finds of any other association or with the finds of any manager of the Association. Reserve funds may be combined in one or more savings accounts, certificates of deposit, or other accounts or deposits. Withdrawals of reserve finds from such account shall require the signature of at least two persons who are officers or directors of the Association.

Section 7.6 Procedures for Handling Expenditures.

7.6.1 Contracts: Implementation of all contracts shall include the following two steps:

(1) a recommendation to the Board by the Finance committee, and

(2) the approval of the contract by the Board.

7.6.2 Other Expense items: Prior to committing to any expense item, whether budgeted or non-budgeted, the item shall be submitted, usually by a Committee chairperson, to the Finance Committee which, in turn, will submit the item to the Board with a recommendation. **ALL expenses must be approved by the Finance Committee and the Board in advance – there shall be no exceptions, except for certain emergency situations, as follows.**

7.6.3 Emergency Expenses: If an emergency situation arises that requires immediate attention, a Board member shall have authority to commit to expenses up to a pre-established total amount without prior approval. This maximum, pre-established amount shall be set by the Finance Committee and ratified by the Board. In addition, no commitment for expenses in excess of the pre-established maximum amount shall be made without prior approval of the Finance Committee and the Board. Any such commitments shall be reported to the Finance Committee as soon as possible.

ARTICLE 8. KEEPING RECORDS AND REPORTS.

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Owners, Mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

ARTICLE 9. AMENDMENTS.

The procedure and necessary consents required for adoption of amendments to the Bylaws are set forth in **Article 26** of the Declaration.

These restated Bylaws were adopted on _____2008. _____
Secretary