

BYLAWS
OF
DAYBREAK OWNERS ASSOCIATION

These Bylaws provide for the governance of the Daybreak Owners Association ("Association"), a corporation organized under the Washington Nonprofit Corporations Act, chapter 24.03 RCW ("Nonprofit Act"), to be the Owners' association for The Daybreak (the "Community"), created pursuant to the Washington Uniform Common Interest Ownership Act, chapter 64.90 RCW ("Act") and the Declaration of Covenants, Conditions and Restrictions for the Community, recorded in Pierce County, Washington, as it may from time to time be amended ("Declaration"). Capitalized terms used herein and not otherwise defined have the meaning given to them in the Declaration or the Act, as applicable.

ARTICLE 1 MEMBERSHIP; VOTING

Section 1.1 Membership. The qualifications for membership in the Association are as set forth in the Declaration.

Section 1.2 Number of Votes. Each Owner is entitled to one (1) vote for each Unit owned by that Owner ("Voting Interest") as provided in the Declaration.

Section 1.3 Association-Owned Units. In any vote of the Unit Owners, votes allocated to a Unit owned by the Association must be cast in the same proportion as the votes cast on the matter by Unit Owners other than the Association.

Section 1.4 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 their estate, through a parent having custody of the minor.

Section 1.5 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the 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 Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Unit, except in cases in which the person designated is a holder of a Security Interest in and to the Unit (each, a "Mortgagee"). 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 Unit shall be the group composed of all of its Owners.

Section 1.6 Votes Pledge to a Mortgagee. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If the Board has been notified by the Mortgagee that it is enforcing its right to vote pursuant to such pledge, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge; provided, however, that if the Board has received such notices from more than one Mortgagee, the Mortgagee holding the Security Interest with the highest level of priority among the Security Interests held by those Mortgagees shall be entitled to vote.

Section 1.7 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 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 Unit or any interest therein and any Security Interests thereon.

Section 1.8 Manner of Voting. When a vote is conducted at a meeting, Owners may vote in person, by absentee ballot pursuant to Section 1.11 of these Bylaws, or by a proxy pursuant to Section 1.12 of these Bylaws. When a vote is conducted without a meeting, Unit Owners may vote by ballot pursuant to Section 1.13 of these Bylaws.

Section 1.9 Voting at a Meeting. Unit Owners or their proxies who are present in person at a meeting of the members may vote by voice vote, show of hands, standing, written ballot, or any other method for determining the votes of Unit Owners, as designated by the person presiding at the meeting. If only one of the Owners of a Unit is present at a meeting, that Owner is entitled to cast all the votes allocated to that Unit.

Section 1.10 Voting by Multiple Owners at a Meeting. If more than one of the Unit Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is a majority agreement if any one of the Owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit Owners of the Unit. If there is no majority agreement, the vote of those Owners shall not be counted.

Section 1.11 Voting by Absentee Ballot at a Meeting. Whenever proposals or Board members are to be voted upon at a meeting of the members, an Owner may vote by duly executed absentee ballot if: (a) the name of each candidate and the text of each proposal to be voted upon are set forth in a writing accompanying or contained in the notice of meeting; and (b) a ballot is provided by the Association for such purpose. When an Owner votes by absentee ballot, the Association must be able to verify that the ballot is cast by the Owner having the right to do so. Any absentee ballots shall be sent to all Owners in the same manner as notice of meetings, with a specified deadline for the return of the ballots, which shall be no later than the date of the meeting.

Section 1.12 Voting by Proxy; Pledged Votes to Mortgagee. Votes allocated to a Unit may be cast pursuant to a directed or undirected proxy duly executed by an Owner in the same manner as provided in RCW 24.03. If a Unit is owned by more than one person, each Owner of a Unit may vote or register a protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. An Owner may revoke a proxy given pursuant to this Section 1.12 only by actual notice of revocation to the secretary or other person presiding over a meeting of the members or by delivery of a subsequent proxy. The death or disability of a Unit Owner does not revoke a proxy given by the Unit Owner unless the person presiding over the meeting has actual notice of the death or disability. 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 eleven (11) months after its date of issuance.

Section 1.13 Voting Without a Meeting. The Association may conduct a vote without a meeting. In that event, the following requirements apply:

- (a) The Association must notify the Unit Owners that the vote will be taken by ballot.
- (b) The notice must state: (i) the time and date by which a ballot must be delivered to the Association to be counted, which may not be fewer than fourteen (14) days after the date of the notice, and which deadline may be extended in accordance with (g) of this Section 1.13; (ii) the percent of votes necessary to meet the quorum requirements; (iii) the percent of votes necessary to approve each matter other than election of Board members; and (iv) the time, date, and manner by which Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.
- (c) The Association must deliver a ballot to every Owner with the notice.
- (d) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.

(e) A ballot cast pursuant to this Section 1.13 may be revoked only by actual notice to the Association of revocation. The death or disability of a Unit Owner does not revoke a ballot unless the Association has actual notice of the death or disability prior to the date set forth in (b)(i) of this Section 1.13.

(f) Approval by ballot pursuant to this Section 1.13 is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

(g) If the Association does not receive a sufficient number of votes to constitute a quorum or to approve the proposal by the date and time established for return of ballots, the Board may extend the deadline for a reasonable period not to exceed eleven (11) months upon further notice to all members in accordance with (b) of this Section 1.13. In that event, all votes previously cast on the proposal must be counted unless subsequently revoked as provided in this Section 1.13.

(h) A ballot or revocation is not effective until received by the Association.

(i) The Association must give notice to Unit Owners of any action taken pursuant to this Section 1.13 within a reasonable time after the action is taken.

(j) When an action is taken pursuant to this Section 1.13, a record of the action, including without limitation the ballots or a report of the persons appointed to tabulate such ballots, must be kept with the minutes of meetings of the Association.

Section 1.14 Voting by Lessees. If the Governing Documents require that votes on specified matters affecting the Plat Community be cast by lessees rather than Owners of leased Units: (a) this Section 1.14 applies to lessees as if they were Owners; (b) Owners that have leased their Units to other persons may not cast votes on those specified matters; and (c) lessees are entitled to notice of meetings, access to records, and other rights respecting those matters as if they were Owners. Owners must also be given notice, in the manner provided in these Bylaws, of all meetings at which lessees may be entitled to vote.

Section 1.15 Manner of Acting. Except as otherwise provided by the Act, the Declaration, or these Bylaws, a majority of the votes cast determines the outcome of any action of the members.

ARTICLE 2 MEETINGS OF MEMBERS

Section 2.1 Place. Meetings of the members of the Association shall be held within the Plat Community or a suitable place within the county in which the Plat Community is located, as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meeting. A meeting of the members must be held at least once each year. The annual meeting of the Association shall be held each fiscal year on a date and time fixed by the Board. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting.

Section 2.3 Budget Meeting. Within thirty (30) days after adoption of any proposed budget for the Association, the Board shall provide the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget.

Section 2.4 Special Meetings. A special meeting of the members may be called by the president, by resolution of the Board, or upon the written request of a majority of the Board, or upon the written request of Owners having not less than twenty percent (20%) of the Voting Interest in the Association. If the Association does not provide notice to Unit Owners of a special meeting within thirty (30) days after the requisite number or percentage of Unit Owners request the secretary to do so, the requesting members may directly provide notice to all the Unit Owners of the meeting. Only matters

described in the meeting notice delivered pursuant to Section 2.5 may be considered at a special meeting.

Section 2.5 Notice of Meetings. The Board shall provide notice to Unit Owners of the time, date, and place of each annual, budget and special meeting of members not less than fourteen (14) days and not more than fifty (50) days before the meeting date. Notice may be by any means described in RCW 64.90.515 of the Act to each Owner, the Declarant pursuant to the Declaration, and to each Mortgagee, if required by the Declaration. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including without limitation the text of any proposed amendment to the Declaration or organizational documents of the Association, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer. Before, during, or after any meeting of the members, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the members shall constitute a waiver of timely and adequate notice unless the member expressly challenges the notice when the meeting begins.

Section 2.6 Quorum. A quorum is present throughout any meeting of the members if persons entitled to cast twenty percent (20%) of the votes in the Association are present in person or by proxy at the beginning of the meeting, have voted by absentee ballot, or are present by any combination of the foregoing. If a quorum is present at a meeting, a majority of the members present may adjourn the meeting from day to day or to such time and place as may be decided by the directors and no notice of such adjournment need be given. No business shall be transacted at an adjourned meeting that could not have been transacted at the meeting from which the adjournment was taken.

Section 2.7 Adjournment of Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members present, in person or by proxy, may by majority vote adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 2.8 Order of Business. The order of business at meetings of the members 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) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

Owners must be given a reasonable opportunity at any meeting to comment regarding any matter affecting the Plat Community or the Association.

Section 2.9 Parliamentary Authority. In the event of dispute as to parliamentary procedure at a meeting of the members, 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 of the members at the meeting.

Section 2.10 Action of Members by Communications Equipment. Meetings of the members may be conducted by telephonic, video, or other conferencing process if (a) the meeting notice states the conferencing process to be used and provides information explaining how Unit Owners may participate in the conference directly or by meeting at a central location or conference connection, and (b) the process provides all Unit Owners the opportunity to hear or perceive the discussion and to comment regarding matters affecting the Plat Community and the Association.

Section 2.11 Presumption of Assent. A member of the Association present at a membership meeting at which action is taken on any matter put to a vote of the membership shall be presumed to have assented to the action taken unless that member's dissent or abstention is entered in the minutes of the meeting, or unless such member files a written dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof, or forwards such dissent or abstention to the secretary of the Association immediately after the adjournment of the meeting. The right to dissent or abstain shall not apply to a member who voted in favor of an action.

Section 2.12 Minutes. Minutes of all membership meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the minutes. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

ARTICLE 3 BOARD OF DIRECTORS

Section 3.1 Number. The affairs of the Association shall be initially governed by a Board composed of the directors set forth in the articles of incorporation for the Association ("Articles"). Prior to the Transition Date, the Declarant may appoint and remove the directors pursuant to any Special Declarant Right to appoint and remove directors, subject to the right of the Owners to elect an additional director or directors, as described in the Declaration. No later than the Transition Date, the Board shall give notice of a Transition Meeting of the Owners to elect a new Board. At the Transition Meeting, the Owners shall elect a Board of three (3) to five (5) directors. The number of directors may be increased or decreased to not fewer than three (3) or more than five (5), from time to time, by amendment of these Bylaws, provided that no decrease in number shall have the effect of shortening the term of any incumbent director.

Section 3.2 Term. The directors shall take office upon adjournment of the meeting at which they are elected. The directors shall hold office until their respective successors shall be elected and qualified, subject to provisions herein relating to vacancy and removal. The normal term of office for directors will be for three (3) years. However, to provide for staggered terms, at the first election, one-third of the number of directors (or the whole number nearest to one-third) shall be elected for one (1) year, the same number shall be elected for two (2) years, and the remainder shall be elected for three (3) years. A director shall serve from appointment until death, disability, resignation, or removal.

Section 3.3 Qualifications. Following the Declarant Control Period, the directors must be Unit Owners in the Plat Community. A director identified in the Articles or appointed by the Declarant pursuant to any Special Declarant Right to appoint directors or officers need not be a member of the Association. In determining the qualifications of a director or officer, the term "Unit Owner" shall include, without limitation, any director, officer, member, partner, or trustee of any corporation, limited liability company, partnership, trust, or other person who is, either alone or in conjunction with another person, a Unit Owner. Any such person shall be disqualified from continuing in office if the person ceases to have such affiliation with the Unit Owner or is otherwise disqualified from continuing in such office as a natural person.

Section 3.4 Vacancies. Vacancies on the Board caused by reasons other than the removal by a vote of the Association may be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director for the unexpired portion of the term or, if earlier, until the next regularly scheduled election of directors.

Section 3.5 Removal of Directors and Officers by Owners. Owners present in person, by proxy, or by absentee ballot at any meeting of the members at which a quorum is present may remove any Board member and any officer elected by the Unit Owners, with or without cause, if the number of votes in favor of removal cast by Unit Owners entitled to vote for election of the Board member or officer proposed to be removed is at least the lesser of: (a) a majority of the votes in the Association held by such Unit Owners, or (b) two-thirds of the votes cast by such Unit Owners at the meeting. Notwithstanding the foregoing, (x) a Board member appointed by the Declarant may not be removed by a

Unit Owner vote during any period of Declarant Control, (y) a Board member appointed under Section 64.90.420(3) of the Act may be removed only by the person that appointed that member; and (z) the Unit Owners may not consider whether to remove a Board member or officer at a meeting of the Unit Owners unless that subject was listed in the notice of the meeting. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. At any meeting at which a Board member or officer is removed, the Unit Owners entitled to vote for the Board member or officer may immediately elect a successor Board member or officer consistent with this chapter.

Section 3.6 Removal of Directors and Officers by the Board. The Board may, without an Owner vote, remove from the Board a Board member or officer elected by the Owners if: (a) the Board member or officer is delinquent in the payment of Assessments more than sixty (60) days, and (b) the Board member or officer has not cured the delinquency within thirty (30) days after receiving notice of the Board's intent to remove the Board member or officer. The Board may remove an officer elected by the Board at any time, with or without cause. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. The removal must be recorded in the minutes of the next Board meeting.

Section 3.7 Compensation. A director who is an Owner shall not be entitled to compensation for service as a director. If the members determine that it is in their best interest to elect a director who is not an Owner, the directors who are Owners may establish reasonable compensation to the non-Owner director, obtain directors' and officers' insurance coverage, and take other actions to attract and retain competent outside directors.

Section 3.8 Organization Meeting. The first meeting of the initial Board shall be held on a date and at a place to be fixed by the president, and no notice shall be necessary to the newly elected directors in order to legally call the meeting.

Section 3.9 Board Meetings During Declarant Control. During the period of Declarant Control, the Board must meet at least four (4) times a year. At least one (1) of those meetings must be held within the Plat Community or at a place convenient to the Plat Community.

Section 3.10 Board Meetings After Declarant Control. After the Transition Meeting, all Board meetings must be within the Plat Community or at a place convenient to the Plat Community unless the Unit Owners amend these Bylaws to vary the location of those 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 two (2) such meetings shall be held during each fiscal year.

Section 3.11 Notice of Board Meetings. Unless the meeting is included in a schedule given to the Unit Owners or the meeting is called to deal with an emergency, the secretary must provide notice of each Board meeting to each Board member and to the Owners. The notice must be given at least fourteen (14) days before the meeting and must state the time, date, place, and agenda of the meeting.

Section 3.12 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 the director of timely and adequate notice unless the director 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 3.13 Quorum. A quorum of the Board is present for purposes of determining the validity of any action taken at a meeting of the Board only if individuals entitled to cast a majority of the votes on that action are present at the time a vote regarding that action is taken. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Board members present is the act 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, provided a quorum is present, any

business that might have been transacted at the meeting as originally called may be transacted without further notice. The directors present at a duly convened meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum; provided however, that any act of the Board shall require a quorum and the votes described in this Section 3.13. Abstention from voting on a motion by a director present at a meeting at which there is a quorum shall be counted as a vote against the motion.

Section 3.14 Voting by Proxy or Ballot. A Board member may not vote by proxy or absentee ballot.

Section 3.15 Presumption of Assent. A Board member who is present at a Board meeting at which any action is taken is presumed to have assented to the action taken unless the Board member's dissent or abstention to such action is lodged with the person acting as the secretary of the meeting before adjournment of the meeting or provided in a record to the secretary of the Association immediately after adjournment of the meeting. The right to dissent or abstain does not apply to a Board member who voted in favor of such action at the meeting.

Section 3.16 Board Packets. If any materials are distributed to the Board before the meeting, the Board must make copies of those materials reasonably available to the Owners, except that the Board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

Section 3.17 Open Meetings. Meetings must be open to the Unit Owners and their voting representatives except during executive sessions, but the Board may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. At each Board meeting, the Board must provide a reasonable opportunity for Owners to comment regarding matters affecting the Plat Community and the Association. A gathering of members of the Board or committees at which the Board or committee members do not conduct Association business is not a meeting of the Board or committee. Board members and committee members may not use incidental or social gatherings to evade the open meeting requirements of this Section 3.17.

Section 3.18 Executive Sessions. The Board may hold an executive session only during a regular or special meeting of the Board. A final vote or action may not be taken during an executive session. An executive session may be held only to: (a) consult with the Association's attorney concerning legal matters; (b) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings; (c) discuss labor or personnel matters; (d) discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including without limitation the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (e) prevent public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate the privacy of any person.

Section 3.19 Participation by Communications Equipment. Fewer than all Board members may participate in a regular or special meeting of the Board by, or conduct a meeting through, the use of any means of communication by which all Board members participating can hear each other during the meeting. A Board member participating in a meeting by these means is deemed to be present in person at the meeting.

Section 3.20 Meetings by Communications Equipment. All members of the Board may meet by telephonic, video, or other conferencing process if: (a) the meeting notice states the conferencing process to be used and provides information explaining how Owners may participate in the conference directly or by meeting at a central location or conference connection; and (b) the process provides all Owners the opportunity to hear or perceive the discussion and to comment as provided in Section 3.17.

Section 3.21 Board Action by Written Consent. Instead of meeting, the Board may act by unanimous consent as documented in a record by all its members. Actions taken by unanimous consent must be kept as a record of the Association with the meeting minutes. After the transition meeting, the

Board may act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Unit Owners, or to implement actions previously taken at a meeting of the Board. Such written consent may be signed in two (2) or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document.

Section 3.22 Minutes. Minutes of all Board meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the minutes. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

Section 3.23 Standard of Care for Directors. In the performance of their duties, the officers and directors are: (a) required to exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized under chapter 24.03 RCW, and (b) subject to the conflict of interest rules governing directors and officers under chapter 24.03 RCW. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including without limitation financial statements and other financial data, in each case prepared or presented by:

(a) One (1) or more officers or employees of the Association whom the director believes to be reliable and competent in the matter presented;

(b) Counsel, public accountants, or other persons as to matters that the director believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the director does not serve, duly designated in accordance with a provision in the Articles or Bylaws as to matters within its designated authority, which committee the director believes to merit confidence,

as long as, in any such case, the director acts in good faith, after reasonable inquiry when the need thereof is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Section 3.24 Power and Duties of the Board. The Board shall have all powers and authority permitted to the Board under the Act and the Declaration. The Board shall arrange for goods and services necessary for the proper functioning of the Plat Community, and the cost shall be shared among the Owners in the manner provided in the Declaration. The Board may delegate any of its powers to a managing agent or to a committee established by the Board, including without limitation a Property Improvement Committee which shall have those powers described in the Declaration. The Board's powers and authority, subject to those limitations stated in the Declaration, include the following:

(a) Adopt and amend these Bylaws and the rules and regulations for the Plat Community;

(b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners;

(c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

(d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Owners on matters affecting the Plat Community; provided, however, that the approval of Owners holding at least sixty-seven percent (67%) of the votes in the Association cast at a special meeting held for that purpose and not by proxy or consent in lieu of a meeting shall be required before the Association may institute, commence or intervene in any litigation or administrative proceeding, including without limitation arbitration, other than litigation or other proceedings against Owners for collection of delinquent Assessments or for enforcement of this Declaration or rules

and regulations of the Association; and further provided that Owner approval shall not be required for settlement of such litigation or administrative proceedings;

(e) Make contracts and incur liabilities;

(f) Regulate the use, maintenance, repair, replacement, and modification of the Units and any Limited Common Element;

(g) Provide for the maintenance, repair, replacement and modification of the Common Elements;

(h) Acquire, hold, encumber, convey, and dispose of, in the Association's name, any right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Common Elements, provided that the beneficial interest in any property acquired by the Association pursuant to this Section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged, or otherwise dealt with as the Board shall determine;

(i) Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

(j) Dedicate streets within the Plat Community to the Local Jurisdiction for public use or dedicate utility facilities to the utility provider, provided that such dedications shall have been approved by Owners holding a majority of the votes in the Association;

(k) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners;

(l) Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Plat Community;

(m) Impose and collect charges for late payment of Assessments, and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the Declaration, these Bylaws, or the Rules adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, these Bylaws, and/or the Rules;

(n) Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by 64.90.640 RCW, and statements of unpaid Assessments;

(o) Provide for the indemnification of its officers and Board, and maintain directors' and officers' liability insurance;

(p) Assign its right to future income, including without limitation the right to receive Assessments;

(q) Exercise any other powers conferred by the Declaration or these Bylaws;

(r) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

(s) Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 3.25 Limitations on Board's Authority.

(a) Spending Limit. Despite the foregoing provisions of Section 3.24, the Board shall not have the authority to acquire and pay for capital additions and improvements having a total cost in excess of Twenty-Five Thousand Dollars (\$25,000.00) without first obtaining the affirmative vote of Owners holding a majority of the voting power represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of Owners having more than fifty percent (50%) of the total votes in the Association; provided, however, that any expenditure or contract for capital additions or improvements in excess of Fifty Thousand Dollars (\$50,000.00) must be approved by Owners having not less than sixty-seven percent (67%) of the total votes in the Association. This limitation does not apply to the replacement of improvements to the extent reserves have been collected for the cost of replacement, or to the rebuilding improvements following damage by casualty.

(b) Borrowing Secured by Future Assessments. The Board may not obtain any financing secured by an assignment of the Association's right to receive future income from Assessments or otherwise, without first having that financing ratified by the Owners in accordance with 64.90.405(4) RCW.

(c) Adoption or Amendment of Rules. The Board must, before adopting, amending, or repealing any Rule, give all Owners notice of its intention to adopt, amend, or repeal a Rule and provide the text of the Rule or the proposed change, and the date on which the Board will act on the proposed Rule or amendment after considering comments from Owners. Following adoption, amendment, or repeal of a Rule, the Board must give notice to the Owners of its action and provide a copy of any new or revised Rule. The Board may adopt Rules to establish and enforce construction and design criteria and aesthetic standards. If the Board elects to do so, then it must adopt procedures for enforcement of those standards and for approval of construction applications, including without limitation a reasonable time within which the Board or any Property Improvement Committee must act after an application is submitted and the consequences of its failure to act. All Rules must be reasonable and must be applied on a uniform, nondiscriminatory basis. All Rules must comply with those regulatory limitations stated in 64.90.510 RCW. In interpreting those regulatory limitations, the Board shall be given the maximum authority and discretion allowed thereunder to limit signs, solar panels, and other displays that are visible to the general public or other Owners.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall initially be a 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. If there are more than three (3) directors, the directors may also elect a vice president. Two (2) or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 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 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and the Board and shall have all powers and duties usually vested in the office of the president.

Section 4.5 Vice President. The vice president, if any, shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

Section 4.6 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. The secretary shall also perform such other duties as may be prescribed by the Board.

Section 4.7 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 4.8 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 4.9 Compensation. The Board may pay reasonable compensation to any officer or Owner who performs substantial services for the Association in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until sixty (60) days after notice of it (including without limitation 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 sixty (60) days after the notice of the decision was given.

Section 4.10 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board.

ARTICLE 5 COMMITTEES

Section 5.1 Committees of Directors. The Board may appoint one (1) or more committees that consist of one (1) or more directors. Any committee authorized to exercise any power reserved to the Board must include at least two (2) Board members who have exclusive voting power for that committee. Committees that are not so composed may not exercise the authority of the Board and shall be advisory only. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Association and the Plat Community.

Section 5.2 Limitation on Committees. No committee shall have the authority to: amend the organizational documents of the Association; recommend the sale, lease, or transfer of substantially all the assets of the Association; recommend a voluntary dissolution of the Association; declare distributions; make Assessments; approve a plan of merger, consolidation, or exchange; or take any action prohibited under the Nonprofit Act, the Act, the Declaration, or the Articles, or otherwise reserved to the full Board of Directors or to the members of the Association.

ARTICLE 6 HANDLING OF FUNDS

Section 6.1 Accounts. The Association shall establish such accounts as the directors deem necessary to properly administer the Association and operate and maintain the Plat Community. The treasurer shall be responsible for supervising the funds of the Association. Once the Association begins making Assessments, it shall keep at least two (2) separate funds as described in this Article 6.

Section 6.2 Working Capital Account. The Association shall establish and keep a separate checking account to be known as the "Working Capital Account." This account will be used for the normal administration of the Association and operation and maintenance of the Plat Community and will receive all monthly Assessments, first purchasers' initial working capital contributions to the Association, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the Plat Community and maintenance expenses that do not require resorting to reserve funds. Reserve funds for the Replacement Reserve Account and any other reserve account that may be established will normally be deposited in the Working Capital Account and checks immediately issued to the other account so an overall account of the funds received and disbursed by the Association is centralized in the ledger of the Working Capital Account.

Section 6.3 Replacement Reserve Account. Once the Association begins making Assessments, it shall maintain a separate account or fund that shall be known as the "Replacement Reserve Account." The treasurer shall deposit to this account all funds received for the future periodic maintenance, repair, and replacement of the Common Elements. The monies in this account may not be commingled with any other funds of the Association and may only be used for the purposes and in the manner set forth in the Declaration.

Section 6.4 Deposit or Investment of Funds. The funds of the Association may not be commingled with the funds of any other association or with the funds of any managing agent of the association or any other person, or be kept in any trust account or custodial account in the name of any trustee or custodian. Withdrawals of funds from the Replacement Reserve Account shall require the signature of at least two persons who are officers or directors of the Association.

ARTICLE 7 ADMINISTRATIVE AND FINANCIAL PROVISIONS

Section 7.1 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 7.2 Contracts. The Board, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have power or authority to bind the Association in any contract or engagement or to pledge its credit or to render it liable for any purpose in any amount.

Section 7.3 Checks, Drafts, Etc. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by the laws of the State of Washington, checks, drafts, promissory notes, orders for the payment of money, or other evidence of indebtedness of the Association shall be signed by such officer or officers, or agent or agents, of the Association and in such manner as is from time to time determined by resolution of the Board.

Section 7.4 Books and Records. The Association shall keep at its registered office, its principal office in Washington, or at its secretary's office in Washington, the following:

- (a) The Association's current Articles and any amendments thereto;
- (b) The Association's current Bylaws and any amendments thereto;
- (c) The Association's records of accounts and finances;
- (d) The name and addresses of the Association's current officers and directors; and
- (e) The minutes of the proceedings of the Board, and any minutes that may be maintained by committees of the Board.

Records may be written or electronic if capable of being converted to writing.

Section 7.5 Copies of Resolutions. Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board when certified by the president or secretary.

Section 7.6 A Director's Inspection Rights. Every director shall have the right at any reasonable time to inspect and copy all books, records, and documents of any kind and inspect the physical properties of the Association and shall have such other rights to inspect the books, records, and properties of the Association as may be required under any of the Governing Documents or by the provisions of the laws of the State of Washington.

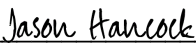
Section 7.7 Right to Copy and Make Extracts. Any inspection under the provisions of this Article 7 may be made in person or by an agent or attorney of that person, and the right to make such inspection shall include, without limitation, the right to make copies and to make extracts at the sole expense of the party conducting the inspection.

ARTICLE 8 AMENDMENTS

Section 8.1 These Bylaws may be amended only with written approval of a majority of the Board. Any amendment will be signed by the approving directors and copies delivered to all members within thirty (30) days of adoption.

Section 8.2 In the case of any conflict between the Articles and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles and the Declaration, the Declaration shall control.

IN WITNESS WHEREOF we, all being the directors of The Daybreak Owners Association have hereunto set our hands this 26th day of April 2021.

DocuSigned by:


Jason Hancock, President

DocuSigned by:


Brian Nguyen, Vice President

DocuSigned by:


Shawna Cornell, Secretary/Treasurer