

**COVENANTS AND BYLAWS
COUGAR MOUNTAIN WATER ASSOCIATION
2017**

**ARTICLE I
DIRECTORS AND OFFICERS**

Section 1. The business of this association shall be controlled and managed by a board of not less than five (5) directors, all of whom shall be members of the association.

a.) Non-voting “working board members” do not require property ownership in the Cougar Mountain water community.

Section 2. The term of office of the directors shall be two (2) years. The Board may establish terms of office to stagger the terms of the Board of Directors. Each of the officers and the directors shall continue to serve in such capacity until the successor has been elected. Any vacancy in the offices of directors or officers shall be filled by a majority vote by the remaining directors and such officer or directors so elected shall hold office for the remainder of the unexpired term. When any officer or director is no longer a member of the association or is delinquent in the payment of any assessments, his position as officer or director shall terminate.

Section 3. Meeting of the directors shall be held on call of the president or on the call of any two members of the Board of Directors. Notice of such meeting shall be given, in writing, or by personal contact, at least twenty-four (24) hours in advance of any meeting. The Board of Directors may meet at any time and if all are present, may waive any requirements concerning notice.

Section 4. The directors shall serve without compensation except that the Board may authorize reimbursement for expenses. The officers may receive such compensation for services as specified by the Board of Directors.

Section 5. A majority of the Board of Directors shall constitute a quorum and a majority vote of a quorum of the Board of Directors present shall be sufficient to pass any question before the Board. All voting of the Board of Directors shall be by each director in person and voting by proxy shall not be permitted.

Section 6. Any director may be removed from office by a two-thirds vote of the membership at any annual meeting or special meeting of the membership of the corporation. Notice of the proposed removal of a director shall be given to such director thirty (30) days prior to the date of the meeting at which such removal is to be voted upon. Such notice to the director shall state the cause for the proposed removal.

Section 7. Unexcused absence for two consecutive regular meetings of the Board of Directors shall constitute due cause for removal of a director.

Section 8. Any vacancy occurring on the Board of Directors for any reason shall be filled by a majority vote of the remaining Directors. Such appointee shall serve until the next annual meeting of the members.

Section 9. Within a reasonable time after their election, the members of the Board of Directors shall elect from their number a President and Vice President to serve for one year. The directors shall also appoint a Secretary and a Treasurer from among themselves or from the general membership of the association to serve for one year. Any two officers may be combined except President and Secretary.

ARTICLE II DUTIES OF DIRECTORS

Section 1. The Board of Directors shall have the management of the affairs of the association and may exercise all powers provided by law and may delegate the power of the Board to any officer or officers or employees or agents. The Board shall determine who shall be authorized to sign checks for the association; provided, however, all activities and functions of the directors and the officers shall be strictly in accordance with the Articles of Incorporation, these Bylaws. Subject to the limitations set forth in the Articles of Incorporation, these Bylaws, and state laws, the directors have the following powers.

a) To conduct, manage, and control the affairs and business of the association and to make such rules and regulations therefore as they may deem best.

b) To select and appoint all agents or employees of the association or remove such agents or employees for cause.

c) To remove any officer of the association appointed by them with or without cause.

d) To revoke and forfeit "Voting rights in the association pursuant to the provision of the Articles of Incorporation and Bylaws of the corporation.

e) To cause to be kept a complete record of all minutes and acts and to present a full statement at the regular annual meeting of members showing in full detail the condition or the affairs of the corporation.

Section 2. The officers and directors shall maintain a strict and accurate accounting of all receipts and expenses of the association in the operation of the water system. The officers and directors shall maintain the receipts and check register for a minimum of seven (7) years from the date of the original issue of receipt.

ARTICLE III OPERATION OF THE WATER SYSTEM

Section 1. The purpose and function of the association shall be the ownership, operation, and maintenance of the water system for that property specifically set forth in the Articles of Incorporation. However, the association's duty to maintain, replace, or repair the well, storage tank, and water transmission lines necessary to convey water from the storage tank to individual lots or parcels shall not include, extend to or involve those portions of said transmission lines which lie beyond the easements and rights of way granted to or dedicated for the benefit of the association, as are now in existence or as may exist in the future.

Section 2. The Board of Directors shall have authority to authorize expenditures of the association's funds for maintenance and repair of the system and all of its component parts.

Section 3. All new connections, additional connections to the water system shall be approved in writing by the Board of Directors prior to such connection or extension.

ARTICLE IV DUES AND ASSESSMENTS

Section 1. The members, by a majority vote of members in attendance at any annual or special meeting of the members, may prescribe annual dues to be paid by the members of the association, provided that the intention to discuss dues has been stated in the notice of such meeting.

Section 2. The members, by a majority vote of members in attendance at any annual or special meeting of the members, may levy a special assessment against all members for the conduct of the business of the association or any proper purpose of the association, provided that the purpose of such assessment and the proposed amount thereof have been stated in the notice of such meeting.

Section 3. All charges-and assessments shall be payable in full or by installment arrangements within thirty (30) days after mailing of notice of such assessments to the members, if unpaid the amount of such assessment, plus interest at twelve percent (12%) per annum, together with costs and attorney fees incurred in enforcing payment, shall be a lien upon the lot against which said assessment was made. Such lien may be foreclosed in the manner as real property mortgages; provided, however, that no proceedings shall be commenced before the expiration of four (4) months after the date of mailing of the notice of assessments, first mortgage liens upon any of said lots which are duly recorded shall be superior to the lien imposed hereunder from the date of such recordation.

Section 4. The word "assessment" as used herein shall include assessments, dues or service charges, no matter how designated in any notice or action of the member.

Section 5. All assessments, regular or special shall constitute liens against the property owned by the members of the association against whom they are assessed. If the assessments remain unpaid for a period of one hundred twenty (120) days after they become delinquent, the same may be foreclosed by the association in the manner provided by the laws of the State of Washington for the foreclosure of mechanic's and materialman's liens, except that no additional procedural or substantive requirements shall be imposed upon the association other than set forth herein. The association shall be entitled to reasonable attorney's fees incurred in the foreclosure of such lien.

Section 6. The Board of Directors shall have authority to adopt rules and regulations for the use of facilities of the association and the water to the end that continued service at reasonable rates would be assured for the members of the association and their properties.

ARTICLE V DUTIES OF OFFICERS

Section 1. The President of the Board of Directors shall supervise all activities of the association, preside at all the meetings of the Board of Directors and of the membership of the association, call such meetings of the members as he/she shall deem necessary other than the annual meeting of the membership, and perform such other duties as usually pertain to such office.

Section 2. The Vice President of the Board of Directors shall act for the President in his/her absence and perform such other duties as the President may direct.

Section 3. It shall be the duty of the Secretary of the Board of Directors to keep all records of the Board and of the association and to perform such duties as the President or Board may direct.

Section 4. The Treasurer shall receive and be accountable for all funds belonging to the association, pay utilities, pay all other obligations not in excess of \$50.00 incurred by the association when payment is authorized by the President, pay all obligations in excess of \$50.00 when approved by a majority of the directors, maintain bank accounts in depositories designed by the Board, and render financial reports at each regular meeting of the Board and membership.

ARTICLE VI MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership shall be limited to the owners of property specifically set forth in the Articles of Incorporation. Membership shall be automatic for the owners of such property and not subject to the approval of the Board of Directors or other members.

Section 2. Each member shall have a vote. No member that is delinquent in payment of their assessments shall be entitled to vote on any matters before the membership. A husband and wife, or other joint owners of any lot shall be considered to be a single member with only one vote. The intention of the Bylaws is that each lot shall have one vote. If a husband and wife, or other joint owners of a lot cannot agree on how to vote on any matter, the vote attributed to such lot shall not be counted.

Section 3. Members may vote by proxy, which shall be in writing, signed by the member, and delivered to the secretary at any meeting at which the proxy is to be used. The proxy shall automatically expire eleven (11) months after the date of execution. Proxies shall not be binding upon the purchaser of the property from the grantor of the proxy.

Section 4. In the event an owner sells his property to a purchaser on a contract, the purchaser shall be entitled to vote when he is entitled to possession of the property. When a member sells a lot owned by him/her, the purchaser of said lot shall succeed to membership in the association. All interest of the member in the association shall cease on the sale of said lot.

ARTICLE VII MEETINGS

Section 1. The annual meeting of the members shall be held in September of each year. Date, time and place of the annual meeting shall be set by the Board of Directors and notice shall be in writing and delivered or mailed to each member not less than ten (10) days nor more than thirty (30) days prior to the date of the annual meeting. The officers and directors whose terms have expired shall be elected at the annual meeting.

Section 2. Special meetings of the members may be called by a majority of the directors, by the president, or by a majority of the members of the association. Notice of such special meeting shall be given in writing and delivered personally or mailed not less than five (5) days prior to the meeting. The notice shall state the purpose for which said meeting is called and only such purpose shall be before the membership for action.

Section 3. At any meeting of the membership fifteen percent (15%) of full membership of the association shall be necessary to constitute a quorum for the transaction of the business of the membership. Valid proxies shall be included in determining a quorum, even if such proxy may include restrictions on voting. A majority of the directors shall be necessary to constitute a quorum for the transaction of the business of the directors. All matters, unless set forth in the Bylaws or in the Articles of incorporation, shall be determined by a majority vote by those present so long as a quorum is present.

ARTICLE VIII OBLIGATIONS OF MEMBERSHIP

Section 1. By becoming a member of this association, the owner or owners of the property specifically described in the Articles of Incorporation hereby convey and warrant this association all water rights appurtenant to their respective property and hereby convey and warrant to the association all of said owner's' interest in and to the well, pump, storage tank, pipelines and other component parts of the water system now located or used for said property. By becoming a member of this association, the owners agree to pay all assessments when due. Each of the owners of the property, by becoming a member of this association, hereby grant, convey and quitclaim to the association an easement over, under, across and through their property for the purpose of maintaining, repairing and operating the well, pumps, storage tank, pipelines, water meters and all other component parts of the water system.

Section 2. Water service for any membership shall be limited to one service. The service so provided under each membership shall not serve more than one residence or business structure. It is further understood that one membership will serve one unit of an apartment house, trailer park motel, multi-occupied dwelling, or multi-occupied business.

Section 3. All meetings shall be governed by Robert's Rule of Order. A copy of Robert's Rule of Order shall be present at every meeting.

Section 4. Membership fee is \$4,500.00 to establish membership. A minimum monthly membership fee of \$35.00 is to be paid. To disconnect or reconnect the water is \$30.00 fee if it is completed by an approved member of the Cougar Mountain Water Association. To connect and disconnect can cost up to \$450 if it is completed by the satellite water management company. For tampering with the water system or service a fine of \$200.00 is added to the current dues. There will be an annual audit.

Section 5. Delinquent member accounts will be given 30 days past due notice in writing with disconnection notice. At 60 days past due water will be shut off and locked incurring a fee \$30-\$450 (see Article VIII Section 4). At 90 days past due a notice of Intent to File a Lien against the property will be mailed. At 120 days past due, if no attempt to pay past due amount is made, a Lien Against the Property will be Filed (see Article IX Section 3 & 5). Membership is forfeited at point of Lien.

ARTICLE IX AMENDMENT

At any annual meeting, or at a special meeting called for that purpose, the members may amend these bylaws by a majority vote of the members present at such meeting, except as the same may limited by the provisions of the Articles of Incorporation.

The foregoing Bylaws of Cougar Mountain Water Association are hereby adopted by the Undersigned and become effective immediately upon the date thereof. In addition, the undersigned agree to be bound by all of the covenants and conditions herein contained and as contained in the Articles of Incorporation.

Article VIII Section 5 is added for clarification of fees associated with delinquent accounts.

DATE: On this 16th day of September 2017

PRESIDENT: Dawn Young _____

SECRETARY: JoAnn Hess _____