

**To Fernwood North Homeowners Association Members:**

In the past, the Association Board has received information that the documents that charter our Association (By-laws, Declaration of Covenants, and Articles of Incorporation) were lacking in a variety of ways. These documents had not been updated in whole since 1984.

One concern was that the Association members and the Board were not properly protected from lawsuits. Because of this information, we retained a lawyer who specialized in this area. For approximately \$1,000, he has developed amendments to our documents that have not only tightened up the liability protection but also will help protect the value of our homes. The following are the highlights of the amendments:

- Citation of the correct Washington law that makes our Association legal
- Addition of limitation of liability and indemnification provisions to protect members and officers
- Reset the fiscal year to match our annual meeting dates in June each year
- Correction of some typos
- Strengthening of personal obligation of assessments clause to cause collection of delinquent dues at real estate closing
- Elimination of multiple classes of stocks

The above items are only a summary of the amendments. Please take the time to read them all so you can make an informed decision.

Your Board believes that these changes are important for the long-term viability of our Association. Our neighborhood is an especially desirable place to live because of the environment we create. These updates will help us maintain that quality environment. Please encourage your neighbors to vote in favor of the amendments.

We have made the adoption of these amendments easy for you. Enclosed is a copy of the amendments and a ballot. You can compare the changes against your copy of the documents. In about a week a representative of the Association Board will come around and collect your ballot. If you have questions, you can call a Board Member, or just wait until a Board Member comes to your door to collect your ballot.

Thank you for helping to keep One Union Place a GREAT place to live!!!

**FNHA Board**

**FERNWOOD NORTH HOMEOWNERS ASSN.  
BOARD MEMBERS LIST  
JULY 1, 2003 – JUNE 30, 2004**

**Ed Gullekson, President**

H: 425-271-0808

[EGullekson@bigplanet.com](mailto:EGullekson@bigplanet.com)

**Kathy Nada, Vice President**

H: 425-277-1203

[Ksnada@attbi.com](mailto:Ksnada@attbi.com)

**Shirley Milligan, Secretary**

H: 425-228-3885

[Kb7tqw@aol.com](mailto:Kb7tqw@aol.com)

**Meg Weis, Treasurer**

H: 425-277-3551

**Marsha Schroeder, Member At Large**

H: 425-271-8478

[Gordandmarsh@att.net](mailto:Gordandmarsh@att.net)

**Ralfs Mikelsons, Member At Large**

H: 425-255-4299

[Ninjaru1@attbi.com](mailto:Ninjaru1@attbi.com)

**AMENDMENT OF THE BYLAWS OF  
THE FERNWOOD NORTH  
HOMEOWNERS ASSOCIATION**

The undersigned, being the majority of a quorum of the association members present at a regular or special meeting of the members hereby amend the Bylaws of the Fernwood North Homeowners Association (the "Bylaws").

The Bylaws shall be amended as follows:

**Article III, Section 2 - Special Meetings:**

Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the members.

**Article VII, Section 2 - Duties:**

(c) The first line of subsection (c) shall be amended to read as follows: "as more fully provided in the Declaration, to:" The remainder of subsection (c) shall remain unchanged.

**Article VIII, Section 3 - Term:**

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

**Article VIII, Section 8 (b) - Vice-President:**

The vice-president shall act in the place and stead of the president in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board

**Article X - Books and Records**

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

## **Article XI - Assessments**

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his lot.

## **Article XIII, Section 1 - Amendments**

These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

## **Article XIV - Miscellaneous**

The fiscal year of the Association shall begin on the 1<sup>st</sup> day of July and end on the 30<sup>th</sup> day of June of every year, except that the first fiscal year shall begin on the date of incorporation.

**AMENDMENT OF DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS OF  
THE PLAT OF FERNWOOD NORTH**

The undersigned, being ninety percent (90%) or more of the Lot Owners of the Plat of Fernwood North, a Condominium created under Condominium Declaration recorded under King County Recorder's No. 8410220494 hereby amend the Declaration of Covenants, Conditions and Restrictions of the Plat of Fernwood North (the "Covenants").

The Covenants shall be amended as follows:

**Article II, Section 1 - Owners' Easements of Enjoyment.**

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the members has been recorded.

**Article III, Section 2**

Members shall be all Owners, who shall be entitled to one vote for each Lot owned. When one or more person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

**Article IV, Section 1 - Creation of the Lien and Personal Obligation of Assessments.**

The Declarant, for each Lot owned within the Properties hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such property at the time when the assessment falls due. The personal obligation for delinquent assessments shall pass to the successor in title and shall be collected upon the closing of purchase of such property by such successor.

**Article IV, Section 8 - Effect of Nonpayment of Assessments. Remedies of the Association.**

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

**Article VI, Section 2 - Severability.**

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

**Article VI, Section 4 - Annexation.**

Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of the members.

**Article VI, Section 5 - FHA/VA Approval.**

By deleting the existing Article VI, Section 5 in its entirety.

And by the addition of the following Article and Sections:

**Article VII  
INDEMNIFICATION/NO PERSONAL LIABILITY**

**Article VII, Section 1 - Indemnification.**

Each Board member, Association committee member, Association officer, and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of such person's duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

**Article VII, Section 6 - No Personal Liability.**

So long as a Board member, Association committee member, Association officer, the Declarant, or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided that this Section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

**AMENDMENT OF THE  
ARTICLES OF INCORPORATION OF THE  
FERNWOOD NORTH HOMEOWNERS ASSOCIATION**

The undersigned, being at least seventy-five percent (75%) of the entire membership of the Fernwood North Homeowners Association hereby amend the Articles of Incorporation of the Fernwood North Homeowners Association (the "Articles").

The Articles of Incorporation shall be amended as follows:

**Opening Paragraph:**

In compliance with the requirements of Chapter 24.03 of the Revised Code of Washington, the undersigned, all of whom are residents of the State of Washington, and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation, not for profit, and do so hereby certify:

**Article IV - Purpose and Powers of the Association**

A. exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded in the Office of the King County Recorder, State of Washington, and as the same may be amended from time to time, as therein provided, said Declaration being incorporated herein as if set forth at length.

D. borrow money, and with the assent of two-thirds (2/3) of the members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

E. dedicate, sell, or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the members, agreeing to such dedication, sale or transfer;

F. participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided that any such merger, consolidation, or annexation shall have the assent of two-thirds (2/3) of the members;

## **Article VI - Voting Rights**

The Association shall have one (1) class of voting membership. All members shall be owners and shall be entitled to one vote for each lot owned. When more than one person holds the interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

## **Article VIII - Dissolution**

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

## **Article XI - FHA/VA Approval**

By eliminating Article XI in its entirety.

By adding the following Articles:

## **Article XII - Limitation of Liability**

A director of the corporation shall not be personally liable to the corporation or its members for monetary damages for conduct as a director, except for liability of the director (a) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, (b) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled, or (c) for conduct violating Section 23B.08.310 of the Washington Business Corporation Act.

Any repeal or modification of this Article by the directors or members of the corporation shall not adversely affect any right or protection of any individual who is or was a director of the corporation at or prior to the time of such repeal or modification.

### Article XIII - Indemnification

The corporation shall indemnify any individual made a party to a proceeding because that individual is or was a director of the corporation and shall advance or reimburse the reasonable expenses incurred by such individual in advance of final disposition of the proceeding, without regard to the limitations in RCW 23B.08.510 through 23B.08.550 of the Washington Business Corporation Act, or any other limitation which may hereafter be enacted to the extent such limitation may be disregarded if authorized by the Articles of Incorporation, to the full extent and under all circumstances permitted by applicable law.

Any indemnification provided under this Article shall, unless limited by the terms of the undertaking to indemnify, continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of his or her heirs, executors, and administrators.

Any repeal or modification of this Article by the directors or members of the corporation shall not adversely affect any right or protection of any individual who is or was a director or officer of the corporation at or prior to the time of such repeal or modification.