

Bylaws  
of  
Valley Road Farm Owners Association  
Adopted on December 28 , 2004

## **TABLE OF CONTENTS**

- I. DEFINITIONS
- II. PURPOSES, GOALS
- III. CONSENSUS DECISION-MAKING
- IV. POWERS AND DUTIES OF THE ASSOCIATION;
- V. MANAGING BOARD
- VI. OFFICERS
- VII. FISCAL MANAGEMENT
- VIII. INSURANCE
- IX. AMENDMENTS
- X. CONFLICTING PROVISIONS

Bylaws  
of  
Valley Road Farm Owners Association  
a Washington miscellaneous and mutual nonprofit corporation

**I. DEFINITIONS**

All terms and expressions used in the bylaws which are defined in the Washington Condominium Act, RCW 64.34, as amended, shall have the meaning set forth in that Act unless the context indicates otherwise. Any additional terms defined in this Article shall have the meanings specified below for all purposes of the bylaws and the Condominium Declaration.

**ACT** means the Washington Condominium Act, RCW 64.34, as amended.

**ALLOCATED INTERESTS** means the percentage undivided interest of an Owner in the Condominium, as set forth in the Declaration.

**ASSOCIATION** means the organization of Owners of the VALLEY ROAD FARM CONDOMINIUM, established pursuant to the Act.

**BOARD** means the entity that acts on behalf of the Association as described in ARTICLE V.

**BOARD MEMBERS** means the elected directors of the Association.

**CONDOMINIUM** means the Valley Road Farm, a Condominium.

**CONSENSUS** means the process for decision making described in ARTICLE III.

**DECLARANT** means 9745 Valley Road Farm, LLC, having an address at 9745 NE Valley Road, Bainbridge Island, WA 98110.

**DECLARATION** means the instrument recorded on October 11, 2004 in the office of the Auditor of Kitsap County, Washington, by which the Condominium was formed.

**MAJORITY** means 75% of the Owners.

**OWNER** means the persons or entities holding an ownership interest in a Unit but does not include any person or entity who has an interest in a Unit solely as security for an obligation.

**PROPERTY** means the land , buildings or improvements on common elements, if any.

**QUORUM** means 75% of the Owners, or of the members of the Board, as applicable.

## II. PURPOSES, GOALS

Section 2.1. **General Purposes as Defined in the Act.** All of the rights and powers in and with respect to the common areas and facilities of the Condominium which are by virtue of provisions of the Act, conferred upon or exercisable by the organization of Owners of the Condominium, and all property, real and personal, tangible and intangible, conveyed to the Association shall vest in the members of the Association, to exercise, manage, administer and dispose of the same for the benefit of the Owners, according to the schedule of undivided Allocated Interests provided in the Declaration.

Section 2.2. **Goals of the Association.** In addition to the other purposes included in the bylaws, the Association is committed to furthering the vision of the Association and:

- a. To thoughtfully consider the character of the land, the needs of wildlife, and the value of this project in the larger community;
- b. To emphasize simplicity, sustainable living, affordability, conservation, recycling, non-polluting energy sources, sharing of resources and other environmentally sound practices;
- c. To provide open space for small-scale organic food-growing and gardening and to promote environmentally sustainable land use practices.

## III. CONSENSUS DECISION-MAKING

Section 3.1 **In General.** The participants in any duly held meeting of the Association, the Board or any committee created by the Association or Board shall make decisions on a consensus basis as provided in this Article. Consensus is a democratic process in which the input and ideas of all participants are gathered and synthesized to arrive at a final decision acceptable to all of us, generating wise solutions that take into account all our relevant needs and perspectives. We are not only working to achieve better solutions, but also to promote the growth of community and trust.

Each Member's input is valued as part of the solution and each position on the matter considered carefully. The fundamental responsibility of consensus is to assure others of their right to speak and be heard. Voting is a means by which we choose one alternative from several and assume that people are always competitive, that agreement can only be reached through compromise. Consensus assumes that people are willing to agree with each other, and that in such an atmosphere, conflict and differences can result in creative and intelligent decisions.

### Section 3.2 **Consensus Process.**

3.2.1 **Step One:** First, the problem should be clearly stated. This might take some discussion, in order for the group to identify what needs to be solved. Then discussion should take place about the problem, so the group can start working towards a proposal.

3.2.3 **Step Two:** A proposal is made which attempts to synthesize all the feelings and insights expressed. The proposal should be clearly stated. Then discussion is held on the proposal, in which it is amended or modified. Everyone has a right to express themselves, to be heard and understood, and to make alternative suggestions.

3.2.3 **Step Three:** When the proposal is well understood by everyone and there are no new changes asked for, someone can ask if there are any objections, reservations or unresolved concerns to the proposal. If there are none, the group is asked "Do we have consensus?" All members of the group should then actively and visibly signal their agreement, paying attention to each member of the group.

3.2.4 **Step Four:** After consensus is reached, the decision should be clearly restated, as a check that everyone is clear on what has been decided. Before moving away from the subject, the group should be clear on who is taking on the responsibility for implementing the decision.

Section 3.3 **Non-Support for Decision.** If enough discussion has occurred and everyone has equally participated, there should not be a group decision which cannot be supported by everyone. But depending on the importance of the decision, the external conditions and how the process has gone, the group might be on the verge of reaching a decision someone cannot support. There are several ways of expressing objections:

1) *Stand aside:* "I think this is a mistake but I won't stop others from doing it." The group acknowledges that the concern still exists, but this allows the proposal to be adopted. It is very important for the whole group to understand that this unresolved concern is then written down with the proposal in the record and, in essence, becomes a part of the decision.

2) *Block:* "I cannot support this and I cannot allow the group to support it. It violates one of my/our fundamental values." or "The community as a whole will suffer."

Section 3.4 **Fallback Voting.** If consensus cannot be reached at the first meeting where a proposal is considered, the proposal will be tabled for a later meeting. The person blocking will be asked to participate in finding possible new and creative solutions to the concerns raised. If no consensus can be reached after a proposal has been considered at each of 3 meetings, with at least 24 hours between the meetings, the proposal shall be deemed deadlocked. At the third or any subsequent meeting, any Owner may request a vote. If 75% of the Owners agree and approve the proposal, the proposal shall be accepted unless approval by all the Owners or all the directors is required in the Act, the Declaration or the bylaws. If no vote is taken on a deadlocked proposal, the proposal shall continue to be considered at subsequent meetings until a consensus to accept or reject the final proposal is reached or a vote is taken. Once a decision has been adopted by consensus, it cannot be changed without reaching a new consensus. If a new consensus cannot be reached, the old decision stands.

Section 3.5 **Use of Proxies.** Another Owner or any other person may act on behalf of an Owner by written proxy in matters being considered by the Association, the Board, or a committee of the Board or the Association. Proxies must be (i) signed by the Owner, (ii) dated not more than eleven months before the meeting and (iii) contain no terms inconsistent with the present exercise of the proxy.

Section 3.6 **Voting by Multiple Owners of a Unit.** For all matters requiring a vote, when a Unit has two Owners and only one is present at a meeting of the Association, or only one has delivered a proxy to the secretary, that Owner is entitled to cast all the votes allocated to the Unit. When both Owners are present or have both delivered proxies to the secretary, each is

entitled to cast one vote. In the event that a Unit has more than two Owners, the provisions regarding voting by multiple owners in RCW 64.34.340, as amended, shall apply.

#### IV. POWERS AND DUTIES OF THE ASSOCIATION

**Section 4.1 Powers and Duties.** The Association shall have the powers and duties provided in the Act and the Declaration, including the absolute control of Association Property, and shall exercise this control in accordance with the consensus process described in Article II. The Association shall delegate to the Board those powers and duties necessary to ensure the timely and effective management of the Condominium. All powers and duties not explicitly delegated to the Board shall remain with the Association.

**Section 4.2. Annual Meeting; Notice.** There shall be an Annual Meeting of the Owners in the month of November at such time and place as the Board may designate by written notice delivered to the Owners at least 10 days, but not more than 60 days, before the designated date. The secretary shall give written notice of the time and place of annual meetings personally or by first-class mail to each Owner, not less than 10 nor more than 60 days, before the date of the meeting..

**Section 4.3 Regular Meetings.** The Association may hold regularly scheduled meetings without call or formal notice at such time and place as the Owners determine. The secretary shall give a written schedule of the meetings to each Owner personally or by first-class mail, at least 10 days before the date of the first meeting on the schedule.

**Section 4.4 Special Meetings.** Special meetings of the Association may be called by any Owner upon at least 7 days notice, specifying the date, time, place and purpose of the meeting. Notice of a special meeting shall state the business to be brought before the meeting. Only those matters stated in the notice may be acted upon by the Owners attending the meeting.

**Section 4.5 Rules and Regulations.** The rules and regulations adopted by the Board from time to time shall govern the operation of the Condominium and shall be deemed to be a part of the bylaws of the Condominium for all purposes.

**Section 4.6 Notice.** Notice of a meeting at which amendment of the Declaration, Articles of Incorporation or bylaws is to be considered shall be given as provided in Article 27 of the Declaration

#### V. MANAGING BOARD

**Section 5.1 Number of Board Members; Term of Office.** The Association shall choose from among the Owners a Board composed of one Owner from each of the four Units, by written ballot at the Annual Meeting by a majority of Owners to serve until the next Annual Meeting

**Section 5.2 Quorum; Decision Making.** The presence in person or by proxy of three Board Members shall be necessary for the transaction of any business at any meeting of the Board. The Board shall make decisions by consensus, that is all the Board Members must agree to support a

decision. If agreement cannot be reached in a reasonable length of time and 75% of the Board Members agree that a decision must be made, then the decision shall be referred to the Association.

**Section 5.3 Meetings.** Regular meetings of the Board shall be held at a time and place determined by the Board but in no event less than once every three months. Special meetings may be called by any Board Member. Notice of the time and place of special meetings shall be given to each Board Member personally at least 48 hours prior to the time fixed for the meeting. Board Members who have not received notice may waive their right to notice in writing. A Board Member's appearance at a meeting shall constitute waiver of notice, except when the Member appears only in order to object to the transaction of any business because the meeting was not lawfully called. The Board shall keep a complete record of all its acts.

**Section 5.4 Open Meetings; Executive Session.** All meetings of the Board shall be open to all Owners and residents over the age of 16, as visitors. Visitors may not participate in any discussion unless invited to do so by the president. The Board may adjourn a meeting and reconvene in executive session to discuss and act upon personnel matters, litigation in which the Association is or may become involved and other matters of a confidential nature. All records of executive sessions shall be confidential.

**Section 5.5 Right to Notice and Opportunity to Be Heard.**

Section 5.5.1 The Declaration requires that the Board act in the following matters only after notice and an opportunity to be heard:

- 11.5: Entering a Unit for repairs and charging the Owner for cost,
- 11.9: Deciding a pet is disturbing others and removing it,
- 12.6: Evicting a tenant,
- 14.4.13: Levying fines for violations, and
- 17.6 Levying special assessments against a Unit as a fine for violations.

Section 5.5.2 Before the Board acts in any of the above matters, the Board shall observe the following procedure:

- a. The Board shall give written notice, of the proposed action to all Owners and residents of Units whose interest would be significantly affected by the proposed action.
- b. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than 5 days from the date notice is delivered by the Board.
- c. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both as specified in the notice, subject to reasonable rules of procedure established by the Board to ensure a prompt and orderly resolution of the issues. The evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

**Section 5.6 Resignation.** A Board Member may resign at any time by giving written notice to the secretary, which shall take effect at the time specified in the notice. The following shall be equivalent to a resignation effective immediately: i) unexcused absence of a Member from two consecutive meetings; ii) ceasing to be an Owner.

**Section 5.7 Removal.** As provided in RCW 64.34.308(7), any Board Member may be removed from office by approval of 75% of the voting power in the Association, with or without cause at a special meeting called for that purpose at which a quorum is present, whenever it is determined that such removal is in the best interests of the Association. A successor shall be elected at the same meeting.

**Section 5.8 Vacancies.** A vacancy on the Board shall be filled by the remaining Board Members. Any vacancy may be filled before its effective date but the new director may not take office until that date. Directors elected or appointed to fill vacancies shall serve until the next annual meeting of the Association.

**Section 5.9 Action Without Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting if all the Board Members consent in writing to the action. Action by written consent shall have the same force and effect as unanimous approval of the Board.

**Section 5.10 Telephone Meetings.** Any meeting of the Board may be held by conference telephone or similar communication equipment, as long as all the Board Members participating in the meeting can hear one another. All participating Members shall be deemed present in person at the meeting.

**Section 5.11 Compensation.** No compensation shall be paid to Board Members for their services as Board Members, nor shall any Board Member be employed by and receive compensation from the Association.

**Section 5.12 Limitation on Board Authority.** The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote of the Owners, to terminate the Condominium, to elect members of the Board or to determine the qualifications, powers and duties or terms of office of the Board.

## **VI. OFFICERS**

**Section 6.1 Designation.** The principal officers of the Association shall be a president, vice president, secretary and treasurer, all of whom shall be Owners. The president and vice president shall be Board Members; the secretary and treasurer may or may not be. One person may hold one or more offices except the offices of president and secretary. The Board may elect assistant officers as seems necessary, with the duties and for the term stated at the time of the designation.

**Section 6.2 Election; Term of Office; Duties.** The officers shall be elected by the Board at the first meeting of the Board. Thereafter, the officers shall be elected by the Board for the term determined by the Board at the time of the designation.



6.2.1 **President.** The president shall preside at meetings of the Board and shall perform such other duties as prescribed by the Owners.

6.2.2 **Vice President.** The vice president shall be vested with all the powers and perform all the duties of the president in the president's absence.

6.2.3 **Secretary.** The secretary shall maintain records of the proceedings of all Board and Association meetings and shall perform such other duties as directed by the Board or the Owners.

6.2.4 **Treasurer.** The treasurer shall maintain the bank accounts, be responsible for all funds, disburse funds for business of the Association, provide financial reports to the Board and the Owners as appropriate and keep adequate and correct financial records.

Section 6.3 **Resignation.** Officers may resign at any time by written notice to the president or secretary, effective at the time specified in the notice. The following shall be equivalent to a resignation effective immediately: i) delinquency of more than forty-five (45) days in payment of Assessments, and ii) ceasing to be an Owner.

Section 6.4 **Removal.** Any officer may be removed at any time without cause by approval of a majority of Owners present at a special meeting called for that purpose. Any officer may be removed for cause following the provisions of RCW 23.86.087, as amended.

Section 6.5 **Vacancies.** A vacancy in the office of president, vice president, secretary or treasurer shall be filled by the Board. Any vacancy may be filled before its effective date but the new officer may not take office until that date. Officers elected or appointed to fill vacancies shall serve for the remainder of that term of office.

## VII. FISCAL MANAGEMENT

Section 7.1 **Fiscal Year.** The fiscal year of the Association shall begin on January 1 of each year. The Board may approve a change of fiscal year should Association practice make it necessary.

Section 7.2 **Books and Accounts.** Books and accounts of the Association shall be kept under the direction of the treasurer and in accordance with generally accepted accounting procedures for Washington mutual corporations.

Section 7.3 **Review; Statements to Owners.** If 75% of the Owners waive an audit at the time Declarant transfers the Units to the Owners and all of the Owners are members of Declarant, no audited financial statement will be required. Thereafter, the Board shall prepare or have prepared an annual financial statement, including the income and disbursements of the Association, to be furnished to each Owner. The Board shall comply with all reporting requirements of lenders. The Owners may require the Board to order an audit at any time by filing a petition with the secretary signed by Owners representing 50% of the Owners.

**Section 7.4 Inspection of Books.** All corporate books, records and financial reports, except records of executive sessions of the Board, shall be available at the principal office of the Association for inspection at reasonable times by any Owner or Owner's designated representative. An Owner does not have the right to inspect the individual records of another Owner. Only officers, directors and persons designated by the Board shall have access to individual membership records other than their own or records of executive sessions.

**Section 7.5 Annual Budget.** The board shall be responsible for the preparation of a proposed annual budget for submittal to the Owners prior to the annual meeting in October for the purpose of determining the annual cash requirements. The budget must be approved by all the Owners.

**Section 7.6 Payment of Assessments.** At the annual meeting, the Owners shall pay or cause to be paid to the treasurer or designated agent of the Association the Assessment against their Units for the coming year. An Assessment not paid by the last day of the calendar month following the annual meeting shall be delinquent and subject to late charges, interest charges and collection procedures as provided in the Declaration.

**Section 7.7 Separate Accounts.** Separate bank accounts shall be maintained for operating funds and reserve funds, and monthly bank statements for all accounts, working and reserve, shall be sent directly to the Treasurer.

**Section 7.8 Fidelity Bonds.** The Board shall require all officers, employees, and agents handling or responsible for Association funds to furnish adequate fidelity bonds whenever Association funds total more than \$10,000.00 or whenever a lender requires such bonds. The premiums on the bonds shall be paid by the Association.

**Section 7.9 Checks.** All checks shall be signed on behalf of the Association in such manner as is determined from time to time by resolution of the Board. A management agent to whom the Board has delegated financial responsibility may sign checks on behalf of the Association without a second signer, except on reserve accounts which must have the signatures of two officers or directors as determined by resolution of the Board.

## **VIII. INSURANCE**

The Board shall provide for and maintain adequate comprehensive general liability insurance on Association Property, in the amounts and with the terms and provisions as the Board decides and as required by the Declaration or any institutional lender.

## **IX. AMENDMENTS**

The Declaration, Survey Map and Plans, Articles and bylaws may be amended only by vote or agreement of all the Owners, as specified and pursuant to the process provided in Article 27 of the Declaration.

## **X. CONFLICTING PROVISIONS**

The bylaws are intended to comply with and supplement the requirements of the Declaration and the Act. If any of the bylaws conflict with the provisions of the Declaration or the Act, the provisions of the Declaration and the Act shall control.