

FIRST AMENDED AND RESTATED BYLAWS
OF
SOUTH CLIFF PLAZA CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Name and Location. The name of this association (“Association”) is South Cliff Plaza Condominium Association. The principal office of the Association is in Spokane County, Washington.

Section 2. Application to Condominium. The provisions of these First Amended and Restated Bylaws (“Bylaws”) are applicable to the condominium units known as the South Cliff Plaza Condominium located in Spokane County, Washington. These Bylaws supersede and replace all previous Bylaws for the Association. All present and future Owners, and their tenants, guests, and invitees, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in the First Amended and Restated Declaration of Covenants, Conditions and Restrictions of South Cliff Plaza Condominium for the Property recorded in Spokane County (the “Declaration”), in these Bylaws, and in the remaining Project Documents. The mere acquisition or rental of any Unit, or the mere act of occupancy of any Unit will signify that these Bylaws and all Project Documents are accepted, ratified, and will be observed.

Section 3. Declaration and Meaning of Terms. The Declaration and the provisions relating to the governance of the Association in the Declaration are hereby incorporated by this reference. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE II

MEMBERSHIP; MEETINGS AND VOTING RIGHTS

Section 1. Classes of Members. The Association shall have one class of voting membership established according to the Articles. Voting power is as provided herein, in the Declaration, and in the Articles, and is non-cumulative.

Section 2. Voting Requirements. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken requires the vote or written assent of a quorum of the membership. Except on matters specifically provided for in the Declaration, the Articles, or these Bylaws, the vote of a majority of a quorum present at any meeting, in person or by proxy, constitutes the vote of the Owners. A quorum herein means a vote of fifty-one percent (51%) of the Owners.

Section 3. Notice of Meetings. At the direction of the President, the Secretary, or the officers or other persons calling a meeting, written notice of regular and special meetings shall be given to all Owners in the manner specified in Section 3 of ARTICLE IX of these Bylaws within the timeframe set forth in the Declaration.

Section 4. Adjournment. In the absence of a quorum at an Owner's meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum will be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date.

Section 5. Action Without Meeting. Any action which may be taken at a meeting of the Owners may be taken without a meeting if a consent, in writing, setting forth the action so taken, is approved by fifty-one percent (51%). Any such consent may be signed in counterparts and delivered via facsimile or other electronic media. Action taken under this Section is effective when the necessary Owners have signed the consent, unless the consent specifies a different effective date.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Term of Directors. All Directors shall serve two-year terms.

Section 2. Election of Directors. There shall be at least five (5) who shall be elected as follows:

a. *Nomination.* Nominations for election to the Board of Directors may be made no sooner than seven (7) days before a meeting or from the floor of a meeting of the Association.

b. *Election of Directors.* Elections of Board members will be by a single secret written ballot, with each Owner(s) being entitled to vote only their entire Voting Interest for each open position (non-cumulative), and the candidate(s) receiving the most votes being elected. Where more than one Director is to be elected, the candidate receiving the most votes shall win the election.

Section 3. Removal. A quorum may remove any Director, with or without cause.

Section 4. Regular Meetings. Regular meetings of the Board shall be conducted at least six (6) times throughout the year at a time and place within the Property, as may be fixed by the Board. Written notice of the time and place of regular meetings shall be given to each Director personally or by mail or telegraph, at least five (5) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Property. The notice may be sent to a Director by electronic transmission only if the Director has consented to receive electronic notices pursuant to RCW 24.03.009, or such successor statute as may be applicable. One of the regular meetings shall be the annual meeting, which shall be held within ten (10) days following the annual meeting of Owners.

Section 5. Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President. Notice shall be provided to all Directors and posted within the Property in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

Section 6. Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board will be a waiver of notice

by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

Section 7. Action by Consent of Directors. Any action which may be taken at a meeting of the Board may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all of the Directors. Any such consent may be signed in counterparts and delivered via facsimile or other electronic media. Action taken under this Section is effective when the necessary Directors have signed the consent, unless the consent specifies a different effective date.

Section 8. Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 9. Board Meetings Open to Owners. Regular and special meetings of the Board shall be open to all Owners of the Association; provided, however, that Members of the Association who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board has the powers and duties necessary for the administration of the affairs of the Association. In the performance of their duties, Directors are required to exercise ordinary and reasonable care. Without limitation on the generality of the Board's powers and duties, the Board is vested with and responsible for powers and duties set forth in the Declaration and the following powers and duties:

Section 1. To select, appoint, supervise, and remove all officers, agents, and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Project Documents, and to require from them security for faithful service when deemed advisable by the Board;

Section 2. To enforce the applicable provisions of the Project Documents, and other instruments relating to the ownership, management and control of the Property;

Section 3. To adopt and publish Rules and Regulations governing the use of any Common Elements, and the personal conduct of the Owners and their tenants, guests, and invitees thereon, and to establish procedures and penalties for the infraction thereof, subject to approval of the Owners;

Section 4. To pay all taxes and assessments which are, or could become, a lien on any Common Elements or a portion thereof;

Section 5. To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

Section 6. To cause the Common Elements (including Limited Common Elements, except to the extent otherwise required by the Declaration) to be maintained and to contract for goods or services for

any Common Elements or for the Association;

Section 7. To delegate its powers to committees, officers or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by the Project Documents;

Section 8. To keep complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;

Section 9. To initiate and execute disciplinary proceedings against Owners of the Association for violations of the provisions of the Project Documents, in accordance with procedures set forth in the Rules and Regulations:

Section 10. To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt, subject to the approval requirements of the Project Documents and any applicable law;

Section 11. To fix and collect Regular, Extraordinary, and Special Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to record a Notice of Assessment Lien and/or foreclose the lien against any Unit for which an Assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such Assessment;

Section 12. To prepare and file annual tax returns with the federal and state governments and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on homeowners associations; and

Section 13. Conduct background checks on any potential new Owner of any Unit, at the expense of the current or potential new Owner, and prevent the sale of any Unit.

ARTICLE V

OFFICERS

Section 1. Enumeration and Term. The officers of this Association shall be a President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he or she sooner resigns, or is removed, or otherwise is disqualified to serve.

Section 2. Election of Officers. The election of officers will take place at the April meeting of the Board of Directors. A majority vote of the Board of Directors is needed to elect an officer.

Section 3. Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by giving written notice

to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 5. Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 6. Duties. In the performance of their duties, officers are required to exercise ordinary and reasonable care. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all agreements and other written instruments, and shall sign checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company).

b. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Owners, serve notice of meetings of the Board and of the Owners, keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

c. Treasurer. The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors pursuant to approval of vouchers, when appropriate; sign checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements and tax returns as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to co-sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.

Section 7. Execution of Instruments. The President or Secretary have the power to execute and deliver on behalf of and in the name of the Association any instrument requiring the signature of an officer of the Association, except where the execution and delivery thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. Unless authorized to do so by these Bylaws or by the Board of Directors, no officer, agent, or employee has any power or authority to bind the Association in any way, to pledge its credit, or to render it liable for any purpose or in any amount.

ARTICLE VI

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

Section 1. Budgets and Financial Statements. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association.

Section 2. Fiscal Year. The fiscal year of the Association will be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year is the calendar year.

Section 3. Inspection of Association's Books and Records. The membership register, books of

account, vouchers authorizing payments, minutes of meetings of the Owners, of the Board, and of committees of the Board of the Association, and copies of the current Declaration, Articles, Bylaws and Rules and Regulations for the Property shall be made available for inspection and copying by any Member of the Association, by any Mortgagee, or by a duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Property as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least forty-eight (48) hours' written notice to the Board by the Member desiring to make the inspection. Any Member or other person desiring copies of any document shall pay the reasonable cost of reproduction. Every Director has the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 4. Statement of Account. Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Owner shall be furnished a statement of the Owner's account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner.

ARTICLE VII

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by resolution approved by all of the Board of Directors, subject to repeal or change by action of a forty percent (40%) vote of the total voting power of the Owners, provided any such amendment may not be inconsistent with the Articles, the Declaration, or the law.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 1. Definitions. As used in this Article, terms shall have the definitions set forth in the Declaration. Additionally, the following definitions shall apply:

- a. "Another Enterprise" means a corporation (other than the Association), partnership, joint venture, trust, association, committee, employee benefit plan, or other group or entity.
- b. "Director" means each person who is or was a director of the Association or an individual who, while a director of the Association, is or was serving, at the request of the Association, as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
- c. "Expenses" include, without limitation, attorneys' fees.
- d. "Indemnitee" means each person who was, is, or is threatened to be made a party to or is involved (including without limitation as a witness) in any Proceeding because the person is or was a director, officer, employee, or agent of the Association and who possesses indemnification rights pursuant to the Articles, these Bylaws or other corporate action. The term shall also include, for officers, employees, or agents, service at the Association's request as a

director, officer, partner, trustee, employee, or agent of another enterprise.

e. "Loss" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a Proceeding.

f. "Party" includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.

g. "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative.

Section 2. Right to Indemnification. The Association shall indemnify and hold each director and officer harmless against any and all Loss except for Losses arising out of:

a. The Indemnitee's acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law;

b. Any transaction in which it is finally adjudged that the Indemnitee personally received a benefit in money, property, or services to which the Indemnitee was not legally entitled.

The Association shall not indemnify an Indemnitee in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless such Proceeding (or part thereof) was authorized by the Board of Directors of the Association.

Section 3. Contribution. If the indemnification provided in Section 2 of this Article is not available to be paid to Indemnitee for any reason other than those set forth in subparagraphs a and b of Section 2 of this Article (for example, because indemnification is held to be against public policy even though otherwise permitted under Section 2) then in respect of any Proceeding in which the Association is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Association shall contribute to the amount of loss paid or payable by Indemnitee in such proportion as is appropriate to reflect:

a. The relative benefits received by the Association on the one hand and the Indemnitee on the other hand from the transaction from which such Proceeding arose; and

b. The relative fault of the Association on the one hand and the Indemnitee on the other hand in connection with the events which resulted in such loss, as well as any other relevant equitable consideration.

The relative fault of the Association on the one hand and the Indemnitee on the other shall be determined by a court of competent jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the circumstances resulting in such loss. Association agrees that it would not be just and equitable if contribution pursuant to this Section 3 was determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

Section 4. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of commencement of any Proceeding, Indemnitee must, if a claim in respect thereof is to be made

against the Association under this Article, notify the Association of the commencement thereof; with respect to any such Proceeding as to which Indemnatee has notified the Association of the commencement thereof:

a. The Association will be entitled to participate therein at its own expense;

b. Except as otherwise provided below, to the extent that it may wish, the Association, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnatee. After notice from the Association to Indemnatee of its election to assume the defense thereof, the Association will not be liable to Indemnatee under this Article for any legal or other expenses subsequently incurred by Indemnatee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnatee has the right to employ its counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of Indemnatee unless:

(1) The employment of counsel by Indemnatee has been authorized by the Association;

(2) Indemnatee has reasonably concluded that there may be a conflict of interest between the Association and Indemnatee in the conduct of the defense of such Proceeding; or

(3) The Association has not in fact have employed counsel to assume the defense of such Proceeding, in any of which cases the fees and expenses of counsel shall be at the expense of the Association.

The Association is not entitled to assume the defense of any Proceeding brought by or on behalf of the Association or as to which Indemnatee has made the conclusion provided in (2) of this subparagraph; and

c. The Association is not indemnifying Indemnatee under this Article for any amounts paid in settlement of any Proceeding affected without its written consent. The Association may not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnatee without Indemnatee's written consent. Neither the Association nor Indemnatee will unreasonably withhold its consent to a proposed settlement.

Section 5. Right of Indemnatee to Bring Suit. If a claim under this Article is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the Indemnatee may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the Indemnatee is entitled to be also paid the expense of prosecuting such claim.

Neither the failure of the Association (including its Board of Directors, its members, or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification of or reimbursement or advancement of expenses to the Indemnatee is proper in the circumstances, nor an actual determination by the Association (including its Board of Directors, its members, or independent legal counsel) that the Indemnatee is not entitled to indemnification or to the

reimbursement or advancement of expenses, is a defense to the Proceeding or create a presumption that the Indemnitee is not so entitled.

Section 6. Indemnification of Employees and Agents of the Association. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of an action to employees and agents of the Association, with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Association.

Section 7. Contract Right. Rights of indemnification under this Article continue as to Indemnitee who has ceased to be a director or officer, as long as such Indemnitee is subject to any possible action, by reason of the fact that the Indemnitee was a director or officer of the Association or serving in any other capacity referred to herein, and inures to the benefit of his or her heirs, executors, and administrators.

The right to indemnification conferred in this Article is a contract right upon which each director or officer is presumed to have relied in determining to serve or to continue to serve as such. Any amendment to or repeal of this Article does not adversely affect any right or protection of a director or officer of the Association for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

Section 8. Severability. If any provision of this Article or any application thereof is invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, unenforceable, or contrary to applicable law, are not be affected thereby and will continue in full force and effect.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 1. Compensation of Officers and Directors. No Director or officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement for actual sums spent on behalf of the Association, to the extent authorized by the Board.

Section 2. Committees. The Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose; provided, however, that the power and authority of any such committee is limited according to Washington law.

Section 3. Notices. Any notice permitted or required to be given by the Project Documents shall be delivered either personally or by first class mail or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been given forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Unit of such person if no address has been given to the Secretary.

ADOPTION OF BYLAWS

We, the undersigned, being all of the Directors of South Cliff Plaza Condominium Association, do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

EXECUTED by the undersigned on March 21, 2019.

Mark Mauldin , President

Brian Behler , Treasurer

I, the undersigned, the duly elected and acting Secretary of South Cliff Plaza Condominium Association, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association March 21, 2019, and that the same do constitute the Bylaws of said Association

EXECUTED by the undersigned on March 21, 2019.

Amelia Dyrek , Secretary