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*Restated*

# By-Laws

June 23, 2018



Return to: Desert Aire Owners Association  
504 Clubhouse Dr SW  
Desert Aire, WA 99349

Document Title: Restated By-Laws

Grantor: Desert Aire Owners Association

Grantee: The Public

Legal Description: All Lots in all Divisions of the Desert Aire development.

**Restated By-Laws of the Desert Aire Owners Association**

**RESTATED BYLAWS OF DESERT AIRE OWNERS ASSOCIATION**

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## **Restated By-Laws of the Desert Aire Owners Association**

These restated bylaws were adopted by the members of the Desert Aire Owners Association pursuant to Article 15 of the Association's bylaws, at its Annual Meeting held on June 24, 2017.

### **Article 1 Definitions**

The definitions contained in the Declaration shall apply to any terms, which are used in these bylaws but are not defined herein.

### **Article 2 Applicability**

These bylaws shall be applicable to and govern the Association, the Board of Directors, and officers thereof, and the lot owners in respect to all Association related business and conduct, and the management thereof.

### **Article 3 Voting**

#### **3.01 Vote Per Lot**

Each lot owner shall have one vote for all Association business regardless of the number of lots owned by each owner. If a lot is owned by a marital community, a vote may be cast by either spouse, and if a lot is owned by two or more persons, a vote may be cast by any individual owner but not by each owner.

#### **3.02 Desert Aire Shopping Center**

Non Desert Aire Owners Association utility members shall be entitled to one vote each at Association meetings concerning the Combined Utility Capital Fund only.

#### **3.03 Ballot Casting**

All voting shall be member in attendance or by member voting by mail.

### **Article 4 Meetings of Lot Owners**

#### **4.01 Annual Meetings**

An annual meeting of the lot owners shall be held on the fourth (4th) Saturday in June of each year at a time and place, as is determined by the Board of Directors.

#### **4.02 Special Meetings**

Special meetings of the lot owners may be called at any time by the president, a majority of the Board of Directors, or ten percent (10%) of the lot owners.

#### **4.03 Notices of Meetings**

Notices of annual meetings and special meetings shall be in writing and shall state the time and place thereof and be given to each lot owner not less than fourteen (14) days nor more than sixty (60) days in advance of each meeting. The notice of annual meeting shall specify that it is an annual meeting at which there shall be an election of directors and approval of the annual budget as well as the nature of any other matters that may come before the meeting. A notice of special meeting shall specify the nature of the business to be considered at such meeting, and no other business shall be considered at such meeting.

#### **4.04 Quorum**

A quorum for the conduct of any business at an annual or special meeting shall consist of ten percent (10%) of the lot owners present in person or by mail-in ballot.



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### Article 5 Conduct of Meeting

All meetings shall be conducted in accordance with the *21st Century Robert's Rules of Order* (ISDN #O, 440-21722-9).

### Article 6 Directors

#### 6.01 Number of Directors

The management of the Association shall be vested in the Board of Directors which shall consist of not less than five (5) or more than nine (9) persons.

#### 6.02 Election of Directors

Directors shall be elected at the annual meeting of the lot owners. Each lot owner shall be entitled to cast one vote for each director's position that is to be voted upon at the annual meeting. Candidates for office of director may file declarations of candidacy not earlier than the 15<sup>th</sup> of February nor later than the 1<sup>st</sup> day of May, or next business day thereafter if such day be on Saturday, Sunday or holiday. Each candidate filed by May 1<sup>st</sup> shall be allowed to submit a personal resume of 150 words or less to be distributed to the membership with the election ballots. All candidates who file by May 1<sup>st</sup> will be listed on the ballot in the order in which their candidacy declarations are received. (6/23/01)

#### 6.03 Terms of Directors

Except as otherwise provided in Article 6.06 below, Directors shall be elected for terms of three (3) years and may not serve more than two (2) consecutive terms. The directors' terms shall be staggered such that one-third (1/3rd) of the directors are elected or re-elected at each annual meeting.

#### 6.04 Qualification of Directors

- a) Each director shall at all times, during his/her term of office be a lot owner. If a director ceases to be a lot owner, he/she shall be deemed to have resigned as a director.
- b) An employee may be a candidate for a Director position but must resign as an employee prior to filling the position. (06/24/17)

#### 6.05 Removal or Discipline of Directors

- a) The members may remove a member of the Board of Directors with or without cause by a majority vote of those present in person or by mail-in ballot at any duly called meeting for which a notice of intent to remove such director has been given. A replacement director shall be appointed by the Board of Directors pursuant to Section 6.06 below.
- c) The Board of Directors is authorized to establish a Code of Conduct which all members of the Board of directors shall comply with and follow. The Code of Conduct may cover topics such as Conflict of Interest, Improper Influence, handling of Confidential Information and Use of Public Resources and other topics as deemed appropriate by the Board of Directors. The Code of Conduct shall be signed by each Director every year immediately following the annual meeting of the members of the Association.
- d) The Board of Directors may determine whether a Director has violated the Code of Conduct. Upon determining that the Code of Conduct has been violated, the Board of Directors, may, in its sole discretion, admonish, rebuke, censure, remove or otherwise sanction or discipline the Director who has violated the Code of Conduct.



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### 6.06 Resignation, Removal, Death and Replacement of Director

Upon the resignation, removal, incapacity, or death of a director, the remaining directors may appoint a replacement director to serve the remainder of the former director's term. However, in the event the number of directors falls below five (5), the remaining directors shall appoint a replacement director to serve the remainder of the former director's term. Such replacement director shall be eligible to thereafter be elected for up to two (2) terms under Article 6.03. (06/24/17)

In the event that an elected director's first term ends and no successor is elected by the lot owners to fill the position, the existing director shall be deemed to be re-elected by the owners to serve a second term in the same director position, if the existing director so wishes to serve the term. If the existing director does not wish to serve a second term then the remaining directors shall make a good faith effort to appoint a qualified replacement director to the position. The term of the appointed director shall not be counted as one of the two (2) terms under Article 6.03 above.

### 6.07 Meetings of Board of Directors

The Board of Directors shall hold an annual meeting within one (1) week following the annual meeting of the lot owners for the purpose of electing officers for the ensuing year. In addition, the Board of Directors shall hold regular meetings at such time and place as is determined by the directors. Special meetings of the Board of Directors may be called by the president or by a majority of the board upon three (3) days' written notice. A board member may waive such notice in writing.

### 6.08 Open Meetings

Except as hereinafter stated, all meetings of the Board of Directors shall be open for observation by all lot owners and their authorized agents. The board shall keep minutes of all actions taken by it, and copies of these minutes shall be provided without cost to any lot owner who requests them. The board may meet in executive session, subject to the following requirements:

- a) Upon an affirmative majority vote of the Board of Directors in open meeting to meet in executive or closed session, the board may convene in closed session. The board may convene in executive session to consider personnel matters; consult with legal counsel or consider communication from legal counsel; and to discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of a member to the Association.
- b) The motion for an executive session shall state the purpose of the closed session which shall appear in the minutes of the board Meeting.
- c) No motion or other action adopted, passed or agreed upon in executive session may become effective unless the board, following such session, reconvenes in open session and votes on such motion or other action. The requirements of this section will not require the disclosure of information which would be in violation of the law or which is otherwise privileged or exempt from disclosure.

### 6.09 Quorum

The presence of four (4) directors in person shall constitute a quorum for the purpose of conducting any business at a meeting of the Board of Directors. (6/25/2011)



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6.10 Delegation of Authority:  
The Board of Directors may not delegate its authority to any other person or entity.

6.11 Forfeiture of Office  
In the event that a Director is absent from three (3) consecutive regular meetings of the Board of Directors and none of said absences are excused by the Board of Directors, the office of the absent Director shall be forfeited and shall be deemed vacant immediately upon the conclusion of the 3<sup>rd</sup> consecutive regular meeting of the Board of Directors which the Director fails to attend and is not excused from attending. In that event, the absent Director shall no longer be considered or have any authority to act as a Director. The Board of Directors may appoint a replacement Director for the remaining term of the Director whose office was forfeited. (6/26/04)

### Article 7 Officers

7.01 Officers  
The officers of the Association shall be a president, vice-president, secretary, and treasurer. Each officer shall be a lot owner.

7.02 President  
The president shall preside at all meetings of the lot owners and of the Board of Directors and may exercise the powers ordinarily allocable to the presiding officer of a nonprofit corporation.

7.03 Vice-President  
The vice-president shall perform the functions of the president, in the absence, inability, or at the request of the president.

7.04 Secretary  
The secretary shall keep minutes of the meetings of the Association and Board of Directors and shall keep correspondence and other records as may be necessary and appropriate for the Association and the Board of Directors. All correspondence pertaining to the Association business shall be signed by an officer of the Board of Directors.

7.05 Treasurer  
The treasurer shall maintain a bank account for funds and shall deposit therein all assessments and other funds received for the Association, keep accurate records thereof, and disburse the same only for Association purposes as approved by the Board of Directors.

7.06 Authority to Certify Amendments  
The president and secretary are authorized to prepare, execute, certify, and file amendments to the Articles of Incorporation on behalf of the Association. Such amendments must first be approved by the lot owners as provided in the Articles of Incorporation and these bylaws.

7.07 Election of Officers  
The officers of the association shall be elected annually by the Board of Directors. The Board of Directors may also remove and replace an officer. Such removal shall not effect his/her position as a member of the Board of Directors.

7.08 Fidelity Bond Coverage  
The Board of Directors may require that one or more officers have fidelity bond coverage in favor of the Association. The cost of such coverage shall be borne by the Association as a part of its annual budget.



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## Article 8 Committees

### 8.01 Committee Makeup

In addition to the standing committees designated below, the Board of Directors may appoint such other committees as are deemed appropriate to carry out its purposes, and shall appoint such committees as are necessary to fulfill the requirements of the declaration. All committees shall consist of at least three (3) members, two (2) of whom must be directors and each of whom must be a lot owner. The standing committees shall be as follows:

- (a) Architectural Committee
- (b) Golf Committee
- (c) Combined Utility Capital Fund Investment Committee
- (d) Utilities/Water Committee
- (e) Parks & Greenbelt Committee (6/27/15)
- (f) Communications Committee (6/26/10)

### 8.02 Term of Office

Each member of a committee shall continue as such until his/her successor is appointed or until he/she ceases to qualify as a member thereof.

### 8.03 Chairperson

One member of each committee may be appointed chairperson by the Board of Directors.

### 8.04 Vacancies

Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of original appointments.

### 8.05 Quorum

A majority of committee members shall constitute a quorum for the conduct of committee business.

### 8.06 Rules

Each committee may adopt rules for its own governance, which shall be consistent with these bylaws and with any applicable rules adopted by the Board of Directors.

## Article 9 Association Business

### 9.01 Budget

The Board of Directors shall annually prepare a proposed budget, which shall include the projected annual cost of the common expenses for the maintenance, repair, and replacement of the common areas and for the services, which the Association is to provide under the Declaration. The proposed annual budget shall additionally include all projected miscellaneous or special expenses associated with the operation and business of the Association for the ensuing year, all expenses required by these bylaws to be paid by the Association or which are designated common expenses, and a reserve fund in such amount as is required by the Declaration.

### 9.02 Submission of Proposed Budget

The proposed annual budget shall be prepared and submitted to each lot owner with the notice of the annual meeting.





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### 9.03 Adoption of Annual Budget

At the annual meeting of lot owners, the proposed annual budget, as prepared by the Board of Directors, shall be submitted to the lot owners for approval or for modification and approval. In the event the proposed annual budget is not approved for any reason, the last approved annual budget shall continue in effect until such time as the lot owners approve a new annual budget.

### 9.04 Insurance

(a) The Association shall maintain liability insurance, in an amount to be determined by the Board of Directors; covering all occurrences commonly, insured against for death, bodily injury, and property damage arising out of or in connection with the conduct of Association related business and activities.

(b) Insurance policies carried pursuant to Subsection 9.04 above shall provide that:

- (1) Each lot owner is an insured person under the policy;
- (2) The insurer waives its right of subrogation under the policy against any lot owner, member of his/her household, and any tenant of an owner;
- (3) No act or omission by any lot owner, unless acting within the scope of the owner's authority in behalf of the Association, will void the policy or be a condition to recovery under the policy; and
- (4) If at the time of a loss under the policy there is other insurance in the name of a lot owner covering the same risk as is covered by the policy, the Association's policy will provide primary coverage.

(c) The Association shall maintain errors and omissions liability insurance insuring the members of the Board of Directors and officers against liability by reason of errors or omissions in the conduct of the Association's business.

(d) The Association shall have no responsibility to obtain hazard insurance for a lot owner's real or personal property or his/her personal liability.

(e) The annual cost of premiums for the insurance required by these bylaws shall be a common expense and shall be a part of the annual budget.

### 9.05 Association Records and Funds

The Association's records and funds shall be maintained and managed as provided in RCW 64.38.045, as amended. Specifically, the Association shall:

- (a) Keep financial records sufficiently detailed to enable it to comply with RCW 64.38.045, as amended;
- (b) Make all financial and other records reasonably available for examination by any lot owner and the owner's authorized agents;
- (c) At least annually, prepare or cause to be prepared, a financial statement of the Association in accordance with generally acceptable accounting principles;
- (d) Cause the financial statement to be audited at least annually by an independent certified public accountant, which audit is to be completed within 120 days following the end of



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each fiscal year, unless the lot owners, by a sixty-seven percent (67%) vote, elect to waive the audit;

- (e) Maintain the funds of the Association such that they are not commingled with the other funds; and
- (f) Maintain all reserve funds in a segregated account.

### 9.06 Inspection of Records

All records of the Association, including the names and addresses of lot owners, shall at all times be subject to inspection and copying by any lot owner during normal office business hours. The Association may impose and collect a reasonable charge for copies and any costs incurred by the Association in providing access to its records.

### 9.07 Architectural Standards

The Association has adopted the Declaration and the Architectural Regulations in order to ensure the development of Desert Aire as an attractive community with a high quality of life. The Board of Directors is empowered to implement and enforce the Declaration and Architectural Regulations as the same now are or may hereafter be amended.

### 9.08 Employees, Agents, and Independent Contractors

The Board of Directors may hire, discharge, discipline, and/or contract with employees, managing and other agents, and independent contractors, and may determine and set the terms and conditions of employment and/or the contract as the Board, in its sole discretion, shall deem in the best interests of the Association. (6/28/03)

All contracts shall be reviewed and/or written by an attorney. The employee contracts shall not exceed three (3) years and the wages and salaries shall be in accordance with like position in the industry nationwide. (06/24/17)

### 9.09 Submission of Employee Classification and Position

All job classifications and positions of employees of Desert Aire shall be listed by job category and included as part of the annual report sent out to all the members of Desert Aire in preparation for the Annual Membership Meeting held in June of each year.

This list shall include each job category separated by management/non-management (Pro Shop Staff, Office Staff, Groundskeeping Staff, Pool Staff), number of people working in each category, compensation range including lowest pay to highest pay within each job category, total compensation received for each category, total bonuses received for each category in the previous twelve (12) month period.

## Article 10 Assessments and Dues

### 10.01 Basis of Assessments/Dues

The annual budget of the Association, as approved at the annual meeting or special meeting called for such purpose, shall be the basis of annual assessments/dues against the lots. In addition, the Association may levy capital improvement assessments, special assessments, and emergency assessments as set forth in the declaration.

- a) Capital Equipment improvement expenditures in excess of \$59,000, excluding Emergency Assessment requirements must be approved by the membership via a separate ballot issue.



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- b) Special Assessments must be approved by the membership via a separate ballot issue.
- 10.02 Increased Assessments  
If required for the proper operation of the Association, the Board of Directors may within the current budget year, increase the annual assessment against all lots.
- 10.03 Enforcement  
All assessments/dues levied by the Association shall be collectible and enforceable as provided in the Declaration. (6/23/01)

### **Article 11 Additional Powers and Authority of Association**

In addition to all other inherent, implied, and express powers and authority of the Association granted, conferred, or recognized by any governing document of the Association and/or by applicable state law, the Association shall have the following powers and authority:

To levy, impose, assess, and collect daily monetary fines up to \$50 per day for each violation according to a daily monetary fine schedule approved by the Board of Directors, as well as interest thereon, against lot owners for violation of the Declaration and Architectural Regulations after the lot owners are furnished with notice and opportunity to be heard by the Board of Directors and a copy of the current daily monetary fine schedule approved by the Board of Directors. Each day in which a violation exists or has existed shall be deemed a separate violation for which a daily monetary penalty may be levied, imposed, assessed, and collected.

- a) To file written liens for and securing the payment of the unpaid monetary fines and interest thereon against the lots of owners who have failed to pay levied, imposed, and assessed daily monetary fines to the Association within 30 days of the date upon which said fines have been levied, imposed and assessed. Said written liens shall be filed for recording with the Grant County Auditor's Office.
- b) To give Desert Aire Board of Directors the authority to regulate mail service locations within Desert Aire and allow mail service and delivery only at Centralized Mail Boxes approved by the Board with no cost to the membership. (2/28/14)

### **Article 12 Obligations of Lot Owners**

A lot owner is responsible for all maintenance and repair of all improvements upon his/her lot, and the Association shall have no responsibility therefore, except as otherwise provided in the Declaration. All lot owners, including their occupant families, guests, and tenants, shall have the obligation to comply with these bylaws, the Declaration, and the Architectural Regulations.

### **Article 13 Indemnification**

The Association shall indemnify any officer, director, member or employee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that he/she is or was an officer, director, member or employee of the Association. Such indemnification shall extend to all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful. The Association may purchase and maintain insurance on behalf of any person who is or was an officer, director, employee or member of the Association



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insuring against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his/her status as such. Any dispute regarding the extent of the Association's indemnification obligation hereunder shall be resolved pursuant to RCW 23B.08.500 through 23B.08.580.

### Article 14 Notices

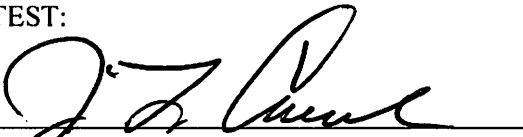
All notices given pursuant to these bylaws shall be in writing, unless otherwise provided herein, and shall be delivered or mailed. If mailed, the notice shall be sent by U.S. first class mail, with postage prepaid, to the recipient's address of record with the Association or last known address, as the case may be.

### Article 15 Amendment

These bylaws may be amended by a majority vote of the lot owners at an annual or special meeting, notice of which includes notification of the proposed amendment. The president and secretary are authorized to prepare, execute, certify, and record amendments to these bylaws.

ADOPTED this 24<sup>th</sup> day of June, 2000  
AMMENDED this 23<sup>rd</sup> day of June, 2001  
AMMENDED this 28<sup>th</sup> day of June, 2003  
AMMENDED this 26<sup>th</sup> day of June, 2004  
AMMENDED this 27<sup>th</sup> day of June, 2009  
AMMENDED this 26<sup>th</sup> day of June, 2010  
AMMENDED this 25<sup>th</sup> day of June, 2011  
AMMENDED this 23<sup>rd</sup> day of June, 2012  
AMMENDED this 28<sup>th</sup> day of February, 2014  
AMMENDED this 27<sup>th</sup> day of June, 2015  
AMMENDED this 25<sup>th</sup> day of June, 2016  
AMMENDED this 24<sup>th</sup> day of June, 2017  
AMENDED this 23<sup>rd</sup> day of June, 2018

ATTEST:



President; J. Larry Couch

ATTEST:



Secretary; Debra Pike

