

MINUTES OF BOARD OF TRUSTEES
SPECIAL BOARD MEETING
SURFSIDE HOMEOWNERS ASSOCIATION
December 13, 2008

Those Present: Warren Olson, Jim Flood, Gene Bowen, Larry Nelsen, Chris Hanson, Cathy Gabrielson, Walt Platt, Grant Murrell, Gary Williams.

Staff Present: Barbara Robinson, General Manager; Jim Meyers, Compliance Officer; Bob Haskins, Water/Field Supervisor; Ginger Byrd, Financial Administrator; Dinah McCreddie, Secretary to the Board; Larry Clark, Patrol Deputy Sheriff.

Olson called meeting to order at 9:02. There were no floor comments.

Adoption of Agenda and Approval of Minutes:

Minutes for November 15, 2008 Regular Board Meeting were approved and accepted. The Minutes for the November 22, 2008 Membership Meeting were accepted but not approved as the board business meeting and the membership meeting will be separated and presented at the next January Regular Board Meeting for approval. The minutes as stated above and the agenda were adopted unanimously.

Old Business

Adopt amendments to the Operations Manual – Control of Association Funds:
Policy for purchase orders, construction contracts and contracts/services:

Changes to this policy were discussed and presented by Robinson. Corrections were made according to the changes shown by a search of the minutes, since the last revision in August 2006.

MURRELL MOVED TO ADOPT THE AMENDMENTS TO THE PURCHASE ORDER, CONTRACT AND OPEN ACCOUNT POICIES IN THE OPERATIONS MANUAL AS SUBMITTED. SECONDED BY FLOOD.

Provision to have the board proceed in the absence of the President's signature was discussed. If the president is not available by fax, then signing falls to the next executive board member, who is available. Obtaining a signature stamp of the President's signature was also discussed.

MURRELL MOVED TO AMEND THE POLICY, TO STRIKE "DESIGNEE" TO ANY REFERENCE TO APPROVING AND SIGNING CONTRACTS SHOULD BE REPLACED BY SIGNING BOARD PRESIDENT OR HIS DESIGNEE IN MULTIPLE SECTIONS THROUGHOUT. HANSON SECONDED. MAIN MOTION AS AMENDED WAS UNANIMOUSLY CARRIED. THE AMMENDED POLICY READS: SEE APPENDIX A.

Revision to Fine Policy pertaining to fines for violations of the RV Regulations:

RV Fine Policy was summarized as added to the Fine Policy. The Fine Policy was rewritten in format only but not in substance.

GABRIELSON MOVED TO ADOPT THE FINE POLICY IN THE OPERATIONS MANUAL PERTAINING TO RV REGULATIONS AS PRESENTED. PLATT SECONDED.

It was determined to further amend the policy (4.3 of #4. "Fines Pertaining to RV - Section 2.9 of the Covenants) by changing this portion to state after the word "Board", Surfside Compliance Officer or Surfside General Manager, regarding who can determine when extenuating circumstances exist.

BOWEN MOVED TO ADOPT THE AMENDMENTS OF THE FINE POLICY IN THE OPERATIONS MANUAL PERTAINING TO RV REGULATIONS. NELSEN SECONDED. UNANIMOUSLY CARRIED.

Additionally, discussion of Section 2.4 revealed excessive fine accumulation. Meyers will again have Sam review the policy, to draft language for setting a maximum fine limit of \$500. Also, clarification is needed regarding what constitutes a same violation versus separate violations.

THE MAIN MOTION WAS VOTED UPON AND CARRIED 7-1. SEE APPENDIX B. FLOOD VOTED NO ON ADOPTING ENTIRE POLICY. MOTION CARRIED.

New Business:

Board Policy-Review proposed Board Policy regarding work in the road right-of-way and on Surfside owned property.

Surfside is attempting to match Pacific Counties regulations for addressing obstructions in the right away to construction, per Sam Jacob's instructions. The county's "Road Standards" reflect written policy that it is the responsibility of the property owner to replace obstructions existing in the right-of-way, other than all forms of driveways, which the county does replace in the right-of-way. Additionally, Surfside must obtain a County permit whenever working in the right-of-way. In the event of emergency work, permits are still required and are obtained after the fact. Property owners should generally be notified ahead of time, in the absence of an emergency repair, to remove objects in the right-of-way, also stating that if obstructions are not removed, the county will remove them at the time of the work. Specifically, Pacific County does not replace mail boxes according to their written guidelines. Discussion occurred regarding whether or not Surfside will replace mailboxes and it was determined that mailboxes, along with driveways will be replaced by Surfside. The next first class mailing should include the new policy regarding right-of-way obstructions. Also, this notice should be put in the weekender and handed out when people get their compactor stickers. Additionally, the

Architectural Committee could advise new members who are adding a driveway to recommend that breaks in the driveway over the right-of-way be included in their building plans.

Communications:

Letter from Pacific County with regard to damage to the outfall was discussed. Haskin and Robinson met with Tom Grant and Mike Collins the Operations Manager of Pacific County, who is directly under the counties Public Works Director. The outcome of this meeting determined that Surfside can work on the canal side of the outfall but that we will no longer do any maintenance work on the beach side of the outfall, and this is the responsibility of Pacific County. It must be further clarified as to whether or not Pacific County will assume responsibility for flooding in Surfside, should the outfall malfunction on the beach side cause the flooding. Some research of the I Lane agreement will occur to see what Surfside and Pacific County have already agreed to, concerning flooding, etc. Specifically we will be looking to see if negotiations for the I Lane agreement state that Surfside has the right to shut down the outfall.

Meetings and Contacts:

Flood, Robinson and Haskins met with Hill and Sons and Western Woods. They have agreed to replace the decking in early January. \$25,000 in payment will be held until the work is completed and the rest of the balance will be paid as soon as possible. Some negotiation occurred and money, including suspension of finance charges was saved as a result of this negotiation. The contractors explained to the board's satisfaction, the reason for the extension of completion with regard to the blocks and forms as well as making sure they are balanced in installation.

Robinson and Haskin met with Derek Zock with Evergreen Rural, an association that provides technical assistance on small water systems throughout the State. Suggestions were made with regard to Water/Field Department equipment. A summary of his advice will be obtained and presented to the board. Additionally he will be addressing the air in our water lines and making suggestions with regard to this problem as well.

Staff & Committee Reports:

Water Superintendent/Field Manager: Haskin will be permanently in his office immediately.

Architectural Committee: Real estate for sale shows a decline, however, this is a physical survey and doesn't show all actual properties sold. Actual sales should be added to this report.

Community Relations Committee:

The committee is currently researching various recreational activities which would be

using the community room on a Saturday afternoon, etc. for card, knitting groups, etc. Currently, there is a board policy which prevents this, and this will need to be revised and approved before this type of activity can occur. Policy regarding the use of the community room will also need to be created.

Treasurers Report: The question was asked as to whether or not we know why people haven't paid their dues in 2008. Byrd explained that most of the people who haven't paid also haven't contacted us and generally these people ignore our contacts as well. In the past all people have paid prior to foreclosure proceedings.

Bowen explained gain and loss of operations. It has been discovered in budget process that the collection of assessments in contingency funds was not collected from the members, which has caused a deficit in operational funds of \$20,802. Operational reserve money will be used to fund 2008 carry-over items, but the reserves will be fairly depleted. Unnecessary spending for the rest of the year should be curtailed. Carry over into 2009 operations will occur. There will be changes internally with regard to expenditures, including the use of overtime. Salary adjustments may be held off until March 1 and paid retroactively depending upon the payment of membership dues.

BOWEN MOVED TO APPROVE CHECK NUMBERS 16077 IN THE AMOUNT OF \$74.38 PAYABLE TO BUSY BEEZ, DEBIT TRANSACTION IN THE AMOUNT OF \$191.47 TO ORIENTAL TRADING COMPANY AND DEBIT TRANSACTION IN THE AMOUNT OF \$90.53 TO CANDY WAREHOUSE ALL FOR VOLUNTEER APPRECIATION DINNER TO COME FROM CONTINGENCY.

BOWEN MOVED TO APPROVE CHECK NUMBER 16139 IN THE AMOUNT OF \$8,624.00 PAYABLE TO OCEAN PARK ROOFING FOR WAREHOUSE ROOF TO COME FROM RESERVE FUND AND TRANSFER OF FUNDS.

BOWEN MOVED TO APPROVE CHECK NUMBERS 16095 IN THE AMOUNT OF \$474.32 PAYABLE TO OCEAN PARK ROOFING FOR WAREHOUSE ROOF TO COME FROM RESERVE FUND AND TRANSFER OF FUNDS.

MOTION TO CARRY OVER THE FOLLOWING INTO 2009 FOR EXPENDITURE;

- 1 \$1,500 FOR THE 2009 FISHING DERBY
- 2 \$20,000.00 FOR THE WATER DEPARTMENT GENERATOR BUILDING
- 3 \$3,000.000 FOR THE BUSINESS OFFICE TERMITE TREATMENT.

Olson asked that termite treatment not be included in the carry-over amount as it was not a planned, budgeted use of funds in 2008. No objection to the recommended amendment.

FLOOD SECONDED. MOTION CARRIED UNANIMOUSLY. BOWEN MADE A MOTION TO DEFER AWARDED SALARY ADJUSTMENTS FOR STAFF TO MARCH BOARD MEETING, PENDING COLLECTION OF OR PROJECTION OF COLLECTION OF INCOMING DUES, AND AT THAT TIME IF AWARDED WILL PAY

RETROACTIVELY. MURRELL SECONDED. CARRIED UNANIMOUSLY.

Emergency Preparedness Committee: The committee needs a co-chair, as Maryott isn't able to commit to full time chair. Thomas Palmer has volunteered and was nominated to co-chair.

WILLIAMS MOVED TO ACCEPT THE RECOMMENDATION OF BARBARA ROBINSON IN THE APPOINTMENT OF THOMAS PALMER AS CO-CHAIRPERSON TO THE EMERGENCY PREPAREDNESS COMMITTEE. MURRELL SECONDED. MOTION UNANIMOUSLY CARRIED.

Land and Buildings Committee: The first meeting of this committee is scheduled for Jan 8, 2008. George Miller is the chair of the committee and the data base of work plans for maintenance of Surfside buildings, a preliminary maintenance schedule and a list of Surfside buildings with square footage/acreage information, will be provided to the committee. The scope of the committee should mainly be the upgrading and maintenance of current assets.

MURRELL MOVED TO ACCEPT ALL COMMITTEE REPORTS. FLOOD SECONDED. MOTION CARRIED UNANIMOUSLY.

For Good of the Order: Olson requested that each trustee say something about the chairs of their respective committees at the Volunteer Appreciation Dinner. Bowen inquired whether or not the Board is interested in allowing Surfside and/or Community Relations Committee to sponsor seminars for members such as "reverse mortgages" etc. This is a possibility, although care should be taken not to appear as if Surfside is simply providing information and not promoting financial decisions for individuals. Seminars could also include invitations to the community and not just Surfside members.

The meeting adjourned to closed session at 12:32, back in regular session at 12:50. Hearing no further business;

GABRIELSON MOVED TO ADJOURN THE MEETING AT 12:55 P.M. SECONDED BY MURRELL. CARRIED UNANIMOUSLY.

Respectfully Submitted,

Warren Olson, President to the Board

Gary Williams, Exec. Committee Secretary

Dinah McCreddie, Recording Secretary

Appendix A: All original changes to this portion of the Operations Manual appear bolded in italics. Any changes as of the 12/13/08 board meeting are underlined as well as appearing in italics.

Surfside Homeowners Association

Operations Manual

Revisions 11-15-08

BOARD POLICY

CONTROL OF ASSOCIATION DOCUMENTS

Surfside Homeowners is a membership Association and, as such, all members have a vested interest in the affairs pertaining to the association. Certain policies have been established for the control of Association documents and information.

1. Surfside Homeowners Association shall keep at its registered office the following:
 - 1.1 Current Articles of Incorporation and By-laws, Restrictive Covenants and Policy and Procedures(Operations) Manual;
 - 1.2 A record of members, including names, addresses, and class of membership, if any;
 - 1.3 Correct and adequate records of accounts and finances;
 - 1.4 A record of officers' and directors' names and addresses;
 - 1.5 Minutes of the proceedings of the members, if any, the board, and any minutes which may be maintained by committees of the board. Records may be written, or electronic if capable of being converted to writing.

The records shall be open at any reasonable time to inspection by any member in good standing.

Cost of inspecting or copying shall be borne by such member except for costs for copies of articles or bylaws. Any such member must have a purpose for inspection reasonably related to membership interests. (Any request for inspection of records and/or copies of documents or membership lists, must be submitted in writing) Use or sale of membership lists by such member if obtained by inspection is prohibited.

The superior court of the corporation's or such member's residence may order inspection and may appoint independent inspectors. Such member shall pay inspection costs unless the court orders otherwise.

NOTE: THE FOREGOING SECTION IS TAKEN FROM RCW'S OF THE STATE OF WASHINGTON "24.03.135, RECORDS", WITH HIGHLIGHTED ADDITIONS

2. READING FILE: A reading file shall be maintained of copies of approved and signed minutes and including all attachments. This reading file will be available during regular business/office hours, except on board meeting days.
 - 2.1 Copies of approved and signed minutes, financial statements, and approved budgets shall be available to all members in good standing.
 - 2.1.1 Incidental costs of providing requested copies shall be borne by the requesting member, and shall be paid for in advance.
 - 2.2 Requests for copies must be made in person and in written form. Telephone orders will not be accepted.
3. Copies of owners' mailing list shall be available in the Association office upon written request. (See section 1.2 above) Cost of copying the master list shall be borne by the

requesting member. The Board may establish reasonable requirements on the use of such mailing lists to protect member privacy.

4. No original Association record or tape recording of any Board of Trustee meeting, and/or general membership meeting shall be removed from the Association office except by Court Order.
5. Board of Trustee meetings shall be taped by the Association secretary (for the purpose of insuring accuracy of Board meeting minutes). Such tapes shall be maintained at the Association office.
7. Correspondence shall not be copied except for administration use within the Association, but may be reviewed by members in good standing in the Association office by arrangement with the Board Secretary or Treasurer.
8. Single copies of division maps shall be furnished at no charge to members. Requests for several maps, or multiple copies of the same map, shall be charged at 25 cents per copy. Such copies shall be stamped so as to relieve SHOA of any responsibility as to the accuracy of such maps.

Revised and Approved June 20, 1998

Revised and Approved May 18, 2002

Revised and Approved October 18, 2003

Revised and Approved August 19, 2006

BOARD POLICY
CONTROL OF ASSOCIATION FUNDS

1. Budget Items:
 - 1.1 The General Manager is authorized to approve budgeted items up to a limit of \$1,000.00 per item, but not successive \$1,000.00 expenditures for the same item.
 - 1.2 Upon availability of funds, items from budgeted assessments may be purchased prior to the completion of assessment collections.
 - 1.3 The Board has authorized the expensing of items of \$500 or less, rather than capitalizing them.
2. Fees and Assessments:
 - 2.1 Property owners shall be billed on January 1st of each year. The amount of assessment to be billed shall depend on the budget for the current year.
 - 2.2 Fees and assessments become delinquent on March 1st of each year. Interest at the rate of 1% per month shall be charged after that date.
 - 2.3 Accounts still delinquent as of May 1st of each year shall be subject to the filing of a Lien against the property. The office shall charge a \$10.00 fee per lot for each lien filed; a \$10.00 per lot fee shall be charged to remove said lien, along with any and all applicable legal fees as stated in "Operating Procedure #102".
3. Miscellaneous Billings:
 - 3.1 Charges for services performed; i.e., repairs to broken water lines, water hook-ups, trenching, and water shut-off, see Association Service Fees.
 - 3.2 Charges for all commercial water shall be billed as provided for in each Commercial Water Service Contract.
 - 4.0 N.S.F. Checks: a \$25.00 service charge shall be placed on all accounts for any and all N.S.F. check returned to the Association.
5. Payment of Bills:
 - 5.1 The Board shall select and maintain a list of Board members who are authorized to sign checks.
 - 5.2 All checks written against SHOA accounts shall bear two (2) authorized signatures.
 - 5.3 The Financial Administrator shall be authorized to pay all routine accounts and shall refer to the Board only those accounts requiring Board action. (All expenditures from reserve/capital improvement accounts will be so noted in the minutes of Board of Trustee Meetings) A report of all checks written between monthly board meetings shall be furnished to the full Board for their information.
6. Petty Cash:
 - 6.1 A petty cash fund not to exceed \$200.00 shall be established and maintained for office use. Responsibility and accountability for this shall rest with the Financial Administrator.
7. Purchase Orders: The following procedures shall apply to all Board members, staff and Surfside Committees as appointed by the Board of Trustees.
 - 7.1 Purchase order forms shall be used for all purchases over **\$500.00** and shall be obtained prior to ordering of merchandise. This does not include those purchases obtained through an open purchase order currently in place at established businesses.
 - 7.2 The Financial Administrator, and the Water Superintendent / Field Services Manager are authorized to approve purchase orders up to a limit of \$1,000.00 on budgeted items, without General Manager or Board approval; However, in no case shall the authorized signer approve their own Purchase Order. Successive

\$1,000.00 expenditures for the same item are not authorized unless prior approval from the General Manager or Board is obtained.

- 7.3 The General Manager shall review all Purchase Orders over \$1,000.00 submitted by the Financial Administrator and/or the Water Superintendent/Field Services Manager prior to Purchase Order approval and expenditure. In the absence of the General Manager either the Financial Administrator or Water Superintendent/Field Services Manager shall review and approve.
- 7.4 These policies and procedures shall apply to any special projects budgets created as a result of membership approved special fees and assessments.
- 7.5 Emergency Clause. Expenditures exceeding **\$500.00** that are needed in the event of an emergency that relates to life, health and safety will be allowed without prior approval; However, a Purchase Order shall be obtained through the established procedures as soon as possible following resolution of the emergency.

8.0 Contracts/Services:

Contracts issued by the Association, other than for contracted buildings or repairs, will be handled in the following manner: Preparation of bid request information and requests for bid will be conducted by the benefiting organization or activity. (Water Superintendent / Field Services Manager, Financial Administrator, or General Manager.)

- 8.1. All proposed purchases exceeding \$3,000.00 for products, equipment or services shall require three written quotes. Purchases exceeding **\$20,000.00** shall require multiple written competitive bids.
- 8.2 A Request for Proposal shall be prepared and mailed to the vendor list on file at the Surfside Business Office and notice placed in the Chinook Observer, Daily Astorian and other publications as deemed appropriate.
- 8.3 Bids will include all appropriate taxes, freight charges, travel charges, training charges, etc. which bear on product or service being provided.
- 8.4 Bid acceptance is subject to Board approval.
- 8.5 All contracts will be approved by the Board of Trustees and signed by the **Board President or his/her designee**.

NOTE: Requesting organization shall keep a record of all parties contacted to bid, whether bid is received or not. Preference shall be given to local businesses provided the bid does not exceed 2% of the competitive bid prices submitted by others.

9. Construction Contracts:

All work possible will be done by Association employees. However, work which requires skills and/or equipment beyond Association employees' capabilities or capacities shall be handled on a contract basis by licensed, insured and bonded contractors.

NOTE: Preference will be given to local businesses provided the bid does not exceed 2% of the competitive bid prices submitted by others.

- 9.1 Preparation of bid request specifications and request for bid documents will be initiated by the benefiting organization or activity. (Water Superintendent / Field Services Manager, Financial Administrator, or General Manager. Inter-organizational coordination will be conducted to prevent duplication of bid and contract awards.

- 9.2 All construction projects, with an estimated value exceeding \$3,000.00 shall require three (3) written price quotes. Construction projects exceeding an estimated value of **\$20,000.00** shall require multiple written competitive bids.
- 9.3 A Request for Proposal shall be prepared and mailed to the vendor list on file at the Surfside Business Office and notice placed in the Chinook Observer, Daily Astorian and other publications as deemed appropriate.
- 9.4 Contractors shall be licensed, insured and bonded.
- 9.5 All requests for bid will be advertised at least twenty-one (21) days prior to bid closing date. However, in the event of an emergency, the 21 day bid advertisement timeline may be reduced following review and approval by the General Manager.
- 9.6 A complete list of bids for let shall be posted in the Surfside Homeowners Association office.
- 9.7 Bids shall include all applicable taxes, permit fees and freight charges.
- 9.8 Bids shall include terms of payment.
- 9.9 Contract bid requests will be processed per the following.
 - Board of Trustees may waive the multiple bid requirement on a case by case basis.
 - All bids received on a contract, successful or not, shall be filed with the original request for bid document.
 - All bid openings shall be made by the appropriate Designated Trustee and the department manager.
 - Bid awards shall be approved by a vote of the Board of Trustees.
 - All contracts awarded shall be signed by the **Board President or his/her designee.**
 - One designated board member and the General Manager shall review the completed project before final payment is made.
- 10. Open Account Purchase System Process

For all purchases of less than \$500.00 (?), with approval of the immediate supervisor, employees shall use the Surfside Homeowners Association Open Account Purchase System.

 - 10.1 The General Manager and Financial Administrator shall review all vendors to Surfside on an annual basis. All current vendor accounts will remain open unless canceled. A list of authorized vendors will be provided to all employees who are authorized to make purchases for Surfside each year and likewise a list of Surfside employees authorized to sign for goods and services shall be provided to approved vendors.
 - 10.2 If an employee wishes to purchase from a vendor that is not on the authorized vendor list, the employee shall secure an account application form from the vendor and submit it to the General Manager through the Financial Administrator for processing Vendors may be added to the approved vendor list if:
 - 10.2.1 The vendor provides goods or services that are not available from other Surfside vendors, or;
 - 10.2.2 The vendor's prices are lower than those charged by other approved vendors for goods and services, or;
 - 10.2.3 The vendor's quality of goods or services differs from the quality of those provided by other Surfside vendors, or;

- 10.2.4 The vendor provided goods or services of comparable price and quality but are located in Pacific County.
- 10.3 If a vendor is added to the vendor list, an updated list will be provided to all employees authorized to make purchases for Surfside.
- 10.4 Employees are authorized to make purchases of goods and services that are both ordinary and necessary for Surfside business provided the cost is less than \$500.00. Generally, authorized purchases include those items needed to perform the work assigned to that department, i.e. supplies for the office, hardware or small tools for the Water Department.
- 10.5 An employee will purchase the goods or services by signing the invoice or other document provided by the vendor at the time the transaction is completed. No signature should be provided until the goods or services are provided to Surfside.
- 10.6 When the items are received, the receiving copy of the bill, the packing slip, or other receiving document is sent by the person receiving the items to the Financial Administrator.
- 10.7 All invoices are to be sent directly by the vendors to the Financial Administrator who matches the invoices with the receiving documents and assigns proper budget coding. All vendors will receive periodic notice that all invoices must be sent to the Surfside Financial Administrator for payment.
- 10.8 The General Manager will set appropriate purchase authority limits, transaction limits and business type restrictions as deemed necessary by the person responsible for the department. General limits will also be set.
- 10.9 As invoices with appropriate authority are received by Surfside, the Financial Administrator will enter the invoice in the Surfside Accounting System. If an invoice needs additional approval, that approval is obtained before entering the transaction into the system.
- 10.10 The Surfside Financial Administrator will prepare checks to pay all invoices properly submitted. Checks will not be issued without invoice describing purchase transaction.
- 10.11 The list of approved checks will be reviewed, together with appropriate backup material by the General Manager. Upon approval, the list and checks will be reviewed and signed by two Board members. All signed checks will then be returned to the Financial Administrator for processing and dispersal.
- 10.12 All unauthorized or unapproved expenditures will be noted by the Financial Administrator and reported to the General Manager. Continued practice may result in his or her purchase authority revoked.
- 11.0 Proposed Budget Items exceeding 20% of Annual Budget
- 11.1 Motion passed by the membership at the 1984 Annual Meeting reads:
"Prior to a Board decision on a capital expenditure project exceeding 20% of the current operating budget, the Secretary of the Surfside Homeowners Association will notify the membership of a public hearing on the anticipated expenditure, and that this hearing be held at least 30 days before a Board decision."

Revised 11-17-08

Appendix B: All original changes to this portion of the Operations Manual appear bolded in italics. Any changes as of the 12/13/08 board meeting are underlined as well as appearing in italics.

SURFSIDE HOMEOWNERS ASSOCIATION

BOARD POLICY

PROCEDURES AND SCHEDULE OF FINES

INTRODUCTION

Article 6 of the Restrictive Covenants of Surfside Estates contains procedures for enforcement of the Covenants. Section 6.4 of the Covenants states as follows:

“6.4 Fines. The Association may impose fines for violation of these covenants consistent with a schedule of fines adopted by the Board. The Board may establish procedures regarding fines, and appoint personnel (members, employees or others) with the authority to impose fines. If a fine is imposed, a letter will be sent to the owner subject to the fine which includes the following information: a) the amount of the fine; b) the reason for the fine; c) a statement that the fine may be appealed to the Appeal Process (defined below) within twenty one (21) days of the date of the letter; and d) a statement that, if the fine is not appealed, it will be deemed to be valid and will constitute a lien on the owner’s parcel.”

Section 64.38.020 of the *Revised Code of Washington* states that one of the powers of the Association is as follows:

“(11) Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative designated by the board of directors and in accordance with the procedures as provided in the bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of directors and furnished to the owners for violation of the bylaws, rules, and regulations of the association.”

This Policy is intended to implement Section 6.4 of the Covenants consistent with this provision of state law.

1. General Fine Procedures

- 1.1. This Policy is intended to supplement the procedures in the Covenants and does not supersede the Covenants.
- 1.2. Except in the case of an emergency as determined by the Authorized Personnel (as defined below) a warning letter (the "Warning Letter") will be sent out before a fine is imposed advising the member that a fine will be imposed if the violation is not corrected, or if the violation is repeated, as the case may be, within a specified time.
- 1.3. If the Warning Letter is not complied with, or in the case of emergency as determined by the Authorized Personnel, the Authorized Personnel shall issue a fine letter (the "Fine Letter") containing the information required by the Covenants as well as other information determined appropriate by the Authorized Personnel sending the Fine Letter.
- 1.4. All Warning Letters and Fine Letters will be sent as required in Section 6.6 of the Covenants. The Authorized Personnel may, but is not required to, send a copy of any Warning Letter or Fine Letter to the member at such other address or in such other manner as the Authorized Personnel determines to be appropriate, but failure to do so shall not in any way affect the validity of the letter or the fine imposed. The twenty one (21) day time period to appeal a fine will commence on the day the Fine Letter is mailed.
- 1.5. Fines shall be paid by mail or in person at the business office of the Association. The Association shall issue a receipt for the payment of any fine. Under no circumstances may a fine be paid directly to the Authorized Personnel outside the business office of the Association.
- 1.6. A fine may be appealed consistent with the Covenants. A fine constitutes a lien on the lot or lots owned by the member under the jurisdiction of the Association, and failure to pay a fine may result in legal action being initiated.
- 1.7. The imposition and/or payment of a fine in no way relieves the member of the obligation to comply with the Covenants, and the Association has the right to enforce the Covenants, in addition to the imposition and collection of fines, as established in the Covenants.
- 1.8. The Board hereby appoints the following personnel to impose fines pursuant to Section 6.4 of the Covenants, which personnel shall be referred to in this Policy as the "Authorized Personnel":
 - 1.8.1. The Compliance Officer of the Association or other employee(s) of the Association whose duties include enforcement of the Covenants
 - 1.8.2. The chairperson of any committee of the Association if that committee has been specifically charged by the Board with enforcement of the specific covenant for which a fine is imposed.
- 1.9. Warning Letters, Fine Letters and other letters authorized by this Policy may be signed by the Authorized Personnel, by the General Manager of the Association or by the President or other specifically authorized Trustee of the Association.
- 1.10. The Authorized Personnel shall keep records documenting the violation and containing the Warning Letter, the Fine Letter and other correspondence and information regarding the violation, but failure to maintain such records will not invalidate any fine that is imposed.
- 1.11. The Authorized Personnel has discretion in the performance of authority and responsibility under this Policy and Section 6.4 of the Covenants. This includes, but is not limited to, discretion regarding how to investigate an alleged violation, the frequency of investigating an alleged violation and, except as otherwise

specified in the Covenants or this Policy, whether a series of related actions or inactions represents one or multiple violations.

- 1.12. In an appropriate circumstance, as determined by the General Manager or President of the Association, the Association may, at any time, enter into a compliance agreement with a member regarding a Covenant violation and/or to obtain compliance with the Covenants on that member's lot or lots. This compliance agreement may either be in written form, signed by the member and the Authorized Personnel, or in oral form if the substance of the agreement is contained in a letter sent by the Authorized Personnel to the member. This compliance agreement may include, among other things, waiving fines for violation of the Covenants if the member complies with the agreement. However, each compliance agreement must require that if it is not complied with all fines for violations as established in this Policy shall be imposed and collected.
 - 1.13. In the event of any inconsistency between the provisions of Section 1 (General Fine Procedures) of this Policy and the provisions of another Section of this Policy related to fines for violations of a specific Covenant provision, the provisions in the other Sections of this Policy shall prevail with respect to violation of that covenant provision.
2. Fines Pertaining to Pets (Section 5.14 of the Covenants)
- 2.1. Section 5.14 of the Covenants states as follows: "Pets and their behavior are the responsibility of the owner and shall be maintained in such a manner as not to adversely affect others. Dogs are to be confined to the owner's property or kept on leash. Excrement dropped while on leash is to be cleaned up immediately. Incessant or prolonged intermittent barking is prohibited. Animals whose behavior threatens members of the public are prohibited and the Association may direct the owner to permanently remove the animal from any lot in Surfside Estates. (See also Section 2.3)." The provisions of this Section 2 establish the fine schedule and related procedures regarding this Covenant provision.
 - 2.2. The Warning Letter shall state that failure to correct a violation within a specified time and/or any further violation of any portion of Covenant Section 5.14 will result in further action consistent with this Policy. The Warning Letter shall include the fine schedule for violation of Covenant Section 5.14 established in this Policy.
 - 2.3. If the violation is not corrected within the time specified in the Warning Letter or if there is a subsequent violation of any portion of Section 5.14 of the Covenants, the Authorized Personnel shall send a second Warning Letter. If the violation is not corrected within the time specified in the second Warning Letter or if there is any subsequent violation of any portion of Section 5.14 of the Covenants, the fine specified in Subsection 2.3 of this Policy shall be imposed. However, no fine will be imposed for violation of Section 5.14 of the Covenants unless there have been a total of at least two Warning Letters and/or fines imposed on that member for violation of Section 5.14 of the Covenants within 12 months immediately prior to the violation.
 - 2.4. Subject to the provisions of Section 2.2 of this Policy, the fine for violations of Section 5.14 of the Covenants is \$50.00 per day for each day in which any violation of that Section occurs. The Authorized Personnel may send a Fine Letter for each day in which a violation occurs, or may send a Fine Letter which covers a period of time in which multiple violations occurred, not to exceed 90 days. In any event, the time to appeal the fine shall commence on the date the Fine Letter imposing the fine is mailed.

- 2.5. The Association reserves the right to report matters which constitute violations of Section 5.14 of the Covenants as well as applicable law to the appropriate governmental authorities. This includes, but is not necessarily limited to, animals whose behavior threatens members. The Association may also require that an animal be permanently removed from any lot under the jurisdiction of the Association.
3. Fines Pertaining to Tree Height (Section 2.16 of the Covenants)
 - 3.1. Section 2.16 of the Covenants mandates that tree height be limited to the height established in the Covenants for the house or other structure on the lot. The provisions of this Section 3 establish the fine schedule and related procedures regarding this Covenant provision.
 - 3.2. Prior to sending any Warning Letter, the Authorized Personnel may, but is not required to, send a letter notifying the member that the trees or other vegetation on that member's property is in violation of the Covenants and requesting that the member propose a plan, including a final date for compliance, to bring the member's lot into compliance with Section 2.16 of the Covenants. This letter shall request a response within twenty-one (21) days. If the member does not respond within twenty-one (21) days or if the Authorized Personnel is not able to work out a satisfactory compliance plan with the member, then Authorized Personnel shall send the Warning Letter.
 - 3.3. The Warning Letter shall state that a fine will be imposed unless the member brings the vegetation on the member's lot or lots into compliance with Section 2.16 of the Covenants within a specified time. Unless the Authorized Personnel determines that another date is more appropriate, this compliance date shall be the date which is ninety (90) days after the date of the letter described in Subsection 3.2 above, or if no such letter was sent, ninety (90) days after the date of the Warning Letter. The Warning Letter shall include the fine schedule for violation of Covenant Section 2.16 established in this Policy.
 - 3.4. If the violation has not been corrected within the time specified in the Warning Letter, the following fines shall be imposed:
 - 3.4.1. \$10.00 per day for each lot containing any vegetation in violation of Section 2.16 of the Covenants for thirty (30) days.
 - 3.4.2. Commencing on the 31st day, and continuing until the lot is brought into conformance with Section 2.16 of the Covenants, \$15.00 per day for each lot containing any vegetation in violation of Section 2.16 of the Covenants.
 - 3.5. The Board specifically finds that extenuating circumstances exist which justify, in some circumstances, establishing a compliance date for violations of Section 2.16 of the Covenants beyond the twenty one (21) day period of Section 6.3d of the Covenants.
4. Fines Pertaining to RV (Section 2.9 of the Covenants)
 - 4.1. Section 2.9 of the Covenants mandates that recreational vehicles (RV's) must be registered, licensed, and maintained in a mobile condition at all times, and shall only be used as specified. The provisions of this Section 2.9a establish the fine schedule and related procedures regarding this Covenant provision.
 - 4.2. RV fines require a written 10 day warning letter to correct the complaint. Fines will begin on the 11th day after the letter. If the violation has not been corrected within the time specified in the Warning Letter, the following fines shall be imposed:

- 4.2.1. A fine of \$10.00 per day is assessed for each lot with a violation of Section 2.9 of the Covenants for thirty (30) days.
- 4.2.2. Commencing on the 31st day and continuing until the violation is brought into conformance with Section 2.9 of the Covenants, \$15.00 per day for each lot containing any violation of Section 2.9 of the Covenants.
- 4.3. The Board, **Surfside Compliance Officer or Surfside General Manager**, may find that extenuating circumstances exist, which justify, in some circumstances, establishing a compliance date for violations of Section 2.9 of the Covenants beyond the twenty-one (21) day period of Section 6.3d of the Covenants.