

## LAKE ENTIAT LODGE ASSOCIATED

Meeting of the Board of Directors

October 15, 2008

### Time and Place

The Directors of Lake Entiat Lodge Associated met on Wednesday, October 15, 2008. The meeting was held at Mr. Lungren's office at 12931 NE 126<sup>th</sup> PL, Kirkland, Washington. The meeting was called to order by President Dan Lungren at 4:30 pm.

### Present

The following Directors were present: Dan Lungren, Dan Russell, Nick Nelson, and Greg Zeller. Bryan Wheeler and Brandon Fix joined the meeting via a telephone conference call. Alex Osenbach was also in attendance representing the Association's management company. Also present were site manager, Michelle Richardson, and Treasurer Kevin Kalberg. Mr. Lungren acted as chairman and Alex Osenbach acted as secretary for the meeting.

### Executive Session

The Board recessed for an executive session to discuss the Booth settlement.

Following the executive session the Board unanimously adopted the following resolution following a motion duly made and seconded, motion by Russell and seconded by Nelson.

Resolved that; the Association president Dan Lungren is authorized to execute the settlement agreement between the Association and the Booth's in the form previously provided to the Board.

### Violation Letters

Ms. Richardson reported on the six violation letters sent to owners who have not completed their homes within the nine months provided in the covenants. Two homes have been completed and the other owners have responded with a request to allow for the completion within a time frame specified in their response. After discussion the Board agreed to allow the additional time before assessing penalties provided that the homes were completed within the time frame specified. Should the owner not complete the home by that time the penalty will commence.

### ARC Report

The ARC has reviewed and approved a number of home plans this year at a rate of approximately 2 per month. Most of these owners whose plans were approved have started construction.

## Approve Board Meeting Minutes

The Board reviewed the minutes of the August 16, 2008 meeting of the Directors. Following a motion by Bryan Wheeler and seconded by Nick Nelson, the minutes were approved as submitted.

## Financial Review

The Board reviewed the September 30, 2008 financial statement, which reflects a year-to-date operating deficit of \$34,855 compared to a budgeted deficit of \$13,637. The following items were over budget and contributed to the variance from budget. 1) Labor - added hour for the addition of a site manager and the addition grounds time for repairs to the lawn from the dredging project. 2) Pool Supplies - the cost to replace the chlorinator and repairs to the sand filter. 3) Ground Supplies - material needed to repair damage to the irrigation system and lawns from the dredging project. 4) Legal - cost of the Booth covenant violation and the work related to the covenant amendment. 5) Office supplies - expense of providing computer and printer for the site manager. 6) Other expense - additional amount above budget for the 4<sup>th</sup> of July fireworks display. 7) Provision for uncollectable assessments.

Provision for uncollectible fees was \$7,117 which represented 10 owners with balances above \$1,000 totaling \$29,201. This is the lowest number of delinquent owners for some time, however, the size of the delinquent amount is getting larger. The Board discussed the possibility of foreclosure proceedings on several of these lots.

The Board was provided with a cash flow projection reflecting the estimated fund balances through the end of the year. The projected fund balances were reviewed in detail including receipts and disbursements through the end of the year. Following discussion the Board asked that the cost of the chlorinator be charged to the Capital Reserve and also asked to verify where the computer for the site manager was charged.

## Owner Correspondence

The Board reviewed the letter dated September 17, 2008 regarding the request of a owner for consideration of their delinquent account. After discussion the Board unanimously determined that the total amount was due and payable. A response would be mailed to the owner.

## Capital Projects

### a) Pool Fence

Nick Nelson and Ms. Richardson have been working with Kelly Iron Works and a fencing company to bring the lower pool deck fence up to Washington State code. The Board authorized \$2,500 for the expense of completing this work. In

addition the Board authorized Mr. Nelson, in his judgment, to proceed with these repairs in order to comply with the code.

b) Card Swipe

Ms. Richardson presented a bid from Keyhole Security that contains a card swipe access for the clubhouse along with a new program for the vehicle and boat tags. The Board would like to look into hard wired programs for the card access therefore, Ms. Richardson will continue to research and present additional information to the Board at the next scheduled meeting. At this time 2009 tag and sticker were not authorized.

c) Wireless

Ms. Richardson has been working with PUD to get the fiber installed to the clubhouse to acquire internet access. In order to lay the conduit we will have to dig under the marina roadway. The Board has authorized \$2,000 to get the conduit laid and the internet router set up.

d) Handicap Ramp

Ms. Richardson is in the process of acquiring bids for a handicap ramp that would allow access from the clubhouse to the pool patio.

e) Privatizing Roads

The Capital Project Committee asked Ms. Richardson to contact the Chelan County PUD to find out the status of the property that is downriver of our community. Ms. Richardson spoke with Tim Larsen who is the Property Manager for the PUD. The property is not in a trust at this time, should the PUD decide to sell the property they can. At this time the majority of our roads are county owned and the easiest access to that property would be West Emerson. Ms. Richardson contacted Douglas County to find out the cost of maintaining our roads should we go private. The cost would be about \$10,000 a year for basic maintenance plus any additional equipment needs. Mr. Lungren asked that Ms. Richardson contact a local engineering firm to get a Planner to provide a more in-depth analysis of the obstacles our community would be facing should we go private.

f) Tennis Courts

Ms. Richardson is obtaining estimates on the cost to have the tennis courts resurfaced. It is estimated that the cost could be as high as \$80,000 should the current surface need to be removed. At this time it would be in our best interest to determine what is the long term plan for our community (could/should the court be relocated) before we invest so much money in our tennis courts.

g) Site Manager Office

We are looking for local contractors to get bids to have an office built for our On Site Manager. The possible location for the office would be upstairs in the clubhouse where the foosball table is currently located.

h) Water Reading Equip

The equipment that we are using to monitor the community's water intake is broken. The Board asked Ms. Richardson to have the equipment sent in for testing to determine if we can continue to use the program we currently have.

i) Boat Launch Area

Mr. Lungren is working with an individual to provide a parking layout for the boat launch parking area. This individual will provide a layout so that we can get the maximum parking and allow for ease of access for vehicles and trailers.

Covenant Amendment

It was reported that the First Amendment to the Covenants was approved by a majority of the owners. The Association Received 224 yes votes from the 445 lots. A result in excess of the 50% required. This covenant amendment provided additional rental provisions and restrictions to the Association Covenants. Following discussion and a motion duly made and seconded the following resolution was unanimously adopted, motion by Zeller and seconded by Russell.

Resolved that; the President is authorized to sign the covenant amendment at that the amendment can be recorded.

Rental Requirements

Ms. Richardson provided the Board with a draft of language changes for the "Rental Requirement" page on the web site. The following would be added to the Short-Term section in paragraph #1.

*"Application deadline is January 31<sup>st</sup> of the year for requesting rental status. A lottery will take place on February 15<sup>th</sup> should the annual cap be exceeded"*

The Board approved of the change and asked that the revised document be posted on the web and mailed to the members.

Rental Report

It was reported that there were 10 short term rental properties this summer. Only 9 paid the \$500.00 rental fee and only one provided a copy of the signed off rules and none supplied a copy of the lease/rental agreement as required by the CC&R's. The Board discussed this at length and would like to inform all owners that rent their home on a short term rental basis: that given the existing language within the CC&R's, Bylaws and the Association rules related to short term rentals that the expectation is that all members renting their home follow the CC&R's, Bylaws and rules. Members not in compliance can expect the Board to take a much firmer stance imposing fines and penalties as allowed by the rules.

Regarding the one owner (that the Board believes rented their home by information provided by our property management) who ignored all Association correspondence and did not comply with any of the requirements. The Board following discussion took the position that this owner would be denied use of the community facilities for the 2009 season. A notification letter would be prepared and sent to the owner so notifying them.

### Clubhouse Rules

Ms. Richardson provide a suggested rule change for the hours of operation of the clubhouse for Board consideration. After discussion the Board unanimously adopted the following resolution, motion by Nelson seconded by Wheeler.

Resolved that; the winter hours for the clubhouse will be 8 AM – 10 PM. Should an owner wish to make other arrangement they must contact the site manager at least 72 hour prior to the event.

Hours of Operation – unless otherwise posted (on property, website or via mailing).

- Absolutely no overnight camping on community grounds or sleeping in the clubhouse.
- Clubhouse Hours:
  - Summer Hours  
Sunday thru Thursday 8:00 AM to 10:00 PM  
Friday & Saturday 8:00 AM to 12:00 Midnight, Sundays included on Holiday Weekends only.
  - Winter Hours  
*Sunday thru Saturday 8:00 AM to 10:00 PM*  
*Members may contact On-Site Manager to request Clubhouse remain open till Midnight on Friday or Saturday. Must have 72 hours notice.*
- Community Property Hours (excluding West Beach Drive, Lakefront Road, Lakefront Drive)
  - Daylight to Closing of Clubhouse*
- Pool Hours
  - 8:00 AM to 9:00 AM Lap use only
  - 9:00 AM to 10:00 PM general use

## 2009 Budget

The first draft of the 2009 budget was distributed to the Board. The Board reviewed and discussed the 2009 budget draft. Suggestions were made and clarification of specific expense categories was provided. The next budget should be prepared for presentation at the next meeting.

## Other

Ms. Richardson and Georgia Mashayekh are working together to help high school students acquire their community service hours to graduate. Ms. Richardson and the maintenance crew have put together a list of items that can be done by students. Any student that needs hours may contact the Site Manager at 509-449-1647 and arrange to work around our community and get their hours signed off.

## Next Meeting

The Board set November 12, 2009 as the date of the next meeting.

## Adjournment

There being no further business to come before the Board, the meeting was adjourned at 8:10 pm.

Submitted by  
Alex R. Osenbach  
Managing Agent







RECITALS

A. Lake Entiat Estates and Lake Entiat Estates, First Edition (together, "Lake Entiat Estates") is a residential community located in Douglas County, Washington. The real property comprising Lake Entiat Estates is more particularly described above.

B. Lake Entiat Estates is subject to that certain Amended and Restated Declaration of Restrictive Covenants for Lake Entiat Estates as recorded under Douglas County Auditor's File No. 3085761 ("Declaration"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Declaration.

C. The Association has determined that revisions are required to clarify certain height restrictions previously included in the Declaration, and to add certain restrictions related to short-term rentals.

D. The consent of a majority of the membership of the Association to this First Amendment has been obtained in accordance with the Articles of Incorporation and Bylaws governing the Association.

NOW, THEREFORE, in accordance with Section 5 of the Amended and Restated Declaration, this First Amendment is hereby declared and published and all of that certain real property described above shall be owned, conveyed and used subject thereto as follows:

AMENDMENTS

1. GENERAL RESTRICTIONS. Section 1.2 of the Amended and Restated Declaration is hereby amended in its entirety as follows:

1.2 General Restrictions. No Lot shall be used except for single family residential purposes; and the community beach, clubhouse, and designated parking area, coves and beaches and pools, plus all other designated community area shall be used only for community and recreational purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family dwelling with garage.

2. RENTAL RESTRICTIONS.

2.1 Definitions. The following capitalized terms shall be defined as follows:

2.1.1 "Unit" means any improvement located on a Lot intended for residential occupancy, and shall include, without limitation, single-family dwellings, and





trailers, mobile homes, and modular homes that have been located on Lots in accordance with the requirements set forth in the Declaration. The term "Unit" shall also include the Lot on which such improvements are located, but an unimproved Lot shall not be deemed a Unit.

2.1.2 "Lease" means any lease agreement, sublease agreement, rental agreement, or other arrangement of any kind that provides for use or occupancy of a Unit by any third party where remuneration or payment of any form is received (a "Lessee").

2.1.3 "Short-Term Lease" means any Lease with a term of thirty or fewer days.

2.1.4 "Short-Term Lease Cap" means the maximum number of Units with respect to which Short-Term Leases may be in effect during a given calendar year.

2.1.5 "Long-Term Lease" means a Lease with a term of more than thirty days.

**2.2 Cap on Short-Term Leases.** Initially, in calendar year 2008, the Short-Term Lease Cap shall equal to 25. The Short-Term Lease Cap may be increased or decreased by the Board in increments of not greater than 2 in each subsequent calendar year; provided, however, that in no event shall the Short-Term Lease Cap exceed 10% of the total number of Units in Lake Entiat Estates, rounded down to the nearest whole number. No Owner shall be permitted to enter into a Short-Term Lease unless the Owner's Unit has been approved for Short-Term Leases in accordance with Section 2.3, below. Such approvals shall be deemed appurtenant to the Unit for which approval was granted, and may not be assigned to any other Unit or Owner. There shall be no restrictions on the number of Long-Term Leases.

**2.3 Administration of Short-Term Leases.** Any Owner desiring to use a Unit for Short-Term Leases shall submit a written request to do so to the Board of the Association. Provided that the total number of Units approved for Short-Term Leases does not exceed the Short-Term Lease Cap, such requests shall be approved by the Board on a first-come, first-serve basis. After the Short-Term Lease Cap has been reached, however, all owners wishing to obtain Short-Term Lease approval for a Unit for a given calendar year shall be required to submit an application for Short-Term Lease approval to the Board prior to January 31 of each calendar year in accordance with the requirements established by the Board. Short-Term Lease approvals for such calendar year shall then be allocated by the Board among all Owners submitting application by lottery or other selection process determined by the Board. The Board shall keep a waiting list of any Owner requests for Short-Term Lease approval that are denied (the "Waiting List"). Thereafter, if any additional Short-Term Lease slots become available during the course of such calendar year—whether through an increase in the Short-Term Lease Cap, a



voluntary termination of a Short-Term Lease approval by any Owner, termination of Short-Term Lease approval in accordance with this Section, or otherwise—they shall be allocated by the Board to Owners on the Waiting List, with the selection process for such allocation to be determined by the Board. The Board may terminate any Short-Term Lease approval with respect to a Unit if an Owner or any of its Lessees fails to comply with applicable rules and regulations established by the Board pursuant to Section 2.6, below. In addition, Short-Term Lease approvals shall expire automatically if (i) the Unit with respect to which Short-Term Lease approval was granted is transferred and sold to a third party (other than by gift or inheritance), or (ii) the Owner of a Unit with Short-Term Lease approval fails to enter into any Short-Term Leases for such Unit during the calendar year for which such approval applied, or fails to re-register for approval in accordance with the requirements of the Board.

**2.4 Hardship Exception to Short-Term Lease Cap.**

Notwithstanding the Short-Term Lease Cap or any other terms or conditions of this Amendment, at any time the Short-Term Lease Cap has been reached, any Owner may apply in writing for, and the Board shall have the discretion to approve or deny, a “Hardship Exception” to the Short-Term Lease Cap, giving such Owner the temporary right to enter into Short-Term Leases with respect to such Unit. In considering any requests for a Hardship Exception, the Board shall take into consideration any circumstances that have an unusual or extraordinarily adverse economic impact on such Owner, including but not limited to job loss, divorce, death of a spouse, or bankruptcy, but shall in any event have absolute and sole discretion in deciding whether to grant the Hardship Exception. In addition, the Board shall have the discretion to limit the duration of or otherwise condition any Hardship Exception.

**2.5 Prohibition Against Partial Leases.** The Units are intended to be used only for single-family residential purposes. Accordingly, no Owner may enter into any Lease (whether Short-Term or Long-Term) that provides for use or occupancy of less than the entire Unit by the Lessee.

**2.6 Leasing Rules and Regulations.** The Board is authorized to adopt and promulgate rules and regulations from time to time related to the terms or conditions of Leases or the use and occupancy of a Unit by a Lessee under a Lease.

**3. PROHIBITION AGAINST AGREEMENTS FOR THIRD-PARTY USE OF COMMUNITY FACILITIES.** Owners shall be prohibited from entering into any agreement or other arrangement that would allow a third party who is not an Owner or an authorized Lessee of a Unit to use the community beach, clubhouse, pools, or other designated community facilities, and where payment or remuneration of any kind is received by the Owner. The Board is authorized to adopt and promulgate rules and regulations to further the intent of this Section, which is to limit use of community facilities to Owners, authorized Lessees, and their respective invitees and guests.



4. **FULL FORCE AND EFFECT.** Except as specifically amended herein, the Declaration shall remain in full force and effect.

EXECUTED as of the day and year first above written.

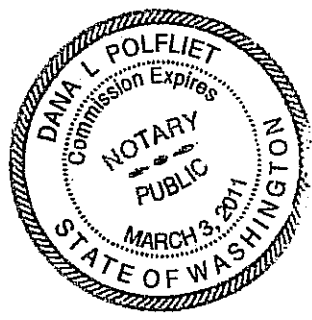
**LAKE ENTIAT LODGE, ASSOCIATED**

By [Signature]  
Name: DAN LUNGREN  
Title: President

STATE OF WASHINGTON }  
COUNTY OF King } ss.

On this day personally appeared before me Dan E. Lungren to me known to be the President of **LAKE ENTIAT LODGE, ASSOCIATED**, the entity that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such entity, for the uses and purposes therein mentioned, and on oath stated that [he/she] was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 16 day of October, 2008.



[Signature]  
Printed Name Dana L. Polfliet  
NOTARY PUBLIC in and for the State of Washington,  
residing at RENTON  
My Commission Expires March 3, 2011