

MEMORANDUM

TO: New Directors of *Weatherby Homeowners' Association*

FROM: Weatherby LLC, Declarant

DATE: September 12, 2005

Congratulations on your election to the Board of Directors of the *Weatherby Homeowners' Association*. The following are some items which may assist you in carrying out your duties:

1. Corporate Minute Book. This is the official minute book for the Association. The originals of corporate minutes, copies of the annual reports and other important corporate documents, such as your tax number notification, are filed in this book, and it should be handed from one secretary to the next. Currently filed in the minute book are the following:

- Articles of Incorporation
- Bylaws
- Consents and Minutes to date
- Copies of Annual Reports
- Tax Information – 2004 Tax Return

2. CC&R's. A copy of the *Declaration of Covenants, Conditions and Restrictions* is also contained in the corporate minute book. The filing number for this document at the office of the Snohomish County Auditor is 200405260026.

3. Employer Identification Number/Fiscal Year. The Association has been assigned Federal Employer Identification Number 81-0586987. This is the number that will be used on all returns and filings with the Internal Revenue Service. The fiscal year was set as January 1 through December 31 in the Organizational Consent of Directors.

4. Taxes. Most homeowners' associations are exempt from federal income tax under Section 501(c) of the Internal Revenue Code and are also exempt from some taxes in Washington State. Please seek the advice of your CPA regarding tax matters. Your CPA can also advise you on whether there are any additional forms you need to file, including a formal application for exemption from federal income tax (Form 1024). Assuming the Association does not hire employees, there is no need to obtain a state license or file state taxes with the Dept. of Revenue, as dues income is not taxable.

5. Owners' List. A list of the names and addresses of the owners and information regarding the status of their accounts with the Association as of this date is available from our office. The responsibility to maintain this information in the future is with the Association.

6. **Registered Agent.** All corporations must maintain a registered office and have a registered agent upon whom process can be served. This person is the one who will receive the annual report from the Secretary of State, which must be completed and filed by July 31 each year in order to maintain the Corporation's existence. David Sprinkle is currently named as registered agent. The directors must appoint a new registered agent and file with the Secretary of State a Statement of Change of Registered Agent/Office to name a new registered agent. **Your annual license renewal must be filed each year by October 31. The form is sent to the registered agent by the State.**

7. **Directors' Meeting.** It is the duty of the newly elected directors to appoint the new registered agent, name the Architectural Control Committee, and elect the officers. If a meeting is not held on the night you are elected, a meeting should be held as soon as possible after the meeting of members, but at least within the next month to accomplish these matters.


8. **Minutes.** Minutes of both the members' meeting and the directors' meeting should be prepared in a form similar to the sample forms attached, and signed by the secretary. Copies should be distributed to all members or directors as the case may be, and the minutes should be approved at the next meeting. The original minutes should be placed in the Minute Book.

9. **Budget and Assessments.** There are special provisions relating to setting and approving the budget and assessments in the CC&Rs and in the Bylaws. You should familiarize yourselves with those provisions in the near future.

10. **Books and Records/Bank Accounts.** The financial records, including a check for the existing funds were turned over to the Weatherby Homeowners Association at the turnover meeting. You will need to open up a checking account for the Association.

11. **Statutes.** The most important Washington state statutes governing your association are RCW 24.03 (The Washington Nonprofit Corporation Act) and RCW 64.38 (Homeowners' Associations.) Copies are available for download from <http://www.leg.wa.gov/rcw/>. Please remember that any amendments to the governing documents of the Association should be made in compliance with these statutes.

Very truly yours,
Weatherby, LLC
By: Barclays North, Inc., Its Member

By: 
Tony R. Kastens, President