



ShelleyLake

**Shelley Lake Estates Homeowner Association**

P.O. Box 1872, Veradale, WA 99037

www.shelleylake.org

May 15, 2007

**President's Note**

I look forward to meeting all of you at our next Homeowner Association meeting this coming Monday, May 21<sup>st</sup> at 7:00 p.m. (see meeting notice with date/time/location and brief agenda on back).

At our first Annual Meeting held on January 7<sup>th</sup>, 2007, the Board made a commitment to hold another special meeting to discuss in greater detail topics related to water and other developer issues. Therefore, at the meeting on May 21<sup>st</sup> we will present these items and discuss these issues, as well as present other activity updates and items for Homeowner vote.

Enclosed you will find information related to the items you will be asked to vote on and review during the May 21<sup>st</sup> meeting:

1. Approval to reimburse certain homeowners for legal fees incurred in seeking legal advice for the successful turnover of the Association from the Developer to the homeowners;
2. Approval of recommended changes to correct the CC&R's and to rebalance Director to Homeowner ratios;
3. We will also discuss possible avenues to complete health trail and related landscaping and also discuss how we can/can't maintain water levels in Shelley Lake. As part of this discussion enclosed please find a copy of the required Legal Disclosure relating to water levels and sources for water into Shelley Lake. Again, this topic will be discussed at the May 21<sup>st</sup> meeting.

Please review this information carefully. We will have a short question/answer session prior to voting on these items. If you are unable to attend the meeting, please either vote by proxy or return ballot (enclosed) to your Association Director before 5 p.m. on Monday, May 21<sup>st</sup>. For your reference, a copy of the May 21<sup>st</sup> meeting presentation and Minutes will be available within a few days after the completion of the meeting on our website at [www.shelleylake.org](http://www.shelleylake.org). (A hard copy can also be provided upon request).

**June 2<sup>nd</sup> - Annual Shelley Lake/Reflections Community Yard Sale**

Please plan to participate in the annual Shelley Lake Yard Sale! This is a very popular event with lots of interested buyers! Please confirm if you will be selling, and also provide a list of any special items you have for sale such as large pieces of furniture, sporting equipment, boats, tools, baby items, etc. (this information will be included in our advertisement as it helps to generate greater interest in our sale). Please send your response by Friday, May 25<sup>th</sup>, by email ([scosmith@comcast.net](mailto:scosmith@comcast.net)) or by phone message for Christy, 924-5158. Also, we are coordinating for a ARC pick-up of any remaining garage sale items on Monday, June 4<sup>th</sup>. **If you would like this service please provide your address information as well.**

**Volunteer Opportunities/1<sup>st</sup> Addition Director Needed**

- *Maintenance Committee:* There are several projects from small to large that could use your volunteer skills/talents/time/energy. Please contact **Bob Harris at 926-5910** to find out how you can help. Without more volunteers we can't cost-effectively address the important maintenance projects currently underway which means that potentially we would need to raise dues in order to hire labor/services to complete these projects.
- *Communications Committee:* We are looking for a homeowner volunteer to facilitate our Communications Committee. If coordinating social activities, creating new homeowner welcome package, or writing articles is your bag, we need you!
- *1<sup>st</sup> Addition Director:* We are looking for a 1<sup>st</sup> Addition (300 – 400 address range) homeowner volunteer to serve as Director (Board Member) for the homeowners of the 1<sup>st</sup> Addition. This is an important position which needs to be filled.

To learn more about these positions, or to be considered for these positions, please contact me at 991-1074.

**See you on the 21<sup>st</sup>!**

Scotty Smith  
President



## NOTICE OF MAY 2007 MEETING

**Shelley Lake Estates Homeowners' Association**

**Monday, May 21, 2007  
7:00 – 9:00 p.m. (PT)**

**Valley Bible Church - 3021 South Sullivan Road**

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### AGENDA ITEMS

**1) Presidents' Report**

- a) 2007 YTD Report
- b) 5<sup>th</sup> Addition update
- c) Volunteer opportunities
- d) Upcoming events

**2) Vice Presidents' Report**

- a) 1<sup>st</sup> Addition Director
- b) CC&R Update/New Guidelines
- c) Safety reminders
- d) Legal Report

**3) Committee Activity Reports**

- a) Architectural/Landscape Committee
- b) Maintenance Committee
- c) Shoreline and Lakeshore Committee

**4) Treasurers' Report**

**5) Homeowner Voting Items**

**6) Q&A**

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If you have any questions you'd like us to consider for this meeting or future meeting, please call me at 509-924-5158, or email me at [scosmith@comcast.net](mailto:scosmith@comcast.net).

We look forward to seeing you on Monday, May 21st at 7:00 p.m.

**Shelley Lake Estates Homeowner Association**

Scotty Smith  
President

Changes to CC&Rs

Proposed Draft Shelley Lake Estates HOA CC&R Article 1.6

I. Currently reads:

1.6 Association: SHELLEY LAKE HOMEOWNERS' ASSOCIATION, a Washington nonprofit corporation, registered with the State of Washington under UBI No. 601 752 027, formed by Declarant in conjunction with the establishment of the planned lot development, the Members of which shall be the owners of lots in the Project.

II; As amended would read:

1.6 Association: SHELLEY LAKE ESTATES HOMEOWNERS' ASSOCIATION, a Washington nonprofit corporation, registered with the State of Washington under UBI No. 601 752 027, formed by Declarant in conjunction with the establishment of the planned lot development, the Members of which shall be the owners of lots in the Project.

Proposed Draft Shelley Lake Estates HOA CC&R Article 5.1

I. Currently reads:

5.1 Organization of Association. The Association shall be incorporated under the name of SHELLEY LAKE ASSOCIATION, pursuant to the Washington Nonprofit Corporation Act.

II. As amended would read:

5.1 Organization of Association. The Association shall be incorporated under the name of SHELLEY LAKE ESTATES HOMEOWNERS' ASSOCIATION, pursuant to the Washington Nonprofit Corporation Act.

Proposed Draft Shelley Lake Estates HOA CC&R Articles 5.7 and 5.8

I. Currently reads:

5.7 Membership Meetings and Voting. Each specific Phase in the Project as established by either being the initial Phase or by the recording of a Declaration of Annexation shall be represented by one Member on the Board of Directors. Declarant shall also act as a Member of the Board of Directors until such time as the Class A Membership equals or exceeds Declarant's Class B Membership. Every Member in any given Phase shall be entitled to one vote, provided, that such vote must be cast through the Director representing that particular Phase. The Members of any given Phase shall elect the Director for that particular Phase pursuant to the Bylaws. All issues requiring a vote of the

membership as determined by the Bylaws shall be resolved at a meeting of the Board of Directors at which time each director shall be entitled to cast the votes of the specific Phase which that particular Director represents. The votes cast by any given Board Member shall be identical to the votes cast by the Members represented by such Board Member. By way of example, if there is a Phase with 50 Members and 25 Members vote in favor of a proposal, 20 Members vote against the proposal, and 5 Members do not vote, the Board Member representing such Phase would actually cast 25 in favor votes, 20 against votes and would not vote the remaining 5. The procedures as to bringing an issue on for voting, the notice to the membership of the proposed vote, the actual voting process, and the ensuing Directors' meeting shall be as is established in the Bylaws.

5.8 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association and Article 5.7 above.

II. As amended would read:

5.7 Membership Meetings and Voting. ~~[Removed by amendment] Each specific Phase in the Project as established by either being the initial Phase or by the recording of a Declaration of Annexation shall be represented by one Member on the Board of Directors. Declarant shall also act as a Member of the Board of Directors until such time as the Class A Membership equals or exceeds Declarant's Class B Membership. Every Member in any given Phase shall be entitled to one vote, provided, that such vote must be cast through the Director representing that particular Phase. The Members of any given Phase shall elect the Director for that particular Phase pursuant to the Bylaws. All issues requiring a vote of the membership as determined by the Bylaws shall be resolved at a meeting of the Board of Directors at which time each director shall be entitled to cast the votes of the specific Phase which that particular Director represents. The votes cast by any given Board Member shall be identical to the votes cast by the Members represented by such Board Member. By way of example, if there is a Phase with 50 Members and 25 Members vote in favor of a proposal, 20 Members vote against the proposal, and 5 Members do not vote, the Board Member representing such Phase would actually cast 25 in favor votes, 20 against votes and would not vote the remaining 5. The procedures as to bringing an issue on for voting, the notice to the membership of the proposed vote, the actual voting process, and the ensuing Directors' meeting shall be as is established in the Bylaws.~~

5.8 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association and Article 5.7 above. The Board of Directors shall be elected in accordance with the provisions set forth in the Bylaws.

Proposed Draft Shelley Lake Estates HOA CC&R Article 17.2 (first paragraph)

I. As currently reads:

17.2 Amendment. This Declaration may be amended by recording with the County Auditor of Spokane County, Washington, a Certificate of Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of a vote by the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an owner to the Board of Directors or by Declarant or the Board itself, who shall then act upon such notice pursuant to the Bylaws. The resolution shall be adopted by the vote of the Members, via the Director or each given Phase, pursuant to the Bylaws, or by written consent of Members representing not less than a majority of the voting power of the Association, provided that the specified percentage of the voting power of the Association necessary to amend a specified provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision, if any. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the certificate of amendment is recorded. Declarant may amend this Declaration at any time prior to activation of the Association, provided, that Declarant then has a majority of the available votes, taking into consideration the triple vote for each lot owned by Declarant. In such event, Declarant shall be authorized to record a Certificate of Amendment signed by Declarant only. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of a majority of the first mortgages on all of the lots in the Project at the time of such amendment, based upon one (1) vote for each mortgage owned:

II. As amended would read:

17.2 Amendment. This Declaration may be amended by recording with the County Auditor of Spokane County, Washington, a Certificate of Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of a vote by the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an owner to the Board of Directors or by Declarant or the Board itself, who shall then act upon such notice pursuant to the Bylaws. The resolution shall be adopted by the vote of the Members, ~~via the Director or each given Phase~~, pursuant to the Bylaws, or by written consent of Members representing not less than a majority of the voting power of the Association, provided that the specified percentage of the voting power of the Association necessary to amend a specified provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision, if any. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the certificate of amendment is recorded. Declarant may amend this Declaration at any time prior to activation of the Association, provided, that Declarant then has a majority of the available votes, taking into consideration the triple vote for each lot owned by Declarant. In such event, Declarant shall be authorized

to record a Certificate of Amendment signed by Declarant only. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of a majority of the first mortgages on all of the lots in the Project at the time of such amendment, based upon one (1) vote for each mortgage owned:



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### **PROPOSED ACTION: Reimburse Homeowners for Legal Expense**

*Seeking approval to reimburse certain homeowners (5) for legal fees (totaling \$2,653.50) incurred in seeking legal advice for the successful turnover of the Association from the Developer to the homeowners.*

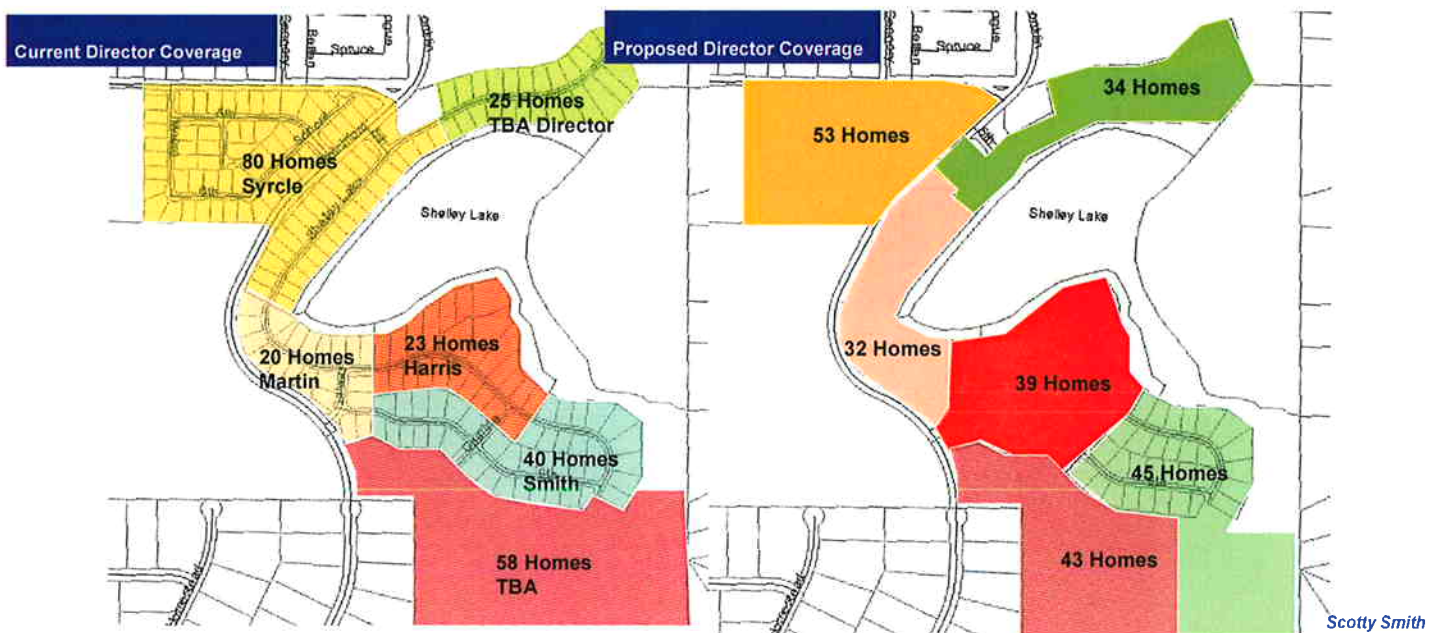
#### **History:**

In January 2006 a small group of homeowners voluntarily met and agreed there was a need to research specific concerns on behalf of all Shelley Lake homeowners to determine if it was appropriate timing to consider/accept the transfer of the Association from the Developer (Mr. Heitman). This group contributed personal funds (totaling \$2,653.50), to hire an attorney from the law firm, Wolkey McKinley, who provided advice with regards to this transfer. Because some of the current Association Board Members were part of the group that contributed their personal funds to retain the law firm, the Board is required to obtain homeowners' approval before making a distribution to reimburse for these funds.

### **PROPOSED ACTION: Change CC&R's/Rebalance Director Coverage**

*Propose to change the CC&R's to allow for adjustments to re-balance Director coverage. Currently 20 to 73 homes per Director. Need to consider the future 58 homeowners from 5th Addition in adjustments.*

*Diagrams below is for example only, the exact Homeowner to Director ratios need to be defined to obtain an odd number of Directors for voting purposes.*



April 5, 2007

### **Shelley Lake Water Right Disclosure Statement**

Shelley Lake has historically had water pumped into it during summer months from a well and pump owned by the Shelley Lake Estates Homeowner Association (the "Association"). The well and pump was used by the Developer for many years prior to activation of the Association on June 22, 2006, and an application for water rights for the well was filed on August 22, 1996. The application has not yet been considered and has neither been accepted nor denied. It is possible the State of Washington could require the well not be used to add water to the lake unless and until a water right is obtained, but the State has given no indication that such a demand will be made as long as a resolution to the issue is being pursued. The Developer is working to acquire a permitted water source, and the Association is cooperating with that effort. Options, which are not mutually exclusive, include:

1. Procurement of an existing water right from a third party that could be transferred to the Association well;
2. Negotiation of agreement with owners owning property uphill from the project who currently divert surface water for other properties and other uses, which surface water and streams might be able to at least partially replace water drawn from the well;
3. Entry of an alternative agreement for provision of water through a utility provider such as Vera Water and Power;
4. Acceleration of the approval of the pending application; and
5. Some combination of the above.

Based on the foregoing facts, the Association, the Developer, owners in Shelley Lake, and any real estate licensees or other agents dealing with the property, provide no assurance or guarantee that water will be able to be added to the lake or whether the amount of water that is able to be added to the lake will be comparable to the amount that has been added in the past. Use of the pump to augment the level of Shelley Lake is at the sole discretion of the Association.



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### PROXY AND VOTING BALLOT

#### QUORUM REQUIREMENTS

**It is most important that you either personally attend the meeting or return this Proxy so that the Association can function to conduct business.**

The Shelley Lake Estates Homeowner Association has quorum requirements. This rule dictates how many home/property owners must be present at a meeting before any binding action can be taken. A qualified proxy's attendance will have the same effect as the owner's attendance for the purpose of establishing a quorum. If you are unable to attend a meeting of the Shelley Lake Homeowners' Association, you must complete and return the Proxy/Ballot below by completing the form boxes. You must sign and date where required, submit to the Association by mail or hand deliver to your Director Representative prior to the convening of the meeting. Note: if mailed, Proxies must be received by the Association by 5:00 p.m. on Monday, May 21, 2007. You may also give your Proxy/Ballot to a neighbor who plans on attending the May 21<sup>st</sup> meeting to ensure your vote is recorded. The Association bylaws dictate that in order for your vote by Proxy or Proxy to authorize another person to attend and vote (submit your Ballot) on your behalf, you **must sign and date both your Proxy and Ballot.**

### PROXY

I, \_\_\_\_\_ (*name*), the owner of the property located at \_\_\_\_\_ (*property address*), hereby grant this Proxy for purposes as described in Article 5, **Association, Administration, Membership and Voting Rights**, Paragraph **5.6 Voting Requirements**, of the Covenants, Conditions, and Restrictions (CC&Rs) of the Shelley Lake Estates Homeowner Association, Inc.

This Proxy carries with it the intent of the undersigned to be represented at the meeting of members specified herein by the individual specified to whom this Proxy is issued.

**THEREFORE**, being of sound mind and body, I, the undersigned, do hereby issue the aforementioned Proxy to: \_\_\_\_\_ (*representatives name*), at the meeting of the Shelley Lake Homeowners' Association, on Monday, May 21, 2007, at 7:00 p.m. PT, at the Valley Bible Church on Sullivan Road, Spokane Valley, per official Meeting Notice or as otherwise stated, noted, or published elsewhere by the Board of Directors, or any continuation meeting thereof, pursuant to the governing documents of the Association and in accordance with State of Washington Statues.

#### CHOOSE ONE:

**This proxy is to be used to represent me for purposes of a quorum only.**

\*\*\*\*\*PRINT THIS FORM AND INITIAL HERE \_\_\_\_\_

#### OR,

**This is a General Proxy to establish a quorum and the individual named herein may vote on my behalf on any and all issues brought before the meeting.**

\*\*\*\*\*PRINT THIS FORM AND INITIAL HERE \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_



# Shelley Lake

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### **BALLOT**

**1. Reimburse Individual Homeowners for Legal Fees:**

*See the attached documents for the proposed action.*

Seeking approval to reimburse certain Board Members and homeowners (5 homeowners) for legal fees incurred in seeking legal advice for the successful turnover of the Association from the Developer to the homeowners.

***Are you in favor to reimburse certain homeowners for the incurred expense as outlined above?***

\_\_\_\_\_ **YES**  
\_\_\_\_\_ **NO**

**2. CC&R Modifications/Rebalance Director to Homeowner Coverage:**

*See the attached "CC&R Changes" document for the proposed action.*

The changes allow for the director election to be regulated through the bylaws verses the CC&R's the default election process would be that all homeowners would vote on the directors versus just a section of the development. The board can propose changes to the by-laws that the homeowners can vote if needed to better balance the homeowner to Director ratio.

***Are you in favor to amend the Association's CC&R's as proposed?***

\_\_\_\_\_ **YES**  
\_\_\_\_\_ **NO**

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**SIGNATURE OF HOMEOWNER:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Printed

Name: \_\_\_\_\_

**SIGNATURE OF HOMEOWNER REPRESENTATIVE:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Printed

Name: \_\_\_\_\_