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MASON COUNTY
ALLAN T. BRODIE

BY-LAWS OF LAKE ARROWHEAD COMMUNITY CLUB

ARTICLE I

Name

The name of this corporation shall be "LAKE ARROWHEAD COMMUNITY CLUB INC." and for convenience shall be referred to hereinafter as the "CLUB

Amended By-Laws

These amended changes are hereby considered a part of Lake Arrowhead Community Club, Inc. By-Laws are approved by a majority of members present at the General Membership meeting this 23rd day of May, 1992.

ARTICLE II

Objects and Purpose

Section 1 This corporation shall be conducted as a non-profit corporation for the purposes set forth in the Articles of Incorporation for the property situated in the plats of Lake Arrowhead, Divisions 1,2,3,4,5,6,7, and 8, in Mason County, Washington.

Section 2 The corporation shall have the power to levy and collect assessments against its members for the lots owned or purchased by them, for the purposes in its Articles of Incorporation and By-Laws.

Section 3 To do any and all things that a corporation may lawfully do for the benefits of its members, or the property of its members, pursuant to Title 24 R.C.W.

ARTICLE III

Membership

Section 1 Membership in the Club shall be limited to the recorded owners of not less than one (1) lot in The Lake Arrowhead Development. A purchaser under contract for the purchase of a lot or lots in Lake Arrowhead shall be deemed the owner for the purposes of these By-Laws. Lots held as community property shall qualify the owners thereof for one membership only. Only one of any number or co-owners of any lot may qualify for membership.

Section 2 Membership in the Club shall be unseparably appurtenant to lots owned by members, and upon transfer of ownership, membership shall automatically be transferred to the owner, purchaser or heir.

Section 3 No membership benefits shall be forfeited except upon one of the following conditions:

- (a) When the member fails to pay any charge or assessment, when and as the same falls due.

(b) When the member violates or fails to comply with the By-Laws of the Club. Such suspension shall be authorized only upon the affirmative vote of two-third (2/3) of the Directors present at any regular or special meeting of the Board of Directors. The Club member will be notified of such action and be afforded an opportunity to present their side to the Board, before the forfeiture can be imposed.

Section 4 Each membership shall have one (1) vote regardless of the number of lots owned. Only members not in violation of Article III, Section 3, (a) or (b) shall be able to vote.

ARTICLE IV
Meetings

Section 1. Semi-annual meetings of the members of the Club shall be held during the months of May and August/September, and at such place in Mason County, Washington, as shall be determined by the Board of Directors. The Secretary shall mail or deliver to each member written notice of the time and place, not less than three (3) weeks prior. If, for any reason, the semi-annual meeting of the members shall not be held on the date hereinbefore designated, a delayed meeting may be called and held upon the giving of like notice.

Section 2 Special meetings of members may be called at any time by the President, a majority of the Board of Directors, or not less than twenty-five (25) of the members. Upon receipt of a request in writing setting forth the purpose of such a proposed special meeting, signed by the President, or a majority of the Board of Directors, or by not less than twenty-five (25) of the members, the Secretary shall fix a time and place for such a meeting, which shall not be less than ten (10) days nor more than thirty (30) days after the receipt of such request. Written notice thereof, shall be given to each member not less than ten (10) days prior

Section 3 At all semi-annual and special meetings of the members for the transaction of any business appropriate to a members meeting the members present, in person or by absentee ballot shall constitute a quorum.

Section 4 Meetings of the Board of Directors shall be in Mason County, Washington, or as shall be determined by a majority of the Board. With a minimum of one meeting per quarter per year. Seventy-two (72) hours notice of each such meeting shall be given to each Director, which notice may be given by telephone. Notice of date and place of meetings shall be posted at the Long House at Lake Arrowhead at least one week prior to the meeting. Any special or emergency meetings of the Board of Directors shall be incorporated into the next regular meeting's minutes.

ARTICLE V
Directors

Section 1 Business of the Association shall be managed by an unsalaried Board of Directors of Nine (9) members who shall be elected from the membership. Election of Directors shall be conducted at the August/September meeting of the members. Directors elected shall serve for a period of two (2) years and shall take office at the next regularly scheduled meeting of the Board of Directors. No Director shall succeed themselves to a fourth consecutive term. A nominating committee will be established at the May meeting of the members to fill vacancies to the Board of Directors at the next August/September meeting. Nominations will be accepted at the May meeting of the membership, along with the provisions for additional candidates by mail. Nominations to be mailed to the Election Committee c/o LACC Post Office Box. The dead line for nominations shall be June 30. This final slate of nominees will be submitted for the election of Directors.

Section 2 The Board of Directors shall have the general management and control of the business and affairs of the Club. The Board of Directors may make and enforce such rules and regulations as they deem necessary, conducive, incidental or advisable to accomplish or promote the objects and purposes of the Club and the use of its property, assets and facilities.

Section 3 A majority of the Directors shall constitute a quorum for the transaction of business.

Section 4 In the event a Director can no longer qualify as owner or purchaser of a lot and ceases to be a member, or in the event a Director misses three (3) meetings without just cause, that Director shall automatically cease to be a Director and the position shall become vacant, without any action from the Board, which shall nonetheless, spread that fact upon the minutes of its next meeting. Any vacancy occurring in the Board of Directors shall be filled by the runner-up from the previous election results. In the event there is no runner-up, the position shall be filled by appointment by a majority of the remaining Directors. A member appointed to fill the vacancy shall be appointed for the remainder of the term in which the vacancy occurred.

Section 5 Directors may be removed by a majority vote of the members at any semi-annual or special meeting for malfeasance or misfeasance provided that notice of such purpose is stated in the notice of the semi-annual or special meeting to the members and provided such notice together with the specific acts complained of are served on the Director in question thirty (30) days prior to said meeting.

Section 6 Any of the directors may be removed from the Board by a majority vote of the directors at any meeting, provided notice together with the specific acts complained of are served on the Director in question, not less than thirty (30) days prior to

said meeting.

ARTICLE VI
Officers

Section 1 The officers of the Club shall be President, Vice-President, a Secretary and a Treasurer. Such officers shall be appointed for a term of one (1) year at the next regularly scheduled meeting of the Board of Directors following the August /September meeting of the members.

Section 2 The President shall be the executive head of the Club and shall preside at all meetings. The President shall sign all contracts, deeds, bonds, and other obligations of the Club and other instruments authorized by the Board of Directors. The President of the Club shall have the authority to appoint such committee or committees as he/she may desire and to remove the members thereof at his/her will. Subject to confirmation of the Board of Directors.

Section 3 The Vice-President shall perform, in the absence of the President, the same duties and functions as are provided to be performed by the President. The Vice-President shall also perform the duties of the Secretary in the Secretary's absence.

Section 4 The Secretary shall be the custodian of all records and documents pertaining to the Club and its property. He/she shall keep fair and correct minutes and records of all meetings of members and of the Board of Directors. He/she shall sign with the President where appropriate all contracts, deeds, bonds and other instruments of the Club and other obligations authorized by the Board of Directors. He/she shall give notice of all meetings of the Board of Directors. If, at any meeting of the members or the Board of Directors, the Secretary shall be absent or unable to perform his/her duties, the President shall have the right to appoint a Secretary pro-term.

Section 5 The Treasurer shall receive and safely keep all monies and securities belonging to the Club and shall disburse the same under the direction of the Board of Directors. At each semi-annual meeting of the members, and at any other time when directed by the Board of Directors, he/she shall submit a report of the financial affairs of the Club and the status of all monies, funds, and assets then on hand or received and disbursed since the Treasurer's last report. A committee of three (3) members will be appointed by the President during the August/September meeting of the members for the purpose of conducting an informal audit of the financial records.

Section 6 The Board of Directors may appoint, employ, terminate, discharge, fix the compensation and provide for the duties and powers of such officers, agents and employees as, in the judgment of the Board of Directors, shall be advisable, subject to the requirements and provisions of this Article VI. Only the offices of Secretary and Treasurer may be combined. Any officers of this corporation shall perform and discharge such duties as the

Board of Directors may from time to time require.

Section 7 Any officer may be removed as such by the Board of Directors at any meeting for any reason deemed sufficient to the Directors. Vacancies in any office, whether caused by resignation, removal, death or otherwise, shall likewise be filled by appointment by the Board of Directors.

ARTICLE VII

Charges and Assessments

Section 1 For the purpose of securing funds to meet the capital outlays, operating expenses and other expenditures required to accomplish the objects and purposes authorized in Article II hereof, the authority has been granted to the Club, by the owners thereof pursuant to a certain Declaration of Restrictions, Covenants and Conditions recorded in the office of the County Auditor of Mason County, to determine and levy from time to time charges and assessments against each and every lot.

Section 2 In regard to charges and assessments against lots:

(a) The Annual Dues shall be determined by the Board of Directors and presented to the membership at the August/September meeting for their approval. Those present in person shall constitute a quorum of the membership and a two-thirds (2/3) vote shall be necessary to prevail.

(b) Special Assessments shall be determined by the Board of Directors and presented to the membership at a regular membership or special meeting, called for such purpose, for their approval. Those present in person shall constitute a quorum of the membership and a two-thirds (2/3) vote shall be necessary to prevail.

(c) Each owner of a lot or lots shall, by the acceptance of a deed or by the signing of a contract or agreement to purchase the same, whether from the present or a subsequent owner of such lot or lots, bind himself, his heirs, personal representatives and assigns to pay all such charges and assessments as shall be determined and levied upon such lot or lots, including late fees, or interest on such charges and assessments and collection costs including attorney's fees, if any. The obligation to pay such charges, assessments, interest and collection cost thereby constitutes an obligation running with the land.

(d) The amount of all such charges and assessments against any lot, including interest thereon and collection costs, if any, shall be and becomes a lien upon such lot from and after the time each such charge or assessment becomes due and payable and until all charges and assessments, including interest and collection costs, including attorney's fees, if any, are paid in full.

(e) Charges and assessments shall be determined and levied in equal proportions against each and every lot.

(f) Isolated charges, or fees for services rendered directly to any specific lot will be charged in accordance with those services rendered to said lot.

(g) The time and manner of paying such charges and assessments shall be specified by resolution of the Board of Directors.

(h) Charges, assessments and late fees shall carry interest on unpaid balances at the rate of one and one-half (1 and 1/2) percent per month from sixty (60) days after the same are due and payable.

Section 3 All liens herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages.

ARTICLE VIII

Dissolution

Procedure for a voluntary dissolution of the Lake Arrowhead Community Club shall be followed as set forth in R.C.W. Chapter 24, Corporations and Associations (Non-Profit). A non-profit, unincorporated association shall forthwith and without further action or notice be formed and succeed to all rights and obligations of the Club. The owners of each parcel shall have an equal, underlying beneficial interest in all of the Club's property transferred to or beneficially owned by the unincorporated association. Provided, however, there shall be no judicial partition of any parcel or common area nor shall any such member or other person acquiring any interest in any parcel or common area seek any judicial partition. The unincorporated association shall be known as "THE LAKE ARROWHEAD OWNERS' ASSOCIATION" and its affairs shall be governed by the laws of the State of Washington and, to the extent not inconsistent, by the Articles of Incorporation and these By-Laws.

ARTICLE IX

Conduct of Business

Section 1 Robert's Rules of Order shall be recognized as authority governing all meetings when not in conflict with the law, the Articles of Incorporation or these By-Laws.

ARTICLE X

Any notice required to be given pursuant to these By-Laws shall be a written notice, unless otherwise specifically provided in these By-Laws. Such notice may be given by depositing the same in a post office mail box in the State of Washington in a prepaid envelope addressed to the recipient thereof at his last known address, and the time when the same is mailed shall be deemed the time of giving such notice. A written waiver for holding a meeting, or attendance at a meeting, shall be deemed equivalent to notice thereof required to be given by these By-Laws.

ARTICLE XI

Amending or Repealing By-Laws

Section 1 The Board of Directors shall have the power to make, amend or repeal the By-Laws of the Club, at any meeting of the Directors, by an affirmative vote of two-third (2/3) of the Directors present, provided thirty (30) days notice of intention to make, amend or repeal the By-Laws shall have been given to each Director and to the General Membership. Subject to the approval of the membership at the next regular scheduled membership meeting. Those present in preson shall constitute a quorum and a two-thirds vote shall be necessary to prevail.

Section 2 The members shall have the power by an affirmative vote of two-thirds (2/3) of the members present in person to make, amend or repeal the By-Laws, provided such meeting and proposed changes shall have been given in accordance with the provisions for notice contained in these By-Laws.

ARTICLE XII

Date of Adoption

IN WITNESS WHEREOF, we the undersigned Directors signify our adoption of these By-Laws on this 8th day of AUGUST, 1992.

Chuck L. Kelly Jr.
Board Member

Dolores E. Pickering
Board Member

Shirley J. Ockert
Board Member

Gary L. DeVoto
Board Member

Terry C. Cannon
Board Member

Board Member

James Ammons
Board Member

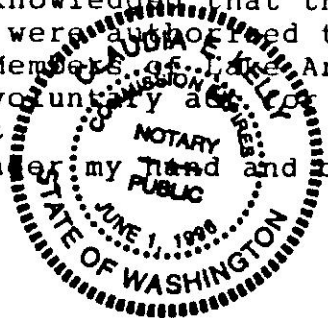
Board Member

David E. Sones
Board Member

State of Washington
County of Pierce

I certify that I know that Chuck L. Kelly Jr., Shirley J. Ockert, Terry C. Cannon, James Ammons, David E. Sones, Dolores E. Pickering and Gary L. DeVoto are the people who appeared before me, and said people acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged as Board Members of the Arrowhead Community Club, Inc. to be their free and voluntary act for the uses and purposes mentioned in the instrument

GIVEN under my hand and official seal this 8th day of August, 1992.



Claudia E. Kelly
Notary Public in and for the State
7 Washington residing at Tacoma, WA.