

BYLAWS OF

BELFAIR ACREAGE TRACTS ASSOCIATION

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to the Belfair Acreage Tracts Association a nonprofit corporation organized and existing under the laws of the State of Washington.

Section 2. "The Properties" shall mean and refer to Belfair Acreage Tracts and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation as provided in Article VI herein.

Section 3. "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision map of The Properties and intended to be devoted to the common use and enjoyment of the owners of The Properties. "Common Properties" include all easements of way recorded on the reservation of easement filed with the Mason County Auditor, record number 306041.

ARTICLE II

LOCATION

Section 1. The principal office of the Association shall be located at Jack Baty Realty until such time as the first annual meeting.

ARTICLE III.

MEMBERSHIP

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any tract or any subdivision thereof which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner

of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration of Covenants and Restrictions to which The Properties are subject and recorded with the Mason County Auditor, Record number 366042, recorded on Aug 17th, 1979.

Section 3. The membership rights of any person whose interest in The Properties is subject to assessments under Article III, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored.

ARTICLE IV.

VOTING RIGHTS

Section 1. The Association shall have one class of voting membership. Members shall be all those owners as defined in Section 1 of Article III hereof. Members shall be entitled to one vote for each tract or any subdivision thereof in which they hold the interests required for a membership by Section 1 of Article III. When more than one person holds such interest or interests in any tract or subdivision, all such persons shall be members, and the vote for such tract or subdivision shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such tract or subdivision.

ARTICLE V.

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each member shall be entitled to the use and enjoyment of the common properties as provided by Article IV, Declaration of Covenants applicable to The Properties.

Section 2. Any member may delegate his rights of enjoyment in the Common Properties to the members of his family who reside upon The Properties or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. Such member shall notify the Secretary in writing of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3, to the same extent as those of the member.

ARTICLE VI.

ASSOCIATION PURPOSES AND POWERS

Section 1. The Association has been organized for the following purposes:

- (1) To promote the recreation, health, safety and welfare of the residents of Belfair Acreage Tracts as recorded on Tract map, record number 366-040 with the Mason County Auditor, recorded on Aug. 1978, 1979.
- (2) To care for, maintain and improve for the use and enjoyment of all of the residents of Belfair Acreage Tracts the private roads and property situated adjacent thereto, legally described on recorded Declaration of Easement, record number 366-041 with the Mason County Auditor, recorded on Aug. 1978, 1979.
- (3) To assess and collect from the members and disburse monies to Reid Realty Retirement Fund, now known as Reid Realty, Inc., Profit Sharing Plan and Trust, Great Western Lighting Profit Sharing Trust, sums which have been set forth in the easement agreement between Reid Realty Retirement Fund, now known as Reid Realty, Inc., Profit Sharing Plan and Trust and Great Western Lighting Profit Sharing Trust and Jack G. Baty, recorded in Mason County, WA, Auditor's Fee No. 358895 on March 29, 1979.
- (4) To fix assessments to be levied against the properties.
- (5) To enforce any and all covenants, restrictions and agreements applicable to the properties.
- (6) To own, buy, sell, rent, lease, mortgage or otherwise acquire, dispose of or deal in real and personal property.
- (7) To borrow money and to issue notes as evidence thereof, and to secure the same by a mortgage or pledge of any or all of its assets.
- (8) Insofar as is permitted by law and all covenants, to do any other thing that in the opinion of the Board of Directors will promote the common benefit and enjoyment of the properties.

Section 2. The total debts of the corporation including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of one year's assessments current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds of the votes

of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. The corporation shall have power to dispose of its real properties only as authorized under the recorded covenants and restrictions applicable to said property.

ARTICLE VII.

BOARD OF DIRECTORS

Section 1. The affairs of the corporation shall be managed by a Board of five (5) directors who need not be members of the corporation. The initial board of directors shall consist of three (3) directors who shall hold office until the election of their successors for the terms stated in Article XV of the Articles of Incorporation. Beginning with the first annual meeting to be held on May 15, 1980, the members, at each annual meeting, shall elect five (5) directors each for a term of one year.

Section 2. Vacancies in the Board of Directors shall be filled by the remaining directors, any such appointed director to hold office until his successor is elected by the members, who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose.

ARTICLE VIII.

ELECTION OF DIRECTORS: NOMINATING COMMITTEE ELECTION COMMITTEE

Section 1. Election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded covenants applicable to The Properties. The names receiving the largest number of votes shall be elected.

Section 2. Nominations for election to the Board of Directors shall be made by any member of the Association at least 21 days before the annual meeting. Nominations for Board of Directors may be made at the annual meeting, but nominations made at the annual meeting will not be entitled to proxy ballots.

Section 3. All elections to the Board of Directors shall be made on written ballot. Such ballots shall be prepared and mailed by the Secretary to the members at least fourteen (14) days in advance of the date of the annual meeting. All ballots must be returned to the Secretary of the Association by the day of the annual meeting.

ARTICLE IX.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

- (a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article IV, Section 1.
- (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties.
- (c) To establish, levy and assess and collect the assessments or charges referred to in Article III, Section 2.
- (d) To adopt and publish rules and regulations governing the use of the common properties and facilities.
- (e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.
- (f) In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.

Section 2. It shall be the duty of the Board of Directors:

- (a) To cause to be kept, a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting.
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.
- (c) As more fully provided in Article V of the Declaration of Covenants applicable to The Properties:
 - (1) To fix the amount of the assessment against each tract or subdivision for each assessment period at least thirty (30) days in advance of such date or period and, at the same time;

- (2) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and, at the same time;
 - (3) To send written notice of each assessment to every owner subject thereto.
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X.

DIRECTORS' MEETINGS

Section 1. A regular meeting of the Board of Directors shall be held following the annual meeting, provided that the Board of Directors may, by resolution, change the day and hour of holding such regular meeting.

Section 2. Notice of such regular meeting is hereby dispensed with.

Section 3. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two directors after not less than three (3) days' notice to each director.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

Section 6. No Director shall receive any compensation for his services as such, but nothing herein contained shall be deemed to limit the right of any member of the Board of Directors to perform services incident to the profession or trade of said member for the corporation, or to sell property of any kind or nature to said corporation.

ARTICLE XI.

OFFICERS

Section 1. The officers shall be a President, Vice-President, and Secretary-Treasurer. All officers may be members of the Board of Directors.

Section 2. The officers shall be chosen by majority vote of the directors.

Section 3. All officers shall hold office during the pleasure of the Board of Directors.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. The Vice-President shall perform all the duties of the President in his absence.

Section 6. The Secretary-Treasurer shall be the secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association together with their addresses as registered by such members. He shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. He may sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice-President. He shall render to the Board of Directors whenever same shall be required, and shall render to the members at the annual meeting, an account of receipts, disbursements and financial condition of the Association.

ARTICLE XII.

MEETINGS OF MEMBERS

Section 1. The regular annual meeting of the members shall be held on the 15th day of May of each year, at the hour of 7.30 o'clock p.m. If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. Special meetings of the members for any purpose may be called at any time by the President, the Vice-President, the Secretary-Treasurer, or by any two or more members of the Board of Directors, or upon written

request of the members who have a right to vote one-fourth of all of the votes of the entire membership.

Section 3. Notice of any meetings shall be given to the members by the Secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the corporation. Each member shall register his address with the secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting regular or special, shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the Articles of Incorporation or by the Covenants applicable to The Properties, notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes of the membership shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles of Incorporation or by the Covenants applicable to The Properties shall require a quorum as therein provided.

ARTICLE XIII.

PROXIES

Section 1. At all corporate meetings of members, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in The Properties.

ARTICLE XIV.

BOOKS AND PAPERS

Section 1. The books records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any members.

ARTICLE XV.

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, provided that those provisions of these Bylaws which are governed

