



WHEN RECORDED RETURN TO:

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Dugwalla Bay Estates Comm. Assoc.
4501 Dugwalla View Dr
Oak Harbor WA 98277

1901046	DOCUMENT TITLE(S)	BYLAWS
		for
		DUGUALLA BAY ESTATES COMMUNITY ASSOCIATION
	REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:	
	GRANTOR(S):	<u>A.L.R.T. Corporation, a Washington corporation</u>
	GRANTEE(S):	<u>Dugwalla Bay Estates Community Association</u>
	Assessor's Tax Parcel Numbers: R 23308-511-0440; R 23305-033-1160; R 23305-033-0830; R 23305-032-0500; R 23305-031-0170; R 23306-031-5110; R 23306-031-4780; R 23306-031-4450; R 23306-031-4110; R 23305-099-1160; R 23305-099-0830; R 23305-098-0500; R 23305-097-0170; R 23306-097-5110; R 23306-097-4780; R 23306-097-4450; R 23306-097-4110	
	Legal Description: Portion of NW1/4 of NW1/4 of Sec 8, Twnp 33N, Rge 2E of W.M.; Lots 1 through 17 of BLA458/98, recorded 5/17/99, in Vol 3 of Short Plats, page 248, under Auditor's File No. 99011702, records of Island County, Washington. (Additional Legal is on pages 8-10).	



May 21, 2007

BYLAWS

for

DUGUALLA BAY ESTATES COMMUNITY ASSOCIATION

1. REGISTERED OFFICE:

The registered office of the Association is located in Island County in the State of Washington and shall be the residence of the President of Dugualia Bay Estates Community Association (hereinafter referred to as the "Association"). The registered office address shall be updated as required, or at the annual meeting of the membership.

2. PURPOSES:

- 2.1 The Association shall be conducted as a non-profit homeowners' association to serve as the means through which the Lot owners may take action with regard to the administration, management and operation of the Association.
- 2.2 The purposes for which this Association has been created may be altered, modified, enlarged or diminished by the vote of a majority of the members, at an annual meeting or at any special meeting duly called for that purpose.
- 2.3 The Association shall be incorporated under the Washington Non-Profit Corporation Law. The Articles of Incorporation of the Association shall be consistent with the Declarations and these Bylaws, and these Bylaws shall constitute the Bylaws of the incorporated Association.

3. MEMBERSHIP:

- 3.1 The membership of this Association shall consist of and is limited to the owners of Lots which are included in Dugualia Bay Estates (Hereinafter referred to as "DBE".)

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- 3.2 Membership shall be inseparably appurtenant to the Lots owned by the members. Upon the transfer of ownership of any Lot, the membership shall be deemed to be transferred to the new owner, and said ownership is not subject to the approval of the Board of Directors, or of the other members of said Association. No membership may be conveyed or transferred in any other way. In the event of the death of a member, his membership shall pass in the same manner and to the same person as does the real property itself.
- 3.3 No membership shall be forfeited nor any member be expelled, except members may be temporarily suspended and their voting rights temporarily suspended during the period within which they may be billed by the Association for regular Dues, Fees, and/or Assessments which have been due and unpaid for more than SIXTY (60) days. No member may withdraw except upon the transfer of ownership of the Lot to which his membership is appurtenant. NO compensation shall be paid by the Association upon any transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the Association.

4. ASSOCIATION MEETINGS:

- 4.1 Annual Meeting: The annual meeting of the Association shall be held in the month of April or May at such hour and such date as the President may designate. If the President should fail to designate such date by the first day of May, the annual meeting shall be the 3rd Tuesday in May. The annual meeting shall be for the purpose of election of officers and directors and for the transaction of such other business as may properly come before the meeting.

The order of business shall be as follows:

- A Calling of the meeting to order
 - B Proof of notice of meeting (or filing waiver)
 - C Reading of minutes of last annual meeting
 - D Report of officers
 - E Reports of committees
 - F Election of directors and officers
 - G Unfinished business
 - H New business
- 4.2 Special Meetings: The President or a majority of the Board of Directors may call a special meeting of the Association for any purpose, and must be called by such Officers upon receipt of a written request from at least five

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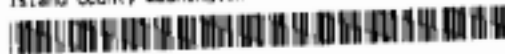
(5) of the Lot owners stating the purpose of the meeting. Business transacted at the special meeting shall be confined to the purposes stated in the notice.

- 4.3 Notice of Meeting: The President, when calling an annual or special meeting of the Association, shall cause written notice to be delivered to each member, either personally, by mail, or by e-mail. This written notice shall state the place, date, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Notification will be given fourteen (14) to sixty (60) days before the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice.
- 4.4 Quorum: At any meeting of the Association, owners holding nine of the voting rights, present in person or by proxy, shall constitute a quorum.
- 4.5 Proxies: At all Association meetings, a member may vote in person or by proxy executed in writing by the member or by his attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting and shall be valid for that one meeting only.
- 4.6 Voting: Each member shall have one vote. If a Lot is owned by more than one person, they shall designate one owner to cast one vote. If an owner owns more than one lot, that owner is restricted to one vote. A member may vote in person or by proxy. The vote of the holders of nine or more votes shall be binding upon all Lot owners for all purposes except where a higher number of votes is required by law, by the Declaration or by these Bylaws.

By majority vote of the Board, any motion, proposal or issue which might come before the Association at a meeting, excluding the election of Directors and Officers, may be determined by ballot rather than a formal meeting. Ballots shall be sent to all members in the same manner as written in Section 4.3 of these Bylaws, "Notice of Meeting." The ballot format shall be determined by the Board on a case-by-case basis, with a specified deadline for return of ballots. Ballots must be properly executed and returned in sufficient quantity to constitute a quorum. Any expenditure in excess of \$300.00 per lot must be approved by a majority (nine votes) of the membership.

The approval or disapproval of the motion, proposal or issue contained in the ballot shall be determined by the Board within 48 hours after the deadline for return of the ballots. Within ten (10) days after the ballots have been counted, each member shall be notified by mail or E-mail of the results.

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5. BOARD OF DIRECTORS:

- 5.1 General Powers: The business and affairs of the Association shall be managed by the Board of Directors.
- 5.2 Number, Tenure and Qualifications: The Board shall be composed of five directors, provided however that the number of directors may be changed from time to time to any odd number by amendment to these Bylaws, but no change shall have the effect of shortening the term of any incumbent director. Each director shall hold office until the next annual meeting and until a successor shall have been elected, unless he/she resigns or is removed. Directors and officers must be members of the Association. In the event a director can no longer qualify as a member, he/she shall automatically cease to be a director and the office shall become vacant without any action by the Board. Co-owners of a lot shall not serve as Directors in the same time period.
- 5.3 Regular Meetings: A regular Board meeting shall be held without notice immediately after and at the same place as the annual meeting of the membership.
- 5.4 Special Board Meetings: Special board meetings may be called by the President or at the request of a majority of the Directors. Special board meetings shall be held within the community of DBE.
- 5.5 Notice: Written notice of each special board meeting shall be delivered personally, by E-mail, mail, or by telephone to all members at his/her address at least five days before the meeting.
- 5.6 Quorum: A majority of the directors shall constitute a quorum for the transaction of business at any special board meeting. The action of the directors present at a special board meeting at which a quorum is present shall be deemed the action of the board.
- 5.7 Vacancies: Any vacancy occurring on the board may be filled by a vote of a majority of the remaining directors. A director elected to fill a vacancy shall be elected for the un-expired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting.

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- 5.8 Removal: At a meeting of the Association called expressly to consider removal of one or more members of the board (including the entire board), the members by majority vote may effect said removal.

6. OFFICERS:

- 6.1 Number: The officers of the Association shall be a President, a Secretary, and a Treasurer elected by the membership. Such other officers as may be deemed necessary, shall also be elected at the annual meeting. Each officer shall hold office until the next annual meeting and until his/her successor shall have been elected unless he/she resigns or is removed. As lots may be co-owned, each co-owner may be elected to hold separate Association offices during the same time period.
- 6.2 Removal: At a special Association meeting called expressly to consider removal of any officer, the members by majority vote may effect such removal.
- 6.3 Vacancies: A vacancy in any office because of death, resignation, removal, or otherwise, may be filled by the Board for the unexpired portion of the term.
- 6.4 President: The President shall be the principal executive officer of the Association and, subject to the Board's control, shall supervise and control all of the business and affairs of the Association. He/she shall preside over all membership meetings and over all Board meetings. In the event of a Board tie vote on any motion, proposal or issue before the Board, the President shall vote to resolve the tie vote. At any membership or Board meeting where the President is absent, the President shall select one member of the Association to preside over the meeting. The presiding Director shall retain all voting privileges during that meeting. If the absence of the President is of a permanent nature due to death, inability or refusal to serve, or removal from office, the Board shall select one Director to serve as President for the un-expired term of the former President. The Board shall fill the resulting Board vacancy as set forth in Section 5.7. With the Secretary or Treasurer, the President may sign contracts or other instruments that have been authorized by the Board or membership to be executed. In general, he/she shall perform all duties incident to the office of the President.
- 6.5 Secretary: The Secretary shall (a) keep the minutes of the Association and board meetings in books provided for that purpose; (b) see that all notices

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are duly given as required by law; (c) be custodian of the Association records; (d) keep a register of the mailing address, E-mail address, and phone number of each member as furnished to the Secretary by each member; (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned.

- 6.6 Treasurer: If required by the Board, the Treasurer shall give a bond, at Association expense, for the faithful discharge of duties. The Treasurer shall have charge and custody of and be responsible for all funds of the Association; receive and give receipts for monies due and payable to the Association from any source, and deposit all such monies in the name of the Association in such banks as may be selected. The Treasurer and co-signer shall pay, by check, all approved expenditures from Association funds. The Board shall, from time to time, designate the co-signer. In general, the Treasurer shall perform all of the duties of the office of the Treasurer.
- 6.7 Salaries: No officer shall receive a salary.

7. DUES, FEES, AND/OR ASSESSMENTS

- 7.1 Definitions:
- A. Dues – an initial fee at time of closing, and an annual fee for membership in an association to be expended for administrative costs and other minor expenses, i.e., mailing expenses, office supplies, etc.
 - B. Fees – a charge for recurring costs, such as maintenance of the entrance plantings, entrance equipment, bridle trail, etc.
 - C. Assessments – charges for capital improvements.
 - D. Funding – for accounting purposes, funds allocated to Dues and Fees categories shall be a joint fund. Funding for Assessments shall be maintained in a separate fund.
- 7.2 Dues, Fees, and/or Assessments: For the purposes of financing the activities of the Association, it is hereby declared that each member shall be charged annual dues, recurrent fees, and/or special assessments as determined by the Board and ratified by the membership.
- 7.3 Payment of Annual Dues, Recurrent Fees, and Special Assessments: Each member shall pay dues, fees, and special assessments for each lot owned by said member in such amounts as are determined by the Board and

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ratified by the membership. Payments shall be due and payable on such date as determined by the Board. Within one month from the date of the annual meeting, or special meeting, the Treasurer shall cause a statement of annual dues, recurrent fees, and/or special assessments, and payment dates due, to be mailed or E-mailed to each member at the address or E-mail address of record. Any dues, fees, and/or special assessments not paid by the established due date shall be delinquent with interest at the rate of twelve per cent (12%) per annum. Upon becoming delinquent, such dues shall constitute a lien upon the lots against which they have been levied, and the Association may file a statement of said charges and a lien in the proper offices of Island County, Washington. A release of said lien shall be filed by the Association upon receipt of payment in full of said dues, fees, and/or assessments including interest and costs, disbursements and attorney's fees incurred by the Association. Said lien may be enforced by the Association as may any lien on real property under the laws of the State of Washington; and if said lien is foreclosed, the owner shall be liable for the costs and disbursements, including reasonable attorney's fees, of the Association, all of which costs, disbursements and fees shall be secured by such lien. Sellers of any Lot which has unpaid dues, fees, and/or assessments including any accrued interest, are obligated to pay the outstanding debt at the time of "closing" and prior to "Transfer of Title." Members shall have, nonetheless, first liability for dues, fees, and/or assessments, whether by accepting the deed to or by executing a contract to purchase a lot to which unpaid dues, fees, and/or assessments are allocated, and shall become personally obligated to pay such dues, fees, and/or assessments, including any interest accrued thereon, and shall be subject to the enforcement provisions of this Section.

- 7.4 Annual Budgets: Prior to the annual membership meeting, the board shall prepare an annual budget delineating projected costs of dues, fees, and/or assessments for inclusion in the written notice of said meeting. A budget meeting will be held in the month of March to develop and finalize the annual budget. This budget shall be presented to the President for inclusion in the notice of the annual membership meeting.
- 7.5 Special Assessment Budgets: Prior to a special Association meeting, the Board shall prepare a budget delineating the costs of any capital improvement projects to be considered at said meeting.

8. CONTRACTS, LOANS, CHECKS AND DEPOSITS

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- 8.1 Contracts: The Board or membership may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority shall be on a case-by-case basis.
- 8.2 Loans: No loans shall be contracted on behalf of the Association unless required to maintain the integrity of the association, i.e. capital improvement of the road, or such other loan as may be authorized by the membership..
- 8.3 Checks: All checks for the payment of approved expenditures shall be signed by the Treasurer and designated co-signer.
- 8.4 Deposits: All funds of the Association shall be deposited from time to time to the credit of the Association at a bank located in Washington State.

9. FISCAL YEAR

- 9.1 The fiscal year of the Association shall begin on the first day of January and terminate on the last day of December of each year.

10. WAIVER OF NOTICE

- 10.1 Whenever any notice is required to be given to any member or Director of the Association under the provisions of these Bylaws or under the provisions of the Washington Non-Profit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

11. INDEMNIFICATION:

- 11.1 To the fullest extent permitted by Washington State law, as it now exists or may hereafter be amended, a Director or Officer of this Association shall not be personally liable to the Association or its members for monetary damages for conduct as a Director or Officer, except for liability of the Director or Officer for acts or omissions that involve:
- A. Intentional misconduct by the Director or Officer
 - B. A knowing violation of law by the Director or Officer
 - C. Intentionally wrongfully distributing assets
 - D. Any transaction from which the Director or Officer will personally receive a benefit of money, property or services to which the Director or Officer is not legally entitled.

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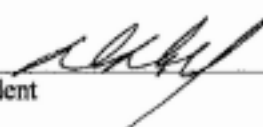


- 11.2 Any amendment or repeal of this article shall not adversely affect the right or protection of a Director or Officer or the Association existing at the time of such amendment or repeal.

12. AMENDMENTS:

- 12.1 General Amendments: These Bylaws may be amended by the membership at any annual meeting or at any special meeting properly called for that purpose, at which a quorum is present, by the affirmative vote of a majority of the members present.
- 12.2 Qualifications: The Board of Directors shall not make or repeal such Bylaws fixing their qualifications without the consent of the majority of the members present at any annual or special meeting properly called for that purpose.

The within and foregoing Bylaws of Dugualla Bay Estate Community Association were duly adopted by the Membership on the 21 day of MAY, 2007.



President

ATTESTED TO:



Secretary

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