

Restated Articles of Incorporation of Driftwood Key Club

August 2011

The undersigned, in order to restate the Articles of Incorporation of a nonprofit corporation under the provisions of the Washington Nonprofit Corporation Act (Chapter 24.03 of the Revised Code of Washington), as amended, hereby submits the following Restated Articles of Incorporation. These Restated Articles of Incorporation correctly set forth without change all of the provisions of the Articles of Incorporation as amended through the date of these Restated Articles of Incorporation and supersede the original Articles of Incorporation for the Corporation and all subsequent amendments thereto.

ARTICLE I—NAME

The name of the Corporation shall be: DRIFTWOOD KEY CLUB.

ARTICLE II—PURPOSE AND POWERS

1. **PURPOSE**—The general purpose of the Corporation is to operate as a nonprofit homeowners association with respect to all property in the Plat of Driftwood Key and all Additions thereto owned by either the Corporation (herein, "Corporate Property") or others (herein, "Private Lots"). All Corporate Property and Private Lots existing as of the date of these Restated Articles of Incorporation is legally described on Exhibit A hereto.
2. **GENERAL POWERS**—The Corporation has the general authority to do any and all lawful things that may be advisable, proper, authorized or permitted to be done by a Corporation under Chapter 24.03 RCW (governing nonprofit corporations), Chapter 64.38 RCW (governing homeowner associations), or any other laws of the State of Washington relating to nonprofit corporations or homeowner associations.
3. **SPECIFIC POWERS**—Without limiting the generality of the foregoing, the Corporation has the following specific powers, but does not have the obligation to exercise any particular power (whether identified below or otherwise) except to the extent such power is expressly assumed by the Board of Trustees:
 - a. **Acquisition and Disposition of Corporate Property.** To acquire by gift, purchase, lease or otherwise real and/or personal property in the name of the Corporation; to convey, sell, lease, transfer, mortgage and otherwise encumber, dedicate for public use and/or otherwise dispose of any said property; and to grant franchises, rights of way and easements for public utilities or other purposes upon, over and/or under any Corporate Property.
 - b. **Improvement and Maintenance of Corporate Property.** To construct, improve, develop, repair, maintain, operate, care for and/or manage all Corporate Property as appropriate for the use and benefit of the Corporation's Members, including without limitation parkways, playgrounds, open spaces, recreational areas, tennis courts, beaches, boat landings, floats, piers, clubhouses, swimming pools, and/or swimming areas, bathhouses, places of amusement, community buildings, community clubhouses, and other such community facilities.
 - c. **Corporate Streets and Roads.** To build, improve, and maintain streets, roads, alleys, courts, and walks as well as culverts, bridges, and drainage areas on Corporate Property.
 - d. **Care and Maintenance of Lots.** To monitor and enforce rules and regulations regarding the care and maintenance of Corporate Property or Private Lots; the removal of unsightly or obnoxious things that are viewable from other lots, including

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APPROVED BY MEMBERSHIP VOTE AT AUGUST 2011 ANNUAL MEETING

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without limitation trash or other refuse, and non-operational and unregistered vehicles; and the control of invasive species such as Scotch Broom and Himalayan Blackberries.

- e. **View Protection.** To establish height limits on Corporate Property and Private Lots of any: trees, hedges and other vegetation; and fences, walls, poles, buildings, dwellings or other structures. To monitor and enforce rules and regulations for the purpose of protecting the Private Lot owners' views of the Olympic Mountains, Hood Canal, Marina, Inner Bays and Entrance Channel.
- f. **Architectural Control.** To approve or disapprove plans and specifications according to the rules and regulations for fences, walls, poles, new structures and or exterior alterations to existing structures to be erected or improved upon any Corporate Property or Private Lot. To monitor construction of any such improvements. To keep records of any approvals or disapprovals made or issued by the Corporation.
- g. **Signage.** To approve or disapprove the erection, posting, pasting, or displaying upon any Corporate Property or Private Lot billboards and signs of all kinds and character, and to remove any billboards or signs erected or maintained without the authority of the Corporation. *Provided*, the Corporation may not prohibit the outdoor display of political yard signs on a Private Lot by an owner or resident before any primary or general election although it may establish reasonable rules and regulations regarding the placement and manner of display of political yard signs on Private Lots.
- h. **Dues, Assessments, and Charges.** To fix, establish, levy, and collect such dues, assessments, and other charges, with respect to both Members of the Corporation and third parties, as may be necessary or appropriate in the judgment of the Board of Trustees to carry out any of the purposes for which this Corporation is formed or any authority or power duly exercised by the Corporation. Regarding Members, any such dues, assessments, or other charges shall not be in excess of the amounts provided for under the Bylaws.
- i. **Liens and Collection Actions.** To establish and enforce liens upon any Private Lot for unpaid dues, assessments, and other charges, or take any other action to collect any unpaid dues, assessments or other charges.
- j. **Expenditures.** To expend any moneys collected by the Corporation from dues, assessments or other charges to pay and discharge all costs, expenses and other monetary obligations incurred by the Corporation in carrying out any or all of the purposes for which the Corporation is formed or any authority or power duly exercised by the Corporation, including without limitation the payment of any taxes or assessments that may be levied by any public authority upon any property owned by the Corporation or any improvements thereon.
- k. **Borrowing.** To borrow money and mortgage, pledge or hypothecate any or all of the real or personal property of the Corporation as security for money borrowed or debts incurred.
- l. **Books and Records.** To keep books and records as required by either Chapter 24.03 RCW (governing nonprofit corporations) or Chapter 64.38 (governing homeowners associations).
- m. **Corporate Offices.** To have one or more offices at such place or places, either within or without the State of Washington as the Board of Trustees may from time to time determine or the business of the Corporation require.
- n. **Rules and Regulations.** To make reasonable rules and regulations and establish policies and procedures not inconsistent with these Articles of Incorporation; the

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Corporation's Bylaws; or any recorded conditions, covenants, reservations, or restrictions affecting the Corporate Property or Private Lots.

- o. **Enforcement of Governing Documents.** To enforce these Articles of Incorporation, which are further articulated in the Corporation's Bylaws, any recorded conditions, covenants, reservations or restrictions affecting Corporate Property and Private Lots, and any rules or regulations duly adopted by the Board of Trustees and/or Membership in connection therewith (collectively, the Corporation's "Governing Documents"); and to exercise such additional powers of control, interpretation, construction, consent, decision, determination, modification, amendment, cancellation, or annulment of any such Governing Documents as may be vested in, delegated to, or assigned to the Corporation.
 - p. **Incidental Powers.** To do and perform any and all acts which may be either necessary or proper for or incidental to the exercise of any of the foregoing powers or for the peace, health, comfort, safety and/or general welfare of the owners of Private Lots or residents thereon.
- 4. LIMITATIONS**—Nothing contained in these Articles of Incorporation shall be construed as authorizing or permitting said Corporation to own, manage or operate any real or personal property for profit. It is the intention and purpose that the business of said Corporation shall not be carried on for profit either to itself or for the benefit of its Members, and wherever it is authorized to collect charges or assessments it shall have no power or authority to use said charges or assessments except as necessary to cover the actual cost or expense of the act, duty, power or transaction performed. Further, any monies obtained from the use or lease of any property or assets of the Corporation shall be used solely for the operation, improvement, maintenance, replacement or repair of that property or asset.

ARTICLE III—MEMBERS

- 1. QUALIFICATION**—Any owner of a lot in any Addition of Driftwood Key, all as legally described on Exhibit A hereto, shall be a Member of the Corporation. The owner of a lot shall include the purchaser (and not the seller) under any recorded agreement for the sale of real property in which legal title to the property is retained by the seller as security for payment of the purchase price (herein, "real estate contract") but does not include the purchaser under an earnest money agreement or option to purchase.
- 2. MEMBERSHIP CLASSES**—The Corporation may have one or more classes of Members. The designation of classes, the qualification and manner of election or appointment of Members in each class, the voting and other rights and privileges of the Members of each class, and the dues, assessments and charges to be paid by Members of each class shall be set forth in the Bylaws. *Provided*, the rights and privileges of each Member in a class shall be equal to that of all other Members in the same class.
- 3. TRANSFER OF RIGHTS**—Membership in the Corporation shall not be assigned, transferred, pledged, or conveyed in any way except upon transfer of title of a Private Lot or execution of a binding real estate contract. Any attempt to make a prohibited transfer shall be void. The transfer of title or recording of a real estate contract shall automatically result in transfer of Membership to the new owner of that lot.

ARTICLE IV—TRUSTEES

- 1. NUMBER**—The number of Trustees of this Corporation shall be an odd number not less than three (3) or more than nine (9).

- 2. ELECTION**—The Trustees shall be elected by the Members in accordance with procedures established in the Bylaws, which shall also establish any required qualifications and the terms of office of Trustees.
- 3. REMOVAL**— Any Trustee may be removed from the Board of Trustees with or without cause by a majority approval of the votes cast at a meeting by Members eligible to vote as defined in the Bylaws, provided a quorum is achieved at the meeting called for such purpose. Meeting notices shall be given to the Membership of the Corporation within the time and in the manner provided in the Bylaws for meeting notices.

ARTICLE V—DURATION

The time of existence of this Corporation shall be perpetual.

ARTICLE VI—REGISTERED AGENT AND OFFICE

The registered agent of the Corporation is Michelle McDougall and the registered office is located at 37608 Vista Key DR NE (PO Box 299), Hansville, WA 98340.

ARTICLE VII—INDEMNIFICATION OF TRUSTEES, OFFICERS AND OTHER PERSONS

- 1. RIGHT TO INDEMNIFICATION**—The Corporation shall, and does hereby, indemnify each person (and his or her heirs, executors, administrators, or other legal representative) who is or was a Trustee, Officer, or Employee or Agent of this Corporation, including any duly-appointed member of any Corporate Task Force or Committee, against liabilities and expenses (including judgments, fines, penalties and attorney’s fees) reasonably incurred by such a person in connection with or arising out of any action, suit, or proceeding whether civil, criminal, or administrative in which that person may be a party defendant, or with which that person may be threatened or otherwise involved, directly or indirectly, by reason of such being or having been a Trustee, Officer, Employee, Agent or Task Force or Committee Member of this Corporation.
- 2. SCOPE OF INDEMNIFICATION**—Indemnification shall be made to the maximum extent permitted under the then applicable laws of the State of Washington, and should any question arise with respect to this indemnification provision, there shall be a presumption favoring indemnification. The right of indemnification set forth in these Articles of Incorporation shall not be exclusive of other rights to which any person is entitled under any agreement, vote of Trustees, or Members, or statute, or as a matter of law or otherwise.
- 3. LIMITATIONS**—Notwithstanding anything to the contrary in the foregoing Article VII.1 or 2, no person shall be entitled to indemnification if the person was adjudged liable because he or she improperly received a personal benefit, either: (a) in connection with a proceeding by or in the right of the Corporation in which that person was adjudged liable to the Corporation; or (b) in connection with any other proceeding charging improper personal benefit to the person, whether or not involving action in the person’s official capacity.
- 4. SEVERABILITY**—The provisions of this Article shall be severable, and if any provision hereof shall for any reason be determined invalid or ineffective, the remaining provisions shall not thereby be affected.

ARTICLE VIII—INCORPORATORS

The original incorporators of this Corporation were Joe Park, Harold Doyle Fowler, Donald D. Fleming, Norman Vance, and Donald Fassett.

ARTICLE IX—DISSOLUTION

In the event that the Corporation is at any time dissolved, whether inadvertently or deliberately, an unincorporated association of the same name shall automatically succeed it. In that event, all of the property, powers, and obligations of the Corporation existing thereupon automatically vest in the successor unincorporated association and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the Corporation. To the greatest extent possible, the Articles of Incorporation and Bylaws of the Corporation shall govern any successor-unincorporated association as if they had been made to constitute the Governing Documents of the unincorporated association.

ARTICLE X—AMENDMENTS

These Articles of Incorporation may be amended as follows: (1) the Board of Trustees shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a Member vote at either an annual or a special Member meeting; (2) notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for meeting notices; (3) the proposed amendment shall be adopted upon receiving at least two-thirds (2/3) of the votes cast at such meeting by Members eligible to vote as defined in the Bylaws, provided a quorum is achieved. Any number of amendments may be submitted and voted upon at any one meeting.

THE UNDERSIGNED, as President of the Corporation, has executed these Restated Articles of Incorporation on the _____ day of _____, 2011.

Driftwood Key Club
A Washington non-profit corporation

Title: President

Printed name of President

THE UNDERSIGNED, as Secretary of the Corporation, has certified the Membership approval to adopt these restated Articles of Incorporation (per Article X-Amendments) as of _____ day of _____, 2011.

Title: Secretary

Printed name of Secretary

EXHIBIT A

Legal Description of Private and Corporate Properties (as of August 2008)

Privately Owned Properties:

Lots 1-59 of Driftwood Key, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 43, under Kitsap County Auditor's No. 776050;

Lots 1-6, Blk 1; Lots 1-38, Blk 2; Lots 1-33, Blk 3; Lots 1-28, Blk 4; and Lots 1-24 and 26-29, Blk 5, of Driftwood Key First Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 59, Kitsap County Auditor's No. 782928;

Lots 1-53, Blk 6; and Lots 19-20 and 27-28, Blk 7, Driftwood Key Second Addition, all situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 71, under Kitsap County Auditor's No. 786553;

Lots 1-62, Driftwood Key Third Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 11, Pg. 17, under Kitsap County Auditor's No. 803451;

Lots 1-65, Driftwood Key Fourth Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 11, Pg. 29, under Kitsap County Auditor's No. 812481;

Lots 1-77, Driftwood Key Fifth Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 11, Pg. 49, under Kitsap County Auditor's No. 822988;

Lots 1-28, and 43-67, Driftwood Key Sixth Addition, excluding those portions of lot 10 that are the "launching ramp", and have been replatted as "Driftwood Shores", all situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 11, Pg. 61-63, under Kitsap County Auditor's No. 829601;

Lots 2-25, Driftwood Key Seventh Addition, all situated in Sec. 19, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 3-4, under Kitsap County Auditor's No. 848473;

Lots 1-54, Driftwood Key Eighth Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 7-8, under Kitsap County Auditor's No. 852358;

Lots 1-49, Driftwood Key Ninth Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 21-22, under Kitsap County Auditor's No. 858932;

Lots 1-49, Driftwood Key Tenth Addition, all situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 24-25, under Kitsap County Auditor's No. 861829;

Lots 1-11, Driftwood Key Eleventh Addition, all situated in Sec. 19, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 67-68, under Kitsap County Auditor's No. 898324;

Lots 1-27 (replat of lots 29-42 of 6th Addition), Driftwood Key Twelfth Addition, all situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 13, Pg. 14-15, under Kitsap County Auditor's No. 918146;

Lots 1-6, Driftwood Shores (previously platted as portions of Lot 10 of 6th Addition), all situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 27, Pg. 109-112, under Kitsap County Auditor's No. 9207270145;

All property west of lots 25-26 of Driftwood Key, Tenth Addition (known as Park Addition), situated in Sec. 19, T 28 N, R2E, W.M.; Identified in Declaration of Restrictive Covenants recorded in Reel 74, Fr. 604, under Kitsap County Auditor's No. 1105664.

Corporate owned properties:

Lot 25, Blk 5, Driftwood Key, First Addition (sign location), situated in Sec. 20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 59, Kitsap County Auditor's No. 782928;

Lot 54, Blk 6, Driftwood Key, Second Addition (helicopter landing), situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 71, under Kitsap County Auditor's No. 786553;

Lots 21-24, Blk 7, Driftwood Key, Second Addition (parking, marina), situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 71, under Kitsap County Auditor's No. 786553;

Lots 25-26, Blk 7, Driftwood Key, Second Addition (drainage), situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 10, Pg. 71, under Kitsap County Auditor's No. 786553;

Lot 1, Driftwood Key, Seventh Addition (clubhouse, pool), situated in Sec. 19, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 3-4, under Kitsap County Auditor's No. 848473;

Portion of Lot 10, Driftwood Key, Sixth Addition (launching ramp), situated in Secs. 19-20, T 28 N, R2E, W.M.; Plat recorded in Vol. 12, Pg. 24-25, under Kitsap County Auditor's No. 861829;

All second class tidelands conveyed to the Corporation, including without limitation those conveyed under Quit Claim Deed from Park Development Co. dated June 29, 1972, recorded under Kitsap County Auditor's No. 1031331 and/or under the quiet title Judgment entered November 15, 1973 under Kitsap County Cause No. 61173 and/or under Quit Claim Deed from Henry and Virginia Howe dated January 19, 2006 and recorded under Kitsap County Cause No. 200602100283.