

Restated Bylaws of Driftwood Key Club

August 2011

The following are the Amended and Restated Bylaws ("Bylaws") of Driftwood Key Club (the "Corporation"), organized under the Washington Nonprofit Corporation Acts, Chapter 24.03 RCW, and operating as a homeowners association under Chapter 64.38 RCW. These Bylaws govern those lots located in those properties in Hansville, Kitsap County, Washington, which were created under the original Plat of Driftwood Key, the Plats of the First through Twelfth Additions to Driftwood Key and of Driftwood Shores, together with those lots in the property known as Park Addition located to the west of lots 25 and 26 of the Tenth Addition to Driftwood Key (all of which property is referred to collectively herein as "Driftwood Key"). Each owner of a lot in Driftwood Key, with the exception of the Corporation itself, automatically, by virtue of such ownership, becomes a Member of the Corporation. All present and future owners and any other person who may use any property in Driftwood Key are subject to these Bylaws.

BYLAW ARTICLE I—PURPOSES

SECTION 1—JURISDICTION

This Corporation shall be conducted as a non-profit maintenance corporation for the purposes set forth in the Restated Articles of Incorporation ("Articles of Incorporation") of the Driftwood Key Club as may be amended from time to time. Without limiting the generality of the foregoing, and consistent with the Articles of Incorporation, the Corporation has jurisdiction over all property in Driftwood Key owned privately or by the Corporation itself, as follows:

Privately Owned Lots (as of August 2008):

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 (as of August 2008)

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; and

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.

SECTION 2—AUTHORITY

The Corporation has the authority to levy and collect dues and assessments against its Members and against the lots owned or purchased by Members, for the purposes set forth in the Articles of Incorporation and these Bylaws. The Corporation may sell or forfeit the Member's interest in the Corporation for default with respect to any lawful provisions of said Articles of Incorporation and these Bylaws, and upon lawful forfeiture of any such property, the Corporation may transfer the Membership of such defaulting Member.

Driftwood Key Club

Bylaws

2

BYLAW ARTICLE II—MEMBERSHIP

SECTION 1—QUALIFICATION

The Membership of the Corporation shall consist of the owners, or purchasers, of one or more lots in Driftwood Key. Ownership of a lot in Driftwood Key carries automatic Membership in the Corporation.

A Membership shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of title to a lot. Any attempt to make a prohibited transfer shall be void. The transfer of title of a lot shall operate automatically to transfer the Membership appurtenant to the new owner.

In the event of the death of a Member, the Corporation shall retain the owner of record in the Member registry until shown sufficient documentation to demonstrate the successor of the deceased.

SECTION 2—MEMBERSHIP CLASSES

There shall be two classes of Membership in the Corporation: Members in good standing and Members not in good standing.

- a. A Member is in good standing if the Member is current in payment of all dues, assessments and other charges, is in full compliance with the provisions of any alternate payment plan that has been established by the Board of Trustees for the Member, and is in compliance with all material provisions of the Corporation's Articles of Incorporation, these Bylaws, or duly-adopted rules or regulations, including those provisions that apply to lot maintenance and view protection.
- b. A Member is not in good standing if the Member is not in compliance with any of the provisions set forth above. Members not in good standing are not permitted to participate in the governance of the Corporation, nor permitted to use the Corporation's common or limited-use facilities and amenities described in Bylaw Article III.

SECTION 3—MEMBERSHIP INSEPARABLE

Lots of owners or purchasers of lots in Driftwood Key shall be inseparably appurtenant to lots owned by the Members, and upon transfer of ownership, or contract of sale, of any such lots shall *ipso facto* be deemed to be transferred to the contract purchaser. No Membership may be transferred, assigned, or in any manner conveyed, other than in the manner previously set forth.

SECTION 4—MEMBERSHIP CONTINUOUS

No Membership shall be forfeited except upon foreclosure for non-payment of dues or assessments, and as to Members owning lots in Driftwood Key, no Member may withdraw, except upon transfer of title to the real property to which his or her Membership is appurtenant, as elsewhere herein provided. No compensation shall be paid by the Corporation upon any transfer of a Membership and no Member whose Membership is transferred shall be entitled to share or participate in any of the property or assets of the Corporation.

SECTION 5—VOTING

- a. Number of Votes. No owner shall have more than one Membership, regardless of the number of lots owned. If any lot or lots are held by two or more persons, the several owners of such interest shall be entitled collectively to cast one vote. The interest of each Member shall be equal to that of any other Member in the Corporation and, except for the distinction between Members in good standing and Members not in good

standing, no Member can acquire any interest which shall entitle him or her to any greater voice, vote, or authority in the Corporation than any other Member.

In these Bylaws, these rules are collectively referred to as the "Voting Right" attached to a Membership.

- b. Voting Representative. In cases where multiple individuals are owners of a lot, the owners may designate which of the lot owners acts as the representative authorized to exercise the Voting Right of their Membership and shall so advise the Secretary of the Corporation, in writing, prior to the vote being taken. Absent such advice, that Membership's Voting Right shall be forfeited if more than one individual seeks to exercise it.
- c. Right to Vote. Only Members in good standing are entitled to exercise their Voting Right on matters put before the Membership of the Corporation for a vote.
- d. Proxies. Members in good standing may exercise their Voting Right by proxy. The Secretary of the Corporation shall cause to be delivered to each requesting Member a proxy form by which the Member may designate another Member in good standing as that Member's proxy for the purpose of exercising a Voting Right. A duly executed proxy shall be valid from the date of receipt by the Secretary of the Corporation. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.
- e. Manner of Voting. Members in good standing (or their proxy) may exercise their Voting Right by submitting their ballot in person or by mail. All ballots must be received at or prior to the call of the vote at the meeting at which the matter is being voted upon.

SECTION 6—REGISTER OF MEMBERS

The Board of Trustees shall cause a register to be kept containing the names and addresses of the Members and shall update the list at least quarterly to designate those Members in good standing and those Members not in good standing. Persons who purchase an interest in a lot shall promptly inform the Corporation's office of their interest. Persons who claim to be Members of the Corporation shall, upon request, furnish the Corporation's office with copies of any documents under which they assert ownership of a lot or any interest therein.

To determine who are Members in good standing prior to counting a vote, the Board of Trustees may fix a date as the record date for such determination of Member standing. Such a date shall be no more than five (5) and no less than one (1) day(s) in advance of the final ballot count.

BYLAW ARTICLE III—FACILITIES and AMENITIES

SECTION 1—COMMON FACILITIES AND AMENITIES

Members in good standing shall be entitled to use and enjoy, with all other Members in good standing, all common facilities and amenities, subject to such reasonable rules and regulations that may be adopted from time to time by the Board of Trustees, which include the clubhouse, pool, parking lots, beaches, playground, parklands, launching ramp, marina docks and guest slips and any other property owned by the Corporation that is specifically designated by the Board of Trustees as a common facility or amenity.

SECTION 2—LIMITED-USE FACILITIES AND AMENITIES

The right to use facilities or amenities that are created for and used by a limited number of Members, e.g., slips for boat moorage, shall be limited to those Members in good standing with whom the Corporation contracts through agreement, lease, license, or other written

instrument, also pursuant to such reasonable rules and regulations as may be adopted by the Board of Trustees from time to time, provided that those Members shall be charged a special fee for such use pursuant to Bylaw Article IX.1.c below.

SECTION 3—AUTHORIZED USERS

For a given Membership, authorized users of the facilities and amenities include a Member in good standing and those living with the Member at his or her residence. This is defined as the "Facilities Rights" of a Membership.

If a lot is owned by individuals who do not reside together, the owners are permitted to share their Membership's Facilities Rights, provided the individual owners exercise mutually exclusive use. If a lot is owned by a corporation, partnership, organization or other entity, a single individual shall be granted the Membership's Facilities Rights. The entity is responsible for designating in writing to the Corporation's office the name and address of that authorized individual.

Members may convey their Membership's Facilities Rights to the common facilities and amenities, but not the limited-use facilities and amenities, to only one renter of a Driftwood Key residence and those who live with the renter at that residence.

Rules regarding the use of the facilities, including any usage fees and guest usage, are administered by the Corporation as determined by the Trustees. The rules are to be adhered to by all users. Failure to follow the rules may result in temporary denial of access to a facility and depending on the severity of the infraction, may or may not affect the Member's status. A person who pays a Member to gain access to the facilities is not considered a guest and such access is expressly prohibited.

BYLAW ARTICLE IV—MEETINGS

SECTION 1—ANNUAL MEETINGS

Annual meetings of the Members of the Corporation shall be held on the last Saturday of August of each year at 11 o'clock A.M at the Driftwood Key Clubhouse, unless the Board of Trustees informs all Members of the Corporation of an alternate arrangement in meeting notices (as described in Bylaw Article IV.3).

SECTION 2—SPECIAL MEMBER MEETINGS

A ballot measure conducted outside an annual meeting requires a special Member meeting. Such meetings may be called at any time by the President, or a majority of the Board of Trustees, or by Members representing ten (10) percent of the Membership of the Corporation. If the special Member meeting is called by Members, those Members may determine the ballot measure to be placed on the agenda. The Board of Trustees may also place business on the special Member meeting agenda.

An informational Member meeting, which is held for purposes other than a ballot measure, can be called and managed by any Member in good standing, and does not require meeting notices as described in Bylaw Article IV.3.

SECTION 3—MEETING NOTICES

For annual or special Member meetings, the Secretary or President of the Corporation shall send meeting notices to all Members of the Corporation no less than fifteen (15) or more than fifty (50) days prior to the date of the meeting. The notices must be either hand-delivered, or sent by first-class United States mail to the mailing address that the Member designated in writing. The notice shall (a) state the time and place of the meeting; (b) state the items on the agenda; (c) state the record date to determine Membership status (per

Bylaw Article II.6); and (d) provide all materials required to enable the Members in good standing to exercise their Voting Right, including a ballot explanation and ballot.

SECTION 4—WAIVER OF NOTICE

Before any meeting of the Members, any Member may, in writing, waive notice of such meeting. Attendance by a Member at a meeting shall be a waiver by that person of timely and adequate notice unless he or she expressly challenges the notice when the meeting begins.

SECTION 5—QUORUM

At all annual and special Member meetings, twenty percent (20%) of the votes entitled to be cast by Members in good standing, represented by ballot or proxy, shall constitute a quorum for the transaction of business.

SECTION 6—BOARD OF TRUSTEES MEETINGS

Monthly business meetings of the Board of Trustees shall occur on a regularly scheduled basis. In the event that the Trustee business meeting is changed from its regularly scheduled time, the Secretary shall give each Trustee notice of the schedule change at least twenty-four (24) hours previous thereto.

Special meetings of the Board of Trustees may be called at any time by the Secretary of the Corporation on order of the President of the Corporation, or by a majority of the Board of Trustees. The Secretary of the Corporation shall give each Trustee notice of all special meetings, or the cancellation thereof, at least twenty-four (24) hours previous thereto.

SECTION 7—MEMBERS VOTING

Members in good standing may exercise their Voting Right (per Bylaw Article II.5) at an annual or special Member meeting. The ballot and proxy shall be valid only with respect to voting on items specified in the meeting notice, unless the proxy specifically states otherwise.

SECTION 8—ADJOURNMENT OF MEMBER MEETINGS

If any annual or special Member meeting cannot be organized because a quorum has not been achieved, the Members present, in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

SECTION 9—MAJORITY APPROVAL

Any action or decision by the Members shall require a ballot measure that achieves the affirmative vote of a majority of votes cast by Members then in good standing who have exercised their Voting Right (per Bylaw Article II.5) at a meeting that has achieved a quorum (per Bylaw Article IV.5), unless a greater affirmative percentage is required by another provision of the Articles of Incorporation or these Bylaws.

SECTION 10—ACTION BY MEMBERS WITHOUT A MEETING

Any action required or permitted to be taken at a Member meeting may be taken without a meeting if a written consent setting forth the action to be taken is signed by a representative for each Voting Right in the Membership of the Corporation. Any such written consent shall be kept as if it were the minutes of a Member meeting.

SECTION 11—VOTING CERTIFICATION

The Secretary shall certify in writing that each ballot measure voted upon has been conducted in accordance with these Bylaws and the applicable Corporate Policies and Procedures.

BYLAW ARTICLE V—TRUSTEES

SECTION 1—BOARD OF TRUSTEES

Corporate powers shall be vested in a Board of Trustees. The Board shall consist of nine (9) positions. To change the number of positions to an odd number of not more than nine nor less than three requires the Members in good standing approve the change by ballot (per Bylaw Article IV.9).

SECTION 2—TRUSTEE TERM AND ELECTION

Trustees shall be elected by Members in good standing exercising their Voting Right (per Bylaw Article II.5) at an annual meeting, to serve for three years and until their successors are elected and duly qualified. A term commences after the election is certified, and expires at the end of the annual meeting that occurs three years later.

The election of Trustees is as follows: A Trustee election ballot states how many Trustee openings exist, and allows one vote to be cast for each opening. The ballot shall list all candidates and provide for write-in candidates. Members may not vote for any one candidate more than once. Candidates are elected on the basis of votes received with the highest number of votes determining those elected. Results of any specific election do not carry forward to future elections or appointments.

SECTION 3—MEMBERSHIP CLASS REQUIREMENT

Each Trustee must be a Member in good standing. In the event a Trustee ceases to be a Member in good standing they shall cease to be a Trustee. This vacancy shall be recorded in the minutes of the Board of Trustees.

SECTION 4—TRUSTEESHIP APPURTENANT TO MEMBERSHIP

In the event a Trustee ceases to be the owner of the land to which his or her Membership is appurtenant or of a contract for the purpose thereof, he or she shall thereby cease to be a Trustee and their office shall become vacant upon written notification without action other than to record the vacancy in the minutes of the Board of Trustees.

SECTION 5—VACANCY

In the event of a vacancy occurring in the Board of Trustees, within 30 days following that vacancy, the remaining Trustees shall either 1) appoint a Member in good standing to the opening; 2) call a special Member meeting for the purposes of a Trustee election; or 3) decide to wait until the next Annual meeting when the election shall fill all Trustee openings.

A Trustee who fills a vacancy shall serve for the remainder of the unfilled term.

If the vacancy is to be filled by an election, the election is held as described for an annual meeting (see Bylaw Article V.2) except all current Trustee openings are ranked according to the remaining term duration. The candidate with the highest tally ranking gets the opening with the longest duration, and so on.

SECTION 6—MEETING ATTENDANCE REQUIREMENT

When a Trustee fails to attend any three (3) consecutive Board of Trustees business meetings, unexcused by the Board of Trustees, that Member will cease to be a Trustee and the office will become vacant.

SECTION 7—TRUSTEE OATH OF OFFICE

A Trustee elected or appointed to the Board of Trustees must publically sign the Oath of Office, which affirms that the Trustee shall follow the Articles of Incorporation, these Bylaws, and duly-adopted rules and regulations.

BYLAW ARTICLE VI—OFFICERS

SECTION 1—DESIGNATION

The principal Officers of the Corporation shall be President, Vice President, Secretary, and Treasurer, all of whom shall be elected by and from the Board of Trustees. The Trustees may elect from the Board of Trustees such other Officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of President and Secretary simultaneously.

SECTION 2—ELECTION OF OFFICERS

At the first meeting of the Board of Trustees after each annual meeting, the Board of Trustees shall elect a President, Vice-President, Secretary, and Treasurer. Unless an Officer dies, resigns, or is removed from office, he or she shall hold that office until the end of the next annual meeting and until his or her successor is elected.

SECTION 3—REMOVAL OF OFFICERS

At any regular meeting of the Board of Trustees or at any special meeting of the Board of Trustees called for such purpose, upon an affirmative vote of a majority of the Trustees of the Board, any Officer may be removed, either with or without cause. A successor to the removed Officer may be elected by and from the Board of Trustees at any such meeting.

SECTION 4—PRESIDENT

The President shall preside at all meetings of the Trustees, and all annual and special Member meetings; shall sign as President all contracts or other instruments in writing authorized by the Board of Trustees; shall call special meetings of the Trustees or of the Members whenever necessary; and shall have the general supervision of the affairs of the Corporation under the direction of the Board of Trustees.

SECTION 5—VICE-PRESIDENT

The Vice-President shall preside at meetings when the President is not in attendance. In case of the absence or disability of the President, the Vice President shall perform all other duties of the President which are incidental to the office and as may be prescribed by the Board of Trustees.

SECTION 6—SECRETARY

The Secretary shall issue all notices, shall attend and keep the minutes of all business meetings, and shall perform all such other duties as are incidental to this office.

SECTION 7—TREASURER

The Treasurer shall keep all moneys and securities of the Corporation and disburse the same under the direction of the Board of Trustees; shall cause to be deposited all funds of the Corporation in a bank selected by the Trustees; and shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Corporation in a form that complies with generally accepted accounting principles. At the annual meeting and at any time directed by the Trustees, the Treasurer shall issue and present a full statement showing in detail the condition of the affairs of the Corporation.

SECTION 8—NO TRUSTEE OR OFFICER COMPENSATION

No Trustee or Officer shall receive any salary or compensation from the Corporation.

BYLAW ARTICLE VII—POWER AND DUTY OF TRUSTEES

Subject to limitations in the Articles of Incorporation, these Bylaws and the laws of the State of Washington, all powers of the Corporation shall be exercised by or under the authority of,

and the business and affairs of the Corporation shall be controlled by, the Board of Trustees. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly declared that the Board of Trustees shall have the following powers:

SECTION 1—POWERS

- a. CORPORATE AFFAIRS—To conduct, manage, and control the affairs and business of the Corporation.
- b. AGENTS and EMPLOYEES—To select, fix compensation for and remove all agents and employees of the Corporation, prescribe such powers and duties for them as may be consistent with law, and the Articles of Incorporation or these Bylaws.
- c. RULES and REGULATIONS—To make such rules and regulations consistent with law, and the Articles of Incorporation or these Bylaws.
- d. BOOKS and RECORDS—To cause to be kept a complete record of all minutes and acts and to present a full statement at the annual meeting showing in detail the condition of the affairs of the Corporation. To cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Corporation in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Corporation shall be available for examination by the Members pursuant to the applicable laws during normal business hours and at any other reasonable time or times.
- e. BUDGETS—To adopt and amend annual budgets for revenues, expenditures, and reserves necessary to cover the annual expenses of the Corporation and provide properly for the operation, management, repair and maintenance of all property owned by the Corporation, and adopt and amend any special budgets to cover previously unanticipated or unbudgeted expenses. *Provided*, within thirty (30) days after adoption by the Board of Trustees of any proposed annual or special budget, the Board of Trustees shall set a date for a Member meeting to consider ratification of the budget(s). A summary of the budget(s) shall be mailed to the Members in a meeting notice before the Member meeting at which the budget shall be considered. Unless at that meeting a ballot regarding the proposed budget is rejected by a vote of a majority of all Members in good standing in the Corporation, the proposed budget is ratified and approved, whether or not a quorum is present at the meeting. In the event a proposed budget is rejected or required notice not given, the periodic budget(s) last ratified by the Members shall be continued until such time as a subsequent budget proposed by the Board of Trustees is ratified.
- f. CONTRACTS—Consistent with the budget, to hire and discharge or contract with employees, managing and other agents and independent contractors for any materials, supplies, labor or services which the Board of Trustees should determine are necessary or proper for carrying out its powers and duties, including legal, accounting, management, security, maintenance or other services, and otherwise make contracts and incur liabilities.
- g. DUES and ASSESSMENTS—Consistent with the budget, to levy dues, assessments and other charges from Members, which shall constitute liens against the lots in Driftwood Key owned by such Members until paid in full. To establish procedures for the collection of dues, assessments and other charges, for the imposition of interest and late fees, and for the enforcement of liens.

- h. AUDITS—To cause to be conducted an annual audit of the financial records of the Corporation by an independent Certified Public Accountant. To adequately address all audit findings and recommendations.
- i. INDEMNIFICATION—To provide for the indemnification of its Trustees and Officers and maintain Trustees’ and Officers’ liability insurance.
- j. REAL ESTATE—To sell or purchase any corporate real estate provided the Members in good standing approve the action by ballot (per Bylaw Article IV.9).
- k. NEW ASSETS—To cause a written plan to be prepared prior to funding or developing any new facility or amenity. To fund the development of a new facility or amenity, or purchase of a depreciable asset, provided, if the cost is over \$8,500, the Members in good standing approve the action by ballot (per Bylaw Article IV.9). The purchase of a depreciable asset that is considered a “replacement” is covered under Bylaw Article VII.1.l (below).
- l. MAJOR MAINTENANCE or REPLACEMENT of ASSETS—To cause written reserve studies to be prepared that identify each “reserve component” to be maintained and its major maintenance and/or replacement costs, in accordance with applicable laws. To accumulate funds in a separate reserve account to finance the identified costs provided the Members in good standing approve the proposed purposes and the funding plan by ballot (per Bylaw Article IV.9)

SECTION 2—ARCHITECTURAL CONTROL

To oversee plans for new construction of any kind, including remodeling, improvements or additions to structures, to be erected or fabricated upon building sites within Driftwood Key. Plans shall be submitted in duplicate for review by the Architectural Control Committee by certified mail or in person at the Corporation’s office during normal business hours, *to wit*:

- a. No new structure, or exterior alteration to an existing structure, shall be erected, constructed, or permitted on a building site without first receiving approval of the Board of Trustees.

There shall be no structure of any kind including docks, ramps, floats, piling, or bulkheads constructed on tidelands in Driftwood Key without first receiving approval of the Board of Trustees prior to securing permits from the U.S. Army Corps of Engineers.
- b. The date of receipt noted on the certified mail receipt by the Corporation’s representative shall be deemed the date the plans are received by the Corporation. If the plans are submitted in person, then the Corporation’s representative shall issue a receipt in duplicate noting the date the plans were received. The receipt is to be signed by the person submitting the plans and the representative authorized by the Board of Trustees to receive the plans. The second copy of the receipt shall be given to the person submitting the plans. The original shall be filed with the Corporation's records.
- c. Plans which are disapproved by the Board of Trustees for failure to comply with the Rules and Regulations of the Architectural Control Committee shall be date stamped, stamped disapproved, and signed by the architectural control representative and returned to the Member submitting them with a brief statement as to why the plans were disapproved.

SECTION 3—LOT CLEARANCE AND VIEW PROTECTION

- a. With the assistance of the Lot Maintenance Committee: to monitor conformance and enforce Rules and Regulations regarding maintenance and sanitation of the private lots and Corporate property identified in Bylaw Article I.1; to monitor conformance and

enforce Rules and Regulations regarding impairing the protected views of Members. However, no Member shall be required to violate any County, State and/or Federal laws.

- b. At any time the Board of Trustees may take appropriate action, including legal action, to preserve the lot clearing and view protection objectives contained in the Articles of Incorporation, these Bylaws, any Rules and Regulations duly approved by the Membership of the Corporation, or Protective Covenants. The costs of such legal action would be supported by the Members through dues and assessments.
- c. PROCEDURE—To assist in the resolution of disputes between lot owners regarding lot clearing or a lot owner’s obstruction of a view available to another lot owner. The procedure for resolution of such disputes is as follows:
 1. The offended owner(s) (“Petitioner”) submit(s) a written request to the owner believed to be obstructing the Petitioner’s view (“Respondent”), and attempts in good faith to negotiate a mutually acceptable resolution with the Respondent. The Petitioner shall state his or her name and address in the written request so the Respondent can know with whom to respond;
 2. After sixty (60) days of attempted resolution, if Petitioner and Respondent (the parties) have not resolved the dispute, the Petitioner may submit a petition to the Board of Trustees, specifying the nature of the dispute and the details of the attempted resolution;
 3. Within sixty (60) days of receiving the petition containing the details of the attempted resolution, the Board of Trustees, with the assistance of the Lot Maintenance Committee, shall investigate and send to the appropriate parties (the petitioner and/or the respondent) a letter regarding the issue, and may assist the parties to reach resolution by offering voluntary mediation or voluntary arbitration;
 4. The costs and expenses of any mediation or arbitration will be borne equally by the parties, unless the parties or the arbitrator establish an alternative allocation of fees and expenses;
 5. If the Board of Trustees receives no response or a negative response from the Respondent, the Board of Trustees may take any appropriate legal action.
- d. The Petitioner and the Respondent may themselves invoke the jurisdiction of court to enforce the Articles of Incorporation, these Bylaws, any Rules and Regulations duly approved by the Membership of the Corporation, or Protective Covenants that may pertain to lot clearance and view obstruction.

BYLAW ARTICLE VIII—COMMITTEES

SECTION 1—STANDING OR TEMPORARY COMMITTEES

The Board of Trustees, by Resolution adopted by a majority of the Trustees in office, may designate and appoint one or more standing or temporary committees. The Corporation shall have, but not be limited to, the following standing committees with the following purposes and authority:

- a. ARCHITECTURAL CONTROL COMMITTEE— The Architectural Control Committee (“ACC”) shall consist of all Trustees, but shall be chaired by one of these Trustees. The ACC is responsible for reviewing matters addressed in Bylaw Article VII.2. Plans shall be submitted, reviewed and either approved or disapproved by the Board of Trustees according to the Rules and Regulations of the Architectural Control Committee.

- b. LOT MAINTENANCE COMMITTEE— The Lot Maintenance Committee, led by a Trustee, is responsible for reviewing matters addressed in Bylaw Article VII.3, and recommending a course of action to the Board of Trustees.
- c. BUILDINGS and GROUNDS COMMITTEE—The Buildings and Grounds Committee, led by a Trustee, is responsible for supervising the Caretaker and managing the security, maintenance, repair and improvement of all existing Club properties and facilities that have not been assigned to the Docks and Waterfront Committee.
- d. DOCKS and WATERFRONT COMMITTEE—The Docks and Waterfront Committee, led by a Trustee, is responsible for addressing all matters associated with the operation, maintenance, improvement, and long-range planning for the Corporation’s waterfront (including Private Docks that extend onto Corporate-owned bottomlands). Included within the waterfront are beaches, tidelands, bottomlands, launching ramp, docks, and facilities associated with docks.
- e. FINANCE COMMITTEE—The Finance Committee is responsible for monitoring the Corporation’s fiscal policies and advising the Board of Trustees on related matters. The committee shall consist of the Treasurer, one or more Trustees, and one or more Members in good standing.
- f. GOVERNING DOCUMENTS COMMITTEE—The Governing Documents Committee is responsible for educating the Membership of the Corporation about the governing documents, providing guidance to the Board of Trustees about governance related issues, conducting reviews of governing documents to verify content applicability and ensure legal compliance, and making recommendations whether amendments are necessary. The governing documents include the Protective Covenants, the Articles of Incorporation, these Bylaws, any Rules and Regulations adopted by the Membership of the Corporation, and any rules, regulations, policies and procedures adopted by the Board of Trustees.

SECTION 2—LIMITATIONS ON AUTHORITY

The designation and appointment of any standing or temporary committee and the delegation thereto of authority shall not operate to relieve the Board of Trustees or any individual Trustee of any responsibility imposed upon it, him or her by law, by the Articles of Incorporation or by these Bylaws.

No committee shall have and exercise the authority of the Board of Trustees in the management of the Corporation, unless the Board of Trustees-approved charter of the committee specifically states otherwise, in which case, in accordance with applicable law, such a committee shall consist of two or more Trustees and may consist of other Members in good standing.

SECTION 3—QUORUM; MANNER OF ACTING

Committees exist to provide support to the Board of Trustees on specialized topics.

For only those committees with a charter that specifically gives them authority to act, a majority of the number of Trustees composing any committee shall constitute a quorum, and the act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.

SECTION 4—RESIGNATION

Any member of any committee may resign at any time by delivering written notice thereof to the President of the Corporation, the Secretary of the Corporation, or the chairperson of such committee, or by giving oral or written notice at any meeting of such committee. Any

such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5—REMOVAL OF COMMITTEE MEMBER

The Board of Trustees, by Resolution adopted by two thirds of the Trustees in office, may remove from office any member of any committee.

BYLAW ARTICLE IX—DUES, ASSESSMENTS, AND FEES

SECTION 1—LIABILITY

- a. All Members of the Corporation shall be liable for the payment of such annual dues and annual or special assessments as may from time to time be fixed by the Members in good standing approving the amounts by ballot (per Bylaw Article IV.9), and levied by the Board of Trustees. No Member may exempt themselves from liability for dues or assessments by non-use of facilities or amenities owned by the Corporation, abandonment of their lot, or any other means. Dues and assessments shall be levied at a uniform rate per Membership without distinction or preference of any kind.
- b. Notwithstanding anything to the contrary in Bylaw Article IX.1.a above, the Corporation may charge a special assessment to a given Member for the cost of any expense incurred by the Corporation due to the misconduct or neglect of that Member or their family members or guests, or for the purpose of bringing the Member's property into compliance with the Articles of Incorporation, these Bylaws or any Protective Covenants recorded against that lot. Such assessment shall be payable upon demand.
- c. Notwithstanding anything to the contrary in Bylaw Article IX.1.a above, the Corporation shall charge a fee to Members who have been granted special rights to use limited-use facilities and amenities to the exclusion of other Members in good standing. These limited-use facilities and amenities include, without limitation, the slips for boat moorage, other facilities developed by and for Members to enjoy by special usage rights only, or facilities or amenities converted to limited-use facilities or amenities by the Members in good standing approving of the conversion by ballot (per Bylaw Article IV.9).

SECTION 2—PAYMENT

All dues, assessments, and fees shall be paid by the due date specified on the Member account invoice mailed by the Corporation, unless other arrangements have been approved in writing by the Board of Trustees. Delinquent payments shall bear interest at a rate established by the Board of Trustees, but not higher than the highest legal per annum rate under Washington State law, commencing thirty (30) days after the due date. The Board of Trustees may consider lower rates for those Members who establish a regular payment plan to clear delinquent accounts. In addition, the Member shall be liable for all expenses, attorneys' fees and costs reasonably incurred in collecting any delinquent payment.

SECTION 3—PROPERTY LIEN

- a. In addition to being a personal obligation of the Member, all dues, assessments and fees, together with interest and all expenses, attorneys' fees and costs imposed pursuant to Bylaw Article IX.2 above, shall be a charge on and continuing lien upon the lot(s) of the Member against which any such dues, assessments or fees are made. Such lien shall be superior to all other liens, except (i) the lien of any taxes, bonds, assessments, or other levies that by law would be superior and (ii) the lien or charge of any first mortgage of record at the time such lien attaches that was made in good faith and for value.

- b. A "Notice of Lien" identifying the delinquent amount may be recorded against the Member's lot(s) in the office of the Kitsap County Auditor at any time after fifteen (15) days following delivery to the Member of a written notice of default. Upon timely payment or other satisfaction of all delinquent amounts set forth in a Notice of Lien, the Board of Trustees shall prepare and record a satisfaction and release of lien for which the Notice of Lien was recorded.
- c. Any lien may be enforced in any manner provided or permitted for the judicial foreclosure of mortgages or deeds of trust in the State of Washington. *Provided*, a lien shall not be foreclosed or otherwise enforced until the Member has been given actual notice prior to foreclosure or enforcement as may be required by law.
- d. In any action to foreclose the lien of or collect any delinquent amount, any judgment rendered in favor of the Corporation shall include a reasonable sum as attorney fees and all costs and expenses reasonably incurred by the Corporation in attempting to collect the delinquent amount before an action is commenced, as well as in preparation for and in the prosecution of any such action, in addition to all other costs permitted by law.

BYLAW ARTICLE X—ELECTRONIC TRANSMISSIONS

SECTION 1—DEFINITION

As used in these Bylaws, "record" means information inscribed on a tangible medium or contained in an electronic transmission.

SECTION 2—ELECTRONIC VOTING

Members in good standing may exercise their Voting Right by electronic transmission on any matter on which that Member is entitled to vote pursuant to these Bylaws, provided the Corporation has established secure electronic voting capabilities.

SECTION 3—ELECTRONIC NOTICES

- a. **CONSENT REQUIRED**—Any notice required or permitted by these Bylaws may be electronically transmitted. Any notice to Members or Trustees in an electronic transmission is effective only with respect to those Members and Trustees who have consented, in the form of a record, to receive electronically transmitted notices.
- b. **NOTICE ADDRESS**—A Member or Trustee who provides consent, in the form of a record, to receipt of electronically transmitted notices shall designate in the consent the message format accessible to the recipient, and the address, location, or system to which these notices may be electronically transmitted ("Notice Address").
- c. **NOTICE PROCEDURE**—Notice to Members or Trustees who have consented to receipt of electronically transmitted notices may be provided notice either (a) at the Notice Address designated by the Member of recipient or (b) by posting the notice on the Corporation's website and delivering to the Member or Trustee a separate record of the posting, together with comprehensible instructions, including the proper Uniform Resource Locator (address), regarding how to obtain access to this posting on the Corporation's website.
- d. **WHEN EFFECTIVE**—Notice provided in an electronic transmission is effective when it: (a) is made pursuant to the consent provided by the recipient and electronically transmitted to the Notice Address designated by the recipient; or (b) has been posted on the Corporation's website and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the Corporation's website.

SECTION 4—REVOCATION OF CONSENT

A Member or Trustee who has consented to receipt of electronically transmitted notices may revoke the consent by delivering a revocation to the Corporation in the form of a record. The consent of any Member or Trustee shall be deemed automatically revoked if the Corporation is unable to electronically transmit two consecutive notices given by the Corporation in accordance with the consent, and this inability becomes known to the Secretary of the Corporation. The inadvertent failure by the Corporation to treat this inability as a revocation does not invalidate any meeting or other action.

SECTION 5—EFFECT

The provisions of this Article supersede any inconsistent provisions of these Bylaws.

BYLAW ARTICLE XI—ADMINISTRATIVE PROVISIONS

SECTION 1—BOOKS AND RECORDS

The Corporation shall keep at its principal or registered office copies of its current Articles of Incorporation and Bylaws; correct and adequate records of accounts and finances; minutes of the proceedings of its Board of Trustees, and any minutes which may be maintained by committees; list of Member names, addresses and member status; list of Officer and Trustee names and addresses; and such other records as may be necessary or advisable. All books and records of the Corporation shall be open at any reasonable time to inspection by any Member.

SECTION 2—ACCOUNTING YEAR

The accounting year of the Corporation shall be the twelve months ending 30 June.

SECTION 3—RULES OF PROCEDURE

The rules of procedure at meetings of the Board of Trustees and committees established by or anticipated within Bylaw Article VIII shall be rules contained in Roberts' Rules of Order in Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with the Articles of Incorporation, these Bylaws or any resolution of the Board of Trustees.

BYLAW ARTICLE XII—DISSOLUTION

The Corporation shall follow RCW 24.03 in the case of dissolution.

BYLAW ARTICLE XIII—AMENDMENTS

These Bylaws, the Rules and Regulations of the Architectural Control Committee, or any set of rules or regulations enacted by the Membership of the Corporation, may only be amended or restated if the Members in good standing approve the modified document(s) by ballot (per Bylaw Article IV.9).

BYLAW ARTICLE XIV—CORPORATE SEAL

The seal of the Corporation shall be in circular form and shall contain the words "Driftwood Key Club" and the words "Corporate Seal Washington 1962" in the form and style affixed in these Bylaws by the impression of said corporate seal.

BYLAW ARTICLE XV—DATE OF ADOPTION

These Bylaws are duly adopted by the Corporation and the Corporate Seal thereof affixed on the 24th day of August 1962, and amended on the 22nd day of November 1964, July 25, 1981, and September 8, 2010.

CERTIFICATE OF ADOPTION

On the _____ day of _____ 2011, the foregoing Amended and Restated Bylaws were read, approved, and duly adopted by the Board of Trustees of the Driftwood Key Club and the President of the Corporation and the Secretary of the Corporation were empowered to authenticate such Bylaws by their signatures below.

Title: President

Printed Name of President

Title: Secretary

Printed Name of Secretary

Amended 1966, 1981, 1983, 1984, 1985, 1987, 1988, 1990, 1991, 1993, 1996, 2000,2001,2004,2006, 2010