

BY-LAWS OF HARSTINE ISLAND ESTATES ASSOCIATION

ARTICLE I

PURPOSES

Section 1: This Corporation shall be conducted as a nonprofit maintenance corporation for the purposes set forth in the Articles of Incorporation for the area situated in Mason County, Washington, and more particularly described as follows:

Division 1 and 2 of Harstine Island Estates located in Section 31, Township 20 North, Range 1 West W.M.; Section 6, Township 19 North, Range 1 West W.M.; and Section 1, Township 19 North, Range 2 West W.M. as recorded in Mason County.

Section 2: The corporation shall have power to levy and collect assessments against its members and against parcels owned or purchased by them for the purposes in its Articles of Incorporation and By-Laws set forth, and to sell or forfeit their interest in the corporation for default with respect to any lawful provisions of said Articles of Incorporation and By-Laws and upon forfeiture of any such property as by law and in the By-Laws provided, may transfer the membership of such defaulting member.

Section 3: The purposes for which this corporation was formed may be altered, modified, enlarged or diminished by the vote of two-thirds (2/3) of the members at a meeting duly called for such purpose, notice of which meeting shall be given in the manner provided by the By-Laws or giving notice for the election of trustees.

ARTICLE II

MEMBERSHIP

Section 1: The membership of the corporation shall consist of and be limited to the incorporators and the owners or purchasers of parcels in the area described in Article III of the Articles of Incorporation, whose membership shall be defined in accordance with compliance with the classes of membership in Article VI of the Articles of Incorporation, but no member can acquire any interest which shall entitle him to any greater voice, vote or authority in the corporation than any other member. A purchaser under a contract of purchase shall be deemed to be an owner for membership purposes. If any parcel or parcels are held by two or more persons, the several owners of such interest shall be entitled collectively to cast one vote. Even if a general member is also a water system division member and/or a pool division member, he shall still be entitled collectively to cast only one vote.

Section 2: Except as hereinbefore otherwise provided and as declaratory of the foregoing, no membership shall be voted unless represented in person or by proxy, by the owner or purchaser of an individual parcel or parcels to which such membership shall be inseparably appurtenant.

Section 3: Membership and certificates of membership evidencing the same shall be inseparably appurtenant to parcels owned by the members, and upon transfer of ownership, or contract of sale, of any such parcels, membership or certificates of membership shall ipso facto be deemed to be transferred to the contract purchaser. No membership or certificates of membership may be transferred, assigned or in any manner conveyed, other than in the manner hereinbefore set forth. In the event of death of a member, the membership and certificate of membership of such member shall be and become the property of the personal representative of such deceased member upon the employment and qualification as such in a judicial proceeding and such personal representative shall have all the rights, privileges and liabilities of the deceased member until title shall be transferred or contracted to be transferred.

Section 4: No membership, as defined in Article VI of the Articles of Incorporation, shall be forfeited, nor shall any member be expelled except upon foreclosure for non-payment of assessments with the exception that pool division memberships may be forfeited for more than two violations of those rules and regulations as may be promulgated by the trustees in accordance with their powers granted herein and such forfeiture of pool membership shall be only upon the simple majority vote of all of the trustees acting on such forfeiture. No compensation shall be paid by the corporation 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 corporation.

ARTICLE III

DISSOLUTION

In the event of the dissolution of any of the corporation's divisions; any remaining assets, after discharging all liabilities of that division, shall be returned by the last Board of Trustees to hold office to the respective members of that division.

ARTICLE IV

TRUSTEES AND OFFICERS

Section 1: Corporate powers of the corporation shall be vested in a Board of Trustees. The member of trustees who shall manage the affairs of the corporation shall be seven.

Section 2: Trustees shall be elected at the annual meeting to serve three full years or until their successors are elected and duly qualified. At the first annual meeting, members shall elect two trustees for a one year term, three trustees for a two year term and two for a three year term. The 1974 annual meeting shall replace the first two trustees; 1975 replace those three whose term runs out then; and in 1976 last two shall be replaced. (All elected with full term trusteeships as mentioned in previous sentence.) At no time shall

there be less than five out of the seven trustees who are both water system division members and pool division members.

Section 3: Each trustee shall be an incorporator or a member who shall not have lost his right to vote by reason of having disposed of land to which his membership is appurtenant. Each trustee must be a member in good standing.

Section 4: In the event a trustee, other than an incorporator, ceases to be the owner of the land to which his land is appurtenant, or of a contract for the purchase thereof, he shall thereby cease to be a trustee and his office shall become vacant upon written notification, without action other than to spread such fact upon the minutes of the Board of Trustees.

Section 5: At the first meeting of the Board of Trustees after each meeting of the members, the Board of Trustees shall elect a president, vice-president, secretary and treasurer. The board may also at any time appoint an executive secretary and/or assistant secretary and/or assistant treasurer. Officers of the corporation so elected shall hold office for the term of one year and until their successors are qualified. Any officer may be suspended or removed by a majority vote of all the trustees.

Section 6: No trustee or officers shall receive any salary or compensation from the corporation.

Section 7: Any vacancy occurring in the Board of remaining trustees. A person so appointed shall hold office until the next regular meeting of the members of the corporation, at which annual or adjourned annual meeting the vacancies for the remainder of the original terms, if any, shall be filled by election by the members in the regular manner.

ARTICLE V

MEETINGS

Section 1: Annual meeting of the members of the corporation shall be held at a place as may be designated by the Board of Trustees. Notice thereof shall be given by the secretary by mailing notice to each member not less than thirty (30) days prior to the date of the meeting.

Section 2: Special meetings of the members may be called at any time by the president or a majority of the Board of Trustees or by members representing twenty percent (20%) of the active membership within the jurisdiction of the corporation. Notice of a special meeting, stating the object thereof, shall be given by the secretary by mailing such notice to each member not less than ten (10) days prior to the date on which such meeting is to be held.

Section 3: At all annual and special meetings of the members, thirty percent (30%) of all the members or proxies of the corporation shall constitute a quorum for the transaction of business. Each member shall be entitled to one (1) vote.

Section 4: Special meeting of the Board of Trustees shall be called at any time on order of the president or of a majority of the Board of Trustees. The secretary shall give each trustee notice, personally, verbally, by mail or by telephone, of all regular and special meetings at least seven (7) days prior thereto.

Section 5: A member may exercise his right to vote by proxy, receivable prior to the meeting.

ARTICLE VI

POWERS AND DUTIES OF TRUSTEES

Section 1: Subject to the limitations of the Articles of Incorporation and By-Laws 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 trustees shall have the following powers.

Section 2: To select and/or remove all the other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, or with the Articles of Incorporation or the By-Laws, and fix their compensation.

Section 3: To conduct, manage or control the affairs and business of the corporation, and to make such rules and regulations, including but not limited to rules and regulations to be abided by pool division members, therefore not inconsistent with law, or with the Articles of Incorporation or the By-Laws, as they may deem best.

Section 4: To issue certificates of membership only to the owners or purchasers of parcels hereinbefore described, subject to such conditions or terms as provided in the Articles of Incorporation and the By-Laws.

Section 5: To charge and/or assess the several parcels of land and the owners thereof as hereinbefore more particularly set forth and as set forth in the Articles of Incorporation.

Section 6: To cause to be kept a complete record of all minutes and acts and to present a full statement to the regular annual meeting of members, showing in full detail the condition of the affairs of the corporation.

ARTICLE VII

DUTIES OF OFFICERS

Section 1: President. The president shall preside at all meetings of the trustees and members; he shall sign as president all certificates of membership and all contracts or other instruments in writing authorized by the Board of Trustees; he shall call special meetings of the trustees or of the members whenever he deems it necessary; he shall have and exercise under the direction of the Board of Trustees the general supervision of the affairs of the corporation.

Section 2: Vice-President. The vice-president shall preside at all meetings in the absence of the president, and in the case of the absence or disability of the president shall perform all of the duties of the president, which are incidental to his office.

Section 3: Secretary. The secretary shall issue all notices and shall attend and keep the minutes of all meetings; he shall have charge of all corporate books, records and papers; he shall be custodian of the corporate seal; shall attest his signature and impress with the corporation seal all written contracts of the corporation, and shall perform all such other duties as are entered incidental to his office.

Section 4: Treasurer. The treasurer shall keep safely all monies and securities of the corporation and disburse the same under the direction of the Board of Trustees. He shall cause to be deposited all funds of the corporation in a bank selected by the trustees. At each annual meeting of the members and at any time directed by the trustees, he shall issue and present a full statement showing in detail the condition of the affairs of the corporation.

Section 5: The executive secretary and/or assistant secretary and/or assistant treasurer, if appointed by the Board of Trustees, shall perform such duties as may be designated by it.

Section 6: Any officer, other than the president, may occupy two offices concurrently if the Board of Trustees so directs.

ARTICLE VIII

CERTIFICATES OF MEMBERSHIP AND TRANSFERS

Section 1: A certificate of membership in the corporation shall be issued to each member. All such certificates shall be signed by the president, or vice-president, and the secretary.

Section 2: All memberships and certificates evidencing the same shall be inseparably appurtenant to the parcel or parcels owned by the holders thereof and upon sale or contract to sell such memberships and such certificates shall become the property of the grantee or purchaser as hereinbefore provided. No transfer of memberships shall entitle the transferee to vote the same until it has been established to the satisfaction of the secretary that such transfer is bona fide and had been made in the manner provided.

Section 3: A member's certificate of membership shall designate the type of membership as defined under Article VI of the Articles of Incorporation.

ARTICLE IX

ASSESSMENTS

Section 1: The members of the corporation shall be liable of the payment of such charges or assessments in accordance with the type of membership that they have acquired as defined in Article VI of the Articles of Incorporation, or as may from time to time be

fixed and levied by the Board of and the pool. All charges or assessments, when collected by the corporation, shall remain the property of the members until such time as such charges or assessments are expended pursuant to the Articles of Incorporation and By-Laws of the corporation.

Section 2: From time to time, as and when any such assessments as set forth in Article VI of the Articles of Incorporation and under this Article IX are levied, each member with respect to the land or interest therein to which his membership is appurtenant, shall pay the amount of such assessment against the same to the corporation, at its office, within thirty (30) days after the mailing of the notice of such assessment to the members, and the amount of such assessment, together with all expenses, attorneys' fees and costs reasonably incurred in enforcing the same, shall be paid by the members and shall be a lien upon said land and the membership appurtenant thereto, superior to any and all other liens (except as in Section 3 of this Article otherwise provided), created or permitted by the owner of such land and enforceable by foreclosure proceedings in the manner provided by law for foreclosure of mortgages upon land; provided, that no proceedings for the foreclosure of any said liens in this Article IX provided shall be commenced, except upon the expiration of four (4) months from and after the date of mailing said notice of assessment in this section described.

Section 3: First mortgage liens placed upon any of said tracts which are recorded in accordance with the laws of the State of Washington shall be, from the date of the recordation of such, superior to such assessments and liens resulting therefrom as are levied by the corporation subsequent to the date of the recordation of the first mortgage; provided, however, that the corporation is notified in writing of such first mortgage within thirty (30) days after recordation of such.

These By-Laws may be amended at any time by a vote of the majority of the members of the corporation.

ARTICLE XI

CORPORATE SEAL

The seal of the corporation shall be in circular form and shall contain the words "HARSTINE ISLAND ESTATES ASSOCIATION" and the words "Corporate Seal Washington 1973" in the form and style as affixed on these By-Laws for the impression of said corporate seal.

ARTICLE XII

DATE OF ADOPTION

These By-Laws are duly adopted by the corporation and the corporate seal thereof affixed on the _____ day of _____, 197__.

[28]

[April]

[3]