

SEAVIEW TERRACE HOMEOWNERS' ASSOCIATION BYLAWS

The following shall be the Bylaws of the Seaview Terrace Homeowners' Association, a Washington State nonprofit corporation. Articles of Incorporation were filed for record with the Office of the Secretary of State on February 8, 1993, U.B.I. Number 601 444 858.

DEFINITIONS

1. "Governing document" means the article of incorporation, bylaws, plat, declaration of covenants, conditions, and restrictions, rules and regulations of the association, or other written instrument by which the association has the authority to exercise any of the powers to manage, maintain, or otherwise affect the property under its jurisdiction.
2. "Board of Directors" or "Board" means the body, regardless of name, with primary authority to manage the affairs of the association.
3. "Common areas" means property owned, or otherwise maintained, repaired or administered by the association.
4. "Common expense" means the costs incurred by the association to exercise any of the powers provided for in these bylaws.

ARTICLE I

Association Membership - Meetings - Dues and Their Payment Schedule - Budget

Section 1. There shall be at least one membership in this corporation for each lot in the subdivision commonly known as SeaView Terrace as recorded in Kitsap County, Washington, as such lots are defined in the Covenants applicable to such properties; see plat map dated September, 1995. The incorporators shall each have a membership in this corporation. Each membership for a lot in SeaView Terrace shall be appurtenant to and not severable from the title to one such and no appurtenant membership shall be assigned or transferred voluntarily or by operation of the law except in conjunction with the transfer of title to a lot to which it is appurtenant. The fee owners of more than one lot in SeaView Terrace shall be entitled to only a single membership and dues responsibility, and the membership shall stand in the name of the owner of the lot to which it is appurtenant as such owners appear of record in Kitsap County, Washington, except in the case of the sale of a lot by contract. A record contract vendee of a lot shall be entitled to membership until the vendee's interest is terminated of record in lieu of the owner thereof, and in the case of an unrecorded contract or forfeiture, the vendor's notice to the corporation of the sale contract or forfeiture shall be deemed record notice. The corporation shall be bound by notice from an owner of record.

Section 2. Each membership shall entitle the persons owning or residing on a lot to which the membership is appurtenant and their families to the use and enjoyment of the property and facilities of the corporation subject to the rules and regulations as may be adopted for the use thereof and payment of charges for the use thereof as adopted by the corporation unless suspended as hereafter provided. In the event a partnership or corporation shall have a membership, then it shall have the right to name the persons, not to exceed five for each membership it holds, who shall be entitled to use and enjoy the properties and facilities of the corporation.

Section 3. By unanimous vote of the Board of Directors of the corporation present at any meeting of the Board called for the purpose of suspending rights and privileges of membership, any person or persons entitled to the rights and privileges of membership may be suspended therefrom (a) for nonpayment of

assessments and charges until such time as the same are fully paid, or (b) for failure to comply with the rules and regulations of the corporation until such as the trustees deem advisable not to exceed one year. If suspension is for failure to comply with the rules and regulations, the suspended person may appeal to the next meeting of the membership which may overrule or modify the decision of the Board by a vote of 80 percent (80%) of the membership from its obligations to pay assessments and charges. The Board shall suspend no person or persons from the rights and privileges of membership unless such person or persons shall have been noticed of such proposed action, except in the case of non-payment of assessments or charges.

Section 4. Each membership shall have one vote on all matters before a meeting of membership. Votes may be cast in person or by written proxy delivered to the corporate secretary before the commencement of the meeting. Notification of a proxy vote shall indicate date of the meeting, signature of the proxy voter, and an indication of the one to whom the proxy is being given to. A member unit may have unlimited proxies, but those proxies may only be used to vote on issues pre-publicized before the start of the meeting.

Section 5. There shall be four quarterly meetings of the General Membership held mid-month in January, April, July, and October at a designated place. Special meetings of the membership may be called at any time by the corporate president, any two Directors, or 20 per cent of the membership. Not less than 14 or more than 60 days in advance of any General Membership meeting, the secretary or other officers specified in these bylaws shall officially notify members by email, hand delivery, or first class US mail to an address designated in writing by the owner. Notice of such meeting shall state time and place of the meeting and the business placed on the agenda by the Board of Directors.

Ten (10) membership units of the HOA present or represented by proxy at the beginning of the meeting shall constitute a quorum for the transaction of business at any official meeting of the General Membership

Section 6. There shall be no initiation fees for memberships. The Board of Directors may levy upon the membership an annual maintenance assessment (dues) as determined to be necessary to meet the operational and maintenance expenses of the corporation and to provide for reserves to maintain the corporation on a sound financial basis. The Board may by contract with another person, firm or corporation, establish a method of determining maintenance assessments. No assessment shall be payable until a lot to which the membership is appurtenant has been first sold after the time the plat creating such lot is filed of record. The Board may establish charges for the use of the corporate facilities and services from time to time as they deem advisable.

The schedule for the yearly dues payment is as follows: the dues are due each July 1 with a 30-day grace period. As of the following August 1, a \$50.00 late fee is charged. A lien for the dues and the late fee plus any filing fees paid to the County, is placed on their property by the Treasurer at the Kitsap County Auditor's Office for members who have not paid their dues prior to the following October 1.

Section 7. Subject to the affirmative vote of two-thirds (67%) of the membership present at any meeting, a capitol assessment may be established for the purpose of making capitol additions to the properties of the corporation. Such capitol assessments may be made over a period of years.

Section 8. Maintenance and capitol assessments shall be based upon the number of single family dwelling units located upon the lot to which a membership is appurtenant. Charges for use of the corporate facilities and services may differ on the basis of the facilities used by the persons having membership, however, all such charges and the assessments against the memberships to which lots

are appurtenant shall be the same.

Section 9. The Board of Directors shall prepare or cause to be prepared for each year a budget of the corporation. Within 30 days after adoption by the board of directors of any proposed regular or special budget of the Association, the board shall set a date for a meeting of the owners to consider ratification of the budget not less than 14 nor more than 60 days after official delivery of the budget summary to Association members. The Board may not expend more than the amount of such budget but shall not be obligated to the allocation of funds provided for therein; provided, however, that if the Board determines a bonafide emergency exists, they may make such additional expenditures as they deem advisable to meet such emergencies.

Section 10. Although membership in the corporation by virtue of ownership of a lot in SeaView Terrace shall be appurtenant to the ownership of the lot as provided above. the corporation shall not be liable to ascertain ownership of any lot or the persons entitled to membership until actual written notice of a change of membership has been given the secretary of the corporation.

Section 11. Any concerns regarding Tract A must be presented to the Board in writing.

ARTICLE II

Board of Directors· Election Procedure – Meetings – Duties - Removal

Section 1. The management of the property, interests, business and affairs of the corporation shall be vested in the hands of a Board of Directors of five persons elected from the persons entitled to the rights and privileges of membership.

The Board of Directors shall not act on behalf of the association to amend the articles of incorporation, to take any action that requires the vote or approval of the owners, to terminate the association, to elect members of the Board, or to determine the qualifications, powers, and duties or terms of office of members of the Board; but the Board may fill vacancies in its membership of the unexpired portion of any term.

Section 2. The Board of Directors of the corporation shall include a president, a vice-president, a secretary, and a treasurer. The president and secretary shall be elected by the membership in the even numbered years, and the vice-president and treasurer shall be elected in the odd numbered years. The fifth Director shall usually be elected from the three-member Architectural. Each year, the architectural committee members will decide among themselves who will sit as representative on the board. Each Board member shall be elected for a term of two years and until the election and qualification of his successor. Any vacancy occurring in the Board may be filled by selection of the remaining Board members for the remainder of the term in which the vacancy occurs. No Board member shall serve in the same position for more than two consecutive terms.

A nominating committee consisting of three or more members in good standing will be formed during every January quarterly meeting. The committee will be responsible for nominating a slate of candidates and securing their approval to fill the Board positions to be vacated. The slate of candidates will be presented to the membership at the April quarterly meeting, at which time additional nominations will be heard from the floor. The secretary will prepare the ballot and carryout its distribution to the membership by the above procedure.

The above five Board of Directors shall be elected by ballot either hand delivered to member homes or

sent prepaid first class United States mail to the current mailing address of each membership unit. All ballots shall be returned to the secretary who will maintain their security. The ballots will be tabulated at the beginning of the July quarterly meeting by four volunteer members in good standing and the election results given to the president for announcing to the membership. The newly elected Board will take over their positions immediately following adjournment of the July quarterly meeting. The transfer of all papers, files, etc., between former and new Directors is to be accomplished within two weeks of the above July quarterly meeting date.

Section 3. Meetings of the Board of Directors minimally should occur within three weeks of each Quarterly Meeting and may be called by the corporate president or any Director by giving oral and/or written notice to all of the Board members. The Board shall keep minutes of all actions taken by the board, which shall be available to all owners by contacting the secretary by telephone, mail or e-mail.

Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counselor consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the association.

The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes.

The Board of Directors shall restrict the consideration of matters during the closed portions of meetings Only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the board, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified.

The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Section 4. A majority of the Board of Directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors.

The Board may designate persons from time to time who may borrow funds, draw checks and drafts, and convey properties on behalf of the corporation. The Board may employ a general manager of the corporation who may be delegated such authority as the Board deem advisable from time to time as well as other employees as may be necessary or desirable in the opinion of the Board. The Board may elect other officers as they deem necessary.

Section 5. The duties of the four-titled, volunteer Board of Directors are:

- (1) The president shall be the chief corporate officer and shall preside at all meetings of the association and board of trustees; and perform all duties usually pertaining to the office. The president may assign duties to other officers.
- (2) The vice-president shall assist the president in the exercise of the president's duties and perform the duties of the president at all times when the president cannot give active service.
- (3) The secretary shall record the minutes of all meetings and retain a record of them; maintain current and accurate copies of all organizational documents; maintain current lists of (a) the persons or firms in whose name the memberships stand, (b) the persons entitled to the rights and privileges of membership, and (c) list of committees of the corporation and their membership; attend to all correspondence and file

all forms and reports usually pertaining to the office; make all documents available to any member at reasonable times and place and shall cause all notices of meetings to be given as herein provided.

(4) The treasurer shall see that a full and accurate account is kept of all monies received and paid out and that sound internal fiscal controls are in operation; render a report at each meeting of the association; maintain separate files on each budgeted and active project; advise the membership of their upcoming dues payments and the schedule (Article I, Section 6); place liens on members property for non-payment of dues; and attend to all correspondence and file all forms and reports usually pertaining to the office.

Section 6. The Board of Directors may adopt rules and regulations from time to time, which shall be applicable to all memberships appurtenant to lots, for the use of corporate facilities. Such rules and regulations shall be subject to modification or change at any time by a vote of 75 percent (75%) of the membership present at any meeting called for that purpose.

Section 7. The Board of Directors may establish such surplus funds and reserve funds as they deem necessary to the end that the corporation shall be in sound financial condition to meet its obligations and maintain its property. The Board may authorize such contracts and other corporate obligations as they deem necessary or advisable for the proper maintenance and development of the corporate property and may authorize borrowing of such funds on behalf of the corporation and give such security therefore as they deem appropriate with 75 percent (75%) membership approval. Each officer shall perform such other duties as the Board may direct from time to time.

Section 8. Any Director may be removed from office by an affirmative vote of 75 per cent (75%) of the memberships present. .

ARTICLE III

Conduct of Meetings - Membership Termination - Directors Indemnification - Covenants

Section 1. Conduct of all meetings of membership or Board shall be governed by Roberts Rules of Order as revised and then current.

Section 2. No membership appurtenant to a lot in SeaView Terrace may be terminated. Memberships not appurtenant to a lot in SeaView Terrace may be terminated by voluntary resignation made by the person, firm or corporation in which name the membership stands or for cause by unanimous vote of the Board of Directors present at a meeting of the Board called for that purpose, provided that such person, firm or corporation shall have been given at least 10 days written notice by mail to the address shown on the corporate records of the proposed action. No person, firm or corporation shall be entitled to any payment or compensation whatsoever because of termination of a membership.

Section 3. Each director and officer of the corporation shall be indemnified and held harmless by the corporation and shall be reimbursed by the corporation for all expenses, including attorney's fees, reasonably incurred by him/her or judgments rendered against him/her in connection with any action, proceeding or suit to which he/she is made a party by reason of his/her being or having been an officer or director of the corporation, unless it shall be determined therein that such officer or director is found guilty of gross misconduct or fraud upon the corporation. Such indemnification shall inure to the benefit of his/her heirs and personal representatives and shall not require any other contract or agreement than expressed herein.

Section 4. The rights and obligations of this corporation and its membership as expressed in that certain covenants on Plat of SeaView Terrace and of Declaration of Covenants and Restrictions Assigned

Thereto as the same appears of record in Kitsap County, Washington are incorporated herein by this reference.

ARTICLE IV

AMENDMENTS

These Bylaws may be amended by vote of two-thirds (67%) of all membership present at any quarterly meeting or special meeting called for that purpose provided that a quorum of ten (10) votes are present in person or by proxy. Not less than 14 or more than 60 days prior to the vote to amend bylaws, the secretary or other officers specified in these bylaws shall officially notify members by email, hand delivery, or first class US mail to an address designated in writing by the owner.

ARTICLE V

DISSOLUTION

The corporation may be dissolved and its affairs would be voluntarily by the written request of two-thirds of the members addressed to the Board of Directors specifying the reasons why the winding up of the affairs of the corporation is deemed advisable and naming three persons who are entitled to the rights and privileges of membership to active liquidation. The request shall be filed with the Board, the secretary of state, and the county auditor where the principal place of business of the corporation is located. Thereupon, the power of the Board shall cease and the persons appointed shall proceed to wind up the corporation, realize its assets, pay its debts and divide the residue of the money among its membership in equal proportions. However, notwithstanding the foregoing, in any dissolution of this corporation, its rights and obligations with reference to maintenance of the roads and water system in SeaView Terrace shall be or shall have been transferred and assumed by a private corporation acceptable to 80 per cent (80%) of the entire membership and a right shall be granted or exist with reference to each lot to which a membership is appurtenant to use the roads in SeaView Terrace, to have water service available to the lot and to use any portion of Seaview Terrace with reasonable access thereto which the corporation may acquire. The request for dissolution shall state the time for completing the winding up and dissolution during which time these matters shall be completed unless further time is granted by writing signed by two-thirds (67%) of the members and filed as required by law.'

The foregoing are the Bylaws of SeaView Terrace Homeowners' Association that were approved for adoption on November 21, 2001 from the results of a mail-in ballot hand-delivered or mailed to all members on October 23, 2001 and to be returned by November 20, 2001. Sixteen (16) members cast ballots with fourteen (14) voting YES and two (2) voting NO for an 87.5% approval.

Secretary

Date