

WHEN RECORDED RETURN TO
Diana G. Hancock
Attorney at Law, P.S.
Post Office Box 160
Lopez Island, Washington 98261

**BYLAWS OF THE
THE HARBOR ON FISHERMAN BAY
MAINTENANCE CORPORATION**

The following shall be the Bylaws of The Harbor on Fisherman Bay Maintenance Corporation ("the Corporation"), as amended on June 16, 2012.

ARTICLE I
Membership

Section 1. There shall be one membership in this Corporation for each lot in the subdivision of The Harbor on Fisherman Bay in San Juan County, Washington, except for lot 2 (parking) and lot 37 (water system). Such membership shall be appurtenant to and not separable from the title of the lots and each membership shall be transferred with title to that lot to which it is appurtenant. No membership may be assigned or transferred voluntarily or by operation of law except in conjunction with the transfer of title to a lot. Each membership shall stand in the name of the owner or owners of the lot appearing of record in San Juan County, Washington. Contract vendees of record shall be deemed owners until their interest is terminated or forfeited of record.

Section 2. Each membership shall entitle the persons owning the lot to which membership is appurtenant, and their immediate families, to use all public facilities of the Corporation unless membership is suspended according to these Bylaws and/or any restrictive covenants adopted by the Corporation. In the event that a corporation or partnership shall be the owner of a lot, then it shall have the right to name persons, not in excess of five (5) for each lot it owns, who shall be entitled to the use of all public facilities of the Corporation.

Section 3. By unanimous vote of the Trustees of the Corporation present at any meeting 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 non- payment of dues and assessments 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 time as the Trustees deem advisable, not to exceed one year. If suspension is for failure to comply with the rules and regulations, the person to be suspended shall be provided notice of the proposed suspension and shall be given the opportunity to be heard prior to a vote on the suspension. If suspended, the person

may appeal to the next meeting of membership which may overrule or modify the decision of the trustees by vote of eighty percent (80%) of the membership present in person or by proxy. No such suspension shall relieve or discharge the suspended member from the obligation to pay dues and assessments nor from the obligation to comply with the rules and regulations of the Corporation . The Trustees shall not impose any suspension from the rights and privileges of membership unless the person or persons threatened with suspension shall have been notified of such proposed action.

The Trustees may also impose fines for the violation of these Bylaws and/or the Covenants, Restrictions and Easements of the Corporation, as they may be amended from time to time. Before a vote on the imposition of such fines, the violating member shall be provided notice of the violation and proposed fine as well as the opportunity to be heard by the Trustees.

Any member in violation of the rules and regulations of the Corporation, including but not limited to the prohibition on the advertising for and short term rental of property in the Harbor on Fisherman Bay, shall be provided thirty (30) days notice of the intent to assess a fine against said member if the violation continues. Said notice shall advise said member of his/her right, during said thirty (30) day period, to be heard by the Trustees regarding the violation and intent to assess a fine. At the option of the member, said right to be heard may be exercised by personally appearing before the Trustees or by a written submission to the Trustees. If, after the member has been provided the opportunity to be heard, the Trustees determine the fine should be imposed, such fine will be imposed as of the date of the violation. Any such fine shall be in accordance with the schedule of fines established by the Board of Trustees of the Corporation which schedule shall be provided to all members of the Corporation.

Section 4. Each membership appurtenant to a lot shall have one vote on all matters presented to the membership at any annual or special meeting. Such vote shall be exercised by the owners or a person designated at the commencement of the meeting by the owners in writing. Corporate owners shall exercise their vote by their officers present or person designated by the corporate president. If any persons or corporations shall be entitled to more than one membership because of ownership of more than one lot, they shall have one vote for each membership. Votes may be cast in person or by a written proxy filed with the secretary of the Corporation.

Section 5. There shall be an annual meeting of the membership on Lopez Island on the second Saturday in June, unless the Trustees shall designate some other Saturday in June. The time and place of the annual meeting shall be set by the Board of Trustees. Special meetings of the membership may be called at such other times as may be necessary by (a) the president of the Corporation; (b) two trustees; or (c) ten percent (10%) of the membership. Not more than thirty (30) days and not less than twenty-one (21) days prior to the date fixed for such meeting, written notice thereof shall be mailed to all the membership at their addresses as shown by the corporate records.

Section 6. All references herein to the mailing of notices and other materials relating to the Corporation shall be defined to mean the electronic transmission of such notices and materials to the members of the Corporation, provided however, that such notices and other materials will be sent by electronic transmission only to those members who have consented to such electronic transmissions. Consent shall be provided to the Corporation in writing and shall designate the message format accessible to the recipient and the address, location or system to which such notices and other materials may be electronically transmitted. Such consent may be revoked by any member by providing written notice to the Corporation. The writing relating to consent and revocation of consent to receive notices and other materials by electronic transmission may be sent to the Corporation electronically. In the event a member does not consent to receive notices and other materials electronically, or revokes consent previously given, notices and other materials shall be sent to said member by U.S. mail, postage prepaid.

Section 7. There shall be no initiation fee for memberships. The Trustees may levy upon each membership annual dues in an amount determined by the Trustees to meet the current operational expenses of the Corporation. In addition the Trustees may levy upon each membership an annual assessment of not more than \$2,000. A water fee will be levied not to exceed the Washington state limit. The amount of the dues or assessments determined by the Trustees may be changed by affirmative vote of seventy-five percent (75%) of the membership present in person or by proxy at any annual meeting of the membership or at a special membership meeting called for that purpose. The maximum amount of assessment may be increased by a like vote. A fifty dollar (\$50) late fee may be assessed against those members who do not pay their dues and assessments within sixty (60) days after bills are mailed. The assessment shall be used for the maintenance, improvement, reconstruction, and repair of the roads, water drainage system, water supply system, and the dock in the plat of The Harbor on Fisherman Bay. At each annual membership meeting, the Trustees shall prepare and submit to the membership a proposed budget of the Corporation for the fiscal year commencing July 1 and ending June 30. Such proposed budget shall be adopted by the membership with such changes as it deems advisable. The Trustees may not expend more than the total amount of such budget but shall not be obligated to the allocation of funds provided for therein; provided, however, if the Trustees unanimously determine a bona fide emergency exists they may incur such additional expenditures as they deem necessary to meet such emergencies. The budget may be revised from time to time with the approval of the majority of members voting at any meeting called for that purpose.

Section 8. Although membership in the Corporation shall be appurtenant to and pass with the ownership of lots in the plat of The Harbor on Fisherman Bay as aforementioned, the Corporation shall not be liable to ascertain ownership of any lot or the ownership of the membership appurtenant thereto until its secretary has received actual notice of a change in ownership.

Section 9. The Corporation shall maintain copies of the following documents on the Corporation's web site: (1) Declaration of Covenants, Restrictions and

Easements; (2) Bylaws; (3) Regulations for Dock Use; (4) Regulations of the Architectural Committee; (5) List of Corporation members; (6) Minutes of the last annual meeting; (7) List of Trustees and Committees; and (8) Current Year's budget and any other pertinent documents.

Hard copies of the above will be provided on request by a member.

ARTICLE II **Trustees**

Section 1. The management of the property, interests, business and affairs of the Corporation shall be vested in the hands of a Board of Trustees of not less than five (5) nor more than seven (7) persons elected from persons entitled to the rights and privileges of membership. Election of the Trustees shall occur at the annual membership meeting.

Section 2. Each Trustee shall be elected for a three (3) year term. No more than three (3) Trustees shall be elected at each annual meeting of the membership. Each Trustee shall hold office for his/her term and until his/her successor is elected and qualified. Members of the Board of Trustees may appoint a new Trustee from the membership to fill unexpired terms or vacated positions on the Board..

Section 3. There shall be an annual meeting of the Board of Trustees immediately following the annual meeting of membership and such other special meetings of the Board of Trustees as they deem advisable. Special meetings of the Board of Trustees may be called by the corporate president or any Trustee by giving oral notice thereof to all the Trustees.

Section 4. A majority of the Trustees shall constitute a quorum for transaction of business. The Trustees shall elect (a) a president, who shall be a Trustee and shall preside at all meetings of the Corporation; (b) a secretary, who shall keep and have custody of all of the Corporation's records; and (c) a treasurer, who shall have custody of, account for and disburse the Corporation's funds. The Trustees may designate persons from time to time who may borrow funds, draw checks and drafts, and convey properties on behalf of the Corporation in addition to or jointly with the treasurer. The Trustees may employ as general manager of the Corporation a person not a member of The Harbor on Fisherman Bay Maintenance Corporation who may be delegated such authority as the Trustees deem advisable from time to time. The Trustees may employ other employees as they deem necessary or desirable. The Trustees may elect such other officers as they deem necessary.

Section 5. The secretary shall keep at all times a current list of the persons or firms in whose name the memberships stand, and shall cause all notices of meetings to be given as herein provided. The Trustees may authorize such compensation as they deem advisable to the officers and employees of the Corporation for services performed.

Section 6. The Trustees may approve rules and regulations from time to time, which shall be applicable to all members, for construction of homes and associated buildings and for the use of corporate facilities. Such rules and regulations shall be subject to modification or change by a vote of seventy-five percent (75%) of the membership present or represented by proxy at any annual or special meeting called for that purpose.

Section 7. The Trustees 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 Trustees 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 sums on behalf of the Corporation and give such security therefore as they deem appropriate. Each officer shall perform such other duties as the Trustees may direct from time to time.

ARTICLE III

Nonliability of Trustees

The members of the Board of Trustees shall not be personally liable for the debts, liabilities, or other obligations of the Corporation. The Corporation shall continuously maintain in force Trustees and Officers liability insurance at such limits as the Trustees shall determine.

ARTICLE IV

Indemnity by the Corporation

To the full extent permitted by the Washington Nonprofit Corporations Act as hereafter from time to time amended, the Corporation shall indemnify any person who is made or was a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he/she is or was a trustee or officer of this Corporation or is or was serving at the request of this Corporation as a trustee, officer, employee or agent of this Corporation, if she/he acted in good faith and in a manner that she/he reasonably believed to be in or not opposed to the best interests of the Corporation and with respect to any criminal or proceeding had no reason to believe his/her conduct was unlawful. Indemnification shall include expenses (including reasonable attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding. However, no indemnification shall be made in respect of any claim, issue or matter as to which he/she shall have been judged to be liable for negligence or misconduct in the performance of her/his duty to the Corporation.

A Trustee of the Corporation shall not be personally liable to the Corporation for monetary damages for conduct as a Trustee, except for liability of the Trustee (I) for acts or omissions which involve intentional misconduct by the Trustee or a knowing violation

of law by the Trustee, or (ii) for any transaction from which the Trustee will personally receive a benefit in money, property or services to which the Trustee is not legally entitled. If the Washington Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of Trustees, then the liability of a Trustee of the Corporation shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the Trustees or members of the Corporation shall not adversely affect any right or protection of a Trustee of the Corporation existing at the time of such repeal or modification.

The Corporation has the power to indemnify, and to purchase and maintain insurance for its trustees, officers, employees, and other persons and agents, and (without limiting the generality of the foregoing) shall indemnify its trustees and officers, against all liability, damage, and expenses arising from or in connection with service for, employment by, or other affiliation with this Corporation or other firms or entities to the maximum extent and under all circumstances permitted by law.

Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of that fact that he or she is or was a trustee or officer of the Corporation or, being or having been such a trustee or officer, he or she is or was serving at the request of the Corporation as a trustee, officer employee or agent of another Corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a trustee, officer, employee or agent or in any other capacity while serving as a trustee, officer, employee or agent or in any other capacity, shall be indemnified and held harmless by the Corporation to the full extent permitted by applicable law as then in effect, against all expenses, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection herewith. Such indemnification shall continue as to a person who has ceased to be a trustee, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. No indemnification shall be provided under this Article XII to any such person if the Corporation is prohibited by the nonexclusive provisions of the Washington Nonprofit Corporation Act or other applicable law as then in effect from paying such indemnification, or if in the opinion of counsel, payment of such indemnification would subject the Corporation to imposition of excise taxes under the Code or would cause the Corporation to lose its tax-exempt status (if any) from the federal income taxation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a trustee or officer only upon delivery to the Corporation of an undertaking, by or on behalf of such trustee or officer, to repay all amounts so advanced if it shall ultimately be determined that such trustee or officer is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaws, agreement, vote of members or disinterested Trustees or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any trustee, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Washington Nonprofit Corporation Act. The Corporation may enter into contracts with any trustee or officer of the Corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means including, without limitation, a letter of credit) to the payment of such amounts as may be necessary to indemnification as provided in this Article.

The Corporation may, by action of its Board of Trustees from time to time, provide indemnification and pay expenses in advance of the final disposition proceeding to officers, employees and agents of the Corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Trustees and officers of the Corporation or pursuant to rights granted pursuant to or provided by, the Washington Nonprofit Corporation or otherwise.

ARTICLE V **Amendments**

These bylaws, as well as the Covenants, Restrictions and Easements of the Corporation, may be amended by a vote of two-thirds of the membership present or represented by proxy at any annual meeting or special meeting called for that purpose.

ARTICLE VI **Dissolution**

The Corporation may be dissolved and its affairs wound up voluntarily by the written request of two-thirds of the members, addressed to the Trustees, specifying reasons why the winding up of the affairs of the Corporation is deemed advisable, and naming three (3) members of the Corporation to act in liquidation. The request shall be filed with the Trustees, the Secretary of State, and the San Juan County Auditor. Thereupon the power of the Trustees shall cease and the persons appointed shall proceed to wind up the Corporation, realize upon its assets, pay its debts, and divide the residue of the money among the members in equal proportions.

The request shall state the time for completing the winding up and dissolution during which time these matters shall be completed unless further time is granted in writing signed by two-thirds of the members and filed as required by law.

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The foregoing are the Bylaws of the Harbor on Fisherman Bay Maintenance Corporation adopted as revised at a meeting of the members on June 16, 2012.

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Rebecca Smith, Secretary