

BY-LAWS OF DUGUALLA COMMUNITY, INC.

AMENDED and APPROVED AS OF SEPTEMBER 21, 2019

ARTICLE I MEMBERSHIP

Section 1. Every person who owns a lot in DUGUALLA BAY HEIGHTS is a Member in Dugualla Community, Incorporated.

Section 2. Any Member who is in default of any payments for a period of more than three months is automatically deprived of any privileges or rights in the Corporation without further action on the part of the membership or the Board of Directors. The Treasurer of the Corporation shall so mark the records of the Corporation; upon the records being so marked the right to vote and other privileges of the Member are suspended.

Any Member, before being qualified to cast a ballot at a meeting of the Corporation, in addition to being an owner of real property, must pay in full any amounts due to the Corporation up to the date of the meeting.

Section 3. The Corporation shall not advance money, provide services, install facilities or provide special benefits to any private individual, whether a Member or not. Neither shall the Corporation take any such actions for the benefit of any external business, partnership, corporation or other entity.

ARTICLE II MEETINGS OF THE MEMBERS

Section 1. An Annual Meeting of the Members shall be held each calendar year on the third Saturday in September in Island County Washington. The Board of Directors shall determine the time and place of the meeting. If the time and/or place of the Annual Meeting are changed within thirty days of the meeting, a new notice must be mailed to the members per Article II, Section 3.

Section 2. Special Meetings of the Members may be called by the Board of Directors or upon written request of ten or more Members addressed to the President.

The request shall include an explanation of the purpose of the meeting. Special Meetings shall be held not less than fifteen days or more than thirty days after the President receives a request for the Special Meeting. If the President fails to call the meeting, any Member may give notice of the meeting per Section 3.

Section 3. Notice of meetings of the Members stating the time, place and general purpose of the meeting shall be mailed to each Member at their last known address at least thirty days prior to the Annual Meeting, and ten days prior to Special Meetings. For the Annual Meeting, the notice will include a proposed agenda and a list of Director positions that are due for election. The date the notice is mailed is considered to be the date notification was given. An entry shall be made in the minutes of the meeting confirming that appropriate notice was given to the Members.

Section 4. A quorum shall consist of a majority of the Members in person or as represented by duly authorized proxy.

Section 5. Any Member may appear at any of the meetings of the Members either in person or by duly constituted proxy. A proxy, to be effective, must be in writing and filed with the Secretary of the Corporation at the time of the meeting or at any time prior to the meeting.

Section 6. Duly constituted proxies are authorized to cast one vote for each Dugualla lot they represent upon any matter of business raised at the Meeting.

Section 7. Meetings shall not be held without a quorum. Regular or Special Meetings of the Members shall be adjourned if there are not sufficient Members present, in person or by proxy. The reason for the adjournment shall be recorded.

Section 8. The President, or if absent, Vice President, Secretary, or Treasurer, in turn, shall call the meeting of the Members to order and act as presiding officer. If the Secretary is required to act, a Board member shall be designated from among the remaining Directors to record the proceedings of the meeting.

Section 9. A financial statement for the preceding fiscal year (1 June to 31 May of each year) shall be distributed to all Members prior to or at the Annual Meeting.

ARTICLE III DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by a Board of nine Directors.

Section 2. Any person of lawful age who is a Member in good standing at the time of their election may be elected a Director of this Corporation.

Section 3. At the Annual Meeting, the Members shall, by majority vote, elect Directors to the following terms of office: Directorate positions are numbered 1 through 9, to coincide with the sections of the Dugualla community. Even-numbered Positions shall be elected in even-numbered years and serve a term of two years. Odd-numbered Positions shall be elected in odd-numbered years and serve a term of two years. Elected Directors take office at the conclusion of the Annual Meeting. If a Director position is still unfilled at the end of the Annual Meeting, the Board may appoint a qualified successor to fill the vacancy.

Section 4. The Members shall fill Board of Director vacancies during the Annual Meeting. Directors shall serve until their terms of office expire, they are removed by vote of the Members, disqualified for any reason or resign. There is no restriction on the number of terms that a Director may serve.

Section 5. The Directors of this Corporation shall act without compensation.

ARTICLE IV CORPORATE OFFICERS

Section 1. The Board of Directors shall elect the President, Vice President, Treasurer and Secretary for the Corporation from among Members of the Board following the Annual Meeting and may appoint sub-officers, committees, agents and employees.

Section 2. **PRESIDENT.** The President of the Corporation is the presiding officer at all meetings of the Members and the Board of Directors. The President has the powers delegated herein and by the Board of Directors.

Section 3. **VICE PRESIDENT.** The Vice President of the Corporation acts as

the President in the absence of the President.

Section 4. TREASURER. The Treasurer of the Corporation keeps Corporation records, to include an accurate and complete financial record.

Section 5. The Treasurer keeps a record of the names and addresses of the Members of the Corporation and shall make this available to other Board members for official Community purposes.

Section 6. If the Treasurer is unable or unwilling to perform the duties herein, the President or Vice President assumes those duties or the Board may elect a Board member to fill the remainder of the Treasurer's term of office.

Section 7. SECRETARY. The Secretary of the Corporation keeps minutes of meetings of the Members of the Corporation and the Board of Directors, and gives notice of all meetings of the Members and the Board of Directors.

Section 8. The Secretary shall perform additional administrative duties as needed, such as official correspondence, as assigned by the Corporation President or Board.

Section 9. If the Secretary is unable or unwilling to perform the duties herein, the President or Vice President assumes those duties or the Board may elect a Board member to fill the remainder of the Secretary's term of office.

ARTICLE V

BOARD OF DIRECTOR DUTIES

Section 1. The Board of Directors has full power to borrow money on behalf of the Corporation. This includes the authority:

- To incur indebtedness on behalf of the Corporation, and authorize the execution of promissory notes or other evidence of indebtedness of the Corporation, and agree to pay interest thereon.
- To sell, convey, transfer, assign, exchange, lease and otherwise dispose of, mortgage, pledge or otherwise encumber the property, real and personal, and the franchises of the Corporation.
- To purchase, lease and otherwise acquire property, real and personal on behalf of the Corporation and generally to do and perform or cause to be done and

performed any and every act, which the Corporation may lawfully do or perform. Extraordinary expenditures, such as major capital improvements, shall be presented to the Members for approval at the Annual Meeting or at a Special Meeting. This provision is not meant to restrict the Board of Directors from taking action in an emergency or in situations in which delay could result in the Corporation incurring liability.

Section 2. The Board shall impose conditions upon employment and fix terms of employment. The term of office, employment or contractual obligations shall in no case exceed the longest term of office of any of the Board of Directors then serving.

Section 3. The Board of Directors sets the compensation for sub-officers, agents and employees of the Corporation. The Board of Directors may not fix any compensation for themselves.

Section 4. The Board of Directors may remove sub-officers, agents or employees upon a majority vote, and no contract to the contrary is valid.

Section 5. The Board of Directors shall have the power to fix the bond of any and all officers, agents or employees in such amount as they shall see fit.

Section 6. The Board of Directors shall determine the financial status of the Corporation from reports submitted by the Treasurer, and determine fees and assessments to be imposed upon the Members to keep the Corporation upon a sound financial basis.

Section 7. Directors stand in a fiduciary relation to the Corporation and must discharge the duties of their positions in good faith and with that diligence, care and skill which ordinarily prudent persons would exercise in similar circumstances.

ARTICLE VI VACANCIES

Section 1. Any Director may be removed by a two-thirds vote of the Members confirmed as eligible to vote at a Special Meeting called for that purpose. Members may choose to fill the vacancy, or vacancies, at the same Special Meeting or task the Board to fill the vacancy.

Section 2. Members of the Board of Directors shall attend all meetings possible. Any Member who does not attend three or more consecutive Regular or Special Meetings of the Members shall be removed from the Board unless the remainder of the Board of Directors votes to the contrary. If any Director is removed for non-attendance, the Board of Directors shall appoint a successor to fill the vacancy for the remainder of that Director's term of office.

Section 3. When a vacancy occurs among the Directors, except by recall and election of a successor, the Board of Directors shall appoint a successor by a majority vote of the Board of Directors. An appointed Director holds office until the next Annual Meeting, at which time a successor is elected to fill the remaining term of office, unless the term is expired, in which case, a Director will be elected to fill the position.

ARTICLE VII BOARD OF DIRECTOR MEETINGS

Section 1. Board of Director Meetings are held at such time and place in the State of Washington as the Board decides. Special Meetings of the Board of Directors may be called any time by the President or on the order of two Directors.

Section 2. Directors shall register their addresses with the Secretary. Notice of meetings mailed to that address or e-mailed to the Directors' e-mail address shall constitute valid notice of the meetings. Notice of Board of Director meetings, stating the time and general purpose of the meeting shall be mailed, e-mailed, or otherwise personally delivered to each Director not later than three days before the meeting.

Section 3. Five or more Directors shall constitute a quorum. Every act or decision of a majority of the Directors present at a meeting with a quorum is valid as the act of the Board of Directors. Board Members may cast ballots by e-mail, teleconference or regular mail on any matter before the Board, but a quorum must still be physically present at the meeting.

ARTICLE VIII PROPERTY

Section 1. All property, real or personal (in process of being obtained, interest in or to property of any nature, and wherever situated), is the property of the Members of the Corporation upon dissolution of the Corporation.

ARTICLE IX FEES AND ASSESSMENTS

Section 1. If deemed necessary, an annual membership fee may be set by the Board of Directors. The membership fee may be paid in advance in quarterly or semi-annual installments, or annually, as the board determines. Upon non-payment of fees for three months from the due date, all rights and privileges of the non-paying Member will be suspended. The suspension shall continue until all delinquencies and defaults are corrected and all payments brought up to date per the provisions of Article IX, Section 3 below.

Section 2. The Board of Directors shall levy regular or special assessments on Members for the purpose of operating and maintaining the water system. Alternatively, the Board of Directors may establish a water usage rate chargeable to those Members who are hooked into the water system and are receiving water service. In either case, a billing notice will be mailed to each Member every two months. Payment in full is due within thirty days of the mailing date of the notice.

Section 3. In the event of overdue payments, members shall pay to the Corporation the full amount owed including but not restricted to late fees, attorneys' and collection agency fees and costs reasonably incurred in enforcing payment. The amount owed to the Corporation shall be a lien on the member's real property (as described in Article I, Section 1), superior to any and all other liens created or permitted by the owner and enforceable by foreclosure proceedings in the manner provided by law for foreclosure of mortgages upon land. Proceedings for the foreclosure of this lien shall not be commenced sooner than four months after the date the first billing notice was mailed to the Member.

Section 4. In addition to the provisions of Section 3, the Board reserves the right to terminate water service to any Member who has not paid water system-related assessments and fees by three months after the due date. The board will provide written notification to the Member at least thirty days prior to terminating service. The Member will be responsible for all costs associated with terminating and reconnecting water service.

ARTICLE X

BUILDING AND USE RESTRICTION ENFORCEMENT

Section 1. As stated in the Building and Use Restrictions for Dugualla Bay Heights Divisions 1 through 9, the Building and Use Restrictions may be enforced by any lot or building site owner or by Dugualla Community, Incorporated. To this end, the procedures stated below shall be followed in addressing violations of the Building and Use Restrictions.

A. Any member of Dugualla Community, Inc., who observes a violation of the Building and Use Restrictions may elect to bring the violation to the attention of the owner of the property on which the violation is occurring. The member making the complaint must specify the nature of the violation and what corrective action is being sought. If a mutually agreed resolution to the complaint by the parties is achieved, no other action is required.

B. If mutual agreement is not achieved, and the complainant wishes to pursue the matter further, the complainant shall restate the complaint and the corrective action being sought in a letter to the owner of the property on which the violation is occurring (if this is not already done).

C. If the recipient of this letter fails to respond within thirty (30) days or a mutual agreement is not reached, the complainant may elect to submit a letter to the Board of Directors asking them to intercede on his behalf. The letter must include a description of the violation, the name and address of the property owner against whom the complaint is being made, and a list of all of the steps taken up to this point to attempt to resolve the complaint. A copy of this letter shall be sent to the subject of the complaint.

D. If the subject of the complaint feels that the complaint does not have merit, he may submit his rebuttal in writing to the Board of Directors with a copy to the complainant.

E. The Board of Directors shall review the complaint and any rebuttal received and attempt to determine if a violation of the Building and Use Restrictions has occurred.

F. If the Board determines that no violation has occurred, they will notify the complainant and subject of this in writing. The notification shall include a detailed explanation of the Board's decision.

G. If the Board determines the a violation has occurred, they shall attempt to contact the owner on whose property the violation has occurred and request that he take appropriate action to come into compliance.

H. If the Board is unable to contact the property owner or the property owner is unresponsive, the Board shall send a registered letter to the property owner citing the violation and specifying the remedy required. The property owner shall be given 30 (thirty) days to respond to this letter.

I. If the property owner responds by the deadline and takes appropriate action to come into compliance to the satisfaction of the Board of Directors, no further action is required except that the Board shall maintain a full and complete record of the complaint and associated actions taken in the community archival files.

J. If the property owner is unresponsive to the registered letter or fails to come into compliance within a reasonable period of time, the Board of Directors may refer the issue to an attorney requesting action be initiated to enforce the Building and Use Restrictions by proceedings at law.

K. Both parties to the complaint shall be kept informed in writing of the actions taken by the Board of Directors.

Section 2. Nothing in this article shall infringe on the rights of any lot or building site owner, or by Dugualla Community, Inc., either individually or collectively, to seek enforcement by proceedings at law or in equity against any person, firm or corporations violating or attempting to violate the Building and Use Restrictions, or any portion thereof, either to recover damages or to restrain violation or to enjoin the use of a structure or structures, or to require performance of any act or removal of a structure or structures, in such form and under such penalties as judgment, order or decree of a court shall provide. In any litigation to enforce the Building and Use Restrictions, the prevailing party shall be entitled to recover from the losing party reasonable attorney's fees and court costs as determined by the court to be just, fair and proper.

ARTICLE XI

Section 1. These by-laws shall be reviewed at least once every five years by the Board of Directors or by a committee established by the Board for that purpose. Members may submit proposed amendments at any time. All proposed amendments shall be distributed to the Members at least thirty days prior to the Annual Meeting and shall be voted on at the Meeting. Amendments may be adopted by a simple majority vote of the Members present in person or by proxy at meeting.

By-laws of Dugualla Community, Incorporated. Amended and Approved as of September 21, 2019.

For the Community:

_____ Date: _____
Jerry Schopf, President, Director

_____ Date: _____
Don Kaiser, Vice-President, Director

_____ Date: _____
Tom McKeon, Treasurer, Director

_____ Date: _____
Susan Schopf, Secretary, Director

_____ Date: _____
Danny Kaiser, Director

_____ Date: _____
Joseph Bock, Director

_____ Date: _____
Shawn Albert, Director

_____ Date: _____
Jim Hummer, Director

