

BY-LAWS
OF
DOCKSIDE HOMEOWNERS ASSOCIATION

The name of this corporation is:

DOCKSIDE HOMEOWNERS ASSOCIATION

hereinafter referred to as the "Association". The principal office of the Association shall be located at:

1132 North 128th Street
Post Office Box 33368
Seattle, Washington 98133

but meetings of members and trustees may be held at such places within the State of Washington, as may be designated by the Board of Trustees.

ARTICLE II.

Definitions

Section 1. "Association" shall mean DOCKSIDE HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Developer" shall mean OSBERG CONSTRUCTION COMPANY, and any successors or assigns.

Section 3. "Properties" shall mean that certain real property described in the Plat of Dockside at Lake Kitsap, records of Kitsap County, Washington, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Properties" shall mean:

(a) Lot 7 and any adjoining pier or float in Kitsap Lake.

(b) Landscaping, signing and any lighting thereof within the dedicated rights-of-ways at the entrances to the Plat from Harlow Drive and Price Road.

(c) Landscaping, footpath and any lighting thereof
within the dedicated right-of-way between Lots 23 and 23.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Plat of Dockside at Lake Kitsap.

Section 6. "Member" shall mean every person or entity who holds a membership in the Association.

Section 7. "Owner" shall mean the record owner, whether one or more persons or entities and specifically including the developer, of the fee simple title to any lot or lots which are part of the properties.

Section 8. The term "Real Estate Contract" shall not include an earnest money receipt and agreement and the terms "contract seller" and "contract purchaser" shall not include the parties to any such earnest money receipt and agreement.

Section 9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded or to be recorded in the office of the Kitsap County Recorder.

Section 10. "Declarant" shall mean and refer to OSBERG CONSTRUCTION COMPANY, its successors and assigns.

ARTICLE III.

Membership and Voting Rights

Section 1. Membership: Every person or entity who is the contract purchaser or record owner of a fee interest in any lot or lots which are subject by covenants or record to assessment by the Developer named in the Declaration or by the Association, shall be a member of the Association; provided, however, that if any lot is held jointly by two (2) or more

persons, the several owners of such interest shall designate one (1) of their number as the "member". The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No lot shall have more than one (1) membership. Membership shall be appurtenant to and may not be separated from ownership of or the contract purchaser's interest in any lot which is subject to assessment by the developer or the Association. Upon transfer of the fee interest to, or upon the execution and delivery of a contract for the sale of (or of an assignment of a contract purchaser's interest in) any lot, the membership and certificate of membership in the Association shall ipso facto be deemed to be transferred to the grantee, contract purchaser, or new contract purchaser, as the case may be. Ownership of or a contract purchaser's interest in any such lot shall be the sole qualification for membership.

Section 2. Suspension of Membership: During any period in which a member shall be in default in the payment of any annual or special assessment, the voting rights and right to use of the common properties and recreational facilities by such member may be suspended by the Board of Trustees until such assessment has been paid. During the developmental period, the Board of Trustees shall be required to exercise such right upon the request of the Developer. Such rights of a member may also be suspended after notice and hearing for a period not to exceed one hundred eighty (180) days, for any and each violation of any rules and regulations established by the Board of Trustees governing the use of the common properties and facilities.

Section 3. Voting Rights: The Association shall have two (2) classes of membership.

Class A. Class A members shall be all those owners

with the exception of the Declarant, as set for in Article III, Section 1 hereof. Class A members shall be entitled to one (1) vote for each lot in which they hold an interest required for membership by Article III, Section 1 hereof. When more than one person holds such interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each lot in which Declarant holds the interest required for membership by Article III, Section 1 hereof, provided that the Class B membership shall cease and be converted to Class A membership on the happening of any one of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership;
- (b) On the first day of January, 1997; or
- (c) On a date selected by Declarant.

ARTICLE IV.

Property Rights; Rights of Enjoyment

Section 1. Each member shall be entitled to the use and enjoyment of the common property and facilities as provided in the Declaration. Any member may delegate his right of enjoyment of the common property and facilities to the members of his family or his tenants who reside on the property, and, subject to regulation by the Board of Trustees, to his temporary guests.

Such members shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

ARTICLE V.

Board of Trustees; Selection; Term of Office

Section 1. Number: The affairs of this Association shall be managed by a Board of three (3) Trustees, who need not be members of the Association.

Section 2. Election: At the first annual meeting, which shall be held not later than six (6) months from the date of incorporation of this Association, the members shall elect one (1) Trustee for a term of one (1) year; one (1) Trustee for a term of two (2) years; and one (1) Trustee for a term of three (3) years; and at each annual meeting thereafter, the members shall elect one (1) Trustee for a term of three (3) years.

Section 3. Removal: Any Trustee may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a Trustee, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting: The Trustees shall have the right to take any action in the absence of a meeting

which they could take at a meeting by obtaining the written approval of all the Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Trustees.

ARTICLE VI.

Meetings of Trustees

Section 1. Regular Meetings: Regular meetings of the Board of Trustees shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings: Special meetings of the Board of Trustees shall be held when called by the President of the Association, or by any two (2) Trustees, after not less than three (3) days' notice to each Trustee.

Section 3. Quorum: A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Trustees present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

Nomination and Election of Trustees

Section 1. Nomination: Nomination for election to the Board of Trustees shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Trustees, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Trustees prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less

than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election: Election to the Board of Trustees shall be by secret written ballot. At such election, the members or their proxies may each cast their vote in accordance with the voting rights provisions herein. The names receiving the largest number of votes shall be elected. There shall be no cumulative voting.

ARTICLE VIII.

Powers and Duties of the Board of Trustees

Section 1. Powers: The Board of Trustees shall have the power:

- (a) To adopt and publish rules and regulations governing the use of the common property and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association or reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (c) To declare the office of a member of the Board of Trustees to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Trustees; and
- (d) To employ a manager, or independent contractors, or such other employees as they deem necessary and to prescribe their duties.

Section 2. Duties: It shall be the duty of the Board of Trustees:

(a) To cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the member at the annual meeting of the members, or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) To supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration:

(i) To establish, levy, assess, and collect the assessments or charges referred to in Article IV of the Declaration as applicable to the Association; and

(ii) To send written notice of each assessment to every owner or contract purchaser subject thereto at least thirty (30) days in advance of each annual assessment period.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any persons, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for issuance of these certificates. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid.

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers and employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) To cause any common properties owned by the Association to be maintained.

ARTICLE IX.

Committees

Section 1. The Board of Trustees shall appoint a Nominating Committee, as provided in the By-Laws, and upon termination of the developmental period, shall appoint an Architectural Control Committee to perform the duties and functions described in Article V of the Declaration. In addition the Board of Trustees may appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving the Association's functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, trustee, or officer of the Association, as is further concerned with the matter presented.

ARTICLE X.

Meeting of Members

Section 1. Annual Meeting: The first annual meeting of the members shall be held within six (6) months from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in each succeeding

year on the first Saturday of May at 2:00 P.M., unless changed by a vote of the membership.

Section 2. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board of Trustees, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership.

Section 3. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the entire membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum, as aforesaid, shall be present or represented.

Section 5. Proxies: At all meeting of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his interest in a lot.

ARTICLE XI.

Officers and Their Duties

Section 1. Enumeration of Officers: The officers of this Association shall be President and Vice President, who shall at all times be members of the Board of Trustees, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers: The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the members.

Section 3. Term: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal: Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies: A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices: The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one or any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties: The duties of the officers are as follows:

A. President: The President shall preside at all meetings of the Board of Trustees, shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

B. Vice President: The Vice President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C. Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses and shall perform such other duties as required by the Board.

D. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association's books to be made ✓

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by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII.

Assessments

Section 1. Each Class A member is deemed to covenant and agrees to pay to the Association:

- (a) Annual assessments or charges,
- (b) Special assessments for capital improvements.

The annual and special assessments, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who was the owner or contract purchaser of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them; provided, however, that in the case of a sale or a contract for the sale of (or an assignment of a contract purchaser's interest in) any lot which is charged with the payment of an assessment or assessments payable in installments, the person or entity who is the owner or contract purchaser immediately prior to the date of any such sale, contract or assignment shall be personally liable only for the amount of the installments due prior to said date. The new owner or contract purchaser shall be personally liable for installments which become due on and after said date. Declarant, as a Class B member, is deemed to covenant and agrees to pay to the Association one third (1/3) of the annual assessments

payable by Class A members and/or special assessments for each lot owned by Declarant on January 1st of each year.

Section 2. Purpose of Assessments: The assessments shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the properties, including, without limitation, the construction, establishment, improvement, repair and maintenance of the common properties and services and facilities related to the use and enjoyment of the common properties, and the payment of taxes and insurance on the common properties.

Section 3. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy special assessments for capital improvements upon the common properties. Any such levy by the Association shall be for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, or replacement of a described capital improvement upon the common properties, including the necessary fixtures and personal property related thereto; provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. Uniform Rate: Both annual and special assessments shall be fixed at a uniform rate for all lots owned by Class A members and for one-third (1/3) such rate for all lots owned by Class B members.

Section 5. Date of Commencement of Annual Assessments; Due Dates: As to each particular lot involved, the liability for the annual assessments shall begin on the first day of the

calendar month following the date of any deed or contract of sale for the lot, or on the first day of the calendar month following occupancy of the premises, whichever is earlier. Said assessment shall be due and pro-rated for the remaining portion of the calendar year and on the first day of January of each year thereafter. The due date of any special assessment under Section 4 hereof, shall be fixed by the Resolution authorizing such assessment.

Section 6. Effect of Non-payment of Assessments; Remedies: If any assessment is not paid within thirty (30) days after it was first due and payable, the assessment shall bear interest from the date on which it was due at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such suit shall be included in any judgment or decree entered in such suit. No owner or contract purchase shall be relieved of liability for the assessments provided for herein by non-use of the common property or abandonment of his lot.

Section 7. Assessment Rates: Until the first day of January, 1988, there shall be no assessment. From the first day of January, 1988 until December 31, 1988, the annual assessment on all lots within the Plat of Dockside shall not exceed Thirty Six Dollars (\$36.00) per lot annually.

(a) From and after January 1, 1989 and until December 31, 1989, the maximum annual assessment may be increased not more than five percent (5%) above the maximum assessment for the previous year by the Board of Trustees without a vote of the membership.

(b) From and after January 1, 1990, the maximum

annual assessment may be increased five percent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Trustees may fix the annual assessment at an amount not in excess of the maximum.

Section 8. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (and to the lien of any second mortgage given to secure payment of the purchase price) hereafter placed on any lot. Sale or transfer of any lot shall not affect the assessment lien. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE XIII.

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by a member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XIV.

Corporate Seal

The association shall have a seal in circular form, having within its circumference the words:

DOCKSIDE HOMEOWNERS ASSOCIATION
a Washington non-profit corporation

and the words "Corporate Seal Washington, 1988" in the form and style affixed in these By-Laws by the impression of such seal.

ARTICLE XV.

General Provisions ✓

Section 1. Enforcement: The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any owner to enforce any covenant or restriction therein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability: Invalidation of any one of the covenants or restrictions by judgment of Court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment: The By-Laws of the Association may be amended, from time to time, by the vote of a majority of the total membership votes then outstanding: PROVIDED, HOWEVER, any amendment within seven (7) years from the date of the Declaration shall require the approval of Declarant. Any such amendment shall first be submitted to the Board and if approved by the Board or if requested by twenty percent (20%) or more of the members shall be submitted to the members at an annual or special meeting called for said purpose.

Section 4. Annexation: Additional residential property and common area may be annexed with the consent of two-thirds (2/3) of each class of members.

Section 5. FHA/VA Approval: As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration; annexation of additional property, dedication of common areas; and amendment of the Declaration of Covenants, Conditions and Restrictions.

Section 6. Conflict; Control: In case of any conflict between

the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVI.

Miscellaneous

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII.

Date of Adoption

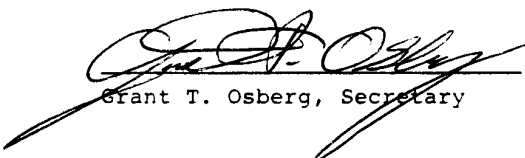
These By-Laws were duly adopted by the Association and the corporate seal thereof affixed on the 20TH day of JANUARY, 1988.

DOCKSIDE HOMEOWNERS ASSOCIATION

BY 

Allan F. Osberg, President

ATTEST:


Grant T. Osberg, Secretary