

BYLAWS  
OF BELLECREST ESTATES  
Revised March 9, 2005  
Revised January 8, 2012  
Revised May 16, 2022

ARTICLE 1. NAME AND LOCATION

1.1 Name. The name of the Association is Bellecrest Estates, hereinafter referred to as, "Association".

1.2 ADDRESS The address of the Association shall be Bellecrest Estates, P. O. Box 3382, Sequim, WA 98382.

1.3 Location. All meetings of the Members and of the Board shall be held in Clallam County, Washington.

1.4 OFFICE The principal office shall be at the home of the current president.

ARTICLE 2. PURPOSES

2.1 Purpose. This Association shall be conducted as a Washington non-profit corporation for the purposes set forth in the Articles of Incorporation – Article 3

2.2 Amendments of Purpose. The purposes for which this Association was created may be amended or repealed by a vote of 2/3 of the members entitled to vote, at a meeting duly called for such purpose, notice of which meeting shall be given as hereinafter provided at 4.5c of these Bylaws.

ARTICLE 3. DEFINITIONS

3.1 "Association". Association shall mean and refer to Bellecrest Estates, its successors and assigns.

3.2 "Board". Board shall mean and refer to the duly elected and qualified members of the Board of Directors of Bellecrest Estates.

3.3 "Bylaws". Bylaws shall mean and refer to The Bylaws of Bellecrest Estates

3.4 "Covenants" Covenants shall mean and refer to the Protective Covenants, Conditions and Restrictions of Bellecrest Estates

3.5 "Common Area". The common area shall mean and refer to all real property and improvements owned, maintained, or administered by the Association for the common use and enjoyment of the owners.

3.6 "Fiscal Year". The fiscal year of the Association shall be the calendar year or as otherwise designated by the Board.

3.7 "Member". Member shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation (Article 5).

3.8 "Owner". Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee or of the equitable title in real property which is a "legally constituted lot or parcel" (as that term is defined in Article 5 of the Articles of Incorporation of Bellecrest Estates) which is a part of the Properties, but excluding those having such interests merely as security for the performance of an obligation.

3.9 "Person". Person shall mean and refer to an individual, corporation, partnership, association, trust or other legal entity, or any combination thereof.

3.10 "Property". Property shall mean and refer to that certain real property commonly known as Bellecrest Estates situated on and near the top of Bell Hill and legally described on a Record of Survey, recorded in Volume 18 of Surveys, Page 1 under Auditor's File No. 633105, Official Records of Clallam County Washington and amendments, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

3.11 "Roadways". Roadways shall mean and refer to the roadways shown as the sixty (60) foot wide general easement as delineated on the face of all recorded surveys of that certain real property defined in Article 3.9 of these Bylaws. The roadways constitute a private and exclusive road system for the sole use, benefit, and enjoyment of members, their agents, invitees, and licensees. The roadways shall be considered as a Common Area.

3.12 "Lot or Parcel". Lot or Parcel shall have the meaning as defined in Article 5 of The Articles of Incorporation of Bellecrest Estates.

3.13 "Robert's Rules of Order". All references to Robert's Rules of Order contained in the governing documents shall mean the latest published edition.

#### ARTICLE 4. MEMBERSHIP

4.1 Membership Qualifications. Every person or entity who is the owner of a fee or of the equitable title to Property when purchasing under a contract, and who is subject to assessment, either present or in the future, by the Association, pursuant to the provisions of any recorded instrument relating to a "legally constituted lot or parcel" (as that term is defined in Article 5 of the Articles Of Incorporation of Bellecrest Estates) shall be a member of the Association (one membership per legally constituted lot or parcel). For the purpose of determining membership, such ownership shall be deemed to have vested upon delivery of a duly executed deed or contract to the grantee or vendee. The legal title retained by vendor selling under a contract shall not qualify such vendor for membership. Foreclosure of a contract or repossession for any reason of said real property sold under a contract shall terminate the vendee's membership, whereupon all right to such membership shall reinvest in the vendor. Membership is strictly appurtenant to a legally constituted lot or parcel.

4.2 Privileges. The privileges and facilities of the Association shall be extended to the spouse and children of a Member and may be extended to guests under such rules and regulations as the Board may prescribe.

4.3 Membership Conveyance. No membership may be conveyed or transferred except by sale of the real property to which such membership is appurtenant or the making of a contract for the sale thereof. In the event of the death of a member, his membership shall pass in the same manner and to the same person, as does the real property to which such membership is appurtenant. No member shall grant or convey any easement or other interest in favor of any person or of any real property outside and beyond the boundaries of the Property without the prior written and recorded consent of the Association.

4.4 EXPULSION OR WITHDRAWAL No memberships shall be forfeited nor any member expelled, and no member may withdraw except upon the transfer of title or otherwise contracting for the sale of the real property to which his membership is appurtenant.

#### 4.5 Meetings of the Association

A. Annual Meeting. Commencing in 2013, the annual meeting of the Members shall be held on the 3<sup>rd</sup> Sunday of May each year. . Each annual meeting shall be a general meeting and any business within the powers of the Association, without special notice of such business, may be transacted, except as limited by law, the Covenants or these Bylaws.

B. Special Meetings. The President or a majority of the Board may call special meetings of the Members for any purpose. At the request of ten percent (10%) of all Members entitled to vote at the meeting, the President shall call a special meeting of the Members. (RCW64.38.035)

C. Notice of Meetings. The notice of every meeting of the Members shall be in writing, may be delivered either personally, or by regular mail, or electronically, and shall state whether it is an annual or special meeting, the date, time and place of the meeting, the items on the agenda for the meeting and shall contain a standard proxy form authorized by the Association, and any other information permitted or required to be given by these Bylaws. If such notice is mailed, it shall be deemed to be delivered when deposited in the United States mail properly addressed, with postage prepaid. Notice of each Association meeting, whether annual or special, shall be given at least fourteen (14) days but no more than sixty (60) days before the date of the meeting. If notice is given pursuant to the provisions of these Bylaws, the failure of any Member to receive actual notice of a meeting shall not invalidate the meeting or any proceedings taken at the meeting. The presence of a Member in person or by proxy, at any meeting shall constitute a waiver of any required notice to that Member unless a Member shall at the opening of such meeting object to the holding of the meeting because of the failure to comply with the provisions of this section. Any meeting so held without objection shall be valid for all such purposes and at such meeting any business may be transacted and any action taken by the Members. Upon receipt of the call for a meeting, the secretary shall send written notice of the meeting to all Members in the same manner as described above not less than 14 nor more than 60 days before the meeting, stating the place, day, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called. If the secretary does not send out the notices for the special meeting within fourteen (14) days of the receipt of a proper call for a meeting, the petitioners calling for the meeting may send them at the expense of the Association. Except as provided otherwise in these Bylaws or by law, only such business shall be transacted at any special meeting as shall have been indicated by a specific or general description in the notice of the meeting. A special meeting and procedures adopted for the removal and replacement of directors shall be conducted in accordance with the provisions of these Bylaws pertaining to the removal, replacement and election of directors.

D. Action by Members without a Meeting. In the event that unforeseen circumstances require members' action, which cannot be accomplished within the time constraints of article 4.5 C of these Bylaws, action may be taken without a meeting if a written consent to the action is signed by all Members who are entitled to vote with respect to the subject matter thereof. Any such consent shall be inserted in the minute book as if it were the minutes of a Members' meeting.

E. Quorum. Twenty five percent (25%) of the Members of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business at a Members' meeting. If less than twenty-five (25%) percent of the Members are represented at a meeting, a majority of the Members so represented may adjourn the meeting from time to time without further notice. At an adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. The Members present at

a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

F. Proxies. At all Members' meetings, a Member may vote by proxy executed in writing by the Member or his or her attorney-in-fact. Such proxy shall be filed by mail (P.O. Box 3382, Sequim, WA 98382), in person or by Facsimile with the Secretary of the Board before or at the time of the meeting. A proxy given on a proxy form which accompanies a notice of meeting shall be valid only for the meeting to which the proxy pertains and its adjournments. The proxy must contain at least the following: the name of the Association, the date of the meeting of the Association, the printed name and signature of the person or persons giving the authority, the lot or parcel for which the proxy is given, the printed name of the person to whom the proxy is given, and the date the proxy is given. The proxy form prepared by the Board shall provide a space for the Member to designate the Board or any person as proxy and may be limited as the Member indicates. A proxy may be rendered void by a Members attendance at the meeting. Facsimile transmitted copies of executed proxies shall be accepted for all purposes as an original.

G. Voting. All voting shall be conducted in accordance with the most current edition of Robert's Rules of Order. Each Member shall be entitled to one (1) vote per legally constituted lot or parcel. When more than one (1) person holds an interest or interests, in a legally constituted lot or parcel all such persons shall be deemed to hold one Membership and their vote shall be exercised as they among themselves determine and designate, but in no event shall there be more than one (1) vote cast with respect to any one (1) legally constituted lot or parcel; provided that a Member must have paid all hookup and other fees assessed by the Association to be entitled to vote. All voting for Directors will be by ballot and individual candidate.

H. Cumulative Voting In all elections for DIRECTORS every MEMBER entitled to vote shall have the right to cumulate his vote and to give one candidate a number of votes equal to his vote multiplied by the number of DIRECTORS TO BE ELECTED, or by distributing such votes on the same principle among any number of such candidates.

I. ORDER OF BUSINESS The order of business at all Annual, and as appropriate, all Special meetings of the Association shall be as follows:

1. Calling of the roll and certifying proxies;
2. Proof of notice of meeting or waiver;
3. Reading and disposition of any unapproved Minutes;
4. Report of Officers;
5. Report of Board, including ratification of Boards actions by Members
6. Report of committees (if any);
7. Submission of the proposed budget for ratification of the membership;
8. Presentation of Candidates for Director Positions;
9. Nominations for Director Positions from the floor, including write-in candidates;
10. Election of members of the Board of Directors by ballot.
11. Unfinished business;
12. New business,
13. Adjournment

All meetings shall be conducted in accordance with Robert's Rules of Order.

J. Acts of the Association The vote of a majority of the Members present at a meeting at which a quorum shall be present shall be the acts of the Association and binding upon all Members for all purposes unless these Bylaws, the Covenants or the Articles of Incorporation provide for a different percentage.

#### 4.6 Powers And Responsibilities Of The Association

##### A. Specific (Without Limitation).

1. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the Association, but not on behalf of owners involved in disputes that are not the responsibility of the Association;
2. Make contracts and incur liabilities;
3. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
4. Grant leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
5. Exercise any other powers conferred by these Bylaws; and
6. Exercise any other powers that may be exercised in the State of Washington by the same type of corporation as the Association.

B. Road System. It will be the responsibility of the association to maintain the road system described as follows:

1. A road system and utilities easement presently existing as shown on the map filed thereof at Volume 2 of Surveys, Page 131, records of Clallam County, Washington, and recorded under Auditor's File No. 468987.

The association shall also be responsible for a portion of the maintenance of the following described road system:

2. A road system and utilities easement presently existing as shown on the map filed thereof at Volume 1 of the Surveys, page 125, records of Clallam County, Washington, and recorded under Auditor's File No. 445711.

3. Roads constructed on the easement deeded to the Association under terms of Deeds recorded under Auditor' s File Nos. 633914 and 633915, Records of Clallam County, Washington.

4. Roads constructed on the easement deeded to the Association under the terms of a Deed recorded under Auditor' s File No. 60537, specifically at Vol 814 of Deeds, pages 454 and 455, Records of Clallam County, Washington.

The Association will, in accordance with the provisions of that certain Road Maintenance Agreement between Bellecrest Estates and Happy Valley Estates Homeowners Association, recorded in Clallam County Washington under Auditor's File No. 741687, pay a portion of the maintenance of the road system described in B 2.

C. Driveways and Access Roads. The construction and maintenance of all driveways and access roads shall be the responsibility of the individual owners and the construction of any such driveway or access road which crosses the above-described easement shall be performed in compliance with the specifications provided by the Association. Any injury caused to the above-described easement by an

owner as a result of the building of any driveway or access road shall be paid for by the owner.

4.7 Powers and Responsibilities of the Members.

A General. To do all things necessary for the administration of the affairs of the Association, and for the accomplishment of the best interests of the Association, its various areas, properties, and facilities.

B Specific (Without Limitation).

1. Adopt and amend the articles of incorporation.
2. Ratify or reject budgets for revenues, expenditures and reserves.
3. Exercise any other powers conferred by these Bylaws;
4. Exercise any other powers necessary and proper for the governance of the Association.
5. Accept and be governed by the terms of the Articles, Covenants and Bylaws of the Association.

ARTICLE 5. BOARD OF DIRECTORS

5.1. General Powers: The business and affairs of the Association shall be managed by a Board Of Directors. The Board shall have the powers to:

- A. Adopt and amend Bylaws. subject to the power of the Members;
- B. Regulate the use of and provide for the maintenance, repair, replacement, and or modification of the Common Areas.
- C. Impose and collect any payments, fees, or charges for the use, rental or operation of the Common Areas;
- D. Impose and collect charges for late payments of assessments and fees.
- E. Adopt and publish Policies, Rules & Regulations governing the use of common areas, properties and facilities, and the conduct of the Members, their guests and invitees thereon;
- F. Suspend the voting rights of a Member during any period in which such Member be in default in the payment of any dues or assessments levied by the Board. Such rights may also be suspended after notice and hearing for infraction of the Policies, Rules and Regulations.
- G. Exercise for and on behalf of The Association, all powers, duties and authority vested in or delegated to The Association & not specifically reserved to the members, by the provisions of these Bylaws, the Articles Of Incorporation, the Protective Covenants, Conditions & Restrictions, and the statutes of the State Of Washington.
- H. Declare the office of a member of the Board to be vacant in the event such member shall be absent for (3) consecutive regular meetings of the Board & such absence be unexcused.
- I. Hire & discharge, or contract with a manager, managing agent, independent contractor, or such other employees and/ or agents as they deem necessary and to fix and prescribe their duties, compensation, and other terms and conditions of employment;
- J. At its discretion, require that all officers and employees of the Association handling or responsible for corporate funds furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association;

K. Exercise any other powers conferred by these Bylaws, and do all things necessary for the administration of the affairs of the Association, and for the accomplishment of the best interests of the Association, its various areas, properties and facilities.

L. Create and appoint such general and specific committees as the Affairs of the Association may require, and define the authority and duties of such committees. Each committee shall include at least two Members of the Board of Directors.

5.2 Duties of the Board. The Board of Directors shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board of Directors shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 24.03 RCW.

A. To have custody and control over all funds and assets of The Association, open bank accounts on behalf of the Association and designate the authorized signatory of those accounts;

B. Cause to be kept a complete record of all of its acts and corporate affairs, and to present a statement thereof to the Members at the Annual Meeting of the Members or at any Special Meeting when such statement is requested in writing by ten (10) percent of the Members entitled to vote;

C. To supervise all officers, agents, employees of the Association and insure that their duties are properly performed;

D. To supervise and maintain the common areas and facilities;

E. 1. To prepare the annual budget (according to Article 10.2 of these Bylaws) and present it to members at the annual meeting of members for ratification.

2. To determine the amount of the Annual Assessments to be levied against each lot or parcel, after ratification of the Budget by the members.

3. When necessary, to prepare a revised annual budget and revised assessment to be presented at a special meeting of members for ratification.

4. To give written notice of such assessments to every member subject thereto, at least 30 days in advance of the due date thereof.

5. To take action (in accordance with Article 11.3 of these Bylaws) against any lot or parcel for which assessments are not paid within 30 days of the due date.

F. To procure and maintain adequate liability and hazard insurance on common areas, owned by the Association.

### 5.3 Meetings of the Board of Directors.

A. Annual Meeting. New members elected to the Board shall take office at the close of business following each annual meeting of the Members. An organizational meeting of the Board shall be held at the place of and immediately following each annual meeting of the Members. No separate notice other than the notice of the annual meeting of the Members shall be necessary for the validity of such meeting, provided that a majority of the whole Board shall be present. At such meeting, the Board shall elect the officers of the Association for the ensuing year. If a majority of the whole Board is not present, the officers shall be elected at the first regular or special meeting of the Board when a majority of the whole Board is present.

B. Regular Meetings. Regular meetings of the Board may be held at such time and place in Clallam County as shall be determined by a majority of the Board.

C. Special Meetings. Special Board meetings may be called by the President or a majority of the Board. The person or persons calling a special meeting shall designate a meeting place within Clallam County as the place for holding any special Board meeting called by them.

D. Notice. Notice of each Board meeting shall be delivered to each director at least one week before the meeting. date, time and location of any meeting should be included in the minutes of the last scheduled meeting of the Board and will serve as notice of the next regular or special meeting.

F. Quorum. A majority of the directors shall constitute a quorum for the transaction of business at any Board meeting, but, if less than such majority be present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

G. Open and Executive Sessions. All meetings of the Board of directors shall be open for observation by all owners of record and their authorized agents. The board of directors shall keep minutes of all actions taken by the board which shall be available to all owners. Members and their authorized agents who are not directors may participate (but may not vote) in any deliberation or discussion, except in closed executive sessions. 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 counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving the possible liability of an owner or 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 executive session only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed executive session may become effective unless the Board, following the closed executive 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. RCW 64.38.035 (2)

H. Attendance By Telephone. Members of the Board or of any committee may participate in a meeting by means of a conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

I. Conduct of Meetings. All meetings of the Board, both regular and special, shall be conducted in accordance with Robert's Rules of Order

#### 5.4 Directors

A. Nomination of Directors. Nomination for election to the Board shall be made through a nominating committee. The Nominating Committee shall consist of two Board Members, (one of whom shall be Chairman), and one or more Members of the Association. The Nominating Committee shall be appointed by the Board not less than 90 days prior to the next annual meeting of the members... The Nominating Committee shall make as many nominations for election to the Board as there are qualified candidates wanting to serve on the Board, but not less, in any event, than the number of vacancies that are to be filled. Nominations may also be made by any Member by giving written notice thereof to the



Board not less than 45 days prior to the Annual or Special meeting, provided the nominee has agreed to serve if elected. All such nominations shall be included on a ballot that will accompany the notice of meeting sent to the Members. Nominations may also be made from the floor at the annual meeting of Members, provided the nominee has agreed to serve.

B. Number of Directors. The Board shall be composed of not more than five (5) persons and not less than three (3) persons, provided, however that the number of Directors may be increased or decreased from time to time by an amendment to these Bylaws, so long as the number of directors is not decreased below three (3) and provided that the Board shall at all times have an odd number of directors.

C. Qualifications of Directors. Each Director must be a Member of the Association and at least a majority of the Directors on the Board at any given time shall maintain, or have under construction, their primary residence in Bellecrest Estates. This Article 5.4 C may be altered, amended, repealed or added to only by an affirmative vote of three-fourths (3/4) of the members at an annual meeting or at a special meeting called for that purpose. (as amended 1/14/95)

D. Tenure of Directors. The term for a Director is one year subject to re-election, provided however, that directors elected at the annual meeting in January 2012 shall serve until director elections at the annual meeting held in May 2013. Each Director shall hold office until his or her successor shall have been duly elected and qualified unless he or she resigns or is removed.

E. Resignation of Directors and Officers. A Director may resign as a Director and/or officer by a written resignation delivered to the president, secretary, or managing agent, or orally at any meeting of the Board or the Members. A written or oral resignation shall be deemed accepted without written or oral acceptance by the Board or the Members.

F. Vacancies. Any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase of the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of the Members called for that purpose.

G. Removal. At a meeting of the Members called expressly for that purpose, one or more directors or the entire board may be removed, with or without cause, by a vote of the majority of the members entitled to vote on election of directors and a successor(s) shall then and there be elected for the remainder of the term to fill the vacancy or vacancies thus created. If less than the entire Board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board.

H. Waiver of notice A Director may waive notice of any meeting of the Board in writing. Attendance at a meeting shall constitute a waiver of notice of time and place of the meeting. If all of the Directors are present at a meeting of the Board, notice shall not be required and any business may be transacted at such a meeting.

I. Conflicts of Interest. A Director may not vote at any meeting or participate in the discussion on any issue in which he has a conflict of interest. A Director who has a conflict of interest on any issue before the Board shall fully disclose the nature of the conflict prior to a vote on that issue, and the minutes of the meeting shall record that a disclosure was made. The determination of whether a conflict of interest exists as to a particular Director or Directors shall be determined by a majority of the non-interested Directors, which determination shall be conclusive and binding on all parties. If abstentions for such a reason would result in less than a majority of all Directors being able to vote, the Directors

who do not abstain shall appoint one or more persons as temporary Directors to discuss and vote on the matter in question. For purposes of determining the presence or absence of a quorum with respect to any issue on which one or more Directors has a conflict of interest, the disqualified Director or Directors shall not be counted.

J. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

K. Compensation. Directors may be paid their expenses, if any, of attendance at each Board meeting or a fixed sum for attendance at each Board meeting or a stated salary as Director or any combination of the foregoing. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor. The Board must place the matter of compensation for any Director, officer or other employee before the Members and a 3/4 affirmative vote of the membership entitled to vote shall be required before compensation is authorized.

L. Presumption of Assent. A Director of the Association present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or unless he forwards such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. A Director who voted in favor of such action may not dissent.

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ARTICLE 6. OFFICERS

6.1 Number of Officers and Appointment of Committees. The executive officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board from among the directors. Any two or more offices may be held by the same person except that no one person shall serve as both Secretary and President. The Board may appoint such other officers as in its judgment may be necessary.

6.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board, and shall hold office at the pleasure of the Board, at the Board meeting held after the annual meeting of the Members. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as a Board meeting conveniently may be held. Each officer shall hold office until the next annual meeting and/or until his successor shall have been elected and qualified unless he resigns or is removed.

6.3 Removal. Upon an affirmative vote of a majority of the Board, any officer or agent elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interest of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

6.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term of the officer being replaced.

6.5 President. The President shall be the chief executive officer of the Association and, subject to the Board's control, shall supervise all the business and affairs of the Association. When present, he shall preside over all Members' meetings and over all Board meetings. With the secretary or other

officer of the Association authorized by the Board, he may sign contracts, or other instruments that the Board has authorized to be executed except when the signing and execution thereof has been expressly delegated by the Board or by these Bylaws to some other officer or agent of the association or is required by law to be otherwise signed or executed by some other officer or in some other manner. Subject to control of the Board, he shall have the general powers and duties which are usually vested in the office of the President of an Association, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. He shall also have such other powers and duties as may be provided by these bylaws or assigned to him from time to time by the Board. He will be the custodian of the Association's historical and non-financial records.

6.6 Vice President. In the absence of the president, or in the event of his death, inability or refusal to act, the vice president (or in the event of more than one vice president, the vice president who was first elected to such office), shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Vice presidents shall perform such other duties as from time to time may be assigned to them by the president or the Board.

6.7 Secretary. The secretary shall: (a) attend and keep the minutes of the Members' and the Board meetings in one or more books provided for that purpose; (be) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (C) keep a register of the post office address of each Member as furnished to the secretary by each Member; (d) have general charge of the membership list of the Association; and (e) in general perform all duties as from time to time may be assigned to him by the president or by the Board. If the secretary shall not be present at any meeting, the presiding officer shall appoint a Secretary pro-tempore who shall keep the Minutes of such meeting and record them in the book provided for that purpose. (f) The secretary shall maintain a correspondence log and generate correspondence as directed by the Board.

6.8 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all financial records, funds and securities of the Association. He shall receive and give receipt for moneys due and payable to the Association from any source whatever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws, and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the Board. He shall keep full and accurate books of account and shall make such reports of the finances and transactions of the Association as may be required by the Board and shall prepare and present to the annual meeting of the Members a full statement showing in detail the financial condition of the Association. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine.

Verification of records and accounts shall be made by another Board member at least annually.

## ARTICLE 7. CONTRACTS, LOANS, CHECKS AND DEPOSITS

7.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

7.2 Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

7.3 Loans to Members No loans shall be made by the Association to its officers, directors or members.

7.4 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as is from time to time determined by resolution of the Board.

7.5 Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

## ARTICLE 8. INDEMNIFICATION

8.1 Definitions. The definitions contained in Section 105 of the Washington Business Corporation Act, Title 23B RCW, are adopted and made a part of this Article VIII.

8.2 Right to Indemnification. Each person who was or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any proceeding by reason of the fact that he or she is or was a director or officer of the corporation or while a director or officer, he or she is or was serving at the request of the corporation as a director, 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 director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent 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 attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Article 8.3 with respect to proceedings seeking solely to enforce rights to indemnification, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in this Article

8.2 shall be a contract right, need not be determined in accordance with Section 110 of the Washington Business Corporations Act, 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 only upon delivery to the corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article 8.2 or otherwise.

8.3 Right of Claimant to Bring Suit. If a claim for which indemnification is required under Article

8.2 is not paid in full by the corporation within sixty (60) days after a written claim is received by the corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation), and thereafter the corporation shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of the corporation (including its board of directors, independent legal counsel or its members, if any) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances nor an actual determination by the corporation (including its board of directors, independent legal counsel or its members, if any) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

8.4 Nonexclusivity of Rights. 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, if any, or vote of disinterested directors or otherwise.

8.5 Insurance, Contracts and Funding. The corporation may maintain insurance at its expense, to protect itself and any director, 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 Business Corporation Act (Title 23B RCW), as applied to nonprofit corporations. The corporation may, without further membership action, enter into contracts with any director 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 ensure the payment of such amounts as may be necessary to effect indemnification, as provided in this Article.

8.6 Indemnification of Employees and Agents of the Corporation. The corporation may, by action of its board of directors, from time to time provide indemnification and pay expenses in advance of the final disposition of a proceeding to 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 directors and officers of the corporation or pursuant to rights granted pursuant to or provided by the Washington Business Corporation Act, as applied to nonprofit corporations or otherwise.

## ARTICLE 9. WAIVER OF NOTICE

Whenever any notice is required to be given to any Member or director of the Association under the provisions of these Bylaws, or under the provisions of the Articles Of Incorporation or under the

provisions of the Washington Nonprofit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## ARTICLE 10. FINANCIAL AND ACCOUNTING

10.1 FISCAL YEAR Commencing May 1, 2013 the Fiscal Year of the Association shall be May one (1) through April thirty (30).

10.2 Budget. Compatible with the terms and conditions of the Covenants, as amended from time to time, contained in each Member's deed or contract of purchase and of the levy of assessments required to be made pursuant thereto, the Board shall adopt a budget for each calendar year of the Association which shall include the estimated funds required to defray common expenses, assessments, and provide funds for the various and sundry accounts. Such budgets shall be submitted for ratification to the membership at each annual meeting. \*Unless at that meeting a majority of the votes in the Association reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget and assessments last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget and assessments proposed by the Board.\* (\*from RCW 64.025.(3))

10.3 Accounts. The funds of the Association as collected from annual or special assessments shall be credited and the expenditures incurred shall be charged against various and sundry accounts as shall be appropriate and shall from time to time be established by the Board. Accounts may be established for current expenses, for the accumulation of reserves for deferred maintenance, replacement, depreciation, and obsolescence and for additional improvements, or for accumulations for the making of improvements, additions, and betterments as are found desirable.

10.4 Depository. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by check signed by such persons as are authorized by the Board. The Board shall, from time to time, in their discretion, advise and direct the Treasurer, or other person charged with the responsibility of investment of accumulated funds, as to the investment of such funds.

10.5 Audit. When the aggregate annual assessment exceeds fifty thousand dollars (\$50,000) the financial statements shall be audited at least annually by an independent certified public accountant, except that the audit may be waived if sixty-seven percent (67%) of the votes cast by owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.

10.6 Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds.

ARTICLE 11. ASSESSMENTS.

11.1 Amount of Assessment. The amount of assessments for the activities of the Association shall be determined as provided in Article 10.2 of these Bylaws.

11.2 Purpose and Nature of Assessment. Assessments shall be deemed to be charges levied by the Members on an annual basis, although collected quarterly, or semiannually, against each and every lot or parcel within the Property, to be used to defray the administrative costs and expenses of the Association, and for the common benefit of the Property for Roadways, property protection, drainage, noxious weed abatement, landscaping, insurance, improvements, payment of taxes upon common areas, income taxes, and holding of ownership or leasehold therein, or otherwise for common purposes.

11.3 Collection of Assessment. Each owner is obligated to pay to the Association annual and special assessments which shall constitute a continuing lien upon the lot or parcel against which the assessment is made. A record of said lien may be recorded by the Association against any delinquent Member's lot or parcel. Any assessment, which is not paid when due shall be deemed delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest at the rate of 12% per annum from date of delinquency until paid, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, expenses of title examination and insurance, costs, and attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for assessments provided for herein by non-use or abandonment of his lot or parcel, or by any other means whatsoever. Assessments shall be collected on an annual basis unless otherwise determined by resolution of the Board.

11.4 Distribution of Assets upon Dissolution. Upon dissolution, the assets of the corporation, after the payment of all debts and obligations, will be distributed to Members according to Article 9 of the Articles of Incorporation of Bellecrest Estates.

ARTICLE 12 Accesses to Books and Records.

The books and records and papers of the Association shall, at all times, during reasonable business hours, be subject to inspection and copying by all owners, holders of mortgages on the lots and parcels, and their respective authorized agents on reasonable advance notice. The Association shall not release the unlisted telephone number of any owner or Member. Copies of all pertinent documents of the Association, including but not limited to the Articles of Incorporation, Covenants and Bylaws, shall be available for inspection by all owners, holders of mortgages on the lots and parcels, and their respective authorized agents on reasonable advance notice at the offices of the corporation and copies thereof made available at reproduction cost. The Board may require all parties requesting this information to furnish to the Association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interests of the Association or its Members or both.

ARTICLE 13. MISCELLANEOUS PROVISIONS

13.1 Rules of Conduct. In connection with any controversy, claim, or dispute including arbitration, administrative, bankruptcy, and judicial proceedings including appeals there from arising out of or relating to the protective covenants and restrictions of each Member's deed or contract of purchase or these Bylaws, the method and manner of performance, or the breach thereof, the prevailing party shall be entitled to and awarded, in addition to any other relief, a reasonable sum as and for its attorney fees. If neither party wholly prevails, the party that substantially prevails shall be awarded a reasonable sum as and for its attorney's fees.

13.2 Notices. All notices to the Board or the Association and all notices required to be given to owners of any property or any contract vendor of any such property, shall be sent by U.S. Mail, to the respective addresses as designated by such owners in writing. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

13.3 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or affect of the balance thereof.

13.4 The Use of Gender and Tense. The use of the masculine gender in these Bylaws shall be deemed to have been to include the feminine gender and the use of the singular shall be deemed to include the plural where the context so requires.

13.5 Waiver or Abrogation. No restriction, condition, obligations, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

13.6 Conflicts. In case of any conflict between the Protective Covenants Conditions and Restrictions and the Articles of Incorporation and these Bylaws of Bellecrest Estates, the Covenants and the Articles, as the case may be, shall prevail.

13.7 Corporate Seal. The Association may adopt a corporate seal, circular in form, as prescribed by the statutes of the State of Washington for non-profit corporations, which seal shall bear thereon the words, "Bellecrest Estates, Corporate Seal, Washington".

ARTICLE 14. AMENDMENTS

Except as may be otherwise provided in these Bylaws, these Bylaws may be amended, or repealed in any respect from time to time by a majority vote of the Board in a regular meeting, or a special meeting called for that purpose.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004

\_\_\_\_\_  
Bellecrest Estates

President

\_\_\_\_\_  
Bellecrest Estates

Secretary