



shelter bay community, inc.™

BY-LAWS

Includes Additions/Revisions from July 1979 – May 2018



shelter bay community, inc. TM

BY-LAWS

| | |
|---|---|
| PURPOSE | 1 |
| MEMBERSHIP | 1 |
| DISSOLUTION..... | 2 |
| DIRECTORS AND OFFICERS | 2 |
| MEETINGS..... | 4 |
| POWERS AND DUTIES OF DIRECTORS..... | 5 |
| DUTIES OF OFFICERS | 6 |
| CERTIFICATES OF MEMBERSHIP AND TRANSFERS..... | 7 |
| BUDGETS AND ASSESSMENTS | 7 |
| AMENDMENTS..... | 8 |
| CORPORATE SEAL | 8 |
| DATE OF ADOPTION..... | 8 |

Article I PURPOSE

Section 1. This corporation shall be conducted as a non-profit maintenance and leasing corporation for the purposes set forth in the Articles of Incorporation for the property situated in the plat and/or plats and surveys or amended plat or plats and surveys of Shelter Bay, in Skagit County, Washington, as described in Article II, Item 21 of the Articles of Incorporation.

Section 2. The corporation shall have power and authority to levy and collect maintenance fees, assessments and rentals being purchased, leased, sub-leased and/or otherwise acquired by them for the purposes in its Articles of Incorporation and By-Laws set forth, and to sell or forfeit their interest in the corporation for default with respect to any lawful provision of said Articles of Incorporation and By-Laws and may transfer the membership of any such defaulting member.

Section 3. The Articles of Incorporation and purposes for which this corporation was created may be altered, modified, enlarged, diminished, and/or amended by a vote of the members of at least 2/3 of the votes which members present or voting by mail at such meeting, notice of which meeting shall be given in the manner provided for in the Revised Code of the State of Washington, 24.03.165, Section 1, but such changes or modifications shall not in any way affect contractual agreements, leases or subleases without proper provisions. (2/08)

Article II MEMBERSHIP

Section 1. Regular membership of the corporation shall consist of and be limited to the owners or contract purchasers, sublessees and/or assignees thereof of each of the lots and/or tracts covering the property as set forth in the Articles of Incorporation; provided, that no encumbrance or mortgagee shall be a member or entitled to vote as long as they hold an interest or security.

Associate membership status in the corporation may be granted to others by passage of specific resolution by the same vote and in the manner as is required to alter, modify, enlarge, diminish and/or amend the Articles of Incorporation as set forth in Article I, Section 3 of the By-Laws. Only regular members may participate in business of the corporation except the right to vote shall be in accordance with the Articles of Incorporation and the Declaration of Protective Covenants of the plat and/or plats, surveys and/or amendments thereof of Shelter Bay.

Associate members shall have the use and enjoyment of the corporation's roads, beaches, parks, golf course, swimming pools, tennis courts, handball courts and clubhouse on the same terms as regular members. They, however, shall have no vote nor shall they take part in the affairs of the corporation, hold office or be members of any committee of the corporation. (7/78)

Section 2. No membership or certificate of membership may be transferred, assigned or in any manner conveyed other than in the manner set forth in Article III of the Articles of Incorporation.

Section 3. Membership and all rights incident thereto may be forfeited for non-payment of dues or assessments by a majority vote of a quorum of the Board of Directors. No compensation shall be paid by the corporation upon any transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the corporation.

Section 4. In the event that any member of this corporation, his family or guest shall violate the Articles of Incorporation or By-Laws of this corporation, or the rules and regulations established by the Board of Directors, in addition to all other rights of enforcement available to the corporation, the Board of Directors may vote, by a majority of a quorum thereof, to forfeit the member's right to use the facilities and to enjoy the benefits of this corporation until such time as the violation is remedied and the member reinstated in good standing in accordance with the rules and regulations adopted by this corporation.

Article III DISSOLUTION

In the event of the dissolution of the corporation each person who is then a member shall receive his pro rata proportion of the property and assets after all of its debts have been paid.

At such time, if ever, Shelter Bay Community, Inc. and any successor entity is dissolved, fee simple title to the common areas in Division 1 shall be conveyed to the fee simple owners of Division 1, provided that such conveyance shall be subject to easements being established for utilities, roads and other community infrastructure situated on, under, or over said common areas at the time of conveyance. (5/09)

Article IV DIRECTORS AND OFFICERS

Section 1. Corporate powers of the corporation shall be vested in a Board of Directors. At any meeting of the Board of Directors, fifty percent (50%) of all the directors, present either in person or electronically, shall constitute a quorum for the transaction of business. Each director shall be entitled to one vote. The number of directors who shall manage the affairs of the corporation shall be nine (9). (7/71, 7/73, 7/79, 5/09)

The number of directors may be increased or decreased as provided for in the Articles of Incorporation, by amendment of these By-Laws as hereinafter provided. 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 of Directors, unless the act of a greater number is required by the laws of the State of Washington, the Articles of Incorporation, or these By-Laws.

Section 2. The directors shall serve for a term of three years starting on July 1 of the year elected, or until their successors are elected and duly qualified. Three directors shall be elected by the membership of the corporation by a majority vote of a quorum of said members every year at the annual meeting of the members. Directors may serve consecutive three-year terms. (7/74, 7/79, 5/94, 5/15)

Section 3. Each director shall be a member who shall not have forfeited his rights as provided above, or lost his rights by reason of having disposed of land to which his membership is appurtenant.

Section 4. In the event a director ceases to be the owner, contract purchaser, sublessee, and/or assignee thereof of the land to which his membership is appurtenant, he shall thereby cease to be a director and his office shall become vacant upon written notification without action other than to spread such fact upon the minutes of the Board of Directors.

Section 5. At the first meeting of the Board of Directors after the newly elected directors have been seated, the Board of Directors shall elect a president, a vice president, secretary and treasurer. The Board may also appoint an executive secretary and/or assistant secretary and/or assistant treasurer. Officers of the corporation so elected shall hold office for the term of one year and until their successors are qualified. Any officer may be suspended or removed by a majority vote of all of the directors. (5/15)

Section 6. No director or officer, except the executive secretary and/or assistant secretary and/or the assistant treasurer shall receive any salary or compensation from the corporation.

Section 7. At the annual meeting, if there are more than three candidates for the Board of Directors, the person who receives the fourth greatest number of votes over a minimum of fifty (50) shall be appointed for one year as the Reserve Director. If a vacancy occurs, the Reserve Director will become a Director filling the unexpired term of his predecessor in office. Should no one qualify as a Reserve Director, or another vacancy occurs between the dates of the annual meetings, the Board of Directors will immediately announce the vacancy and request that interested parties submit a resume. The Board of Directors will select a Director by majority vote of the Board within 90 days of the announced vacancy. (5/85, 5/97, 5/00, 5/17)

Section 8. The Board of Directors shall establish a Code of Conduct applicable to all Directors. At a minimum the Code of Conduct shall establish a Director's Duties of Care, Loyalty, and Obedience which will be detailed in the Shelter Bay Community, Inc. Rules and Regulations. Every Director shall, in writing, affirm adherence to the standards set by the Board of Directors. Should any member be found in violation of any provision of this section, the member shall be subject to sanction by the Board of Directors. Sanctions shall be commensurate with the violation, up to and including suspension of the Director from the Board pending a meeting of the membership to remove the Director. Any vacancy caused by this action will be filled in accordance with Section 7. (7/78, 5/16)

Section 9. So long as a director, or corporation committee member, or managing agent exercising the powers of the Board of Directors, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board of Directors. (7/78)

Each director, corporation committee member, or managing agent exercising the powers of the Board of Directors, shall be indemnified by the owner against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of misfeasance in the performance of his duties; provided, that, in the event of a settlement, the indemnification shall apply only when the Board of Directors approved such settlement and reimbursement as being for the best interest of the corporation. (7/78)

Article V MEETINGS

Section 1. Annual meetings of the members of the corporation shall be held at the principal place of business of the corporation or at such other place as the Board of Directors may elect. The annual meetings shall be held on the third Saturday of May of every year, or at such immediate time, day and place thereafter as a majority of a quorum of the Board of Directors may designate. Not less than ten days nor more than fifty days prior to the date of the meeting, the secretary shall provide notice to each owner of record by:

- a. Hand-delivery or prepaid first-class United States mail to the mailing address of the owner or to any other mailing address designated in writing by the owner, or
- b. Electronic transmission to an address, location, or system designated in writing by the owner for those members who have provided the secretary with a written consent to receive electronically transmitted notices. *(5/96, 5/05, 5/14, 5/15)*

Section 2. Special meetings of the members may be called at any time by the president or a majority of the Board of Directors or by 25% of the members entitled to vote and notices of the special meeting stating the object thereof shall be given by the secretary by mailing such notice to each member not less than ten days prior to the date on which such meeting is to be held. The secretary shall provide such notice to each owner of record using the same methods as are allowed for annual meetings of the members. *(7/79, 5/14)*

Section 3. At all annual and special meetings of the members, members of the corporation representing 20% of the membership entitled to vote shall constitute a quorum for the transaction of business. To authorize the sale of any real property of the corporation, it shall require a two-thirds majority vote of such a quorum at an annual or special meeting of the membership.

No floor motion relating to an amendment of the By-Laws, amendment of Covenants, approval or disapproval of legal action, approval or disapproval of annual fees or capital expenditures in excess of \$10,000 shall be accepted for discussion at the annual meeting or at any special meeting, unless the same has been listed in the call to that meeting. Said motion or motions shall be deferred to either the next annual meeting or a special meeting called for that purpose. Said special meeting shall be called for by at least 2/3 of those present. This does not preclude information discussion of any subject brought up from the floor. *(7/79, 5/81)*

Section 4. A member may exercise his right to vote in person, by mail, or by electronic transmission when voting ballot issues at any meeting called in compliance with Sections 1 through 3 of this article. When voting for persons to fill positions as members of the Board of Directors, a member may vote in person, by mail, or by electronic transmission. *(5/81, 5/98, 5/05, 5/13)*

Section 5. Any member entitled to vote may request the Board of Directors to initiate a recount. The request must be presented within 7 days of adjournment and must be on the basis that a recount could possibly change the plurality of specific ballot items. A recount will be considered only if the plurality is 5 votes or less. A recount will only be conducted by the current election chairman with a minimum of 3 of his current assistants. *(5/94)*

Section 6. Meetings of the Board of Directors shall be called at any time by the Secretary on order of the President or of a majority of the Board of Directors. Notice of all meetings will specify the date, time and place of the meeting. The method of calendaring business for meetings will be specified by Board policy. Only the business designated in the notice of the Special or Emergency meeting may be considered and acted upon. The Secretary shall give each Director notice, personally, verbally, by mail, by email, by fax, or by telephone, of all regular and special meetings at

least one day previous thereto, and to the membership as provided for by Board policy. Emergency meetings may be called in accordance with Board policy. The actions of the Board approved in Emergency session will not be permanent, unless ratified, within 90 days, at a regular or special meeting of the Board. (5/05)

Article VI POWERS AND DUTIES OF DIRECTORS

Section 1. Subject to limitations in the Articles of Incorporation and the By-Laws and laws of the State of Washington, all powers of the corporation except the power to sell real property shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Directors. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers: To maintain the roads, parkways, trails, greenbelts and recreation areas, beaches, floats and piers, community buildings and other community areas and facilities for the benefit of all members of this corporation and guests.

Section 2. To select and remove all officers, other than directors, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, and with the Articles of Incorporation or the By-Laws, fix their compensation and require from them security for faithful service.

Section 3. To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation, the By-Laws, or the Declaration of Protective Covenants as they may deem best. (5/00)

Section 4. To administer the issuance of certificates of membership subject to such conditions or terms as provided in the Articles of Incorporation and the By-Laws.

Section 5. To fix, administer and levy the collection of charges and/or assessments from the members and lots or tracts and the owners, contract purchasers, sublessees and/or assignees thereof, subject to Article IX, hereinafter stated.

Section 6. To cause to be kept a complete record of all minutes and acts and to present a full statement to the regular annual meeting of members showing in detail the condition of the affairs of the corporation.

Section 7. To do whatever may be necessary and proper for the enforcement of the provisions of the Declaration of Protective Covenants of the plat and/or plats and surveys of Shelter Bay. To appoint such committees as the Board of Directors deems appropriate, each consisting of not less than five nor more than seven members, of whom two will be Board of Director members, for the purpose of carrying out and administering the covenants, restrictions, terms and conditions of the said Declaration of Protective Covenants, and any rules and regulations made by the Board of Directors appurtenant to Section 3 of this article. A majority of the members of each committee shall constitute a quorum and it shall meet upon the same notice given by the same officers as is required by Article V of these By-Laws for special meetings of the Board of Directors. (5/87, 5/97)

The said committees shall make recommendations to the Board of Directors for the establishment of rules and regulations for the use of property by members of the corporation in keeping with the purposes of the corporation.

Section 8. To provide for a system or program for the enforcement of the Articles of Incorporation, By-Laws, Protective Covenants and the rules and regulations established from time to time by the Board of Directors. Such system or program to provide for a published schedule of fines established by the Board of Directors for violations or infractions of said Articles, By-Laws, Covenants, rules and regulations and a method of appeal from the imposition of such fines. The amount of any fine, together with all expenses, attorney's fees, costs and interest reasonably incurred in enforcing or collecting same shall be paid by the member incurring same and shall be a lien upon the land to which his membership is appurtenant and enforceable by foreclosure proceedings in the same manner provided by law for foreclosure of mortgages upon land. (7/80)

Section 9. To appoint a Rules Committee of not less than five nor more than seven members, of whom two will be Board of Directors members, for the purpose of interpreting, enforcing and proposing changes to the By-Laws, Declaration of Protective Covenants, and any rules or regulations made by the Board of Directors appurtenant to Section 3 of this article. Within seven (7) days of a request by any member or by any committee of the Board, the Rules Committee will schedule a hearing to collect evidence, take testimony and take such other steps as it deems necessary to make determinations of fact regarding violations of any of the above listed documents. All meetings of the Rules Committee shall be open to attendance by any member of the corporation. The Rules Committee shall have the power to impose such fines, sanctions, denials of privileges and to take such actions as may be necessary and proper for the enforcement of any of the above listed documents. An appeal of a decision of the Rules Committee must be made in writing to the Board of Directors within thirty (30) days after receipt of a notice of such decision, in accordance with the Declaration of Protective Covenants, Article V, Section 3, Administrative Appeal Process. (5/87, 5/92, 5/97, 5/00, 5/09)

Article VII DUTIES OF OFFICERS

Section 1. President. The president shall preside at all meetings of the directors and members; he shall sign as president all certificates of membership, and all contracts or other instruments in writing authorized by the Board of Directors; he shall call special meetings of the directors or of the members whenever he deems it necessary; he shall have and exercise under the direction of the Board of Directors the general supervision of the affairs of the corporation.
The president shall be responsible for enforcing the Articles of Incorporation and By-Laws and any rules and regulations established by the Board of Directors.

Section 2. Vice President. The vice president shall preside at all meetings in the absence of the president, and in case of the absence or the disability of the president shall perform all other duties of the president which are incidental to this office.

Section 3. Secretary. The secretary shall issue all notices and shall attend and keep the minutes of all meetings; he shall have charge of all corporate books, records and papers; he shall be custodian of the corporate seal, shall attest his signature and impress with the corporate seal all written contracts of the corporation and shall perform all such other duties as are incidental to his office.

Section 4. Treasurer. The treasurer shall keep safely all moneys and securities of the corporation and disburse the same under the direction of the Board of Directors. He shall cause to be deposited all funds of the corporation in a bank selected by the directors. At each annual meeting of the members, and at any time directed by the directors, he shall issue and present a full statement showing in detail the condition of the affairs of the corporation.

Section 5. The executive secretary and/or assistant secretary, if appointed by the Board of Directors, shall perform such duties as may be designated by it.

Section 6. Any two or more offices may be held by the same person, except the office of President and Secretary. (5/00)

Article VIII CERTIFICATES OF MEMBERSHIP AND TRANSFERS

Section 1. A certificate of membership in the corporation may be issued to each member. If a member does not have a full vote because of joint ownership of a leasehold or a lot and/or tract, then this must be designated upon the certificate. All such certificates shall be signed by the president and secretary.

Section 2. All memberships and certificates evidencing same shall be made as provided in Article III of the Articles of Incorporation. No transfer of membership shall entitle the transferee to vote the same until it has been established to the satisfaction of the secretary that such transfer is bonafide and has been made in the manner provided.

Section 3. Unless specifically requested by a member, it shall not be necessary that certificates of membership be actually issued, but any owner, contract purchaser, sublessee and/or assignee thereof of a lot or tract may exercise all of the rights and privileges and shall be subject to all of the liabilities of membership without the actual issuance and possession of such certificate of membership.

Article IX BUDGETS AND ASSESSMENTS

Section 1. Each year the Board will prepare and adopt a budget that projects revenues and operating and capital expenses for the next fiscal year. Within 30 days of adopting the budget, the Board will set the date for either a special or annual meeting of the members to ratify the budget. The Board shall mail a summary of the budget to members at least 10 days before holding the meeting. (5/05)
The budget will be ratified by the membership, unless an absolute majority of the total votes allocated rejects it. If a quorum is not present, either in person or by mail, at the meeting, the budget is deemed ratified. (5/05)

Section 2. After ratification, a majority of the Board may amend the budget as needed. If an amendment requires a material additional assessment from members, as defined by the Board, the membership must ratify the budget amendment using the procedures described in Section 1. The amendment will be deemed ratified unless an absolute majority of the total votes allocated rejects it. (5/05)

Section 3. Under the Articles of Incorporation, Declaration of Protective Covenants, and these By-Laws, the Board has the authority to levy assessments on all lots within the legal boundaries of Shelter Bay and on associate members as provided for in Article II, Section 1, Paragraph 2 of these By-Laws. The Board will levy assessments equitably, based on the best interests of the community as a whole. (5/05)

Section 4. The Board may direct how members must pay an assessment, including lump sum or in installment payments. (5/05)

Section 5. The Board may take all reasonable means to aid the collection of any and all Community billings and assessments, including discontinuing water service and accelerating assessment installments to declare unpaid installments payable in full. The owner or lessee of the lot shall be responsible for payment of assessments. No member may avoid liability for assessments by agreement with another. The Board may consider any assessments, not paid when due, to be delinquent. (5/05, 5/17)

Section 6. Shelter Bay may recover any costs and reasonable attorneys' fees spent to recover delinquent assessments, whether or not the collection efforts resulted in a lawsuit or legal judgment. In addition, the Board may impose and collect reasonable late, interest and collections' charges to encourage prompt payment of assessments. (5/05)

Article X AMENDMENTS

These By-Laws may be amended at any regular or special meeting of the corporation by a vote of a majority of a quorum of members entitled to vote. Amendments to the By-Laws may be proposed by the Board of Directors or by a petition signed by fifty (50) or more voting members. All proposed amendments must be approved by legal counsel. (7/79, 5/03, 5/18)

Article XI CORPORATE SEAL

The seal of the corporation shall be in a circular form and shall contain the words "SHELTER BAY COMMUNITY, INC", and the words "Corporate Seal Washington 1969" in the form and style as affixed in these By-Laws by the impression of said corporate seal.

Article XII DATE OF ADOPTION

These By-Laws are duly adopted by the Incorporators of the corporation on the 1st day of July, 1969.

/s/ Allan F. Osberg
PRESIDENT

ATTEST:

/s/ W. J. Pierce
Secretary

Subscribed and sworn to before me this 1st day of July 1969.

/s/ Ella B. Ranger
NOTARY PUBLIC in and for the
State of Washington, residing at Seattle