

BY-LAWS OF
MAY CREEK CLUB, INC.

ARTICLE I

Purpose

SECTION 1: This corporation shall be conducted as a non-profit corporation for the purposes set forth in the Articles of Incorporation.

SECTION 2: The purpose for which this corporation was created may be altered, modified, enlarged or diminished by a vote of a majority of the membership at a meeting duly called for such purpose.

ARTICLE II

Membership

SECTION 1: The membership of the corporation shall be limited to the owners of lots in the geographical area described as follows: R99

May Creek Mountain View Tracts and May Creek Mountain View Tracts Division No. 2, Division No. 3 and Division No. 4 situated in Section 5, Township 27 North, Range 9 E. W. M., Snohomish County, Washington.

The privileges and facilities of the corporation shall be extended to members, spouses, children, guests, tenants or other users of the property subject to governmental restrictions and rules and regulations adopted by the corporation. Enforcement of restrictions, rules and regulations may be by the corporation, the county, or both.

SECTION 2: Membership shall be inseparably appurtenant to the lot owned or being purchased by the members, and upon the transfer of ownership or the making of a contract for the sale of such lot, the membership appurtenant thereto shall be deemed to be transferred to the contract purchaser or grantee. A member in good standing may appoint a designee to represent them in voting and/or as a member of the Board of Directors. No membership may be conveyed or transferred in any other way inter vivos. In the event of the death of a member, his membership passes in the same manner and to the same persons as does the property itself. Membership may be terminated at any time at the option of the member holding such membership. Regardless of any option to terminate membership, all lot owners within May Creek Mountain View Tracts remain subject to payment of fees and assessments as prescribed in Article XI R99

SECTION 3: Lot owners shall be limited to one membership regardless of the number of the lots so owned and the interest of each member shall be equal to that of any other member, and no member can acquire any interest which shall entitle him to any greater vote or authority in the corporation than any other member. If any lot or lots are owned in common by two or more persons, they are entitled to cast one vote. The vote for membership owned by a single marital community may be cast by either spouse without presentation of authority from the other but if both are present, it shall be cast by the wife. The vote for any membership owned by a group may be cast by any group member, with the proper identification, without presentation of authority from R99

the other(s) and the person casting the vote shall be deemed to have cast the vote with the consent of the other person(s) comprising the group.

ARTICLE III Meetings

SECTION 1: The membership meetings of the corporation shall be held at such place as the Directors may designate on the second Sunday of July of each year at 2:00 P. M. and on the second Sunday of February of each year at 2:00 P. M. Notice thereof shall be given by the Secretary, in writing, postage prepaid, by U. S. mail, to the address of each member appearing on the books of the corporation, the mailing date thereof to be not less than fifteen (15) days prior to the meeting. R99

SECTION 2: It is the responsibility of each member to maintain a current address with the corporation and failure to do so will be deemed waiver of all notice requirements.

SECTION 3: At the February or July meeting of the membership, the members shall elect directors as herein provided and at both membership meetings transact such other business as may properly come before them. The budget for the following year will be presented at the February meeting. R99

SECTION 4: Special meetings of the members of the corporation may be called at any time by the Board of Directors, or the President, or the Secretary. Any ten (10) members in good standing upon written request to the Secretary, stating the purpose(s) for the special meeting, may call a special meeting of the membership. Prior to the Secretary calling the special meeting, all signees of the written request must be present at a meeting called within fifteen (15) days of submitting the written request with the Board of Directors. The reasons for the special meeting will be discussed. If the reasons for the special meeting cannot be settled to the satisfaction of the majority of the petitioners submitting the request, the Secretary shall call a special meeting. Notice of the special meeting shall state the purpose(s) thereof and shall be given by the Secretary to all members in the same manner as notice is given of the membership meetings. R99

SECTION 5: At all semi-annual and special meetings of the membership of the corporation forty (40) members present in person or by written proxy shall constitute a quorum for the transaction of any business appropriate to a member's meeting. In the absence of a quorum, any meeting of the members may be adjourned from time to time by a vote of the majority of those present but no other business may be transacted. A majority of the votes of the members constituting a quorum shall be sufficient to transact business unless a greater number of votes is required by law, the Article of Incorporation, or these By-Laws with respect to some specified action.

SECTION 6: All members who are delinquent thirty (30) days or more in the payment of any dues or special assessments or are otherwise not in good standing shall not be entitled to vote on any corporation matters until such delinquency is cured.

SECTION 7: Notwithstanding Article II, Section 3 of these By-Laws, members may cast votes either in person or by proxy. Proxies shall be executed in writing by the member or their attorney-in-fact and filed with the Secretary of the corporation before or at the time of the meeting. R99

Unless otherwise provided in the proxy, a proxy shall be invalid after five (5) months from the date of its execution.

ARTICLE IV Directors

SECTION 1: The powers of this corporation shall be vested in and exercised by or under the authority of a Board of Directors. The number of directors who shall manage the affairs of this corporation shall be not less than three (3) nor more than eleven (11).

SECTION 2: The Directors elected by the members prior to the expiration of six months from the effective date of incorporation, shall be elected for a term as follows: Two shall be elected for a period of three (3) years; two shall be elected for a period of two (2) years; and two shall be elected for a period of one (1) year. Said Directors so elected shall serve as such until their successors are duly elected and qualified, each Director shall be a member of the corporation in good standing or the designee of a member in good standing. A designee must be established by proxy executed in writing by the member or his attorney-in-fact and filed with the Secretary of the corporation before or at the time of election. Directors shall serve for three (3) years, except when serving an unexpired term of a Director. There shall be at least one (1) less designee on the Board than lot owners. R99

SECTION 3: The Board of Directors shall meet monthly and as prescribed in Article VI, Section 1. R99

The Board of Directors may hold special meetings, which shall be called by the Secretary, the President or a majority of the Board. The Secretary shall give each Director notice verbally, or by mail, or telephone, or by wire, of all regular and special meetings sufficient to enable such Director to attend and in any case at least five (5) days notice in advance of the meeting date. A written waiver of notice signed by the Director, whether before or after the time fixed for the required notice, or the presence of the Director at the meeting without formal objection on the ground of want of notice, shall be deemed the equivalent of the required notice for all purposes. Any May Creek Club board member who misses three (3) meetings in any fiscal year, automatically relinquishes his or her seat on the May Creek Club Board of Directors. Further, any and all exceptions to the above must be submitted, in writing, to the May Creek Club board for evaluation and must have a majority of the votes of the above-mentioned Board of Directors.

SECTION 4: A majority of the Directors shall constitute a quorum for the transaction of business. A majority vote of the quorum shall be required to adopt any matter.

SECTION 5: Three (3) or more officers of the Board of Directors, as designated by the Board, shall constitute an Executive Committee, which committee shall exercise the authority of the Board of Directors in the management of the corporation to the extent authorized by the resolution and consistent with law.

SECTION 6: Any action by the Board of Directors or the Executive Committee may be overturned by a majority vote of the membership at any membership or special meeting of the membership.

SECTION 7: A Director shall be assumed to have approved the minutes of a Directors' meeting unless he forwards his dissent to the Secretary of the corporation within seven (7) days after receiving a copy of the minutes of the meeting. R99

SECTION 8: The Board of Directors shall have two (2) permanent committees, and such other committees as circumstances may warrant. The permanent committees shall be: R99

(a) Finance, chaired by a member of the committee appointed by the President. The chairman may not be the Secretary or the Treasurer. He must be a paid-up member of May Creek Club. R99

(b) Public Works, chairman to be a member of the Board of Directors appointed by the President. R99

SECTION 9: Vacancies occurring in the Board of Directors may be filled by appointments made by the Board of Directors for the duration of the vacated term. R99

ARTICLE V Powers and Duties of Directors

SECTION 1: Subject to any limitation in the Articles of Incorporation and these By-Laws, and the laws of the State of Washington, or the applicable subsection of Section 501 of the U. S. Internal Revenue Code of 1954, all the business and affairs of the corporation shall be controlled and conducted by the Board of Directors. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly agreed that the Directors shall have the following powers and duties: R99

(a) To elect and remove all the officers, agents and employees of the corporation; to prescribe such powers and duties for them as may be consistent with the laws of the State of Washington, the Articles of Incorporation, and these By-Laws; to fix their compensation, if any, and require from them security for faithful performance;

(b) To cause to be kept a complete record of all minutes and acts and to present a full statement at the regular membership meetings of the members, showing in detail the condition of the affairs of the corporation; to cause to be kept a complete membership list of all members;

(c) To prepare and file with the Secretary of State of Washington an annual report as required by law;

(d) To fix and establish the annual dues and any other special assessments in accordance with these by-laws;

(e) Members of the Board of Directors shall receive \$5.00 compensation per attended meeting for their services to the corporation as board members and shall be reimbursed by it for such reasonable expenses as they may necessarily incur in pursuance of the business of the corporation provided that such expenses shall be approved by the Board of Directors. This subsection shall not be construed so as to limit the authority of the corporation to employ board

members for compensation for services other than those related to their duties as board members.

ARTICLE VI Officers

SECTION 1: The Board of Directors, at its July meeting, immediately following the July meeting of the members each year, shall elect a President, a Vice-President, a Secretary and a Treasurer, who shall be members of the corporation, for a term of one year and/or until their successors are duly elected and qualified. The Board may at any time appoint an Executive Secretary or an Assistant Secretary, or an assistant Treasurer who need not have membership in the corporation, and whose terms of office shall coincide with those of the officers whom they assist. R99

SECTION 2: Any officer may be suspended or removed by a majority vote of all of the Directors. Any vacancy occurring in an elective office shall, and any vacancy occurring in an appointive office may, be filled by the Board of Directors upon a majority vote thereof.

SECTION 3: Officers shall receive no compensation for their services to the corporation as officers, but shall be reimbursed by it for such reasonable expenses as they may necessarily incur in pursuance of the business of the corporation, subject to a majority vote of the Directors as to approval or disapproval of such expenses. The subsection shall not be construed so as to limit the authority of the corporation to employ officers of the corporation for compensation for services other than those related to their duties as officers.

ARTICLE VII Duties of Officers

SECTION 1: President: The President shall act as chairman at all meetings of the membership and preside at all meetings of the Board of Directors. He shall sign all contracts or instruments for the corporation, designating thereon that he is signing as President of May Creek Club, and perform such other duties as may be required of him by the Board of Directors.

SECTION 2: The Vice-President shall preside at all meetings in case of the absence or disability of the President and assume all duties of the President during such periods of absence or disability and shall perform such other duties as the Directors may require.

SECTION 3: The Secretary shall issue all notices and shall attend and keep the minutes of all meetings of the members and of the Board of Directors. He shall have charge of all corporate books, records and papers, ~~except~~ for those books for distributing funds, the corporate seal, and shall receive, record and deposit properly all monies received. He shall attest with his signature, designating thereon that his signature is as Secretary of May Creek Club, and impress with the corporate seal all instruments executed by the corporation. He shall perform all such other duties as are incidental to his office, including keeping an up to date membership list, or as may be required by the Board of Directors. R99

SECTION 4: The Treasurer shall keep faithfully in such bank or banks as may be designated by the Board of Directors, all funds, securities and liquid assets of the corporation, in its name, for its accounts, and shall disburse the funds of the corporation only under the direction of the Board of Directors. Checks will be signed by two or more Board Members with one being an R99

officer of the corporation. He shall keep full and accurate records of account and shall make such report of finances and transactions of the corporation as may be required by the Board of Directors. He shall present to the February meeting of the membership a full statement showing in detail the financial condition of the corporation. He shall take such steps as are necessary to ensure that an annual compilation is performed by a Public Accountant, not a member of the corporation. The compilation shall include accounting and administrative controls. R99

DUTIES OF THE TREASURER

- (1) Prepare and send monthly and annual billing for maintenance fees, assessments, fines and/or judgements until receipt of payment in full. R99
- (2) Prepare and file liens and satisfactions of liens.
- (3) Verify payment of maintenance fees for seller and buver through escrow.
- (4) Notify the Board of Directors of Tax Foreclosures for properties with a lien within May Creek Mt. View Tracts.
- (5) Order all statements and supplies as needed for billing and receiving all fees.
- (6) Take May Creek Club yearly records of receipt and expenditures to a Certified Public Accountant for a compilation at the close of the fiscal year.

SECTION 5: Internal controls shall be implemented to facilitate the Compilation function and shall be as follows:

- (a) The preparation of a receivable register in which a careful calculation of the fees and assessments for the upcoming fiscal period is recorded. The method of calculation should be clearly presented and all supporting schedules should be included in the register. This shall be a function of the Financial Committee. Variances from the receipts predicted should be analyzed and explained, e. g. heavy arrearage or loans. All variance analyses shall be recorded in the minutes. R99
- (b) The preparation of a capital budget based upon expected receipts and borrowing should be prepared before the start of the fiscal period. This shall also be a function of the Financial Committee and as with subsection (a) all variance analyses should be recorded in the minutes.
- (c) The budget shall be read into the minutes at the first meeting of the fiscal period.
- (d) There shall be no borrowing of money for the corporation uses, except by the majority vote of a membership quorum.
- (e) All cash received in the form of maintenance fees, assessments or contributions shall be categorized, posted to each lots ledger card and cash receipt journal.
- (f) All checks received shall be made out to May Creek Club. Checks shall be

endorsed for deposit only and will include the May Creek Club bank account number.

(g) A restrictive endorsement shall be made by the Secretary on all checks immediately upon receipt.

(h) All receipts shall be deposited as soon as possible and in any case no later than one week after receipt. Deposits may be made personally, by mail, or night depository.

(i) A deposit slip shall be prepared and validated by the bank and retained for the records.

R99

(j) Two drawer signatures shall be required on all checks, as specified in Article VII, Section 4.

(k) Checks over \$500.00 shall be approved by the Board of Directors.

(l) The record-keeping and check signing duties shall be clearly separated.

(m) No checks shall be pre-signed.

(n) Checks shall be pre-numbered.

(o) All receipts and disbursements shall be read into the minutes.

(p) A reconciled bank statement shall be prepared each month by the Treasurer and promptly transmitted to the Financial Committee, identifying all irregularities. The Financial Committee shall present the reconciled statements at the next following meeting of the Board of Directors.

R99

(q) A reconciliation of the receipts register and the deposits register shall be prepared by the Secretary each month, identifying all irregularities and promptly transmitted to the Financial Committee. The Financial Committee shall present this reconciliation at the next following meeting of the Board of Directors.

R99

(r) An established bookkeeping system shall be used.

(s) An imprest petty cash system shall not be used.

(t) An independent bookkeeping service may be used, must have no other association with May Creek Club members.

ARTICLE VIII

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No loans shall be made by the corporation to its officers, directors or members. No personal loans shall be made to the corporation by its officers, directors or members.

ARTICLE IX Indemnification

To the full extent permitted by law, the corporation shall indemnify any person who was or is a party, or is threatened with being made a party, to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the corporation or otherwise) by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such suit or proceeding; and the Board of Directors may, at any time approve indemnification of any other person which the corporation has the power to indemnify under law.

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The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and/or incurred by him by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving in such capacity at the request of the corporation.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

ARTICLE X Dissolution

SECTION 1: In event of the dissolution of the corporation, each person who is then a member shall receive his pro-rata portion of the property and assets after all debts have been fully paid.

ARTICLE XI Fees and Assessments

SECTION 1: For the purpose of financing the activities of the corporation, it is hereby declared that all lots within the jurisdiction of the corporation shall be charged and/or assessed fees at the rate set at the February membership meeting, per lot per year. Notwithstanding any other provision of these By-Laws, fees may be increased or decreased per year per lot by vote of the membership at a meeting or by mail ballot, adoption requiring a majority of the votes cast, providing that at least twenty-five percent (25%) of the members then in good standing has voted on the issue. Good standing means a member not over thirty (30) days delinquent with their fees.

R99

SECTION 2: The annual fees shall be due and payable June 1st of each and every year, and shall be considered delinquent thirty (30) days from due and payable date. Those lot owners not paying or making arrangements to pay fees within thirty (30) days period after June 1st, shall be charged a late fee of one (1) dollar per month. The Treasurer must receive payment prior to the fifteenth (15th) of the month or an additional one (1) dollar per month will be charged. Fees for membership of less than one year duration shall be pro-rated on a monthly basis.

R99

SECTION 3: Any special assessment determined to be necessary by the Board of Directors to carry out the purpose and intent of the Articles of Incorporation of these By-Laws

shall be submitted to the membership at a special or semi-annual meeting or by a mail vote, for a vote by written ballot as to whether such proposal for special assessment will be accepted or not. Said special assessment shall provide the method and manner of payment and shall become effective immediately upon its adoption as herein provided. Notwithstanding any other provision of these By-Laws, special assessments may be levied only by vote of the membership at any meeting or by mail ballot; adoption requiring a majority of the votes cast, provided that at least twenty-five percent (25%) of the membership then in good standing has voted on the issue. Good standing means a member not over thirty (30) days delinquent with their dues.

SECTION 4: Any and all fees and/or special assessments herein set out and/or authorized shall be and become a lien upon the property of the member but shall be inferior to all the existing institutional mortgage liens and inferior to any subsequent institutional mortgage lien created by the owner of said lot or the or the contract purchaser thereof. In the event of default in the payment of the same, it shall be foreclosed in the same manner as prescribed by the statutes of the State of Washington for the foreclosure of mechanics' liens.

ARTICLE XII Amendments

SECTION 1: These By-Laws may be amended at any time by a vote of a majority of those present at a membership meeting called for the purpose of amending the By-Laws or by mail ballot, provided that at least twenty percent (20%) of the membership then in good standing votes on the amendment. All notices of meetings to amend these By-Laws shall state clearly that a purpose of the meeting is to consider amendments to the By-Laws.

ARTICLE XIII

Section 1: The fiscal year of the corporation shall begin on the first day of June of each year.

ARTICLE XIV

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SECTION 1: Any action which may be taken at a membership meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all members entitled to vote with respect to the subject matter. Any such consent shall be inserted in the Minute Book as if it were the minutes of a membership meeting.

ARTICLE XV Corporate Seal

SECTION 1: The seal of the corporation shall be in circular form and shall contain the words

May Creek Club
Corporate Seal
Washington
1966

May Creek Club
Corporate Seal
Washington
1966

in the form and style as affixed to these By-Laws by the impression of said corporate seal.

ARTICLE XVI
Roads/Parks

R99

SECTION 1: The roads/parks in May Creek Mountain View Tracts are reserved forever unto all purchasers of all lots in said plat an equal and undivided interests in all roads. The roads are maintained by May Creek Club.

SECTION 2: Financing for normal maintenance and operation will be provided by monies collected under Article XI of these By-Laws. The amount allotted will be variable as set in accordance with the yearly budget proposal. Extra monies required, above the proposed budgeted amount, may be obtained by special assessment as noted in Article XI of these By-Laws.

SECTION 3: Rules for governing the road will be determined by a vote of the membership. This shall include, but not be limited to, the following:

- A. Speed limit
- B. Parking
- C. Motorcycles and terrain vehicles
- D. Horses

SECTION 4: A separate savings account shall be initiated for repair and/or replacement of the bridge spanning May Creek. Starting June 1, 1984 one thousand dollars (\$1,000.00) shall be deposited annually in the account and the monies may not be used for any other purpose, except by vote of the membership. R99

SECTION 5: A separate savings account shall be initiated for repair and/or repaving of the roads within May Creek Mountain View Tracts. Starting June 1, 1999 an amount as set in the budget shall be deposited annually in the account and the monies may not be used for any other purpose, except by vote of the membership.

ARTICLE XVII

SECTION 1: These By-Laws are duly adopted as amended by the corporation and the corporate seal affixed on the 24 th (th) day of May, 1999. R99

(date to be affixed after acceptance of by-law revision by the membership)

President:

William D. Dibley

Secretary:

Constance E. Webster