



LUDLOW MAINTENANCE COMMISSION, INC.

ARTICLES OF INCORPORATION

BY-LAWS

TYPICAL RESTRICTIVE COVENANTS

ARTICLES OF INCORPORATION

of

LUDLOW MAINTENANCE COMMISSION, INC.

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned, all of whom are residents and citizens of the United States, interested in the provision of community services to areas now or hereafter platted as subdivisions or condominium projects within the following described property, as platted by or for Pope & Talbot, Inc. or Pope & Talbot Properties, Inc.

Section 8, 9, 16 and 17 of Township 28 North, Range 1 East of the Willamette Meridian.

said property being in Jefferson County, Washington, and a portion of the area generally known as "Port Ludlow", to the extent that subdivision or condominium plats within such area are subjected to restrictive declarations providing for membership in this corporation, acting as incorporators of a corporation under the provisions of the Washington Non-Profit Corporation Act (Revised Code of Washington Chapter 24.04), adopt the following Articles of Incorporation for said corporation:

ARTICLE I

The name of this corporation shall be

LUDLOW MAINTENANCE COMMISSION, INC.

ARTICLE II

The duration of the corporation shall be in perpetuity.

ARTICLE III

The registered office and place of business of the corporation will be Room 208, Second & University Building, Seattle, Washington 98101.

ARTICLE IV

This corporation does not contemplate pecuniary gain or profit for itself or to its members, and is not authorized to issue shares of stock. Each member as such will have equal interest and voting right in the corporation, provided:

- (a) In the election of trustees of the corporation, principles of cumulative voting shall apply to the end that each member shall have that number of votes which is the number of trustees' vacancies to be filled, and may cast such number of votes for any one nominee, or divided among two or more nominees, as such voting member may determine.
- (b) In any matter pertaining to amendment of these articles or liquidation or dissolution of this corporation, or the sale or disposition of principal assets of the corporation, or the imposition of restrictions on the availability of corporate properties or facilities to members of the corporation, no such action shall be taken except on two-thirds affirmative vote of all participating lot-owner-members and two-thirds affirmative vote of all participating condominium unit-owner-members.

ARTICLE V

The authorized number for membership, the qualifications necessary for membership in this corporation, the different classes of membership (if any), the proprietary voting and other rights and privileges of each class of membership, as well as the liability of each of all classes of membership for dues, assessments, and capital contributions, the method of collecting said dues, assessments, and contributions, and all such other matters necessary and proper to carry out the purposes for which the corporation is formed, shall be set forth in the By-Laws of this corporation. A

certificate of membership may be issued to each member which, however, shall not be transferable except as provided in the By-Laws of the corporation.

The authority to formulate the initial By-Laws for this corporation is hereby vested in the members of the corporation. Said By-Laws shall be adopted by a meeting of its members duly called, and may thereafter be amended or repealed only to the extent and by the methods provided for in the By-Laws.

ARTICLE VI

The purposes for which the corporation is formed are:

A. To create or acquire or purchase or contract to purchase or lease real property designated as "common property" (which term excludes for purposes of these articles the common properties and common facilities of condominium project in which the condominium unit owners are members hereof) in plats which are subject to restrictions reciting membership by owners thereof in this corporation, to develop the same for common benefit.

B. To designate, remove and replace members of Architectural Control Committee as to the property of members and to institute proceedings for the enforcement of restrictions effective as to such property.

C. To insure, protect, beautify and improve the common property, to provide park space and common facilities and services, to maintain control and orderliness of vacant property, to sponsor the provision of utility services, or to provide utility services and in so doing to make such applications and hold such permits and franchises as may be appropriate thereto, to pay taxes upon common property, to construct and control the use of structures appropriate for the common benefit and to make such undertakings as may be useful to the accomplishment of the purposes hereof.

D. To levy, collect and enforce assessments upon members, as liens upon the lots or condominium units of members, for the provision of funds necessary or appropriate to the purposes of the corporation.

E. To provide community services of every kind and nature in favor of the property of members subject hereto, except that no such activity shall be entered into for profit or for purposes other than as permitted to a non-profit corporation.

ARTICLE VII

The corporation shall have all the powers, not contrary to law or the statutes of the State of Washington, incident to, expedient or appropriate to carry out the purposes for which it is formed.

Specifically, and without limiting the generality of the foregoing, the corporation shall have the following powers:

- (a) To receive property by gift, devise or bequest, and otherwise acquire, purchase, rent, contract for, hold and convey all property, both real and personal, including shares of stock, bonds, and securities of other corporations;
- (b) To convey, exchange, lease, sell, mortgage, encumber or otherwise dispose of all property, real and personal;
- (c) To borrow money, contract debts, and issue notes, bonds, bills or evidence of indebtedness and to provide security for the payment or performance of its obligations;
- (d) To appoint such subordinate agents and officers as the business may require, and to make contracts, and to do all other acts necessary or appropriate for the administration of the affairs and attainment of the purposes of the corporation;
- (e) To improve the common property for the benefit of the members and to provide facilities and services consistent with the corporate purposes for the benefit of the members and their property;
- (f) To make and collect assessments, the same constituting liens upon the property of the members, and to enforce such liens, for the purpose of furthering the objects and purposes of the corporation;
- (g) To expend money as determined by the Board of Trustees of the corporation for corporate purposes of every kind and nature, including, without limitation, the construction

and maintenance of improvements, the provision of services, the payment of taxes upon common property and the accumulation of necessary reserves;

- (h) To enter in and to perform all contracts and undertakings necessary or appropriate for the corporate purposes;
- (i) To adopt and enforce rules, regulations and restrictions pertaining to the use and enjoyment of the common property and facilities, including the extension of guest privileges;
- (j) To render any lawful service to or on behalf of its members upon a non-profit basis, but not thereby restricting the right and power to accumulate reserves as may be necessary or useful for the continued performance by the corporation of its purposes.

ARTICLE VIII

The number of trustees of this corporation shall be as stated in the By-Laws of the corporation, and shall be not less than three nor more than nine in number. The names of the trustees who shall manage the affairs of the corporation for a period of not less than two months nor more than six months are as follows:

R. D. BRUCE	1227 N. W. Norcross Way, Seattle, Washington
ROBERT E. BAIRD	15951 N. E. 1st, Bellevue, Washington
ALAN HOELTING	9421 Lake Washington Blvd. N. E., Bellevue, Washington

Trustees may be individuals who are members of this corporation or who are employed by or are nominated by members of the corporation. Prior to six months from date of formation of the corporation, a meeting of the members shall elect trustees to serve until their successors be elected and qualified as provided in the By-Laws. For so long as the number of trustees are three or four in number, at least one thereof shall be nominated and elected by the owners of participating condominium units; when the number thereof is five, six or seven, two of said trustees shall be nominated and elected by the owners of participating condominium units; when the number thereof is eight or nine, three of the trustees shall be nominated and elected by the owners of participating condominium units. Trustees other than those provided so to be nominated and elected by owners of participating condominium units shall be nominated and elected by owners of participating subdivision lots.

IN WITNESS WHEREOF, the incorporators have hereunto set their hands and seals this 8th day of May, 1968.

s/R. D. Bruce
s/Robert E. Baird
s/Alan Hoelting
s/L. H. Hemila
s/Vance L. Wood

BY-LAWS
of
LUDLOW MAINTENANCE COMMISSION, INC.
As Amended Through April 1987

ARTICLE I
Membership

SECTION 1. The membership of the corporation shall consist (in addition to the original incorporators, said incorporators being authorized to resign their membership) exclusively of the owners of lots or condominium project units under recorded plats in the Port Ludlow area of Jefferson County, Washington, as described in the Articles of Incorporation, as such plats may be or may hereafter be recorded by or for Pope & Talbot, Inc. or Pope & Talbot Properties, Inc., or the successors or assigns thereof, if pursuant to such platting, restrictions and dedications be recorded by which membership in this corporation is afforded lot owners and condominium unit owners in such platted areas and condominium projects. A purchaser under a contract of purchase shall be deemed an owner for membership purposes, and the term "owner" as used in these By-Laws shall include a contract purchaser or assignees and holders of record of the vendee's interest under any such contract. Membership shall be inseparably appurtenant to the lots and condominium units, tracts and ownership in the above described plat and plats contemplated thereby, and upon transfer of ownership by deed, court decree or otherwise, or upon the making of a contract of sale, membership shall be automatically transferred with the lot or condominium unit to the new owner or purchaser. No membership may be transferred in any other way. The term "owner" shall include any party otherwise qualified as an owner hereunder, and irrespective of whether such party be natural person, corporation, partnership, association or other form of entity, provided that as to each such entity and ownership there shall be but one membership.

SECTION 2. No member of the corporation shall have any right, title or interest in or to the whole or any part of the property or assets of the corporation, and no member shall be entitled to either the whole or any part thereof in the event of the termination of his membership in the corporation.

SECTION 3. Each owner shall have one membership and one vote regardless of the number of lots or condominium units owned. A husband and wife holding a lot or condominium unit as community property or two or more other persons holding jointly or as tenants in common shall be entitled collectively to one membership. Unless the Board of Trustees decides otherwise no certificates of membership need be issued. A new owner or purchaser shall become entitled to vote after establishing his ownership or contract interest to the satisfaction of the Secretary. The personal representative of a deceased member shall have all that member's rights, privileges, and duties.

SECTION 4. No member may withdraw from the corporation except on transfer of the lot or lots or condominium unit or units to which his membership is appurtenant. No compensation shall be paid by the corporation upon the transfer of membership and no member whose membership is transferred shall thereafter be entitled to share or participate in any of the property, facilities or benefits provided by the corporation except to the extent of continued membership by reason of ownership of another lot or lots or condominium unit or units.

SECTION 5. The Board of Trustees, or any officer designated by it, may, in accordance with procedures prescribed by the Board, exclude any member from the use or enjoyment of the facilities and benefits of the corporation for delinquency in payments required of members or for failure to comply with the Articles of Incorporation or By-Laws of this corporation, or with the rules and regulations established by the Board.

ARTICLE II

Meetings of Members

SECTION 1. *Annual Meeting.* The annual meeting of the members of the corporation shall be held on the third Saturday in April of each year at two (2:00) o'clock P.M. at the corporation's Beach Club in Port Ludlow, Washington, or at such other time or place as may be designated by the Board of Trustees for the convenience of the membership.

SECTION 2. *Special Meetings.* Special meetings of the members may be called by the President or by any five members of the Board of Trustees or by the owners of twenty-five percent (25%) of the lots and condominium units which are served by the corporation.

SECTION 3. *Notice of Meetings.* Except as otherwise provided in this Article, notice of every meeting of the members of the corporation stating the date, hour, and place of the meeting and the general purpose or purposes thereof shall be mailed by the Secretary to each member entitled to vote, at least fourteen (14) days prior to the date of the meeting. If mailed, the notice of the meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid.

Notice of any meeting of the members may be waived in writing by any member at any time, either before or after the meeting, and attendance at the meeting in person or by proxy shall constitute a waiver of notice of the meeting by the member or members so attending.

SECTION 4. *Attendance and Quorum.* Attendance at and participation in meetings may be in person or by proxy. At any meeting of the members of the corporation a quorum shall consist of the lesser of the following numbers:

- (a) A combination of a majority of the members who are owners of lots served by the corporation and a majority of the members who are owners of condominium units served by the corporation; or
- (b) Members who are owners of more than fifty percent (50%) of the combined number of lots and condominium units which are to be served by the corporation.

SECTION 5. *Recessed Meetings.* If a meeting be recessed to a later date, upon further written notice of at least seven (7) days to the members, a quorum shall be deemed to be present at such reconvened meeting provided that at least one-half the number are there present who would regularly constitute a quorum.

SECTION 6. *Special Matters.* In any membership action to be taken for amendment of the Articles of Incorporation or for liquidation or dissolution of the corporation or for sale or disposition of the principal assets of the corporation or for the imposition of restrictions on the availability of corporate properties or facilities to members or for the imposition of a capital assessment upon the members or for amendment of this section, an affirmative vote in favor of such action shall require a two-thirds affirmative vote of the participating lot-owner-members and a two-thirds affirmative vote of the participating condominium-unit-owner-members, and shall also require the affirmative vote of members owning at least fifty percent (50%) of the combined number of lots and condominium units as served or authorized to be served hereunder. "Participating" as used here shall mean attending in person or by proxy.

ARTICLE III

Board of Trustees

SECTION 1. *Composition and Function.* Except as otherwise prescribed in these By-Laws, the affairs of the corporation shall be managed by a Board of Trustees composed of nine individuals. To be eligible for election as a Trustee a person must either be a member of the corporation, or must have a financial interest in a member of the corporation by virtue of being a stockholder or partner in a member, or be nominated by such a member. Three of the Trustees shall be nominated and elected by the owners of condominium units served by the corporation; the other six Trustees shall be nominated and elected by the owners of subdivision lots served by the corporation.

SECTION 2. *Election and Tenure.* An election of Trustees shall be held at each annual meeting of the members of the corporation. Except for any additional elections or confirmations caused by vacancies on the Board, three Trustees shall be elected each year at such meetings. Each Trustee so elected shall hold office for a term of three years and until his successor is elected and qualified. A Trustee may be reelected to successive terms. The terms of office of the nine Trustees shall be so staggered that the regular terms of one condominium-owner-representative Trustee and two lot-owner-representative Trustees expire each year.

- (a) Election of Trustees representing condominium unit owners shall be conducted separately from election of Trustees representing lot owners during the meeting. Nomination of and voting upon condominium-owner-representative candidates shall be limited to condominium-unit-owner members. Nomination of and voting upon lot-owner-representative candidates shall be limited to lot-owner-members. A member who owns both a lot and a condominium unit shall declare which class of Trustees he wishes to vote for and shall participate either as a condominium-unit-owner or as a lot owner, but not as both.
- (b) Nominations may be prepared in advance by the associations representing condominium owners and lot owners, but this shall not bar additional nominations from the floor at the annual meeting.
- (c) For purposes of electing condominium-owner-representative Trustees, no distinction is made between the various condominium owners' associations.
- (d) In event of failure to hold an election of Trustees at any annual members' meeting, or in the event of failure to hold any annual members' meeting as provided for by these By-Laws, election of the Trustees may be held at a special meeting of the members called for that purpose.

SECTION 3. *Vacancies.* Except as otherwise provided by law or in these By-Laws, vacancies in the Board of Trustees, whether caused by resignation, death, or otherwise, shall be filled by a vote of the remaining members of the Board at their next succeeding meeting, provided that each replacement Trustee shall be an individual who holds the same class of membership interest (i.e., as a lot owner or a condominium-unit owner) as the Trustee so replaced; and provided further, that if the unexpired term so filled extends beyond the date of the next annual membership meeting, such replacement Trustee's continued service shall be subject to vote at that meeting by members of the same class of membership, either confirming such Trustee or electing a different individual to finish the unexpired term.

SECTION 4. *Regular Meetings.* A regular annual meeting of the Board of Trustees shall be held without other notice than this By-Law, immediately after and at the same place as the annual meeting of members, for the purpose of seating new Trustees and electing officers. Additional meetings shall be held each month on a regular day and at an established time and place to conduct the affairs of the corporation.

SECTION 5. *Special Meetings.* Special Meetings of the Board of Trustees may be called by or at the request of the President or by any five Trustees. Notice of any special meeting of the Board of Trustees shall be given at least four (4) days prior to the meeting by written notice delivered personally or sent by mail or telegram to each Trustee at his address as shown by the records of the corporation, which notice shall include the general purpose or purposes of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Trustee may waive notice of any meeting, either before or after the holding of said meeting. The attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting.

SECTION 6. *Quorum.* A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board.

SECTION 7. *Removal of Trustees.* The entire Board of Trustees or any individual Trustee may be removed from office by vote of members at a special meeting of the members called for that purpose. Only members of the same class of membership interest (i.e., condominium-unit owners, or lot owners) as a Trustee proposed to be removed shall vote upon the resolution for that Trustee's removal. An affirmative vote by a majority of such members actually voting shall be required to cause removal. If the entire Board or any one or more Trustees is so removed, replacement Trustees may be elected at the same meeting. Unless the entire Board is removed, no individual Trustee shall be removed in case the votes of a sufficient number of lot-owner-members or condominium unit-owner-members, as the case may be, are cast against the resolution for his removal, which, if cumulatively voted at an election of the full Board, would be sufficient to elect one or more Trustees.

SECTION 8. *Power and Authority of the Board of Trustees.* The Board of Trustees shall have full power and authority in the following matters:

- (a) To elect or apoint or to remove, at its discretion, all officers, committees, agents and employees of the corporation, and to prescribe their duties and fix their compensation, subject to restrictions elsewhere in these By-Laws.
- (b) To make such expenditures as the Board deems expedient; provided, however, that the members of the corporation, by resolution adopted by a two-thirds vote at any meeting of members, may restrict the amount of expenditures which can be made by the Board without prior approval of the members.
- (c) To establish and collect annual dues to be paid by the members of the corporation for yearly operations and maintenance and for accumulation of appropriate reserves. The dues limit for each year after 1986 shall be one hundred fifty dollars (\$150.00) per lot or condominium unit adjusted to reflect the percentage change in the Consumer Price Index ("CPI") from August 1, 1984 through July 31 of the latest preceeding year. The actual dues established for a given year by the Board of Trustees may be less than the dues limit. The dues limit shall be adjusted upward if the CPI change is positive and downward if the CPI change is negative. The CPI index figures used shall be those issued by the United States Department of Labor, Bureau of Labor Statistics, for the Seattle-Everett area. In addition, the Board of Trustees may recommend special assessments to meet unforeseen needs or emergencies. No such special assessment may be imposed without approval by a majority of members participating in person or by proxy at an annual or special membership meeting.
- (d) To manage and conduct the affairs and business of the corporation and generally do and perform or cause to be done and performed any and every act which the corporation may lawfully do and perform; provided, however, that the Board of Trustees shall not have power to borrow money on behalf of the corporation unless authorized by a majority vote of the members of the corporation at a meeting of the members called for that purpose.
- (e) To acquire by conveyance, contract, lease or otherwise, property and rights of occupancy of property for the common benefit of the property of the members of the corporation; to improve said property by the erection of structures, utilities and facilities; to rent the same to members of the corporation or to organizations of members of the corporation, or to others, all upon such terms and subject to such rules and regulations as the Trustees may determine.
- (f) In the name of the corporation to enforce and foreclose the lien of assessments of the corporation as may be necessary for the collection thereof; to designate representatives to serve as Architectural Control Committee for the property of the members hereof and to enforce the provisions of restrictive covenants and documents pertaining to the lands served by the corporation, by the institution of litigation or otherwise.
- (g) To establish a budget of income and expenditure of the corporation and authorize the expenditure of funds for corporate purposes, including operations, maintenance, provision of services, payments of taxes upon common property, and accumulation of appropriate reserves. Minor capital expenditures such as, but not limited to, furniture, equipment, modification of structures, etc., may be paid for out of reserves at the discretion of the

Board of Trustees, but major capital expenditures, such as new buildings, large additions to buildings, etc., shall first be approved by a majority vote of members participating at a duly qualified membership meeting. If a capital assessment is also necessary it shall require an approving vote of members as specified in Article II, Section 6 of these By-Laws.

- (h) To procure and maintain such forms of insurance as the Board may deem appropriate as to risks pertaining to the corporation or to the obligations or interests of its members.
- (i) The Board of Trustees shall not make political or charitable donations of the corporation funds or property.
- (j) To adopt and cause to be enforced rules, regulations and restrictions upon the use of the corporation's properties and facilities, including but not limited to hours of use, control of noise, enforcement of safety precautions and otherwise; to establish and apply reasonable conditions (including fees and the imposition and collection of rental and use charges for Commission facilities) for the extension of guest privileges to non-member guests, including tenant occupants of lots or condominium units. The Board of Trustees is not authorized to adopt or enforce discriminatory rules or regulations or restrictions as between lot-owner-members and condominium unit-owner-members.
- (k) The Board of Trustees may appoint a business manager who may exercise the authority of the Board of Trustees between formal meetings of the Board, provided that all such authority so exercised shall be reported to the next meeting of the Board and submitted for approval by the Board; failing such approval, such action of the business manager shall not be effective after the meeting of the Board of Trustees at which considered except to the extent that formal continuing undertakings may have been made on behalf of the corporation.
- (l) Except as otherwise limited hereby, the Board of Trustees shall have power and may exercise the rights and duties customarily devolving upon a corporation board of trustees for any and all purposes not inconsistent with the purposes and powers of the corporation pursuant to its Articles and these By-Laws.

ARTICLE IV **Officers**

SECTION 1. Election of Officers. At the first meeting of the Board of Trustees after each annual meeting, or at a continuation of that first meeting if necessary, the Board of Trustees shall elect a president, vice president, secretary and treasurer from within the new Board membership. Officers so elected shall hold office for a term of one year or until their successors are qualified. Individuals may be reelected to the same office as long as they continue as Trustees. The retiring president shall attend and preside over such meeting and any continuation thereof until the new president is elected, but shall vote only if his or her term as a Trustee continues. Any officer may be suspended or removed and replaced by a majority vote of all of the Trustees.

SECTION 2. Compensation of Officers. No Trustee or officer shall receive any salary or compensation for performing the regular duties of his or her office. He or she may, however, receive compensation as an employee for serving in a dual capacity and performing additional duties. Out-of-pocket expenses incurred for the corporation may be reimbursed.

SECTION 3. President. The president shall preside at all meetings of the Trustees and of members and shall have and exercise, under the direction of the Board of Trustees, the general supervision of the affairs of the corporation. Subject to approval by the Board of Trustees, the president shall appoint committees and supervise employment of paid staff. The president shall hear the concerns of members and see that the corporation is represented in matters affecting its interests.

SECTION 4. Vice President. The vice president shall preside at meetings in the absence of the president and in case of the absence or disability of the president shall perform all other duties of the president.

SECTION 5. *Secretary*. The secretary shall:

- (a) Issue notices of meetings;
- (b) Keep or supervise the keeping of accurate minutes of meetings of the Board of Trustees and of the members;
- (c) See that a currently accurate record of the names and addresses of the members is maintained and available at all times;
- (d) See that the records of the corporation, including minutes, regulations, committee reports, correspondence, contracts, etc. are properly and securely filed in a master file and readily accessible;
- (e) Plan and organize for the registration and voting of members attending in person or by proxy at any meeting of the members;
- (f) Be custodian of the corporate seal and impress papers with the seal where required; and
- (g) Perform other duties as appropriate.

SECTION 6. *Treasurer*. The Treasurer shall:

- (a) Keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transaction of the corporation. The books of account shall at all times be open to inspection by any members.
- (b) Keep safely all moneys and securities of the corporation and disburse the same under the direction of the Board of Trustees.
- (c) Cause the funds of the corporation to be deposited in a bank or banks approved by the Board of Trustees;
- (d) Issue and present a full statement showing in detail the condition of the affairs of the corporation, at each annual meeting of the members and at any time directed by the Trustees;
- (e) Direct preparation of operating budgets and financial plans;
- (f) Be responsible for the planning, procurement and maintenance of insurance coverage in forms and amounts approved by the Board of Trustees; and
- (g) Perform other duties as appropriate.

SECTION 7. *Combined Offices*. Any two offices except that of President may be combined and held by a single Trustee if the Board of Trustees so directs.

ARTICLE V

Committees

SECTION 1. *Standing Committees*. The following committees are regarded as necessary to the corporation and shall function on a permanent basis.

- (a) Architectural Control Committee.

The primary function of this committee is to approve or disapprove applications for proposed clearing or construction on members' privately owned properties. Guidelines and procedures for this function shall be promulgated by the Board of Trustees from time to time as Regulation II, "Land Improvements". This committee shall also serve as a consultant to the Board of Trustees for projects involving design, construction, or alteration of the corporation's own facilities. It shall consist of five individuals.

- (b) Green Belt Committee.

The primary function of this committee is to manage the corporation's undeveloped Green Belt areas for the benefit of all members. Guidelines and procedures for this function shall be promulgated by the Board of Trustees from time to time as Regulation III, "Green Belt Policy." "Managing" includes such activities as planning and initiating projects to maintain or improve Green Belt areas and approving or disapproving members' requests to use Green Belt areas or to cut or trim trees upon or to clear away brush from Green Belts. This committee may perform other land-related services requested by the Board of Trustees. It shall consist of at least five individuals.

(c) Beach Club Management Committee.

The primary functions of this committee are to:

- (1) Manage the operation and maintenance of all buildings, grounds, and physical facilities of the corporation, except those undeveloped Green Belt areas managed by the Green Belt Committee;
- (2) Manage the use of all facilities by members and authorized guests;
- (3) Recommend policies and rules of use to the Board of Trustees;
- (4) Employ and supervise employees of the corporation, to the extent instructed by the Board of Trustees; and to
- (5) Provide staff to handle income and expenses and keep financial records under the direction of the Treasurer.

This committee shall consist of at least five individuals.

SECTION 2. *Service Committees.* The Board of Trustees may establish other committees for purposes helpful to the Board or of benefit to the members of the corporation. These committees may continue from year to year or be restructured or discontinued at the pleasure of the Board.

SECTION 3. *Ad Hoc Committees.* Ad hoc committees may be appointed from time to time for special assignments. Such committees may be appointed by the president of the Board of Trustees and shall serve until their work is finished or the committee is dissolved.

SECTION 4. *Appointment and Tenure of Committees.* Within one month after the annual meeting of members each year, the president of the Board of Trustees shall appoint a non-Trustee chairman to head each of the standing and service committees and shall also appoint one Trustee to serve as a member of each major committee. In consultation with the president, each chairman shall select the remaining members of his or her committee, ordinarily from outside the Board of Trustees. Committee chairmen and members are appointed for one-year terms but may be formally reappointed annually for additional terms. All appointments shall be reported to and approved by the Board of Trustees and published to all members at the first opportunity. The Board of Trustees may remove and replace committee chairmen or members at any time. Vacancies on committees shall be filled promptly in a manner similar to the above.

ARTICLE VI

Fiscal Year

The fiscal year of the corporation shall be the calendar year.

ARTICLE VII

Seal

The Board of Trustees shall provide a corporate seal, which shall be in the following form: (SEAL)

ARTICLE VIII

Assessments and Charges

SECTION 1. Assessments may from time to time be assessed by the corporation against its members for the corporate purposes as set forth in the Articles of Incorporation and herein. The assessments shall be levied at a uniform rate as to all lots and condominium units to which membership in this corporation is appurtenant, without preference of any kind (excepting only special services undertaken for limited areas at the request of the owners thereof on a reimbursement basis; and excepting further such reasonable differential as may be determined by the Board of Trustees as between the benefits afforded to improved and unimproved property respectively). Proceeds of such assessments shall be expended exclusively for the purposes set forth in the Articles of Incorporation and herein. The subjection of lots and condominium units to assessment hereunder, and to lien thereof, shall first arise as to each lot or condominium unit when the same is first sold by deed or real estate contract by or for Pope & Talbot, Inc. or Pope & Talbot Properties, Inc. to a grantee or contract purchaser thereof (excluding transfers, if any, from Pope & Talbot, Inc. to Pope & Talbot Properties, Inc.); such deferral not however limiting the membership right and vote of the developer-owner prior to such sale.

SECTION 2. Payment of annual dues or of any assessment shall be due with thirty (30) days after invoice and will be subject to a late payment penalty determined by the Board of Trustees. The amount of said penalty shall be stated on the invoice furnished to each member. The assessment or charge, together with all expenses, attorneys' fees and costs reasonably incurred in enforcing the same, shall be a personal obligation of the member assessed, enforceable by the corporation in a court action. The assessments, charges, attorneys' fees, and costs shall also constitute a lien against the lot or condominium unit owned by the member and which is so assessed or charged and the lien shall be enforceable by foreclosure proceedings in the manner provided by law for foreclosure of real property mortgage liens. The lien hereof shall not affect third parties except as of and to the extent that a notice of claim of lien be placed of record in the office of the Jefferson County Auditor. Such liens shall be superior to any and all other liens except liens of record prior to the date of assessment of the lien and except general taxes.

ARTICLE IX

Amendment of By-Laws

SECTION 1. Except as restricted in Section 2 below and in Article II, Section 6, these By-Laws may be amended, altered, or repealed at any regular or special meeting of the members if notice of the proposed alteration or amendment is contained in the notice of the meeting; provided that an affirmative vote in favor of such action shall require the affirmative vote of a majority of the participating lot-owner members and the affirmative vote of a majority of the participating condominium-unit-owner-members. "Participating" as used here shall mean attending in person or by proxy.

SECTION 2. No amendment of these By-Laws shall create any discriminatory provision as to the rights and duties of members herein as between lot-owner-members and condominium-unit-owner-members; nor shall these By-Laws be so modified as to permit assessment, charge or lien against members or property owned by them for any purpose other than as herein provided, excepting only as such members, each for himself, may consent thereto in writing.

ARTICLE X

Dissolution

In the event of the dissolution of the corporation, each person who is then a member shall, for each lot or condominium unit then owned by him, receive his pro rata share of the assets after all its debts have been paid and after suitable dedication to the public has been effected as to common property essential or appropriate as appurtenances to the lots and condominium units subject hereto.

CERTIFICATE OF ADOPTION

Original By-Laws were adopted by the incorporators and members of Ludlow Maintenance Commission, Inc. on May 8, 1968 by R. D. Bruce, Robert E. Baird, Alan Hoelting, L. H. Hemila & Vance L. Wood.

TYPICAL RESTRICTIVE AND PROTECTIVE COVENANTS COVERING

THE PLATS OF PORT LUDLOW NOS. 1, 2 & 3.

(for verification as to each plat reference must be made to the recorded Declaration filed on each subdivision.)

POPE AND TALBOT, INC., (herein "Grantor"), a Washington corporation . . . hereby declares and certifies restrictions upon the land subject hereto as follows:

1. *Membership in Maintenance Commission:* The owner of each lot in platted land now or hereafter subject hereto shall, by such ownership, be a member of LUDLOW MAINTENANCE COMMISSION, INC. (herein "Maintenance Commission"), a non-profit corporation, formed under the laws of the State of Washington, and shall continue a member thereof while an owner, subject to the Articles and By-Laws of said corporation: "owner" for purposes hereof is the person (or if more than one, then collectively) entitled by deed or real estate contract to the occupancy of a lot or lots in the platted land subject hereto.

2. *Assessments and Lien:* The Maintenance Commission is empowered to establish assessments upon lots in platted land subject hereto for the common benefit of such lots as to utilities, roadways, property protection, drainage, landscaping, insurance, improvement and payment of taxes upon common property and the holding of ownership or leasehold therein, or otherwise for common purposes, all as determined pursuant to the Articles and By-Laws of the Maintenance Commission. Such assessments shall constitute a lien upon each such lot as of the due date thereof, and such lien may be foreclosed by the Maintenance Commission in the same form and manner of procedure as the foreclosure of a real property mortgage lien under the laws of the State of Washington, each owner, and each party hereafter owning or claiming an interest in one or more lots within the platted land subject hereto, agreeing and recognizing that expenses of title examination and assurance, costs of attorneys of the Maintenance Commission, court costs and interest at 10% per annum shall be included with the amount of any delinquent assessment in the judgment of foreclosure of such lien. The authority to establish assessments and lien therefor against lots within the plats subject hereto shall, as to each lot, first arise when the same is first sold by deed or real estate contract from the Grantor herein, its successors or assigns, as developer of a plat within the property described in Exhibit A to a grantee or contract purchaser thereof. Assessments shall be assessed and collected on a fair and uniform basis as among lots subject thereto, subject only to such reasonable differential as may be established by the By-Laws of the Maintenance Commission between improved lots and unimproved lots.

3. *Land Use:* Lots within the area now or hereafter subject hereto shall be utilized solely for single family residential use consisting of single residential dwelling and such outbuildings (garage, no more than one guest cottage, patio structure) as consistent with permanent or recreational residence. Structure shall be of new construction and shall not be commenced until building permit of appropriate public body is obtained, together with architectural control approval as provided in paragraph 4. Progress of construction shall be steadily progressed and exterior to be completed within twelve months from commencement of construction. No trailers, mobile homes, tent houses or temporary structures shall be installed upon any lot except solely as necessary during active construction period as limited.

4. *Architectural Control Committee:* No building or structure (including fences or any man-made obstruction) shall be built or placed or thereafter altered on any lot, nor shall a lot be cleared or excavated for use, nor shall any tree of six-inch or more breast-high diameter be cut, until after the details and written plans and specifications thereof disclosing clearing, size, materials, location, finish and elevations (and as to tree cutting, with specific identification of individual trees to be cut) have been submitted to and approved by the committee referred to herein. The Architectural Control Committee shall consist of five individuals who shall be appointed by and subject to removal or replacement by the Board of Trustees of the Maintenance Commission. Address of the Architectural Control Committee shall be in care of the Maintenance Commission

at its registered office, 208 Second and University Building, Seattle, Washington 98101, or at such other registered office location as may hereafter be established. Within thirty days of submission of plans and specifications to such committee, such committee by a majority vote and in writing may approve or disapprove or may conditionally approve plans and specifications so submitted. If such plans and specifications be so disapproved (or if conditionally approved, then unless the conditions thereof be complied with) the projected construction shall not be undertaken, or if undertaken in violation hereof, may be abated by legal proceedings instituted by any party having an interest in the enforcement hereof as provided in paragraph 9 below at any time until but not after completion of the projected construction. Construction, clearing, or excavation undertaken without submitting details, plans and specifications as aforesaid, shall be subject to action under paragraph 9 below, irrespective of time of completion thereof. The committee shall in good faith exercise discretionary approval and disapproval of plans and specifications on a basis of minimizing interference with enjoyment of nearby lots and of enforcing an improvement use and occupancy of the platted area in a pleasing but not necessarily uniform combination of permanent residences and recreational homes.

5. *Easements, Roads and Reserve Property:* By this declaration, Grantor confirms the granting and reservation of easements, the dedication of public roads and the designation of reserve property, all as shown upon the Plat of Port Ludlow No. One, filed contemporaneously herewith, and reserves unto itself, successors and assigns, the right similarly to grant reserve, dedicate and designate such matters in future plats subjected hereto. Grantor reserves unto itself the right to transfer title or to contract therefor or to lease or grant the "reserve" property as designated upon the plat or plats which are subject hereto, to the Maintenance Commission, or to grant, contract or lease easements, rights or permits for utility services to any utility district, utility company or public body for purposes of installation, maintenance, replacement or extension of utility services useful to the area subject hereto. Title to the "reserve" property is reserved to the Grantor, its successors and assigns until transferred to the "Maintenance Commission or public body. Use or enjoyment of the "reserve" property for any purposes or uses by or for lot owners is permissive only, and no rights by prescription or adverse user as to the "reserve" property or any part thereof shall accrue in favor of any lot or lot owners.

6. *Nuisance or Offensive Use:* No nuisance or offensive use shall be conducted or suffered as to lots subject hereto, nor shall any lot be utilized for industrial or commercial use (excepting only, appropriate real estate sale signs not exceeding 30" x 30" in size, in sale of lots; Grantor further reserving unto itself, its successors and assigns, as to each plat which is filed or recorded as subject hereto, the right, for a period of five years from the filing of the respective plats, to operate a conventional real estate sales or agency office upon an unsold lot within such plat), nor as a dump, nor shall there be kept animals or stock of any kind, other than conventional domestic pets (provided that the Maintenance Commission may establish permissive rules for the maintenance of trained riding horses). All garbage and refuse shall be stored on the owner's lot, in sanitary containers, obscured from public view and shall be regularly hauled by, or for the owner to public dump or other suitable dump site not within the area subject hereto.

7. *Utilities:* As to each lot in the area now or hereafter subject hereto, it is required, as a covenant running with the land, that, upon the raising or maintenance of a habitable structure thereon, there be established and maintained by the owner of such lot a connection with electric and water and sewer utility lines, each as then available to the lot, upon the contract terms (including lien rights for service) then prevailing by the utility district or company providing such services; and, as such utility services may become available at a later date, any then existing such structure shall be then forthwith so connected. All permanent utility systems including water, sewer, electric, gas, cable television and telephone, shall be underground exclusively. There is reserved to the utility district or utility company providing utility service, the exclusive right to connect improvements upon the lots with the utility service lines, for which service the lot owner will pay the then prevailing price for such connection as charged by such utility district or company and the charges therefor shall together with regular utility service charges, be a lien upon the lot, subject on nonpayment to foreclosure action, including costs, interest and reasonable

attorneys' fees, as in the case of a real property mortgage lien. In those portions of the area subject hereto where sewers are or become available, the lot owner will, at the owners's expense and before occupancy of improvements upon the lot (or if sewer service lines become available after occupancy of improvements, then forthwith upon such availability), request connection thereof to the sanitary sewer line which is available for such service, the connection to be effected by the utility district or company providing such utility service, at its then prevailing charge for such connection. No pit (or equivalent) toilet facility shall be constructed or used and each residence shall, before occupancy, be connected at owner's expense with either: (i) septic tank and drain-field as approved by public authorities and installed at owner's expense, if sewer service line is not then available, or (ii) available sanitary sewer service line, whenever such sewer service line is available. When and for so long as public water system service is available, no private well or individual water source shall be created or used for lots subject hereto and each residence structure shall be connected at owner's expense to such public water system.

8. *Amendments:* This declaration may be amended or terminated by duly recorded amendatory declaration, signed and acknowledged by owners (as said term is used herein) of at least 80% of all lots within platted areas which are then subject hereto (each lot being entitled to one vote), provided that no more onerous restrictions than those herein may be thereby applied as to have effect as to existing noncompliance therewith unless the same be unanimously so approved and recorded, and provided further that the right of assessment and lien and required utility connections, in favor of the Maintenance Commission, Utility District or company, as above provided may not be restricted or eliminated except as approved by resolution regularly adopted by the Board of Trustees of said Maintenance Commission.

9. *Enforcement:* In the event of violation of the terms hereof, any owner of any lot subject hereto, or the Maintenance Commission above provided for, may institute proceedings for abatement or injunction or for damages and reasonable costs of any such action in any court having jurisdiction of the property subject hereto, each owner and the Maintenance Commission being recognized to have a proper interest in the matters herein provided for, and the matters provided for herein being recognized as specifically enforceable.

10. *Severability:* The provisions hereof are severable, and the invalidation of any part or parts hereof shall not thereby disqualify or invalidate the other provisions hereof which shall remain in full force and effect in accordance with their terms.

11. *Integrity of Lots:* Where the terms "lot" and "lots" are used in this declaration, the same refer to a lot or lots as platted according to a recorded plat thereof which is subject hereto, as executed and recorded in Jefferson County, Washington, by Grantor herein; and Maintenance Commission membership, assessments and liens, and restrictions of use, shall apply to lots as so platted; no platted lot shall be replatted except as this declaration be so amended as specifically to permit the same, all in accordance with the requirements of paragraph 8 hereof, nor shall any division, redivision or consolidation of platted lots or portions thereof have the effect of relieving the application of restrictive covenants to the platted lots as platted.

