

BYLAWS

Of the

LUDLOW MAINTENANCE COMMISSION, INC.,

As Amended Through April 16, 2011

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. With respect to all lots and condominiums that the platting, restrictions and dedications as recorded, afford membership in this corporation beginning after April 15, 2000, if construction is undertaken thereon before membership is effective, it shall be a condition of membership that approval for such construction shall have been obtained from the Architectural Control Committee pursuant to the provisions, including without limitation all design considerations stated in Article II and all procedures stated in Article III, of Regulation II of The Regulations of this Corporation. A purchaser under a contract of purchase shall be deemed an owner for membership purposes, and the term "owner" as used in these Bylaws 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 a 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. The Board of Trustees shall fix a date as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date shall be twenty-one (21) days prior to such action or meeting. Only members of record on that date are entitled to notice of and to vote at the meeting.¹ 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 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 Bylaws 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, a majority of the board of trustees, or by the owners having ten percent (10%) of the votes of the corporation.²

SECTION 3: Executive Session. Upon the affirmative vote in open meeting to assemble in closed session, the board of directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The board of directors shall restrict the consideration of matters during the closed portions of the meetings only to those purposes specifically exempted and stated in the motion. No motion, or

¹ Revision approved by a vote of the membership April 19, 2008

² Revision approved by a vote of the membership April 15, 2006

other action adopted, passed or agreed to in closed session may become effective unless the board of directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of these subsections shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.³

SECTION 4. 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 5. Attendance and Quorum. Attendance at and participation in meetings may be in person or by proxy. Except as otherwise provided herein, a quorum is present throughout any meeting of the members of the corporation if the members to which thirty-four percent (34%) of the votes of the corporation are allocated are present in person or proxy at the beginning of the meeting, regardless of whether the members are owners of lots or condominium units provided, however, in all matters involving (i) the imposition of capital assessment, (ii) the liquidation or dissolution of this corporation, (iii) the sale or disposition of principal assets of the corporation, (iv) the imposition of restrictions on the availability of corporate properties or facilities to members of the corporation, or (v) the amendment of Article IV, subparagraph (c) of the Articles of Incorporation, a quorum is present throughout any meeting of the members of the corporation if the members to which fifty percent (50%) of the votes of the corporation are allocated are present in person or by proxy at the beginning of the meeting, regardless of whether the members are owners of lots or condominium units.⁴

SECTION 6. 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 7. Special Matters.

- (a) Except as otherwise provided by subparagraph (b) below, no amendment of the Articles of Incorporation shall be made unless approved by a two-thirds affirmative vote of all participating lot-owner-members and two-thirds affirmative vote of all participating condominium unit-owner-members.

³ Revision approved by a vote of the membership April 15, 2006

⁴ Revision approved by a vote of the membership April 20, 2002 and further amended April 18, 2009

- (b) All matters involving (i) the imposition of capital assessments, (ii) the liquidation or dissolution of this corporation, (iii) the sale or disposition of principal assets of the corporation, (iv) the imposition of restrictions on the availability of corporate properties or facilities to members of the corporation, or (v) the amendment of Article IV, subparagraph (c) of the Articles of Incorporation, shall be approved by a two-thirds affirmative vote of all participating lot-owner-members and two-thirds affirmative vote of all participating condominium unit-owners, and shall also require the affirmative vote of at least fifty percent (50%) of the members, regardless of whether the members are owners of lots or condominiums.
- (c) As used in this Section 7, the term "participating" shall mean attending in person or by proxy at an annual or special membership meeting. As stated in the Bylaws, Article I, 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."⁵

ARTICLE III

Board of Trustees

SECTION 1. Composition and Function. Except as otherwise prescribed in these Bylaws, 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 be either a member of the corporation, or must be nominated by a corporate member of the LMC. 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.⁶

A Board of Trustees shall act in all instances on behalf of the association. In the performance of their duties, the officers and members of the Board of Trustees shall exercise the degree of care and loyalty required of an officer or trustee of a corporation organized under chapter 24.03 RCW. [RCW 64.38.025]

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

⁵ Revision approved by a vote of the membership April 16, 2005 and further amended April 18, 2009

⁶ Revision Approved by a vote of membership April 21, 2007

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. 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.

- b) For purposes of electing condominium-owner-representative trustees, no distinction is made between the various condominium owners' associations.
- c) 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 the these Bylaws, election of the trustees may be held at a special meeting of the members called for that purpose.

SECTION 3. Vacancies.⁷ Except as otherwise provided by law or in these Bylaws, vacancies on the Board of Trustees, whether caused by resignation, death, or other cause, shall be filled as soon as possible by a vote of the trustees at a regularly scheduled monthly meeting of the board. The board shall act to maintain the representation of the affected class of owners (i.e., condominium-unit owners or lot owners). If the board is unable to elect a candidate from the affected class, a candidate from the other class may be elected. If the unexpired term so filled extends beyond the date of the next annual membership meeting, the remaining term shall be subject to nomination and voting at that meeting in accordance with the Bylaws, Article III, Sections 1 and 2.

SECTION 4. Regular Meetings. A regular annual meeting of the Board of Trustees shall be held without other notice than this Bylaw, 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 electronic means (e.g. e-mail, facsimile) to each trustee at his/her address or electronic 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 electronic means, such notice shall be deemed to be delivered when a notice bearing the last known electronic address of the intended recipient has been sent and evidence of such electronic notice is contained in the files of the sender. Any

⁷ Revision approved by a vote of the membership April 16, 2011

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.⁸

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 Trustees⁹.

- a) As established by RCW 64.38.025(4) the owners, by a majority of the voting power in the association present, in person or by proxy, and entitled to vote at any meeting of the owners at which a quorum is present, may remove any member of the LMC Board of Trustees with or without cause. Only members of the same class of membership interest (i.e., condominium-unit owners or lot owners) as the trustee proposed for removal shall vote upon the resolution for that trustee's removal. If the entire board or any one or more trustees are so removed, each replacement trustee may be elected at the same meeting subject to nomination and election by members of the same class of membership interest as the board member being removed (i.e., condominium-unit owners or lot owners).
- b) A trustee who fails to participate in three consecutive regularly scheduled monthly meetings of the Board of Trustees may be removed by an affirmative vote of no less than five members of the board. Participation shall be in person or by use of communications equipment as defined in the Bylaws, Article III, Section 9, Use of Communications Equipment. Replacement of the trustee so removed shall follow the procedure set forth in the Bylaws, Article III, Section 3, Vacancies.

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 appoint 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 Bylaws.
- 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 1994 shall be Three Hundred Dollars (\$300.00) per lot or condominium unit adjusted to reflect the percentage change in the Consumer Price Index ("CPI") from August 1, 1994 through the end of the first half of the latest preceding 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

⁸ Revision approved by a vote of the membership April 17, 2004

⁹ Revision approved by a vote of the membership April 16, 2011

downward if the CPI change is negative. The CPI figures used shall be those issued by the United States Department of Labor, Bureau of Statistics, for the Seattle-Tacoma-Bremerton for urban consumers (all items - all consumers). 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.¹⁰

- 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 participating in person or by proxy at an annual or special meeting 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 in person or by proxy at an annual or special membership meeting. If a capital assessment is also necessary it shall require an approving vote of members as specified in Article II, Section 7 of these Laws.¹¹
- h) The board shall instruct the Finance Committee at least annually, to prepare, or cause to be prepared, a financial statement of the association. The financial statement of the association shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) of the votes cast by

¹⁰ Revision approved by a vote of the membership April 16, 2005

¹¹ Revision approved by a vote of the membership April 16, 2005

owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit.¹²

- i) 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.
- j) The Board of Trustees shall not make political or charitable donations of the corporation funds or property.
- k) 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.
- l) The Board of Trustees may appoint a General Manager¹³ 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 General 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.
- m) 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 purpose not inconsistent with the purposes and powers of the corporation pursuant to its Articles and these Bylaws.

SECTION 9. Use of Communications Equipment. Meetings of the Board of Trustees may include participation by one or more trustees by conference telephone or similar communications equipment; provided that all trustees participating in the meeting can hear one another. Each trustee agrees that any such meeting may be recorded with or without specific notice of recording having been given.

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

¹² Revision approved by a vote of the membership April 15, 2006

¹³ Revision approved by a vote of the membership April 15, 2006

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 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.¹⁴ 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 committee chairs. Committees shall be established following the procedures set forth in the Bylaws, Article V, Section 4.

The president shall supervise employment of paid staff, and hear the concerns of members and see that the corporation is represented in matters affecting its interests. The president shall have the authority to assign other duties to board members as appropriate. In the event that any officer(s) of the board is absent, the president shall assign his/her duties to another board member for the interim.

SECTION 4. Vice President.¹⁵ 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. The vice president shall perform other duties as appropriate.

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;

¹⁴ Revision approved by a vote of the membership April 21, 2007

¹⁵ Revision approved by a vote of the membership April 21, 2007

- 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 as directed by the trustees. The treasurer will assure that the financial statement of the association shall be audited annually by an independent certified public accountant. The audit may be waived if sixty-seven percent (67%) of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit. (See Bylaws, Article III, Section 8.)¹⁶
- 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

¹⁶ Revision approved by a vote of the membership April 16, 2006

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 at least five individuals. Alternate committee members may be appointed at the discretion of the Board of Trustees.¹⁷

b) Greenbelt Committee. The primary function of this committee is to manage the corporation's undeveloped greenbelt areas for the benefit of all members. Guideline and procedures for this function shall be promulgated by the Board of Trustees from time to time as Regulation III: Greenbelt Policy. "Managing" includes such activities as planning and initiating projects to maintain or improve greenbelt areas and approving or disapproving members' requests to use greenbelt areas or to cut or trim trees upon or to clear away brush from greenbelts. This committee may perform other land-related services requested by the Board of Trustees. It shall consist of at least five individuals. Alternate committee members may be appointed at the discretion of the Board of Trustees¹⁸.

c) LMC Operations Committee. The primary functions of this committee are to:

- (1) Monitor the operation and maintenance of all buildings, grounds, and physical facilities of the corporation, except those undeveloped greenbelt areas managed by the Greenbelt Committee;¹⁹
- (2) Monitor the use of all facilities by members and authorized guests;²⁰
- (3) Recommend policies and rules of use to the Board of Trustees; guidelines and procedures for functions (1), (2) and (3) shall be promulgated by the Board of Trustees from time to time as Regulation IV: LMC Facilities;
- (4) Monitor compliance and institute enforcement procedures related to Regulation I, Land Use, as promulgated by the Board of Trustees.²¹

This committee shall consist of at least five individuals. Alternate committee members may be appointed by the Board of Trustees²².

d) Finance Committee. The primary function of this committee is to assist the treasurer in carrying out the duties of his/her office. The committee will, in cooperation with the treasurer, review the association's compliance with financial policies on no less than a quarterly basis. The committee will report variances in financial activities in relation to the current budget to the trustees on no less than a quarterly basis. The committee will assist the treasurer in the preparation of the proposed annual budget. This committee

¹⁷ Revision approved by a vote of the membership April 16, 2005

¹⁸ Revision approved by a vote of the membership April 16, 2005

¹⁹ Revision approved by a vote of the membership April 15, 2006

²⁰ Revision approved by a vote of the membership April 15, 2006

²¹ Revision approved by a vote of the membership April 15, 2006

²² Revision approved by a vote of the membership April 16, 2005

shall also serve as a consultant to the Board of Trustees with respect to all matters involving investment or expenditure of the corporation's funds and other financial matters of interest to the Board of Trustees. The committee shall consist of at least five individuals including the treasurer. Alternate committee members may be appointed by the Board of Trustees.²³

- e) Covenants & Regulations Committee. The primary function of this committee is to draft and propose to the Board of Trustees changes to the corporation's Restrictive and Protective Covenants, Articles of Incorporation, Bylaws, and Regulations that may be requested from time to time by the Board of Trustees or by the other standing committees. It shall consist of at least five individuals. Alternate committee members may be appointed by the Board of Trustees.²⁴
- f) Communications Committee. The primary function of this committee is to oversee communication efforts on behalf of the LMC Board of Trustees, committees and management of the corporation. The Communications Committee shall assure that corporation business, including operations and management information, is regularly conveyed to all members in a factual and clear manner; that both written and electronic means are employed (e.g., newsletter, web site); and that avenues for member input are publicized. The committee shall consist of at least five (5) individuals.²⁵

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 chair to head each of the standing, service and ad hoc committees and shall also appoint two trustees to serve as members of each standing committee. To assure a smooth transition, existing committee chairs and members shall continue to function until their replacements have been approved by the board. In consultation with the president, each chair shall select the remaining members of his or her committee, ordinarily from outside the Board of Trustees. Committee chairs 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 chairs or members at any time. Vacancies on committees shall be filled promptly in a manner similar to the above.²⁶

²³ Revision approved by a vote of the membership April 16, 2005

²⁴ Revision approved by a vote of the membership April 16, 2005

²⁵ Communications Committee: addition approved by vote of the membership April 15, 2006

²⁶ Revision approved by a vote of the membership April 21, 2007

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

SECTION 1. Assessment 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 within 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 to the extent that a notice of claim of lien be placed on 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 Bylaws

SECTION 1. Except as restricted in Section 2 below and in Article II, Section 7, these Bylaws 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 Bylaws 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 Bylaws 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.

ARTICLE XI

Indemnity

SECTION 1. In this Article the following terms have the meaning set forth in this section.

- (a) "Action" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.
- (b) "Officer" means a trustee or officer of the corporation, or chairman or member of a standing or ad hoc committee of the corporation.

- (c) "Expenses" means expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with an action.
- (d) "Loss of an action" means termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere²⁷ or its equivalent, against the interest of the officer.
- (e) An officer acts "in good faith" if he or she acts in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of this corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

SECTION 2. Except as provided below, the corporation shall indemnify against expenses each officer who was or is a party or is threatened to be made a party to any action by reason of the fact that he or she is or was an officer of the corporation if he or she acted in good faith. The loss of an action shall not, of itself, create a presumption that the officer did not act in good faith.

SECTION 3. In the event of an action by or in the right of the corporation to procure a judgment in its favor against an officer, no indemnification shall be made in respect of any matter as to which an officer is adjudged to be liable for negligence or misconduct in the performance of duty to this corporation, unless and only to the extent that the court having jurisdiction shall determine that, despite the adjudication of liability and in view of all of the circumstances of the case, such officer is fairly and reasonably entitled to indemnity for expenses. To the extent that an officer is successful on the merits or otherwise in defense of any action referred to in this section, or in defense of any matter therein, he or she shall be indemnified against expenses.

SECTION 4. Any indemnification under this Article XI (unless ordered by a court) shall be made by the corporation only upon a determination in the specific case that indemnification of the officer is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article XI. Such determination shall be made (a) by the Board of Trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable if a quorum of disinterested trustees so direct, by independent legal counsel in a written opinion to the corporation or (c) by a majority vote of the members.

SECTION 5. Expenses incurred in defending an action may be paid by the corporation in advance of the final disposition of the action if authorized by the Board of Trustees in a particular case upon receipt of an undertaking by the officer to repay such amount unless it is ultimately determined that he or she is entitled to be indemnified under this Article XI.

SECTION 6. Any right to indemnification under this Article XI shall not exclude any other rights to which those seeking indemnification may be entitled and shall continue as to a person who has ceased to be an officer and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

²⁷ Translation: Latin : "I will not contest"

SECTION 7. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was an officer against any liability asserted against him or her and incurred in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the officer against such liability under the provisions of this Article XI.

CERTIFICATE OF ADOPTION

Original Bylaws 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, and Vance L. Wood.