

PROPOSED	CURRENT	NOTES
ARTICLE I	ARTICLE I	
<u>PURPOSES</u>	<u>PURPOSES</u>	
SECTION 1. This Association shall be conducted as a non profit Home Owners Association for the purpose set forth in the Articles of Incorporation for a portion of the area situated in Snohomish County, Washington, known as Gedney (Hat) Island.	SECTION 1. This corporation shall be conducted as a non profit maintenance corporation for the purpose set forth in the Articles of Incorporation for a portion of the area situated in Snohomish County, Washington, known as Gedney (Hat) Island.	Changes By-Laws to match new Articles of incorporation moving Island from a "maintenance organization" to a home owners association
SECTION 2. The Association shall have the power to levy and collect assessments against its members for the purposes set forth in its Articles of Incorporation and By-Laws, and to sell or forfeit the member's interest in the Association for default with respect to any lawful provisions of said Articles of Incorporation and By-Laws and upon forfeiture of any such property as by law and in the By-Laws provided, may transfer the membership of such defaulting member.	SECTION 2. The corporation shall have the power to levy and collect assessments against its members for the purposes set forth in its Articles of Incorporation and By-Laws, and to sell or forfeit their interest in the incorporation for default with respect to any lawful provisions of said Articles of Incorporation and By-Laws and upon forfeiture of any such property as by law and in the By-Laws provided, may transfer the membership of such defaulting member.	Changes Corporation to Association
SECTION 3. The purpose for which this Association was created may be altered, modified, enlarged or diminished by the vote of two-thirds of the members represented in person or by proxy ballot at a meeting duly called for such purpose, notice of which meeting shall be given in the manner provided by the By-Laws of giving notice for the election of Trustees.	SECTION 3. The purpose for which this corporation was created may be altered, modified, enlarged or diminished by the vote of two-thirds of the members present at a meeting duly called for such purpose, notice of which meeting shall be given in the manner provided by the By-Laws of giving notice for the election of Trustees.	Changes Corporation to Association
SECTION 4. Where these By Laws conflict with the Revised Code of Washington the revised Code prevails.		Added on advice of attorneys

ARTICLE II	ARTICLE II	
<u>MEMBERSHIP</u>	MEMBERSHIP	
<p>SECTION 1. Definition of Membership. The membership of the Association shall consist of and be limited to the owners of those lots on Gedney (Hat) Island originally included at the origin of Hat Island Community or which have been accepted into Hat Island Community Association by action of the Board of Trustees. The term "owner" shall include contract purchasers in possession of lots, but shall exclude contract sellers or other parties having an interest in a lot merely as a security for the performance of an obligation. For purposes of these By-Laws, a husband and wife and any other persons or entities jointly owning a lot or lots shall be considered collectively as being one owner. Proof of ownership shall be as recorded in the office of the Auditor of Snohomish County, Washington.</p>	<p>SECTION 1. Definition of Membership. The membership of the corporation shall consist of and be limited to the owners of those lots on Gedney (Hat) Island located within Divisions A-M (excluding Division L) of the Plat of Hat Island, plus the owners of any additional lots on Gedney (Hat) Island which have been accepted into Hat Island Community, Inc. by action of the Board of Trustees. The term "owner" shall include contract purchasers in possession of lots, but shall exclude contract sellers or other parties having an interest in a lot merely as a security for the performance of an obligation. For purposes of these By-Laws, a husband and wife and any other persons or entities jointly owning a lot or lots shall be considered collectively as being one person and one owner.</p>	<p>Spells out the original divisions in the community, rather than referring to them as the "originally included" lots. Also defines what is valid proof of ownership.</p>

<p>SECTION 2. Transferability of Membership. Membership shall be inseparably appurtenant to lots and shall be a mandatory part of lot ownership. No membership may be voluntarily withdrawn, abandoned or discontinued except upon transfer or sale of the real property to which the membership is appurtenant. The transferee of a membership shall assume all rights, privileges and liabilities of the transferor with respect to said membership, including the obligation to pay any delinquent assessments, fees or fines which may be owed at the time of transfer. All membership rights and privileges of the transferor shall terminate on the date of transfer. In the event of the death of a member, the membership, including all rights, privileges and liabilities of the deceased member, shall transfer to the personal representative, heirs or successors of the deceased member. No membership may be transferred, assigned or conveyed except as herein provided.</p>	<p>SECTION 2. Transferability of Membership. Membership shall be inseparably appurtenant to lots and shall be a mandatory part of lot ownership. No membership may be voluntarily withdrawn, abandoned or discontinued except upon transfer or sale of the real property to which the membership is appurtenant. The corporation shall not charge any transfer fee. The transferee of a membership shall assume all rights, privileges and liabilities of the transferor with respect to said membership, including the obligation to pay any delinquent assessments which may be owed at the time of transfer. All membership rights and privileges of the transferor shall terminate on the date of transfer. In the event of the death of a member, the membership, including all rights, privileges and liabilities of the deceased member, shall transfer to the personal representative, heirs or successors of the deceased member. No membership may be transferred, assigned or conveyed except as herein provided.</p>	<p>Removes prohibition of transfer fee</p>

<p>SECTION 3. Membership Voting Rights. If a person or entity such as a partnership, association or corporation owns more than one (1) lot, or owns a controlling interest in multiple entities collectively owning more than one (1) lot, the memberships for each of said lots shall be automatically merged into a single membership for purposes of determining voting rights. There shall be one (1) membership per owner, and one (1) vote per membership, regardless of the number of lots owned by any person or entity. The interest of each member shall be equal to that of any other member, and no member can acquire any interest which shall entitle it to any greater voice, vote or authority in the Association than any other member. If ownership of any lot or lots is shared by more than one person or entity, the owners shall from among themselves designate a single person who will be the nominal member and the person entitled to vote.</p>	<p>SECTION 3. Membership Voting Rights. If a person or entity such as a partnership, association or corporation owns more than one (1) lot, the memberships for each of said lots shall be automatically merged into a single membership for purposes of determining voting rights. There shall be one(1) membership per owner, and one (1) vote per membership, regardless of the number of lots owned by any person or entity. The interest of each member shall be equal to that of any other member, and no member can acquire any interest which shall entitle it to any greater voice, vote or authority in the corporation than any other member. If ownership of any lot or lots is shared by more than one person or entity, the owners shall from among themselves designate a single person who will be the nominal member and the person entitled to vote.</p>	<p>Adds language to eliminate multiple lot voting rights for single controlling person.</p>

SECTION 4. Membership Privileges. The privileges of membership, including the right of access to, and use of, the Association's property and facilities, shall be extended to the lot owner/owners and their legal dependents. However if ownership of a lot is shared by more than one family, or is held in the name of an entity such as a partnership, trusts, association or corporation, the owners shall, from among themselves, designate an individual owner who will be entitled to the privileges of membership for those lots and said designation shall be filed in writing with the Association. This designation shall be subject to change not more frequently than once every twelve months. At the time a change is requested, payment of an "owner designation fee" in an amount to be established by the Board of Trustees may be required.

SECTION 4. Membership Privileges. The privileges of membership, including the right of access to, and use of, the corporation's property and facilities, shall be extended to a single family per lot, consisting of not more than two persons living together as husband and wife, and relatives. If ownership of a lot is shared by more than one family, or is held in the name of entities such as partnership, association or corporation, the owners shall, from among themselves, designate a single family which will be entitled to the privileges of membership for each lot and said designation shall be filed in writing with the corporation. This designation shall be subject to change not more frequently than once every twelve months. Such notice of intent to change must be received by the Hat Island Business office no later January 1st of the year for which the change is requested. At the time a change is requested, payment of an "owner designation fee" in an amount to be established by the Board of Trustees may be required.

Clarifies "family", and allows changes to owner designation to any time of year.

<p>SECTION 5. User Privileges. Upon payment of an annual user fee equal to the amount of the annual membership assessment per lot, an additional owner which shares ownership in a lot may acquire the privilege to use Hat Island's property and facilities. Not more than two (2) additional owners per lot will be entitled to purchase such user privileges. In cases where a lot is owned, and a membership is held, by a corporation, this Section 5 shall not apply and additional user privileges may not be purchased, except in cases where the corporation has entered into a special contract with Hat Island Community Association which has been duly approved by the Board of Trustees. If such a contract allows user privileges, the annual fee for each such privilege shall be equal to the amount of the annual membership assessment per lot.</p>	<p>SECTION 5. User Privileges. Upon payment of an annual user fee equal to the amount of the annual membership assessment per lot, an additional family which shares ownership in a lot may acquire the privilege to use Hat Island's property and facilities. Not more than two (2) additional families per lot will be entitled to purchase such user privileges. In cases where a lot is owned, and a membership is held, by a corporation, this Section 5 shall not apply and additional user privileges may not be purchased, except in cases where the corporation has entered into a special contract with Hat Island Community, Inc. which has been duly approved by the Board of Trustees. If such a contract allows user privileges, the annual fee for each such privilege shall be equal to the amount of the annual membership assessment per lot.</p>	<p>Changes Corporation to Association</p>
<p>SECTION 6. Guest Privileges. The privileges and facilities of the Association may be extended to guests of members under such Rules and Regulations as the Board of Trustees may prescribe.</p>	<p>SECTION 6. Guest Privileges. The privileges and facilities of the corporation may be extended to guests of members under such Rules and Regulations as the Board of Trustees may prescribe.</p>	<p>Changes Corporation to Association</p>
<p>SECTION 7. Suspension of Privileges. Voting rights shall be suspended for any member whose assessments for any lots owned by said members are delinquent. Privileges to use the facilities of the Association shall be suspended for any owner, guests, or renters whose assessments, utilities or fines for any lots owned or used by him are delinquent as defined in Article VIII Section 4. The President of the Association may suspend privileges to use the facilities of the Association for owner, guests, or renters as a penalty for violation of the Articles of Incorporation or By-Laws of this Association, or the Rules and Regulations established by the Board of Trustees.</p>	<p>SECTION 7. Suspension of Privileges. Voting rights shall be suspended for any member whose assessments for any lots owned by said members are delinquent. Privileges to use the facilities of the corporation shall be suspended for any member or owner, or his guests, whose assessments for any lots owned by him are delinquent. The President of the corporation may suspend privileges to use the facilities of the corporation for any member or owner, or his guests, as a penalty for violation of the Articles of Incorporation or By-Laws of this corporation, or the Rules and Regulations established by the Board of Trustees.</p>	<p>Changes Corporation to Association, expands loss of use to renters and defines "delinquent"</p>

SECTION 8. A home owned by a member of the Community may be rented in accordance with the Rules and Regulations established by the Board of Trustees. The renter must abide by all Community regulations and must pay user fees.	SECTION 8. A home owned by a member of the Community may be rented. The renter must abide by all Community regulations and must pay user fees. No owner may have more than one rental at any given time regardless of how many properties he/she may own.	Changes Corporation to Association, clarifies renters guidelines
ARTICLE III	ARTICLE III	
<u>PROPERTY AND DISPOSITION</u>	<u>PROPERTY AND DISSOLUTION</u>	
SECTION 1. It is provided that in order to mortgage, sell, lease, or dispose of HIC Association real property, except to sell real properties received as satisfaction of unpaid assessments, a notice of the proposition to be voted upon shall be mailed to all members of this Association thirty (30) days prior to the date of the regular or special meeting called and a majority of the members proxy ballots shall be necessary for such authorization.	SECTION 1. It is provided that in order to mortgage, sell, lease, or dispose of real property, except to sell real properties received as satisfaction of unpaid assessments, a notice of the proposition to be voted upon shall be mailed to all members of this Corporation thirty (30) days prior to the date of the regular or special meeting called and a majority of the members absentee ballot shall be necessary for such authorization.	Changes Corporation to Association, clarifies property
	SECTION 2. In the event of dissolution of the corporation each lot owner who is then a member in good standing shall receive the prorata proportion on a per lot basis of the assets after all of the debts have been paid.	Removed. Association will never be desolved.
ARTICLE IV	ARTICLE IV	
<u>TRUSTEES AND OFFICERS</u>	<u>TRUSTEES AND OFFICERS</u>	
SECTION 1. Corporate powers of the Association shall be vested in a Board of Trustees. The number of trustees who shall manage the affairs of the Association shall be not less than five or more than seven.	SECTION 1. Corporate powers of the corporation shall be vested in a Board of Trustees. The number of trustees who shall manage the affairs of the corporation shall be seven.	Changes Corporation to Association and allows the board to wait until an election to replace a lost member if desired.

SECTION 2. Trustees shall be elected to serve for three years, or until their successors are elected and duly qualified. Said terms shall be staggered. (See Article IV Section 7)	SECTION 2. Trustees shall be elected to serve for three years, or until their successors are elected and duly qualified. Said terms shall be staggered. (See Article IV Section 7)	No change
SECTION 3. Each trustee shall be a member who shall not have lost his/her right to vote by reason of having disposed of land to which his membership is appurtenant, or have become in arrears in assessments.	SECTION 3. Each trustee shall be a member who shall not have lost his/her right to vote by reason of having disposed of land to which his membership is appurtenant, or have become in arrears in assessments.	No Change
SECTION 4. In the event a trustee ceases to be the owner of the land to which his/her membership is appurtenant, or of a contract for the purchase thereof, he/she shall thereby cease to be a trustee and his/her office shall become vacant upon written notification without action other than to enter such fact upon the minutes of the Board of Trustees. Trustees are expected to attend in person or electronically 75% of Board meetings and 75% of membership meetings. A Board member is considered present if he/she can participate in the discussion of the subject for which the meeting is called. In the event a trustee is unable to function in the aforesaid manner, the trustee will be subject to removal from the office by the majority vote of the remaining trustees and the vacancy may then be filled as set forth in Section 7 of this article.	SECTION 4. In the event a trustee ceases to be the owner of the land to which his/her membership is appurtenant, or of a contract for the purchase thereof, he/she shall thereby cease to be a trustee and his/her office shall become vacant upon written notification without action other than to enter such fact upon the minutes of the Board of Trustees. Trustees are expected to attend and participate in 75% of Board meetings and 75% of membership meetings. In the event a trustee is unable to function in the aforesaid manner, the trustee will be subject to removal from the office by the majority vote of the remaining trustees and the vacancy may then be filled as set forth in Section 7 of this article.	Allows for electronic attendance a meetings

<p>SECTION 5. At the first meeting of the Board of Trustees after each annual meeting of the members, the Board of Trustees shall elect a president, vice president, secretary and treasurer, who shall be trustees. The Board may also at any time appoint an executive secretary and/or assistant secretary and/or assistant treasurer. Officers of the corporation so elected shall hold office for the term of one year and until their successors are qualified. The president will have served at least one year on the Board of Trustees prior to his/her election to the post. Any officer may be suspended or removed by a majority vote of all the trustees. Trustees may not serve in any one consecutive period, more than six (6) years from the date of first election at an annual meeting of the membership.</p>	<p>SECTION 5. At the first meeting of the Board of Trustees after each annual meeting of the members, the Board of Trustees shall elect a president, vice president, secretary and treasurer, who shall be trustees. The Board may also at any time appoint an executive secretary and/or assistant secretary and/or assistant treasurer. Officers of the corporation so elected shall hold office for the term of one year and until their successors are qualified. The president will have served at least one year on the Board of Trustees prior to his/her election to the post. Any officer may be suspended or removed by a majority vote of all the trustees. Trustees may not serve in any one consecutive period, more than six (6) years.</p>	<p>Clarifies service length of trustees</p>
<p>SECTION 6. No trustee or officer, except the executive secretary and/or assistant secretary and/or the assistant treasurer shall receive any salary or compensation from the Association.</p>	<p>SECTION 6. No trustee or officer, except the executive secretary and/or assistant secretary and/or the assistant treasurer shall receive any salary or compensation from the corporation.</p>	<p>Changes corporation to association</p>
<p>SECTION 7. Any vacancy occurring in the Board of Trustees, in accordance with Article IV, section 1, may be filled by appointment by a majority of the remaining trustees. The person so appointed shall hold office until the next annual meeting of the members of the Association when vacancies for the remainder of the original terms, if any, shall be filled by election by the members in the regular manner.</p>	<p>SECTION 7. Any vacancy occurring in the Board of Trustees shall be filled by appointment by a majority of the remaining trustees. The person so appointed shall hold office until the next regular meeting of the members of the corporation at which annual or adjourned annual meeting vacancies for the remainder of the original terms, if any, shall be filled by election by the members in the regular manner.</p>	<p>Removed conflicting language which states the board "shall" appoint with "may" appoint a replacement. Article IV Section 1 allows for less than 7 members and when nearing elections, an appointment might not be practical.</p>
<p>SECTION 8. There shall be Standing Committees established to function as recommending bodies to serve and inform the Board of Trustees as from time to time the president may charter.</p>		<p>Added to clarify roles of committees</p>

ARTICLE V	ARTICLE V	
<u>MEETINGS</u>	<u>MEETINGS</u>	
<p>SECTION 1. Annual meetings of the members of the Association shall be held at the principal place of business of the corporation or at such other place as the Board of Trustees may elect. The annual meetings shall be held in September or at such time as the Board of Trustees elect. Notice thereof shall be given by the secretary by mailing notices to each member not less than fourteen days prior to the date of the meeting.</p>	<p>SECTION 1. Annual meetings of the members of the corporation shall be held at the principal place of business of the corporation or at such other place as the Board of Trustees may elect. The annual meetings shall be held on the second Friday of September or at such other time as the Board of Trustees may elect. Notice thereof shall be given by the secretary by mailing notices to each member not less than ten days prior to the date of the meeting.</p>	<p>Removes specific day of the week for annual meetings and adds four days to notification to members of that meeting.</p>
<p>SECTION 2. Special meetings of the members may be called at any time by the President or a majority of the Board of Trustees or by members representing 15 percent of members in good standing. Notice of Special meeting stating the object thereof shall be given by the secretary by mailing such notice to each member not less than fourteen (14) nor more than 60 days prior to the date of which such meeting is to be held.</p>	<p>SECTION 2. Special meetings of the members may be called at any time by the President or a majority of the Board of Trustees or by members representing 25 percent of members in good standing, or lots within the jurisdiction of the corporation. Notice of Special meeting stating the object thereof shall be given by the secretary by mailing such notice to each member not less than ten (10) nor more than 50 days prior to the date of which such meeting is to be held.</p>	<p>Standardizes Quorums at 15% on advice of attorneys. Also increases the minimum (from 10 to 14) and maximum (from 50 to 60) number of days for notification of special meetings</p>

<p>SECTION 3. At all annual and special meetings of the members at which the business to be transacted involves election of officers or amendment of governing documents, 15% of all the members of the Association, in person or by valid ballot, shall constitute a quorum for the transaction of business. The Board of Trustees or President may convene monthly meetings of the members of the Association.</p>	<p>SECTION 3. At all annual and special meetings of the members at which the business to be transacted involves expenditures of money in excess of \$10,000.00, election of officers or the consideration of policies affecting past or future practices of the corporation, 15% of all the members of the corporation shall constitute a quorum for the transaction of business. The Board of Trustees or President may convene monthly meetings of the members of the corporation not involving expenditures in excess of \$10,000.00, election of officers or other significant business of the corporation for which a quorum shall be 5% of the members.</p>	<p>Standardizes Quorums at 15% on advice of attorneys, removes limitation of \$10,000 from board authority (new limits establish as budget with budget amendment limits in next article (VI), section 4)</p>
<p>SECTION 4. Meetings of the Board of Trustees shall be called at any time by the secretary on order of the president or of a majority of the Board of Trustees. The secretary shall give each trustee notice, personally, verbally, by telephone, or electronically of all regular and special meetings at least three days previous thereto. Any member of the Board of Trustees not able to attend should be allowed to include his/her opinion and vote on that meeting by written proxy or verbally to the president or secretary and confirmed within ten (10) days by letter.</p>	<p>SECTION 4. Meetings of the Board of Trustees shall be called at any time by the secretary on order of the president or of a majority of the Board of Trustees. The secretary shall give each trustee notice, personally, verbally, by telephone of all regular and special meetings at least three days previous thereto. Meetings of the Board of Trustees may only be called for a specific purpose and any member not able to attend should be allowed to include his/her opinion and vote on that meeting by written proxy or verbally to the president or secretary and confirmed within ten (10) days by letter.</p>	<p>Allows for electronic notification, simplifies language</p>
<p>SECTION 5. A member may exercise his/her right to vote by proxy executed in writing by the member.</p>	<p>SECTION 5. A member may exercise his/her right to vote by proxy executed in writing by the member.</p>	<p>Simplifies language</p>
<p>SECTION 6. Robert's Rules of Order, revised currently may govern all procedures of the Board of Trustees and of general community meetings, when not in conflict with these By-Laws.</p>	<p>SECTION 6. Robert's Rules of Order, revised currently shall govern all procedures of the Board of Trustees and of general community meetings, when not in conflict with these By-Laws</p>	<p>Simplifies language</p>

ARTICLE VI	ARTICLE VI	
<u>POWER AND DUTIES OF TRUSTEES</u>	<u>POWER AND DUTIES OF TRUSTEES</u>	
<p>SECTION 1. Subject to limitations in the Articles of Incorporation and the By-Laws and Laws of the State of Washington, all powers of the Association and the business and affairs of the Association shall be controlled by the Board of Trustees, without prejudice to such general powers, and subject to the same limitations, it is hereby expressly declared that the trustees powers shall include but not be limited to providing and maintaining roads, recreational facilities, transportation, and water, in a fiscally responsible manner, preserve the island's safety, security and environmental character, enhance owner's quality of life, and preserve and protect the real and intangible values of the island owner's personal and community properties.</p>	<p>SECTION 1. Subject to limitations in the Articles of Incorporation and the By-Laws and Laws of the State of Washington, all powers of the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Trustees. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly declared that the trustees shall have the following powers: To maintain and operate the necessary utilities on the island including but not limited to: Transportation, water, roads and recreational areas for the benefit of all property owners who are or shall become members of Hat Island Community, Inc.</p>	<p>Changes Corporation to Association and restates the purpose and powers of the board to coincide with the strategic planning mission statement.</p>
<p>SECTION 2. To select and remove all the other officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the By-Laws, fix their compensation and require from them security for faithful service.</p>	<p>SECTION 2. To select and remove all the other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the By-Laws, fix their compensation and require from them security for faithful service.</p>	<p>Changes Corporation to Association.</p>
<p>SECTION 3. To conduct, manage and control the affairs and business of the Association and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem in the best interest of the public good.</p>	<p>SECTION 3. To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem best.</p>	<p>Changes Corporation to Association and clarifies who's best interest the board serves.</p>

<p>SECTION 4. To charge and/or assess the several parcels of land and the owners thereof. The Board of Trustees has the power to establish enforcement procedures for these By-Laws and the rules and regulations of Hat Island Community Association. To cause the annual operating budget of the Association to be executed as ratified by the membership and to approve such amendments to the budget as do not exceed \$25,000 by item.</p>	<p>SECTION 4. To charge and/or assess the several parcels of land and the owners thereof.</p>	<p>Adds the following board responsibilities: 1) establish enforcement procedures, 2) create for membership approval the annual budget and 3) limit the amount the budget can be changed without membership approval to \$25,000.</p>
<p>SECTION 5. To cause to be kept a complete record of all minutes and acts and to present a full statement to the regular annual meeting of members showing in detail the condition of the affairs of the association.</p>	<p>SECTION 5. To cause to be kept a complete record of all minutes and acts and to present a full statement to the regular annual meeting of members showing in detail the condition of the affairs of the corporation.</p>	<p>Changes Corporation to Association</p>
<p>SECTION 6. The Board of Trustees has the power to establish payment terms for assessments, and fees.</p>		<p>New, added to cover policy already in effect.</p>
<p>SECTION 7. The Board of Trustees shall have the power to appoint members to the Architectural Control Committee and to hear and act on appeals to their activities.</p>		<p>New, added on advice of attorney.</p>

ARTICLE VII	ARTICLE VII	
<u>DUTIES OF OFFICERS</u>	<u>DUTIES OF OFFICERS</u>	
<p>SECTION 1. President. The president shall preside at all meetings of the trustees and members; he/she shall sign as President all contracts or other instruments in writing authorized by the Board of Trustees; he/she shall call special meetings of the trustees or the members whenever he/she deems it necessary; he/she shall have and exercise under the direction of the Board of Trustees the general supervision of the affairs of the association. The President shall be responsible for enforcing the Articles of Incorporation and By-Laws and any rules and regulations established by the Board of Trustees and levying such penalties as he/she deems necessary as provided for in Article II, Section 7 of these By-Laws. The President shall appoint the Chairs of the Standing Committees and instruct them in their duties.</p>	<p>SECTION 1. President. The president shall preside at all meetings of the trustees and members; he/she shall sign as President all contracts or other instruments in writing authorized by the Board of Trustees; he/she shall call special meetings of the trustees or the members whenever he/she deems it necessary; he/she shall have and exercise under the direction of the Board of Trustees the general supervision of the affairs of the corporation. The President shall be responsible for enforcing the Articles of Incorporation and By-Laws and any rules and regulations established by the Board of Trustees and levying such penalties as he/she deems necessary as provided for in ARTICLE II., SECTION 5. of the By-Laws of Hat Island Community, Inc.</p>	<p>Changes Corporation to Association and adds duty to appoint Committee Chairs.</p>
<p>SECTION 2. Vice President. The Vice President shall preside at all meetings in the absence of the President, and in case of the absence or disability of the President shall perform all other duties of the President which are incidental to his/her office.</p>	<p>SECTION 2. Vice President. The Vice President shall preside at all meetings in the absence of the President, and in case of the absence or disability of the President shall perform all other duties of the President which are incidental to his/her office.</p>	<p>No change</p>
<p>SECTION 3. Secretary. The secretary shall cause to be issued all notices and shall attend and cause to be kept the minutes of all meetings; he/she shall have charge of all corporate books, records and papers; he/she shall be custodian of the corporate seal, shall attest signature and impress with the corporate seal all written contracts of the Association and shall perform all other duties as are incidental to his/her office.</p>	<p>SECTION 3. Secretary. The secretary shall issue all notices and shall attend and keep the minutes of all meetings; he/she shall have charge of all corporate books, records and papers; he/she shall be custodian of the corporate seal, shall attest signature and impress with the corporate seal all written contracts of the corporation and shall perform all other duties as are incidental to his/her office.</p>	<p>Changes Corporation to Association and allows for an alternate person to issue notices and keep minutes if designated to do so by secretary.</p>

<p>SECTION 4. Treasurer. The Treasurer shall keep safely all monies and securities of the Association and disburse the same under the direction of the Board of Trustees. He/she shall cause to be deposited all funds of the Association in a bank selected by the trustees; he/she shall issue and present a full statement showing in detail the condition of the affairs of the Association monthly and unless waived, an annual audit per RCW 64.38.045 or its successor.</p>	<p>SECTION 4. Treasurer. The Treasurer shall keep safely all monies and securities of the corporation and disburse the same under the direction of the Board of Trustees. He/she shall cause to be deposited all funds of the corporation in a bank selected by the trustees; he/she shall issue and present a full statement showing in detail the condition of the affairs of the corporation.</p>	<p>Changes Corporation to Association and adds the legal requirement of an annual audit unless waived.</p>
<p>SECTION 5. The executive and/or assistant secretary and/or assistant treasurer, if appointed by the Board of Trustees shall perform such duties as may be designated to them.</p>	<p>SECTION 5. The executive and/or assistant secretary and/or assistant treasurer, if appointed by the Board of Trustees shall perform such duties as may be designated to them.</p>	<p>No change</p>
<p>SECTION 6. Any two or more offices may be held by the same person concurrently if the Board of Trustees so directs except the President.</p>	<p>SECTION 6. Any two or more offices may be held by the same person concurrently if the Board of Trustees so directs except the President and Secretary.</p>	<p>Allows Secretary to hold another office (except President).</p>

ARTICLE VIII	ARTICLE VIII	
<u>ASSESSMENTS, CHARGES AND PAYMENTS</u>	<u>ASSESSMENTS AND CHARGES</u>	
<p>SECTION 1. The Board of Trustees shall annually determine the proposed amount of the operating assessment against each and every lot for the subsequent year. Such proposed assessment will be presented to the community for approval during the annual meeting of the Association as provided in Article V, Section 3. Assessments will be established and levied upon all properties following the affirmative vote of a simple majority (50% plus 1) of all members in good standing. Assessments shall be collected and expended pursuant to the Articles of Incorporation, these By-Laws, and the annual Association budget as ratified by the membership. Members shall be liable for the payment of any and all assessments applicable to their respective lots as described in section 3 of this article.</p>	<p>SECTION 1. The Board of Trustees shall annually establish an assessment against each and every lot on a uniform basis. The amount of such assessments levied shall in no event, except as hereinafter provided, exceed in any one month the sum of Twenty one dollars and twenty five cents (\$21.25) per lot. Assessments will be established and levied upon all properties following the affirmative vote of a simple majority (50% plus 1) of all members in good standing. Assessments shall be collected and expended pursuant to the Articles of Incorporation and these By-Laws. Members shall be liable for the payment of any and all assessments applicable to their respective lots.</p>	<p>Requires the board and the community to annually review the island's budget and annual assessment level. Forces the board to act on the budget cycle. Changes the set dollar amount of the assessment to the amount determined by the budget. There is no change to the requirement that it be approved by majority vote.</p>
<p>User fees, as provided in Article II, Section 5 of these By-Laws, are distinct from assessments and are applicable only in cases of lots with multiple owners or users. Applicability of user fees will be determined by the Board of Trustees.</p>	<p>User fees, as provided in Article II, Section 5 of these By-Laws, are distinct from assessments and are applicable only in cases of lots with multiple owners or users.</p>	<p>Adds the ability of board to determine when the multiple owners user fee applies.</p>

<p>Special assessments may be levied upon the affirmative vote of a simple majority of members in good standing voting in person or by proxy at a meeting of members of the Association. Special assessments do not need to be uniform, and may apply only to those lots specially benefited; provided, that in such cases the special assessments must be authorized by a vote of a majority of the members in good standing who own lots which will be subject to the special assessments.</p>	<p>Special assessments may be levied upon the affirmative vote of a majority of members in good standing voting at a meeting of members of the corporation. Special assessments do not need to be uniform, and may apply only to those lots specially benefited; provided, that in such cases the special assessments must be authorized by a vote of a majority of the members in good standing who own lots which will be subject to the special assessments. Assessments not paid in full shall, at a minimum, can be paid quarterly by the member, one-quarter payment being due each 30th day of January, April, July and October. Failure to adhere to the quarterly minimum payment schedule may cause the entire amount, and any past-due amounts, to be payable in full upon demand.</p>	<p>Simplifies voting language and more clearly allows for proxy votes. Adds ability to pay special assessments in quarterly installments.</p>
<p>SECTION 2. From time to time as and when any such assessments are levied, in a manner determined by the Board of Trustees, each member with respect to his/her lot or lots shall pay the amount. The assessments, together with such interest thereon and costs of collection thereof (including reasonable attorneys' fees) shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest and cost of collection thereof (including reasonable attorneys' fees), shall also be the personal obligation of the member who is the owner or contract purchaser of the lot at the time when the assessment fell due. Any such lien or assessment runs with the lot.</p>	<p>SECTION 2. From time to time as and when any such assessments in this Article VIII are levied, each member with respect to his/her lot or lots shall pay the amount at its office within thirty days after the mailing of the notice of such assessment to the members. The amount of such assessments, together with all expenses, interest, attorney's fees and costs reasonably incurred in enforcing the same shall be paid by the members and may be a lien upon said land and the membership appurtenant thereto created or permitted by the owner of such land and enforceable by suit proceedings in the manner provided by law for collection of just debts; provided that no proceedings or filing of suit for collection of delinquent assessments may be commenced except upon the expiration of 60 days from and after the date of mailing said notice of assessment in this section described. Delinquent accounts will be charged 18% interest per year (1.5% per month) and a 2 year delinquency can be foreclosed on.</p>	<p>Allows Board to establish payment terms rather than 30 days from mailing of notice. Simplifies language of obligation to pay assessments and consequences if not paid. Removes specific interest rates and timing of foreclosure on delinquencies. Moves language for passing on costs of collection to member to second paragraph.</p>

<p>The Association may file or record a lien or take any other action deemed appropriate to effectuate collection of unpaid assessment. The bringing an action at law against the one personally obligated to pay the same and/or foreclose the lien against the property, interest, costs and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit.</p>		<p>Restates the ability of the association to file a lien to collect unpaid assessments and pass on costs associated with the collection of the assessments and lien filing.</p>
<p>SECTION 3. If any assessment, is not paid after it was first due and payable, the assessment shall bear interest from the date on which it was originally due, at a rate to be determined by the Board of Trustees, not to exceed the maximum allowed by law. No lawsuit for the collection of delinquent assessments, fines or fees may be commenced except upon the expiration of 60 days from and after the date of mailing said notice of assessment as described above. No action to foreclose a lien may be commenced until the delinquency is one (1) year old. No owner or contract purchaser shall be relieved of liability for the assessments provided for herein by non-use of the areas maintained by the Association or abandonment of the Member's lot.</p>	<p>SECTION 3. Assessments levy balances shall be paid current upon transfer of the land. In the case of transfer where delinquent balances are owed the Corporation the assessment balances shall run with the land, however, the seller maintains responsibility, along with the purchaser for payment as outlined in Section 2. of this article.</p>	<p>Allows interest to be charged on late special assessments. Defines how long the association must wait to take action to collect delinquent special assessments. Restates that the debt follows the land and must be paid by the purchaser if not paid by the seller.</p>

<p>The lien of the assessments provided for herein is subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any lot will not affect the assessment lien. However, the sale or transfer of any pursuant to mortgage foreclosure or any proceedings in lieu thereof, will extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer will relieve such lot from liability for any assessment thereafter becoming due or from the lien thereof, and all delinquent amounts must be made current at the time of sale or transfer.</p>		<p>Adds the requirement for liens for assessments to be paid at the time of sale when foreclosure is involved, second only to first mortgages or other deeds of trust.</p>
<p>SECTION 4. Annual Operating Assessments are due and payable by March 31st of each year or may be paid, without additional interest penalty in four equal payments on or before March 31st, June 31st, September 31st and December 31st. In any event an assessment will be in arrears and subject to interest payments if a minimum of one quarter of the total amount is not paid by the end of each calendar quarter. Failure to make payment within the prescribed time will cause interest to be charged at the highest rate allowed by law, and or collection action instituted in the manner prescribed in Sections 2 and 3 of this article.</p>	<p>SECTION 4. Charges for services or materials rendered to members shall be paid within 15 days of the billing date, or by the last day of the month in which billed, whichever is later. Failure to make payment within the prescribed time will cause interest to be charged at the highest rate allowed by law, and or collection action instituted in the manner prescribed Section 2. of this article.</p>	<p>Adds definition for allowable payment schedules for operating assessments and when interest will apply.</p>

<p>Unless specified differently in the ballot measure, special assessments are due and payable by March 31st of each year or may be paid, without additional interest penalty in four equal payments on or before March 31st, June 31st, September 31st and December 31st. In any event an assessment will be in arrears and subject to interest payments if a minimum of one quarter of the total amount is not paid by the end of each calendar quarter. Failure to make payment within the prescribed time will cause interest to be charged at the highest rate allowed by law, and or collection action instituted in the manner prescribed in Sections 2 and 3 of this article.</p>		<p>Adds definition for allowable payment schedules for special assessments and when interest will apply.</p>
<p>Charges for services or materials rendered to members shall be paid within 15 days of the billing date, or by the last day of the month in which billed, whichever is later. Failure to make payment within the prescribed time will cause interest to be charged at the highest rate allowed by law, and or collection action instituted in the manner prescribed in Sections 2 and 3 of this article.</p>		<p>No change (original Section 4 language)</p>
<p>ARTICLE IX</p>	<p>ARTICLE IX</p>	
<p><u>AMENDMENTS</u></p>	<p><u>AMENDMENTS</u></p>	
<p>These By-Laws may be amended at any time by a vote of two-thirds of the members in good standing voting at any meeting of the members of the Association in accordance with Article V Section 3.</p>	<p>These By-Laws may be amended at any time by a vote of two-thirds of the members in good standing voting at any meeting of the members of the corporation.</p>	<p>Changes Corporation to Association. Clarifies when amendments can be done</p>

ARTICLE X	ARTICLE X	
<p align="center"><u>LIMITATION OF LIABILITY OF ASSOCIATION BOARD MEMBERS, TRUSTEES, OFFICES, AND DESIGNATED AGENTS</u></p>	<p align="center"><u>LIMITATION OF LIABILITY OF CORPORATION BOARD MEMBERS, TRUSTEES, OFFICES, AND DESIGNATED AGENTS</u></p>	
<p>SECTION 1. Liability for Utility Failure etc. Except to the extent covered by insurance obtained by the Board neither the association nor the Board nor any managing agent exercising the powers of the Board, shall be liable for: Any failure of any utility or other service to be obtained and paid for by the Board; or any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any of its pipe, drains, conduits, appliances or equipment, from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.</p>	<p>SECTION 1. Liability for Utility Failure etc. Except to the extent covered by insurance obtained by the Board neither the corporation nor the Board nor any managing agent exercising the powers of the Board, shall be liable for: Any failure of any utility or other service to be obtained and paid for by the Board; or any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any of its pipe, drains, conduits, appliances or equipment, from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.</p>	<p>Changes Corporation to Association.</p>

<p>SECTION 2. No Personal Liability. So long as Board member, Association committee member, or Association officer, or the Association managing agent exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board.</p>	<p>SECTION 2. No Personal Liability. So long as Board member, corporation committee member, or corporation officer, or the corporation managing agent exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to any other party, including the corporation, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board.</p>	<p>Changes Corporation to Association.</p>
<p>SECTION 3. Indemnification of Board Members. The Association shall indemnify any director or officer or former director or officer or other person in the manner and to the extent provided in the Revised Code of Washington, as now existing or hereafter amended. Further, the Association shall indemnify or agree to indemnify a director made party to a proceeding or obligate itself to advance or reimburse expenses incurred in a proceeding without regard to the limitations of the Revised Code of Washington, provided that no such indemnity shall indemnify any director from or on account of:</p>	<p>SECTION 3. Indemnification of Board Members. The Corporation shall indemnify any director or officer or former director or officer or other person in the manner and to the extent provided in RCW 23B.08.500 through 23B.08.600, as now existing or hereafter amended. Further, the Corporation shall indemnify or agree to indemnify a director made party to a proceeding or obligate itself to advance or reimburse expenses incurred in a proceeding without regard to the limitations of RCW 23B.08.510 through 23B.08.550, provided that no such indemnity shall indemnify any director from or on account of:</p>	<p>Changes Corporation to Association. Removes specific RCW for indemnification and refers to the Revised Code of Washington in general.</p>
<p>A) Acts or omissions of the director finally adjudged to be intentional misconduct or a knowing violation of the law;</p>	<p>A) Acts or omissions of the director finally adjudged to be intentional misconduct or a knowing violation of the law;</p>	<p>No Change</p>
<p>B) Conduct of the director finally adjudged to be in violation of the Revised Code of Washington; or</p>	<p>B) Conduct of the director finally adjudged to be in violation of RCW 23B.08.310; or</p>	<p>Removes specific RCW and refers to the Revised Code of Washington in general.</p>

C) Any transaction with respect to which it was finally adjudged that such director personally received a benefit in money, property or services to which the director was not legally entitled.	C) Any transaction with respect to which it was finally adjudged that such director personally received a benefit in money, property or services to which the director was not legally entitled.	No change
ARTICLE XI	ARTICLE XI	
CORPORATE SEAL	CORPORATE SEAL	
The seal of the corporation shall be in a circular form and shall contain the words "HAT ISLAND ASSOCIATION " and the words "Corporate Seal Washington 1967" in the form and style as affixed in these By-Laws by the impression of said corporate seal.	The seal of the corporation shall be in a circular form and shall contain the words "HAT ISLAND COMMUNITY, INC. "and the words "Corporate Seal Washington 1967" in the form and style as affixed in these By-Laws by the impression of said corporate seal.	Changes Corporation to Association
ARTICLE XII	ARTICLE XII	
DATE OF ADOPTION	DATE OF ADOPTION	
These By-Laws are duly adopted by the Corporation seal thereof affixed on the X day of X 2009	These By-Laws are duly adopted by the Corporation seal thereof affixed on the 3rd day of October 1967.	Date only change.