

BYLAWS
OF

FOXHALL OWNERS' ASSOCIATION, A NON-PROFIT CORPORATION
(A Washington Non-Stock, Non-profit Corporation)

The following are the bylaws of FOXHALL OWNERS' ASSOCIATION, a Non-Profit Corporation, a Washington Non-Stock, Non-Profit Corporation located in Friday Harbor, Washington.

ARTICLE I

PURPOSE

This corporation's principal purpose is to acquire, own and administer a system of plat roads and certain commonly held property and property rights for benefit of the property owners, present and future, of property acquired from the incorporator hereof, situate within Foxhall, a residential subdivision according to plat thereof recorded in Volume _____ of Plats, Pages _____, records of San Juan County, Washington, and within three adjacent future plats to be developed by the incorporator as the second, third, and fourth phases of development of said Subdivision (provided that such property shall be so platted hereafter), which additional property is described by instrument recorded at Auditor's File Number _____, records of said county and state; and to exercise any and all of the general powers enumerated in Ch. 24.03 of the Revised Code of Washington.

ARTICLE II

MEMBERSHIP

A. Classes of Members. The corporation shall have two classes of membership with no annual dues.

B. Qualification and Privileges. The first class of membership, hereinafter "Class A", shall be open to the incorporator and initial directors hereof, namely the developers of all phases of subdivision of Foxhall Subdivision and described in the Articles of Incorporation hereof, Don Galt, Donna Galt, and Don Galt Jr., who are all of the Trustees of Galt Family Trust. The second class of membership, hereinafter "Class B", shall be open to the owners or contract purchasers of any of the lots of any phase of development of said Foxhall Subdivision.

Membership in Class A entitles the three (3) initial directors to exercise three (3) votes per lot then owned by Foxhall Development Company upon any and all business to come before the corporation for each and every of said present and three (3) future phases of development of Foxhall Subdivision. Class A shall be dissolved upon the conveyance

of the last such lot from Foxhall Development Company's ownership to a purchaser or other grantee.

Membership in Class B entitles the person or persons acquiring by deed or by contract to purchase any lot of said present or three (3) future phases of development of Foxhall Subdivision to exercise on (1) vote per lot so acquired by that person upon any and all business to come before the corporation. Upon the conveyance by Foxhall Development Company of the said last lot of any phases of development of said subdivision, Class B shall become the sole class of membership herein.

C. Adjustment of Dues and Privileges. The aforementioned dues and membership privileges may be adjusted from time to time by resolution of the corporation's board of directors. These adjustments shall not require an amendment to the bylaws.

D. Membership Certificates. The corporation may issue certificates evidencing membership therein.

ARTICLE III

MEMBERSHIP MEETINGS

A. Time. There shall be two meetings of the membership each year, on the first Saturday in January and the first Saturday in July. If the meeting falls on a federal or state holiday, then it shall be conducted on the following Saturday unless the board of directors decides otherwise.

B. Place. The membership meetings shall be held at such place as shall be designated by the board of directors. If a specific place is not designated, then it shall be presumed to be at the corporation's offices at 4066 Beaverton Valley Road, Friday Harbor, Washington.

C. Board and Membership Meetings Combined. Such semiannual membership meetings shall also be regular meetings of the board of directors. At such first semi-annual meetings of each year there shall be a financial report and election of board of members, if required, an open forum for the membership to express their opinions, suggestions and the like, and such other business as shall come before the meeting. Members are not entitled to vote on any matter before the board or concerning the corporation.

D. Special Meeting. The president or a majority of the board of directors may call a special meeting of the membership.

ARTICLE IV

BOARD OF DIRECTORS

A. Number. The affairs and property of the corporation shall be governed by a board of three (3) directors. The initial board shall consist of three (3) directors, all of whom shall be the three (3) present officers of Foxhall Development Company.

B. Term of Office. Each member of the board shall serve until his or her death, voluntary resignation or involuntary termination or removal from office by the board. Any director may be removed from office by a vote of three (3) members of the board. Such vote may be taken at any regular or special meeting of the board. Notice of the proposed removal of a director must be given to such director prior to the date of the meeting at which such removal is to be voted upon. Such notice to the director must state the cause for the proposed removal.

The forgoing notwithstanding, when any director fails to attend two consecutive meetings of the board, a vote shall be taken at the next board meeting as to whether said board member shall be removed from office.

C. Filling Vacancies. Vacancies on the board by any cause shall be filled at the next regular or special meeting called for this purpose. Prior to such meeting, the director shall nominate candidates in writing submitted to the secretary of the corporation. Any candidate must receive the endorsement of at least two directors. Each director may endorse more than one candidate.

The candidates or their representatives shall be incited to the election meeting to express their views and to answer inquiries. After the interviews are completed, a vote shall be taken. If no candidate receives a majority of the total number of votes cast or more votes, then the candidates receiving the most votes shall be voted upon. In the case of a tie, the board members shall discuss the matter among themselves and resolve the matter in any lawful manner so that a replacement is elected.

D. Regular Meetings. Regular meetings of the board shall be held on the first Saturday in January and the first Saturday in July of each year, unless determined otherwise by a majority of the board. If a meeting falls on a state or federal holiday, the meeting shall be held on the following Saturday.

E. Special Meetings. Special board meetings may be called by or at the request of the president on three (3) days' notice to each director. Said notice shall state the time, place and purpose of the meeting. Special meetings of the board shall be called by either the president or secretary in like manner and on like notice on the written request of any director.

F. Waiver of Notice. Attendance by a director at any meeting of the board shall be a waiver by him or her of timely and adequate notice unless he or she expressly challenges the notice when the meeting begins.

G. Quorum. At all meetings of the board, a majority of the directors shall constitute a quorum for the transacting of business and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board.

H. Open Meetings. Any member may attend any meeting of the board, but shall not be entitled to participate therein.

I. Informal Action. Any action required or permitted to be taken at a meeting of the board may be taken without a meeting if a written consent setting forth the action to be taken is signed by each of the directors. Any such written consent shall be inserted in the minute book as if it were the minutes of the board meeting.

J. Proxy. A director may vote by proxy. Proxies shall be in writing, signed by the director and filed with the secretary. Proxies may be revoked at any time by written notice to the board.

ARTICLE V

NOTICE OF MEETINGS

Written notice stating the place, date and hour of membership meetings and, in case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than ten (10) and not more than fifty (50) days before the date of meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officers or person calling the meeting, to each member. Notice of board of directors' meetings shall be made by providing each director with the adopted schedule of regular meetings for the ensuing year at any time after January 1 and ten (10) days prior to the regular meeting. If mailed, such notice shall be deemed to be delivered when deposited with the U.S. Postal Service addressed to the member or director at his or her address as it appears on the records of the corporation, with postage thereon prepaid.

ARTICLE VI

OFFICERS

A. Designation. The principal officers of the corporation shall be president, vice-president, secretary and treasurer, all of whom shall be elected by the board. The directors may appoint such other officers as in their discretion may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

B. Election of Officers. The officers of the corporation shall be elected annually by the board at the first board meeting of the calendar year. They shall hold office at the pleasure of the board.

C. Removal of Officers. At any regular meeting of the board or at any special meeting of the board called for such purpose, upon affirmative vote of the majority of the members of the board, an officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

D. President. The president shall be the principal administrative officer of the corporation and, subject to the board's control, shall supervise and control all of the business affairs of the corporation. When present, the president shall preside over all membership meetings and over all board meetings. With the secretary or other officer of the corporation authorized by the board, the president may sign certificates for membership in the corporation, deeds, mortgages, bonds, contracts or other instruments that the board has authorized to be executed, except when the signing and execution thereof has been expressly delegated by the board or by these bylaws to some other officer or agent of the corporation or is required by law to be signed or executed by some other officer or in some other manner. In general, the president shall perform duties as may be prescribed by the board from time to time.

E. Vice-President. In the absence of the president or in the event of his or her death, inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him or her by the president or by the board.

F. Secretary. The secretary shall:

1. Keep the minutes of the board meetings in one or more books provided for that purpose;
2. See that all notices are fully given in accordance with the provisions of these bylaws or as required by law;
3. Be custodian of the corporation's records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, execution of which on behalf of the corporation under its seal is duly authorized;
4. To keep a register of the post office address of each member as furnished to the secretary by each member;
5. Sign with the president, or a vice-president, certificates for membership in the corporation, the issuance of which has been authorized by resolution of the board; and
6. In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the board.

G. Treasurer. If required by the board, the treasurer shall be given a bond for faithful discharge of the duties in such sum and with such surety or sureties as the board shall determine. The treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for Moines due and payable to the corporation from any source whatsoever, and deposit all such Moines in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws, and in general perform all other duties incident to the office of the treasurer and such other duties as from time to time may be assigned by the president or by the board.

H. Other Officers and Employees. Other officers of the corporation and any persons employed to assist the officers shall have such authority and shall perform such duties as the board may prescribe within the provisions of the applicable statutes and these bylaws.

I. Compensation. The board shall pay no compensation to its members, directors or officers for services rendered for or to the corporation in carrying out the management duties of the board or the business of the corporation.

ARTICLES VIII

COMMITTEES

A. Committees of Directors. The board may appoint one or more committees that consist of one or more directors. Such committees, if composed entirely of board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the board in the management of the corporation. The appointment of any such committee shall not relieve the board of its ultimate responsibility for administration and management of the corporation.

B. Other Committees. Other committees not having or exercising the authority of the board in the management of the corporation may be appointed by the president or the directors and such committees may be composed of one or more members of the corporation other than board members, but at least one member of any such other committee must be a board member.

ARTICLE IX

AMENDMENTS

These bylaws may be amended at any regular meeting of the board or a special meeting called for this purpose. The amendment must be introduced at the preceding meeting of the board or sent to the members of the board no less than twenty (20) days prior to the meeting to vote on the amendment. The amendment shall be adopted if approved by two-thirds (2/3) of the total number of votes cast by the board members.

ARTICLE X

INDEMNIFICATION

To the full extent permitted by the Washington Non-Profit Corporation Act, each member of the board of directors, each member of the corporation's committees and each officer of the expenses and liabilities, including attorney's fees, reasonably incurred or imposed in connection with any proceeding to which he or she may be a party or in which he or she may become involved, by reason of holding or having held such position, or any settlement thereof, whether or nor he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses or liabilities are covered by insurance, and willful misfeasance in the performance of his or her duties, provided, that in the event of a settlement, the indemnification shall apply only when the board of directors approves such settlement and reimbursement as being for the best interest of the corporation.

DATED this _____ day of _____ 2002.

Don Galt Jr., President

Donna Galt, Secretary