

A/AGR

Recorded at the request of:

TINA M CRAIG

on 08/07/2014 at 09:26

Total of 15 page(s) Fee: \$ 86.00

LINCOLN COUNTY, WASHINGTON
SHELLY JOHNSTON, AUDITOR

Return Address:

TINA M. Craig
39300 Canyon View Pl. N.
Lincoln, WA
99147

509-636-2049

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document **must** be filled in)
1. First Amended & Restated By Laws of Roosevelt Lake Ranch Water System
3. _____ 4. _____

Reference Number(s) of Documents assigned or released:
Additional reference #'s on page _____ of document

Grantor(s) (Last name, first name, initials)
1. Roosevelt Lake Ranch Water System Inc.
2. _____
Additional names on page _____ of document.

Grantee(s) (Last name first, then first name and initials)
1. Roosevelt Lake Ranch Water System Members.
2. _____
Additional names on page _____ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Additional legal is on page _____ of document.

Assessor's Property Tax Parcel/Account Number Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

Sign below ONLY if your document is Non-Standard
I am requesting an emergency nonstandard recording for an additional fee of \$50 as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature of Requesting Party

2014 0467663 PAGE 1 OF 5
LINCOLN COUNTY, WASHINGTON

**FIRST AMENDED AND RESTATED
BYLAWS
OF
ROOSEVELT LAKE RANCH WATER SYSTEM**

ARTICLE I

PURPOSE

Roosevelt Lake Ranch Water System is a non-profit Corporation formed pursuant to laws of the State of Washington with respect to such corporations, and has been formed for the sole purpose of rendering water service to the lots which are owned by Members of the Corporation, as defined in these Bylaws.

In the event that there is a conflict between a provision of these Bylaws, a mandatory provision of the Articles, a mandatory provision of the laws of the state of Washington, or the Agreement and Easement for Water System, recorded February 7, 1986, under Lincoln County Auditor's File No. 373619, as amended from time to time, then any conflict shall be resolved by giving priority to the mandatory provision of the laws of the State of Washington, then the Agreement, then the mandatory provision of the Articles, then these Bylaws.

ARTICLE II

DEFINITIONS

3.01 Articles shall mean and refer to the Articles of Incorporation of Roosevelt Lake Ranch Water System filed with the Washington Secretary of State and shall include any amendments or modifications to the Articles, which have been duly authorized and filed with the Washington Secretary of State.

3.02 "Corporation" shall mean and refer to Roosevelt Lake Ranch Water System, a Washington nonprofit corporation, its successors and assigns, formed for the purpose of rendering water service to the Lots which are owned by members of the Corporation; membership in which shall be composed of the owners of Lots in said Property and any Lots made subject to the provisions of this instrument.

3.03. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" may refer to one or more persons and specifically includes Declarant.

3.04. "Plat" shall refer to the plat of Roosevelt Lake Ranch, other plats on the Property presently existing or to be made by Declarant or its successor or assigns, and any other plat of Property which may hereafter be made subject to the provisions of this instrument. It is expressly stated that the

Property is to be developed in stages or phases but that Owners of all the Property are entitled to membership in the Corporation.

3.05. "Lot" shall mean and refer to any parcel of land in Exhibit "A", any parcel of land in Exhibit "B" the owner of which has elected to become a member, and any Annexation Lots. A parcel shall be either a lot delineated on the face of any recorded plat or a lot or parcel created by a subdivision of land reflected by a separate and distinct tax parcel number, for single family residential or recreational or farming purposes, including the keeping, breeding, and raising of cattle, sheep and/or horses. "Lot" shall not include a dude ranch, riding academy or similar adventure.

3.06. "Water System" shall mean the water well, pumping apparatus, and water lines presently on the Property and those to be placed on the Property in order to reasonably service all Lots, all of which Water System is owned by the Corporation.

3.07. "Annexation Lots" shall mean those Lots whereby service of the water system is expanded upon approval by the Board of Directors of the Corporation and only after said Board of Directors has received reasonable evidence that the Water System has sufficient flow for such extension. The owner of the Additional Property shall have the absolute and continuing right to add the Additional Property to the Water System so long as the System has reasonably sufficient flow. Notwithstanding the above, no Annexation Lot owner shall be added as a member unless and until payment has first been made to the Secretary/Treasurer of the Corporation for initiation fees as may be reasonably determined and fixed by the Board of Directors, if any.

3.08. "Residential Use" shall mean water use for single-family usage on a Lot, including the keeping, breeding and raising of cattle, sheep and horses, but shall not extend to extensive water use for an orchard exceeding twenty (20) trees, community or private swimming or other pools or ponds, farming of crops over three acres in the aggregate for any one lot, or other non-single family uses unless approved in writing by the Board of Directors of the Corporation, which approval may be arbitrarily withheld.

3.09 "Member" shall mean and refer to those persons entitled to membership as provided in the Agreement.

3.10 ABoard@ shall mean and refer to the Board of Directors of the Corporation.

ARTICLE III

LANDS ENTITLED TO WATER SERVICE

The Lots of the Property which is situated in the County of Lincoln, State of Washington and described on Exhibit A, attached hereto and incorporated herein by this reference, shall be initially entitled to receive water service from the Corporation as provided herein.

The Additional Property which is situated in the County of Lincoln, State of Washington, and described on exhibit B, attached hereto and incorporated herein by this reference ("Additional Lots") shall be entitled to receive water service from the Corporation as provided herein upon election of the Owner of the Additional Lots to receive such service.

Water service may be extended to lands other than those now authorized to receive service ("Annexation Lots"), but only after the Board of Directors has received reasonable evidence that the

Roosevelt Lake Ranch Water System has sufficient flow for such extension and approved the extension. No person shall be entitled to Membership for any such lands until payment has first been made to the Secretary-Treasurer of the Corporation for initiation fees as may be determined and fixed by the Board of Directors of the Corporation.

ARTICLE IV

MEMBERS

The owners or purchasers of the Lots entitled to receive water service from the Corporation shall constitute the Membership of the Corporation by virtue of Lot ownership. For the purpose of Membership an individual, group or the Members of a marital community shall be considered as a single owner or purchaser.

The owner or purchaser of each of the Lots described on Exhibit A shall receive one Membership per lot owned or purchased. The owner or purchaser of each of the Additional Lots described on Exhibit B shall receive one Membership per Lot owned or purchased, upon election to become a Member. The owner of a Lot allowed to join the Water System as an Annexation Lot as a Member shall receive one Membership per Lot owned.

Membership shall solely depend upon and be limited to owners or purchasers of the Lots entitled to water service from the Corporation. The Lots, Additional Lots or Annexation Lots need not be hooked up to the water service system for owners or purchasers to qualify for Membership. Whenever the owner, or owners, of any of the Lots authorized to receive service, sells the Lot for which he, she, or they hold Membership, Membership shall transfer to the new owner or purchaser. When any of the Lots, Additional Lots, or Annexation Lots entitled to water service from the Corporation is sold under contract, the purchaser shall be entitled to hold the Membership. The Corporation shall look to the purchaser for any payments which may be due the Corporation.

It is acknowledged that one or more of the Lots may be further subdivided or platted.

Water service may be extended to Annexation Lots. No person shall be entitled to Membership for any such Annexation Lots until payment has first been made to the Secretary-Treasurer of the Corporation for initiation fees as may be determined and fixed by the Board of Directors of the Corporation.

2014 0467663 PAGE 4 OF 5
LINCOLN COUNTY, WASHINGTON

ARTICLE V

DIRECTORS AND OFFICERS

The business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors shall consist of seven Directors. Each Director shall be elected by the members at the Annual Member's Meeting and serve a two year term and until their successors are elected and qualified. At the Annual Board Director's Meeting following the Annual Members's Meeting, the Board of Directors shall elect a President, Vice-President and a Secretary-Treasurer. Meetings of the Board shall be presided over by the President, or in his/her absence, the Vice-President. Three Members of the Board shall constitute a quorum to transact business. Any vacancies occurring in the Board of Directors or in any of the offices shall be filled by the Board, the appointee to such a vacancy to hold office until the next Annual Meeting of the Members and until the appointee or his successor is elected and qualified. Any director may resign at any time by giving written notice to the Corporation, the Board, the president or the secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon its acceptance by the Board.

The Members may remove any director from office prior to the expiration of that director's term of office by a two thirds (2/3) vote of the voting power in the Members present and entitled to vote at any meeting of the Members at which a quorum is present, with or without cause.

Any officer may resign at any time by giving written notice to the Board, the president or the secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon its acceptance by the Board. If any officer of the Corporation is absent or unable to act and no other person is authorized to act in such officer's place, by the provisions of these Bylaws, the Board may from time to time delegate the powers or duties of such officer to any other officer or any director or any other person it may select. Members of the Board of Directors and Officers must be members of the Corporation.

Powers and Duties of Officers.

A. President. The president shall supervise all activities of the Corporation; execute all instruments in its behalf; preside at all meetings of the Board and of the membership of the Corporation; call such meetings of the membership as may be deemed necessary, other than the annual meeting of the membership; and perform such other duties usually inherent with such office.

B. Vice-President. During the absence or disability of the president, the vice-president shall exercise all functions of the president. The vice-president shall also have such powers and discharge such duties as may be assigned from time to time to such vice-president by the president or by the Board.

C. Secretary/Treasurer. The secretary shall keep accurate minutes of all meetings; shall attend to the giving and serving of all notices of the Corporation; shall have custody of all the original records, papers, files and books of the Corporation; shall keep appropriate current records, showing (1) the Members of the Corporation together with their addresses, (2) any mortgagee giving notice to the Corporation, together with their address; and, in general, shall perform all the duties incident to the office of secretary and such other duties as the president

and/or Board shall designate; shall receive and be accountable for all funds belonging to the Corporation; pay all obligations incurred by the Corporation when payment is authorized by the Board; maintain bank accounts and depositories designated by the Corporation; and render periodic financial reports; cause an annual audit of the Corporation books to be made by a certified public accountant at the completion of each fiscal year, unless waivable and waived as allowed by law. All checks, drafts, notes or other obligations for the payment of money shall be signed by the secretary/treasurer and/or such other officer as designated by the Board.

ARTICLE V

POWERS AND DUTIES

The Board of Directors shall have complete control and management of the affairs of the Corporation. The Board shall have power to:

(a) Suspend the voting rights during any period in which such Member shall be in default in the payment of any assessment or charge levied by the Corporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(b) Exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership by other provisions of these Bylaws, the Articles, or the Agreement;

(c) Employ a manager, bookkeeper, or independent contractor or such other employees as they deem necessary, and to prescribe their duties.

It shall be the duty of the Board to:

(a) Cause to be kept a complete record of all its acts and Corporation affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is required in writing by one-fourth (1/4) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Corporation; and to see that their duties are properly performed;

(c) As more fully provided in these Bylaws and the Agreement, to:

(1) fix the amount of any annual assessment against each Lot at least sixty (60) days in advance of each fiscal year;

(2) if undertaken, fix and levy any Special Assessments for Capital Improvements;

(3) Send written notice of each assessment to every Owner subject thereto in advance of each assessment; and

(4) Foreclose the lien against any Lot, bring an action against the Owner personally obligated to pay the same, accelerate assessments or otherwise exercise the rights accorded the Board with respect to collection of assessments in the Agreement and these

Bylaws, in the event any assessments or charges are not paid within thirty (30) days after due date.

(d) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment or other charges have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment or other charges have been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on Corporate property and such other insurance as it deems appropriate;

(f) Cause all officers or employees having fiscal responsibilities to be covered by fiduciary coverage or be bonded, as it may deem appropriate;

(g) Cause the Corporate property to be constructed, maintained, repaired and replaced;

(h) Perform such other duties as authorized or required by the Corporation, the Agreement and Washington law.

(i) Incur indebtedness, if necessary, for the operation of the system, and shall prescribe rules and regulations for the furnishing of water to Members and for all matters necessary and proper for the adequate maintenance and operation for the Water System. It shall be the absolute duty of the Board of Directors to make certain that all appropriate governmental filings, including I.R.S., are made by the Corporation.

ARTICLE VII

MEETINGS

Meetings of the Members shall be held annually at such reasonable time and place designated by the Board. In the event such annual meeting is omitted by oversight or otherwise, it may be held at a subsequent special meeting called in accordance with these Bylaws and the laws of the State of Washington, and any business transacted or elections held at such meeting shall be valid as if transacted or held at the annual meeting. At such meetings each Member shall be entitled to one vote per lot owned or purchased. In case the lot is owned by a marital community either the husband or wife may vote, but both shall not be entitled to vote. In no event shall more than one vote be cast per Lot. Twenty (20%) percent of the Lot owners shall constitute a quorum to transact business. All questions, except as provided herein, shall be determined by a majority vote of the voting power of the members represented at the meeting.

The vote at any meeting may, as an alternative to voting in person or by proxy, be taken by mail. Mail voting is effective if (1) in the event voting is for election of directors, the name of each candidate is set forth in the notice of meeting, (2) in the event voting is for a proposal, each proposal to be voted on is set forth in the notice of meeting and (3) the document by which the member votes by mail is actually physically received by the Secretary prior to the commencement of the meeting. Members voting by mail in accordance herewith are present for all purposes of quorum, count of votes and percentages of total voting power present. Provided, however, voting by mail is not allowed for budget voting under Article IX.

BYLAWS - PAGE 6

S0749650.DOCX

VOL 110 PAGE 4397

2014 0467663 PAGE 7 OF 5
LINCOLN COUNTY, WASHINGTON

The Directors shall meet at least once a month. The Directors shall meet at such time and place as called together by the President, and a Meeting of the Board of Directors may be called at any time by three Directors.

The president, or the vice president in the president's absence, shall call meetings of directors to order and shall act as chair of such meetings. The secretary shall record the minutes of the meeting. Roberts Revised Rules of Order shall govern all meetings of the directors and any of its committees unless in conflict with the laws of the State of Washington or the Articles or the Bylaws of the Corporation. Any Owner voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. 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 corporation, and matters involving the possible liability of an Owner to the Corporation. 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 meetings only to those purposes specifically exempted and stated in the motion. No motion, or 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 this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Notice of each meeting of directors and of any special Board meeting stating the place, day and hour of such meeting and, if such meeting is a special meeting, the purpose for which such meeting is called, shall be given to each director prior to the date of the meeting. Notice shall be given by the secretary personally, by telephone or by mail. Notice by mail shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the director's last known address. Attendance of a director at a meeting shall constitute a waiver of notice, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Directors may waive notice of meetings, and written waiver of notice executed either before or after the meeting shall be sufficient. Any adjournment or adjournments of a Board meeting to another time and place may be held without new notice being given.

At least three directors present at the beginning of the meeting shall constitute a quorum for the transaction of business. The act of the majority of the directors present shall be the act of the Board where a quorum exists. If there shall be less than a quorum present, those present may adjourn the meeting from time to time without notice other than by announcement at the meeting. At any subsequent meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

A director who is present at a meeting of the Board at which action on a corporate matter is taken shall be presumed to have assented to such action unless the director shall file a written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

Each Member of the Board shall possess one (1) vote in matters coming before the Board. A director may vote only in person and not by proxy.

Any action which must or may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors. Such consent shall have the same effect as a unanimous vote.

Written notices of Annual Meeting of Members shall be mailed to all Members at their last known address by the Secretary-Treasurer at least fourteen (14) days, but no more than fifty (50) days, prior to the Annual Meeting. Special Meetings of the Members may be called at any time by the President, or by a majority of the Board of Directors, or upon petition of not less than three (3) Lot owners, but written notice of the time, place and purpose of the Special Meeting must be sent to all Members at least fourteen (14) days, but no more than fifty (50) days, prior to the Meeting.

ARTICLE VIII

COMPENSATION AND INDEMNIFICATION

Compensation. Except for the President, no compensation shall be paid to directors or officers of the Corporation. The Board may reimburse directors, officers and Members for reasonable expenses actually incurred in carrying out assigned duties. Any payments made to a director, officer or other Member of the Association for expense incurred by a director, officer or other Member of the Association which shall be determined to be unreasonable, in whole or in part, by the Internal Revenue Service shall be reimbursed by such director, officer or Member to the Association to the full extent of such determination of unreasonableness. It shall be the duty of the Board to enforce repayment of such amount.

Indemnification. Any person made or threatened to be made a party to any judicial or administrative action, suit, or proceeding on the basis of actions taken while such person is or was a director, officer, employee, or agent of the Corporation shall be indemnified by the Corporation against all expenses (other than taxes, penalties, or expenses of collection), including attorneys' fees reasonably incurred in the defense of any such action, suit, or proceeding.

The Corporation may maintain or arrange for liability insurance providing or reimbursing the Corporation for the indemnity granted in the preceding paragraph.

In addition, the Corporation may maintain or arrange for liability insurance providing indemnification of any person for liabilities other than the foregoing arising from actions taken while such person is or was a director, officer, employee, or agent of the Corporation. Indemnification shall be provided only if such person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation; and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The Corporation will not indemnify for acts or omissions that involve intentional misconduct, knowing violation of law, or for any transaction from which the particular party will personally receive a benefit in money, property or services to which that person is not legally entitled. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation; and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

If the Corporation arranges for a liability insurance policy and the person covered pays the premium of such insurance policy, then the Corporation shall reimburse such person for such payments.

Unless ordered by a court, indemnification shall be made by the Corporation only as authorized in the specific case upon the determination that indemnification of the director, officer, employee, or agent shall be proper in the circumstances because such person will have met the applicable standards set forth above. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who shall not have been parties to such action, suit, or proceeding; or (ii) if such a quorum shall not be obtainable or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

The foregoing rights of indemnification shall not be exclusive of any other rights which any director, officer, employee, or agent may have as a matter of law or under any agreement. Furthermore, all rights of indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent; and, in the event of death, shall inure to the benefit of the person's legal representatives, heirs, successors, and assigns.

ARTICLE IX

DUES AND PAYMENTS

It is the purpose of the Corporation to furnish water to the Lots, Additional Lots or Annexation Lots authorized to receive service, at cost. Assessments may be made or dues fixed at such figures as will pay all actual costs of the maintenance, insurance premiums, operation and repair of the Water System and accrue a contingency fund for emergencies. Within thirty days after adoption by the board of directors of any proposed regular or special budget of the corporation, the board shall set a date for a meeting of the members to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the corporation are allocated reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the members shall be continued until such time as the members ratify a subsequent budget proposed by the board of directors.

A Member's initial hookup fee to the water well system for the Lots described on exhibits A, and B shall be set by the Board of Directors. In order to be in compliance with the WA, State Department of Health, all Members must install an approved double check valve assembly and an approved water meter at time of hookup to the water well system, as in a manner set by the Board of Directors. However, installation shall be at the Member's expense. Members are liable for assessments charged by the Corporation even though their Lot, Additional Lot or Annexation Lot is not hooked up to the Water System.

In the event of any emergency repairs requiring greater expenditures than there is money in the treasury, the Board of Directors may authorize an assessment of sufficient amount to pay for such repairs. Such assessments shall be made uniform as to each of the Lots, Additional Lots and Annexation Lots. The Secretary-Treasurer shall send notices to such Member, monthly or quarterly, whichever may be found more efficient, of all dues and assessments payable, and dues and assessments will be deemed delinquent if not paid within thirty (30) days after mailing of such notice. The Board of Directors, in fixing dues and assessments, may provide for a monthly, quarterly or annual assessment for the purpose of acquiring funds to meet emergencies.

The Board of Directors will set the initial membership payment to be made by new Members and owners of Annexation Lots who may be permitted to come into the system. Such initial payment shall be sufficient to cover all costs other than main line incurred by the Corporation in carrying water to the new Member's property line and such additional sum as may be deemed proper, which additional sum shall be placed in the contingency fund of the Corporation for the benefit of the original Members and the new Member. Installation shall be at the expense of all new Members.

ARTICLE X

DELINQUENT ASSESSMENTS

If any Member shall be delinquent more than thirty (30) days in the payment of any assessments, the Board of Directors may declare such Membership in default and thereafter water service shall not be rendered to such Member until all costs incurred, dues and assessments, have been paid to the Secretary-Treasurer.

In the event the Board of Directors shall declare any Membership in default, the Secretary-Treasurer shall send notice by certified mail, of such default, which notice shall advise the Member that if the land has been receiving water, water service will be discontinued until all delinquent assessments, have been paid in full, or, in the case of nonresident Member, that no water service will be rendered such land until all such payments and penalties have been paid. In registering such notices, the Secretary-Treasurer shall require certified mail receipt be kept in the files. If such default is not cured within ninety (90) days, Member is further subject to loss of member's right to vote as voted by the Board of Directors at their next scheduled Meeting.

Likewise, if any Member shall be delinquent more than thirty (30) days in the payment of any assessments, the Corporation may exercise any and all rights set forth in Article V of the Agreement.

ARTICLE XI

FUNDS

The Secretary-Treasurer shall maintain at least two funds, and such other funds as from time to time may be required by the Board of Directors. One such fund shall be called the "Operating Fund" and from it all payments for materials, supplies, salaries and other costs of operation shall be paid. The second fund shall be called the "Contingency Fund" and in it shall be placed all other funds received. The Contingency Fund shall be reviewed at each Board of Directors Meeting so as to have enough monies to cover 45 days of usual and ordinary costs of operation at all times and for use in the event funds are needed for purposes not paid for out of the Operating Fund, including, but not limited to, the following components: .

- a. A pump replacement component for each pump that is based on the time elapsed and estimated remaining useful life since the last replacement of each pump.
- b. A future projects component with consideration given to project timeliness and funds availability.

The Board of Directors shall have full flexibility to use money for all components and to use funds in the best interest of and to meet the needs of the Water System.

ARTICLE XII

EASEMENTS

Before receiving Membership in the Corporation, the prospective Member shall acknowledge to the Board of Directors that there is an easement in favor of the Corporation, granting the Corporation the right to enter upon the lands of the Member for the purpose of construction, inspection, maintenance, repair, replacement and operation of pump apparatus and water equipment necessary for the operation and maintenance of the Corporation's Water System contained in the CC&R's for the Division.

An Owner of an Annexation Lot shall execute and deliver to the Secretary-Treasurer of the Corporation an easement in favor of the Corporation granting the Corporation the right to enter upon the Annexation Lot for the purposes of construction, inspection, maintenance, repair, replacement and operation of pump apparatus and water equipment necessary for the operation and maintenance of the Corporation's Water System.

ARTICLE XII

WATER SERVICE

The Corporation shall, at the Member's expense, maintain, operate and repair the water well, the pump apparatus and the main water line from the well to the individual Member's water meter. Members shall be responsible for the construction, maintenance, operation and repair of the water line from the Member's individual shut-off valve and water meter to the individual Member's residence and other use location. Following installation, maintenance to the shut-off valve shall be the Member's responsibility. If a Member fails to keep the water line and equipment on his own land in proper condition, as a result of which an unnecessary waste of water occurs to the detriment of the system as a whole and the Members thereof, the Corporation may enter upon the property of the Member and make necessary repairs and charge the cost thereof to the Member. If the cost of such necessary repair is not paid within thirty (30) days, the Corporation shall have all rights provided it with respect to assessments under the Agreement and these Bylaws.

2014 0467663 PAGE 12 OF 5
LINCOLN COUNTY, WASHINGTON

ARTICLE XIV

BOOKS AND RECORDS

The Corporation shall keep accurate and complete books and records of account and shall keep minutes of the proceedings of its Members, if any, the Board, and committees, if any. All books and records of the Corporation may, upon request, during reasonable business hours, and so long as the purpose for the inspection is reasonably related to membership interests, be inspected by any Member or Director. The Agreement, Articles, these Bylaws and any rules or regulations promulgated, together with such other items as are required by Washington law, shall be available for inspection by any Member at the principal office of the Corporation. The Board by rule from time to time may set reasonable charges for copies of instruments, statements as to unpaid assessments and similar services permitted or required by the Agreement, Articles, Bylaws, or general Washington law.

ARTICLE XV

NEGATION OF PECUNIARY GAIN

No part of the net earnings of the Corporation shall ever inure to or for the benefit of, or be distributable to, its directors, officers, Members or other private persons, except that the Corporation shall be empowered to pay a reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes for which it was formed.

ARTICLE XVI

ALTERATION AND AMENDMENTS

No alterations or amendments to the Bylaws of this Corporation shall be made except by an instrument signed by not less than seventy-five percent (75%) of the members.

ARTICLE XVII

MISCELLANEOUS

The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of in Corporation.

ARTICLE XVII

CERTIFICATION

We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary of the Corporation; and

That the foregoing Bylaws were duly adopted at a meeting of the Members in accordance with Article XII of the prior Bylaws, held on the 31 day of May, 2014.

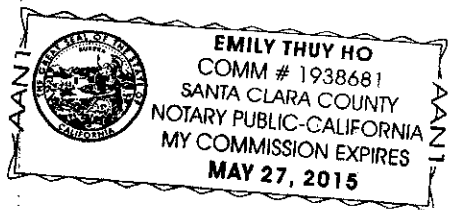
SIGNED BY:

President

ATTEST:

Deborah J. Ivy
Secretary

State of California, County of Santa Clara
On 07/16/14 before me, Emily Thuy Ho, Notary Public.
Personally appeared Deborah J. Ivy
who proved to me on the basis of satisfactory evidence to be the person(s)
whose name(s) is/are subscribed to the within instrument and acknowledged
to me that he/she/they executed the same in his/her/their authorized capacity(ies);
and that by his/her/their signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.
WITNESS my hand and official seal. Emily Thuy Ho



2014 0467663 PAGE 14 OF 15
LINCOLN COUNTY, WASHINGTON

ARTICLE XVII

CERTIFICATION

We, the undersigned, do hereby certify:

That we are the duly elected President and Secretary of the Corporation; and

That the foregoing Bylaws were duly adopted at a meeting of the Members in accordance with Article XII of the prior Bylaws, held on the 15 day of July, 2014.

SIGNED BY:

Tom M. Gray

President

ATTEST:

Secretary



*Subscribed & sworn before me on this
15th day of July, 2014 in Lincoln County.*

*Karen R. Paulsen
Comm expires 11/30/17*

2014 0467663 PAGE 15 OF 5
LINCOLN COUNTY, WASHINGTON