

BY-LAWS
OF
ROSARIO PROPERTY OWNERS ASSOCIATION

ARTICLE I
Offices

The principal office of the corporation in the State of Washington shall be located in Eastsound, San Juan County. The corporation may have such other offices, either within or without the State of Washington, as the Board of Directors may determine or as the affairs of the Association may require from time to time.

The Association shall have and continuously maintain in the State of Washington a registered office and a registered agent whose office is identical with such registered office, as required by the Washington Nonprofit Corporation Act. The registered office may be, but need not be, identical with the principal office in the State of Washington, and address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II
Members

Section 1. The corporation shall have one class of members. The designation of such class and the qualifications of the members of such class shall be as follows:

(a) The beneficial owners of lots within the plats of Rosario Estates, Rosario Estates Nos. 1,2 and 3, Rosario Palisades and Rosario Palisades South, Rosario Shores, Entrance West, Dolphin Shores, Tomi Hi and those Metes and Bounds contiguous to the Palisades, Palisades South and Tomi Hi, as said plats are recorded with the San Juan County Auditor, are entitled to membership in the Association, subject to the terms and conditions hereinafter set forth.

(b) Membership shall be on a family unit basis subject to the proviso that each membership shall be entitled to but one vote.

(c) The terms "beneficial owner" and "family unit" shall be subject to interpretation by the Board of Directors.

Section 2. Election of Members. Owners of the above plats, as stated in Section 1. (a), shall become a member in good standing upon payment of the annual dues.

Section 3. Voting Rights. Each member, as herein above described, shall be entitled to one vote on each matter submitted to a vote of the members.

Section 4. Termination of Membership. The Board of Directors, by affirmative Vote of two-thirds of all of the members of the Board, may suspend or expel a member for cause after an appropriate hearing, and may, by a majority vote of those present at any regularly constituted meeting, terminate the membership of any member who becomes ineligible for membership, or suspend or expel any member who shall be in default in the payment of dues for the period fixed in Article XI of these By-Laws.

Section 5. Resignation. Any member may resign by filing a written resignation with the secretary, but such resignation shall not relieve the members resigning

of the obligation to pay any dues, assessments or other charges therefore accrued and unpaid.

Section 6. Reinstatement. Upon written request signed by a former member and filed with the secretary, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate such former member to membership upon such terms as the Board of Directors may deem appropriate.

Section 7. Transfer of Membership. Membership in this corporation is not transferable or assignable. Qualification for membership is based upon the beneficial ownership of property in the platted areas above described. Disposition of beneficial ownership shall be grounds for termination of membership.

ARTICLE III **Meetings of Members**

Section 1. Annual Meeting. An annual meeting of the members shall be held November each year for the purpose of electing directors and for the transaction of such other business as may come before the meeting. The date, place and time of this annual meeting shall be determined by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called by the president, the Board of Directors, or not less than one-tenth of the members having voting rights.

Section 3. Place of Meeting. The Board of directors may designate any place on Orcas Island, San Juan County, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

Section 4. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the president, or the secretary, or the officers or persons calling the meeting. In the case of a special meeting or when required by statute or by these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of the meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 5. Informal Action By Members. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Section 6. Quorum. The members holding one-quarter of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 8. Voting By Mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

ARTICLE IV
Board of Directors

Section 1. General Powers. The affairs of the corporation shall be managed by its Board of Directors. Directors shall be members of the Association in good standing.

Section 2. Number, Tenure and Qualifications. The number of directors shall initially be seven. The number of directors may be changed by amendment of the By-Laws; provided, however, that the number of directors shall be not less than five nor more than nine and, provided, further, that the By-Laws in this regard shall not be amended in such a manner as to shorten the term of office of any duly elected member of the Board of Directors. Each director shall hold office until the next annual meeting of the members and until his successor shall have been elected and qualified.

Section 3. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of Washington, for the holding of additional regular meetings of the board without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any special meeting of the Board of Directors shall be given at least ten days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater member is required by law or by these By-Laws.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors, shall be filled by the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor office.

Section 9. Compensation. Directors as such shall not receive any stated salary for their service, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors; but nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

Section 10. Informal Action By Directors. Any action required by law to be taken at a meeting of directors, or any action which may be taken at a meeting of 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.

ARTICLE V **Officers**

Section 1. Officers. The officers of the corporation shall be a president, one or more vice presidents (the number thereof to be determined by the Board of Directors), a secretary, a treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. Officers shall be members of the Association in good standing.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The president shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other officer or agent of the

Association: and in general he shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the president or in the event of his inability or refusal to act, the vice president, or in the event there be more than one vice president, the vice presidents in the order of their election, shall perform the duties of the president, and when so action, shall have all the powers of and be subject to all the restrictions upon the president. Any vice president shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 7. Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks or other depositories as shall be selected in accordance with the provisions of Article VII of these By-Laws; and in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 8. Secretary. The secretary shall keep the minutes of the meetings of the members and of the board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the Association's records and the seal of the Association and see that the seal of the Associations is affixed to all documents, the execution of which on behalf of the Association under seal is duly authorized in accordance with the provisions of these By-Laws; and keep a register of the post office address of each member which shall be furnished to the secretary by such member; and in general perform all duties incident to the office of secretary and such other duties as from time to time may assigned to him/her by the president or by Board of Directors.

Section 9. Assistant Treasures and Assistant Secretaries. The assistant treasurers and assistant secretaries, in general, shall perform such duties as shall be assigned to them by the treasurer or the secretary or the president or the Board of Directors.

ARTICLE VI **Committees**

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees, each of which shall consist of two or more directors; which committees, to the extent provided in such resolution, shall undertake duties or assignments on behalf of the Board of Directors; provided, however, that such committee shall be informal in nature and shall not exercise the authority of the Board of Directors in the management of the corporation.

ARTICLE VII **Contracts, Checks, Deposits and Funds**

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-Laws to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by an authorized officer or agent of the Association if the sum does not exceed \$100. If such amount exceeds \$100, such instruments shall require the signature of the treasurer or assistant treasurer and one additional authorized officer or agent.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the association in such banks or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequests of devise for the general purposes or for any special purpose of the Association.

ARTICLE VIII **Certificates of Membership**

Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board.

ARTICLE IX **Books and Records**

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members and Board of Directors and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE X **Fiscal Year**

The fiscal year of the corporation shall begin on the first day of November and end on the last day of October in each year.

ARTICLE XI **Dues**

Section 1. Annual Dues. The Board of Directors may determine from time to time the amount of annual dues payable to the Association by members. The annual dues as of the date of adoption of these amended By-Laws is \$20 per member.

Section 2. Payment of Dues. Dues shall be payable in advance on the first day of November in each fiscal year. Dues of new members may, in the discretion of the Board of Directors, be prorated from the first day of the month in which such new member is elected to membership, for the remainder of the fiscal year of the Association.

Section 3. Default and Termination of Membership. When any member of any class shall be in default in the payment of dues for a period of thirty days from the beginning of the fiscal year or period for which such dues become payable, his membership may thereupon be terminated by the Board of Directors in the manner provided in Article III of these By-Laws. Notwithstanding the foregoing, no member in default in

the payment of dues shall be entitled to vote at any annual or special meeting of the members.

ARTICLE XII
Seal

The Board of Directors may provide a corporate seal, which shall be in the form of a circle and shall have inscribed there the name of the Association and the words "Corporate Seal 1971".

ARTICLE XIII
Waiver of Notice

Whenever any notice is required to be given under the provisions of the Washington Nonprofit Corporation Act or under the provisions of the Article of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV
Amendments to By-Laws

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by a majority of the directors present at any regular meeting or at any special meeting, if at least five days written notice is given of intention to alter, amend or repeal or to adopt new By-Laws at such meeting.

DATED this 11 day of May, 1994.

DIRECTORS:

1 signature Pamela L. Narney print PAMELA L. NARNEY

2 signature Beverly B. Franklet print Beverly B. Franklet

3 signature F.M. Allen print FOREST M. ALLEN

4 signature _____ print _____

5 signature L. Horowitz print Loretta Horowitz

6 signature _____ print _____

7 signature _____ print _____