

(The following text of the By-Laws of Sun Ranch Owners')
(Association is certified to be complete and correct)
(The following text of the By-Laws of Sun Ranch Owners')
(incorporating all amendments made up to June 1997)
()
(By: signature of Eugene D. Davies)
(Secretary, SUN RANCH OWNERS' ASSOCIATION)

BY-LAWS

OF

SUN RANCH OWNERS' ASSOCIATION

ARTICLE I

Identification

Section 1. Name. The name of this corporation is SUN RANCH OWNERS' ASSOCIATION which shall be referred to herein for convenience as the "Association".

Section 2. Principle Office. The principle office of the Association shall be in the County of Okanogan, State of Washington.

ARTICLE II

Purpose and Powers

Section 1. Purpose. The primary purpose of SUN RANCH OWNERS' ASSOCIATION shall be to further and promote the common interests and welfare of its members within the subdivided land area situated in Okanogan County, Washington known and to be known generally as Sun Ranch, referred to herein for convenience as the "Subdivision".

Section 2. Powers. The Association shall do whatever is necessary, conducive, and incidental or advisable to accomplish and promote its object and purposes, except carrying on a business or trade for profit, and in connection therewith shall have but shall not be limited to, the following powers:

- (a) To acquire real or personal property by gift, purchase or other means;

- (b) To own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage or otherwise encumber, or dedicate for public use, any real or personal property owned by it;
- (c) To exercise the powers and functions granted to it in the recorded restrictions of each unit in the subdivision;
- (d) To construct, maintain and operate recreational facilities of all kinds within the subdivision;
- (e) To care for vacant, unimproved or unkept lots;
- (f) To maintain, rebuild, repair, beautify and otherwise care for all streets within the Subdivision not subject to maintenance by governmental authority;
- (g) To pay taxes and assessments, if any, levied by any governmental authority on property owned by it;
- (h) To enforce charges, easements, restrictions, covenants, conditions and agreements existing upon or created for the benefit of the real property in the subdivision;
- (i) To appoint such committees as may be necessary to, or convenient in, the discharge of any of its obligations or powers;
- (j) To levy an annual charge upon its members and to declare the same a lien against the property subject thereto in accordance with the recorded restrictions of each unit in the subdivision;
- (k) To prescribe and enforce motor vehicle speed limits within the Subdivision;
- (l) To sue to collect any charges not paid and in connection therewith to foreclose any lein granted to it;
- (m) To borrow money, contract debts, and issue bonds, notes, debentures, and secure the payment or performance of its obligations;
- (n) To expend its moneys for the payment and discharge of all proper costs, expenses, and obligations incurred in carrying out all or any of these powers in furtherance of it purposes and objectives;
- (o) To contract and pay premiums for fire, casualty, liability, and other insurance, including indemnity and other bonds.
- (p) To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by it and to employ personnel reasonably necessary for the

administration of its affairs including legal counsel and accountants;
and

- (q) To do all other acts necessary or expedient for the administration of its affairs and the attainment of its purposes.

ARTICLE III

Membership

Section 1. Classes. There shall be two (2) classes of membership in the Association, i.e., members and associate members.

Section 2. Members. Membership shall be appurtenant to lots (as the same are defined herein) in the Subdivision and all persons who become owners thereof shall, by reason of such ownership, become and hereby are made members of the Association. The Subdivision developer shall be a member by reason of its inventory of unsold lots.

Members shall be limited to the owners of not less than one (1) lot (as the same is defined herein) in the Subdivision. Only one (1) of any number of co-owners of a lot shall be a member. A lot held by a husband and wife in any form of joint ownership, including Community property, shall qualify the owners for one (1) membership only, to be issued in the name of the husband(,) unless otherwise directed.

Ownership of more than one (1) lot shall entitle the owner to all the rights and privileges of membership and shall subject such owner to all the liabilities and duties thereof that are attendant to the ownership of each lot separately; provided however, that the Association may issue a single certificate or other evidence of membership relating to all of such lots; and provided further that the owner of more than one (1) lot shall be considered as a single member only for purposes of notice and determination of associate memberships.

A member shall be entitled to one (1) vote for each lot in the Subdivision owned by such member.

Section 3. Associate Members. The following shall be entitled to associate membership in the Association:

- (a) Co-owners of any lot;
- (b) The spouse and/or children of a member who also have the same residence as the member;

- (c) Any person who is a tenant or regular occupant of any unit in a multi-family residential building or guesthouse, inn or hotel facility within the Subdivision; and
- (d) Officers and directors of the Association not otherwise a member by reason of lot ownership pursuant to Section 2 of this Article III.

Persons qualifying under more than one (1) of the above categories shall, nevertheless, be entitled to only a single associate membership.

Associate members shall have no vote or right to notice of any meeting of members, regular or special. Associate members shall not be required to pay an annual charge but shall be entitled to enjoy all the other privileges of membership, subject, however, to their observance of all rules and regulations governing the conduct of members.

Associate membership shall cease automatically upon the termination of the status giving rise to such membership.

Section 4. Lot Defined. For purposes of these by-laws, “lot” or “lots” shall be defined as consisting of:

- (a) All subdivided lots described and set forth in unit maps of the Subdivision from time to time recorded in the office of the County Recorder of Okanogan County, Washington; and
- (b) Each unit of any multiple-family residential building or guesthouse, inn or hotel facility within the Subdivision.

Section 5. Privileges. Members and associate members, and guests of each, shall have the use of streets and parks in the Subdivision and any other property or facilities from time to time owned by the Association, subject to the provisions of the restrictive covenants of the various units of the Subdivision from time to time recorded and such other rules for the use of the streets, parks or other property or facilities as may be adopted by the Board of Directors of the Association.

ARTICLE IV

Evidence of Membership and Transfer

Section 1. Membership Certificates. Certificates of membership in the Association shall be issued to members only. They shall be in such form as the Board of Directors shall designate and shall be issued over the signature of the President or Vice President and Secretary or Assistant Secretary. A certificate book shall be maintained in which shall be shown the name of the member, the certificate number, date of issue and a sufficient description of the lots giving rise to such membership. Membership of the Subdivision developer need not be evidenced by certificates of membership.

Section 2. Transfer. Membership in the Association is transferable only upon the conveyance of the lot giving rise to such membership and any other attempted transfer or assignment of membership shall be null and void. Transfer of record which occur by reason of conveyance of any lot subsequent to the initial conveyance from the Subdivision developer shall be subject to a fee of \$25.00 and to the payment of all indebtedness to the Association of the member whose membership is transferred.

Section 3. Issuance. Members shall be entitled to exercise all the rights and privileges of membership, and they shall be subject to all the obligations and liabilities thereof, without the actual issuance and possession of certificates of membership; provided, however, that the Association shall incur no liability for failure to give adequate notice to members not of record.

Section 4. Membership Cards. The Association may issue cards to members and/or associate members from time to time as the Board of Directors may deem necessary to assure proper control and identification, In any event, a roster of associate members shall be kept sufficiently current to assure proper identification and control.

ARTICLE V

Meetings of Members

Section 1. Place of Meetings. Any meeting of the members of the Association shall be held in Okanogan County, Washington, at such particular place therein as stated in the notice for such meeting.

Section 2. Annual Meeting. The annual meeting of the members of the Association for the election of Directors whose term has expired and for the transaction of such other business as may properly come before the meeting, shall be held between June 8th and July 31st, beginning in the year 1974 as shall be determined by the Board of Directors.

Section 3. Special Meetings. Special meeting of the members for any purpose or purposes whatsoever may be called at any time by the President, or by a majority of the Board of Directors, or by one or more members holding not less than 40% of the voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meeting of members. Notices of any special meeting shall specify, in addition to the place, date and hour of such meeting, the general nature of the business to be transacted.

Section 4. Adjourned Meetings and Notice Thereof. Any members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power of which is either present in person or represented by proxy thereat, but in the absence of a quorum no other business may be transacted at any such meeting.

When any members' meeting, either annual or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting which such adjournment is taken.

Section 5. Quorum. Wherever in these By-Laws the word "Quorum" appears, the phrase, sentence or paragraph and previous or subsequent phrases, sentences or paragraphs which are directly or indirectly related, shall be reconstituted such that with modification or elimination the meaning of "Quorum" is and shall be "A simple Majority" of those members present in person, or by proxy, allowing any and all business to be transacted in the meeting, and that business may continue to be done on the same majority basis until adjournment, notwithstanding the subsequent withdrawal of members.

Section 6. Voting. Except as otherwise provided by law, only members in good standing, with assessments paid, in whose names memberships entitled to vote stand on the records of the Assoc. on the record date for voting purposes, fixed as provided in **ARTICLE IX, Section 1**, of these by-laws, shall be entitled to vote at such meeting. Such vote may be *viva voce* or by ballot; provided, however, that all elections for directors must be by ballot upon demand by a member at any election, and before the voting begins. Except as otherwise provided herein, each member is entitled to one vote for each lot owned by him.

Every member entitled to vote at any election of directors shall have the right to cumulate his votes and give one (1) candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Section 7. Action Without Meeting. Any action, except as otherwise provided by law, which, under applicable provisions of law, may be taken at a meeting of the members may be taken without a meeting, if authorized in writing by all of the members who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association.

Section 8. Proxies. Every member entitled to vote or execute consents should have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven(11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed seven (7) years from the date of its execution.

ARTICLE VI

Directors

Section 1. Powers. Subject to any limitations of the articles of incorporation, of these by-laws, and of the General Non-profit Corporation Law of Washington, and subject to the duties of directors as prescribed by these by-laws, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is expressly declared that the directors shall have the following powers:

- (a) To select and remove all officers, agents and employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law, with the articles of incorporation, or these by-laws;
- (b) To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, with the articles of incorporation, or these by-laws, as they may deem best;
- (c) To change the principle office for the transaction of the business of the Association from one location to another within the same county as provided in **ARTICLE I, Section 2**, thereof; to designate the place for the holding of any members' meeting or meetings; and to adopt, make use a corporate seal, and to prescribe the forms of membership certificates and/or membership identification cards, from time to time, as in their judgement they may deem best;
- (d) To take such steps as may be necessary to implement any of the powers of the Association as provided in **ARTICLE II, Section 2**, thereof; and
- (e) To appoint an Executive Committee and other committees, and to delegate to such Executive Committee any of the powers and authority of the board in the management of the business and affairs of the Association except the power to adopt, amend or repeal by-laws. Any such Executive Committee shall be composed of two (2) or more directors.

Section 2. Number and Qualifications. The authorized number of directors of the Association shall be five (5) until changed by amendment to the articles of

incorporation or by a by-law amending this Section 2 duly adopted by the members. Directors shall be required to be members of the Sun Ranch Owners' Association.

Section 3. Election and Term of Office. Until the first annual meeting of members, the directors of the Association shall be those individuals named in the articles of incorporation or their successors determined pursuant to **Section 4** of this **ARTICLE IV**. At such meeting, and at each annual meeting of members thereafter, the directors shall be elected by the members; provided, however, that if for any reason any such meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their respective successors are elected.

Section 4. Vacancies. Vacancies in the Board of Directors may be filled by a majority of remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or special meeting of members.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the case of death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail at any annual or special meeting of members at which any director or directors are elected to elect the full authorized number of directors to be voted for at the meeting, or if a vacancy is declared by the Board of Directors for any reason permitted by law.

The members may elect a director or directors at any time to fill a vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the members shall have the power to elect a successor, pursuant to the provisions thereof, to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. Regular Meetings. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 6. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be held at any time upon call by the President or, if he is absent or unable or refuses to act, by any Vice President or by any two (2) directors. Such meetings may be held at any place designated from time to time by resolution of the Board or by written consent of all the members of the Board.

Written notice of the time and place of special meetings shall be delivered personally to each director or sent to each director by mail or other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation. In case such notice is mailed or telegraphed, it shall be deposited in the

United States mail or delivered to the telegraph company in the place in which the principle office of the corporation is located at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall constitute due, legal and personal notice to such director.

Section 7. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at the meeting duly held after the regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written notice or a consent to holding such meeting or an approval of the minutes thereof.. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by the articles of incorporation.

Section 9. Adjournment and Notice. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

ARTICLE VII

Officers

Section 1. General. The officers of the Association shall be a President, one (1) or more Vice Presidents, a Secretary and a Treasurer, and each of them shall be elected by the Board of Directors. The Association may also have such other officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board of Directors. Officers, other than the President, need not be directors. One person may hold two (2) or more offices, except those of President and Secretary.

Each officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor be elected and qualified; provided that officers may be appointed at any time by the Board of Directors for the purpose of initially filling an office or filling a newly created or vacant office.

Section 2. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these by-laws for regular appointments to such office.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. President. The President, who shall be chosen from the Board of Directors, shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall be an ex officio member of all the standing committees, including the Executive Committee, if any, and have the general powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties as may be prescribed by the Board of Directors or these by-laws.

Section 5. Vice Presidents. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all 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 Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board of Directors, the President or these by-laws.

Section 6. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of directors and members, or a duplicate thereof, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board of Directors may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of lots, if more than one, upon which the membership is based, the number and date of membership certificates issued, and the number and date of cancellation of membership certificates surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by these by-laws or by law be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President or these by-laws.

Section 7. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The book of account shall at all times be open to inspection by any director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President or these by-laws..

Section 8. Qualifications. Officers shall be required to be members of the Sun Ranch Owners' Association.

ARTICLE VIII

Annual Assessment

Section 1. General. Each year the Board of Directors shall consider the current and future needs of the Association and, in the light of those needs, shall fix by resolution the amount of the annual assessment to be levied against each lot in the subdivision, which amount shall be debt of the owner thereof at the time such charge is made.

Section 2. Amount. The annual assessment to be so levied shall not be less than Twelve Dollars (\$12.00) nor more than Twenty-four Dollars (\$24.00) per lot.

Section 3. Notice. Commencing in 1974 the Secretary shall mail to each member, at such member's record address, written notice of each annual assessment on or before June 1st of each year, and such annual assessment shall then become due and payable on June 15th of said year.

Section 3a. Delinquency. Assessments remaining unpaid on October 15th (approximately 120 days after becoming due and payable) will be referred by the Treasurer for immediate action by the Board of Directors in filing liens on any property such with an assessment unpaid.

Section 4. Lien. The amount of such annual assessment, plus any other charges thereon such as interest when delinquent and costs of collection (including attorney's fees), if any, shall constitute and become a lien on a lot so assessed or on the underlying real property (in the case of units in a multi-family residential building or guesthouse, inn or hotel facility) when the Board of Directors causes to be recorded with the County Recorder of the Lot's County a notice of assessment which shall state the amount of such assessment and such other charges, a description of the lot or other real property which has been assessed, and the name of the record owner thereof. Such notice shall be signed by the Secretary of the Association in behalf of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Board of Directors shall cause to be recorded a further notice stating satisfaction and the release of the lien thereof.

The authority to levy such assessment upon lots in the Subdivision is granted to the Association by the Declarant of the recorded declarations of restrictions imposed and to be imposed by it from time to time upon the various units comprising the Subdivision.

Section 5. Priority of Lien. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first mortgages and/or first deeds of trust incurred for the purposes of constructing a residence or other improvements thereon and which are recorded in accordance with applicable law shall be superior to any and all such liens provided for herein.

Section 6. Lien Enforcement. The lien provided herein may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the responsible party to pay the annual assessment in accordance with its terms. Such sale shall be conducted in accordance with the provisions of the laws of the State of Washington, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

ARTICLE IX

Miscellaneous

Section 1. Record Date. The Board of Directors may fix a time in the future as a record date for determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall not be more than sixty (60) days prior to the date of the meeting. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

Section 2. Inspection of Records. The membership register or duplicate membership register, the books of account and minutes of proceedings of the members, and the Board of Directors and the Executive Committee, if any, shall be open to inspection upon the written demand of any member at any reasonable time and for the purpose reasonably related to his interests as a member.

Section 3. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or indorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Annual Accounting. An annual report and account, including a statement of income and disbursements, shall be sent to the members not later than thirty (30) days after the close of the Association's fiscal year, such fiscal year shall begin on June 1st and end the following year May 31st.

Section 5. Execution of Contracts. The Board of Directors, except as may be otherwise provided in these by-laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument or document in the name of

and in behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts, promissory notes and other evidences of indebtedness, deeds of trust, mortgages and other corporate instruments or documents requiring the corporate seal, shall be executed, signed or endorsed by the President (or any Vice President) and by the Secretary (or any Assistant Secretary) or the Treasurer.

Section 6. Limitation of Powers. No contract shall be entered into with the developer of the Subdivision which binds the Association for a period in excess of one (1) year without reasonable cancellation provisions included therein.

Section 7. Inspection of By-laws. The Association shall keep in its principal office for the transaction of business the original or a copy of the by-laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

ARTICLE X

Amendments

New by-laws may be adopted or these by-laws may be amended or repealed by the vote or written assent of members entitled to exercise a majority of the voting power of the Association.