

BY-LAWS  
OF  
ROSARIO HIGHLANDS PROPERTY OWNERS ASSOCIATION

ARTICLE I

Name and Location: The name of the corporation is ROSARIO HIGHLANDS PROPERTY OWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located at Eastsound, Washington, but meetings of members and directors may be held at such places within the State of Washington, County of San Juan, as may be designated by the Board of Directors.

ARTICLE II

SECTION 1 . "Association" shall mean and refer to ROSARIO HIGHLANDS PROPERTY OWNERS ASSOCIATION, its successors and assigns.

SECTION 2. "Properties" shall mean and refer to the following described property::

Plat of Rosario Highlands, recorded in Volume 3 of Plats, Pages 7 and 7A, Records of San Juan County Auditor, San Juan County, Washington.

Plat of Rosario Highlands No.2, recorded in Volume 3 of Plats, Pages 25 and 25A, Records of San Juan County Auditor, San Juan County, Washington.

Plat of Rosario Highlands No.3, a private recorded in Volume 4 of Plats, Pages 7, 7A and 7B, Records of San Juan County Auditor, San Juan County, Washington.

Unplatted adjacent properties described on attached Exhibit A attached and incorporated herein as if fully set forth.

SECTION 3. "Common Properties" shall mean (1) all roadway easements for roadway, ingress, egress and utility as delineated on the Plat of Rosario Highlands, Rosario Highlands No. 2 .and

Rosario Highlands No.3, and (2) Tract A and Tract B as set forth in Rosario Highlands No.3, Recorded in Volume 4 of Plats, Page 7, 7A and 7B and (3) other common properties set forth in the Plat of Rosario Highlands, Rosario Highlands No. 2 and Rosario Highlands No. 3 and (4) the common water supply and distribution system, pumps, wells, well sites, waterlines and other related facilities located within the above-described "Properties" and the water system within the Plat of Otter's Lair, Volume 4 of Plats, Pages 29, 29A and 53 and the water system between the Plat of Otter's Lair and the Rosario System, (5) other properties and assets in the control and under the jurisdiction of the Association.

SECTION 4. "Lot" shall mean and refer to any parcel of land shown on the recorded Plats described above in Section 2, as well as the unplatte parcels adjacent thereto within the jurisdiction of the Association as the same are described on the attached legal described denominated Exhibit A incorporated herein as if fully set forth.

SECTION 5. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract purchasers but excluding those having such interest merely as security for the performance of an obligation.

SECTION 6. "Member" shall mean and refer to the owner of each of the Lots, as defined above, which has paid the initial and one-time membership fee or pledged to pay the same and is current in those pledge-payments, except owners of Otter's Lair which shall not be members but shall be contract purchasers of water.

### ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meetings. The first annual meeting of the members shall be held in April, 1982, and each subsequent regular annual meeting of the members shall be held in April of each year thereafter.

SECTION 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of ten percent (10%) of the members who are entitled to vote.

SECTION 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. Quorum. The presence at the meeting of members of fifteen (15) members in person or voting by proxy shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these By-Laws. Quorum for purposes of amendment of Articles or By-Laws is one more than a simple majority of all the members of the corporation. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

SECTION 5. Proxies. At all meetings of members, each member may vote in person or by proxy or by ballot as called for below. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot. Proxies may be limited to one meeting and they shall expire 11 months from the date of execution unless otherwise specified in the proxy.

SECTION 6. Voting Rights. Members who have signed and recorded covenants, approved by the Board of Directors, providing for assessment by the Association for construction, maintenance and repair of the common water supply system, the common roadways and other common properties within the jurisdiction of the Association, shall be entitled to vote on matters that come before the members. Because of the large number of Lots and Parcels and members involved on matters before the membership, the Board of Directors may distribute ballots to the members in advance of a meeting. Members may vote by ballot or by proxy, or in person at the annual members meeting or a special meeting called for that purpose. The ballot must be given to the members.

in the same method as set forth under "Notice of Meetings" in Section 3 above. The use, by the directors, of a ballot on any matter to come before the members for a vote shall not preclude other matters coming before the members for decision at the annual meeting which matters need not be set forth in the ballot. Members should be present in person or by proxy if they wish to vote on all matters coming before the members at the annual meeting, and not limit themselves to those matters set forth on any written ballot distributed to the members before the meeting. One more than a majority of the total number of members shall be necessary to amend By-Laws or to remove Directors or to, by referendum, repeal or change assessments levied by Directors.

SECTION 7. Multiple owners. The owner of each lot shall be a member and shall be entitled to one vote for each lot owned. When more than one person holds an interest in a lot and can be considered the "owner" thereof, all such persons shall be members, provided however, that the owners and members of a lot, if more than one, shall agree on a representative who shall cast the vote to which that lot and those members are entitled. In no event shall more than one vote be cast with respect to anyone lot,

SECTION B. Delinquent members. Members who are more than 12 months in arrears in assessments or other charges and fees shall not be allowed to vote at members meetings.

#### ARTICLE IV BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

SECTION 1. Number. The affairs of this Association shall be managed by a Board of five (5) to seventeen (17) Directors, Eighty percent (80%) which must be members of the Association. For the present time, until changed by resolution of the Board and approved by the membership, the Board shall consist of nine (9) members.

SECTION 2. Term of Office. At the first annual meeting the members shall elect three (3) Directors for one year, three (3) Directors for two (2) years, and three (3) Directors for three (3) years. At each annual meeting thereafter the members shall elect to the new Board of Directors members for the positions which are terminating, which positions shall thereafter be for a term of three (3) years.

SECTION 3. Removal. Any director may be removed from the Board, with or without cause, by a vote of one more than half of all members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 4. Compensation. No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

#### ARTICLE V BOARD OF DIRECTORS - NOMINATION & ELECTION

SECTION 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or three members of the Association. The Nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members. The Board of Directors may provide by rule that nominations made by other than the nominating committee, shall require a minimum number of members signatures, in writing, a specific time prior to the election. The Board may also provide by rule that the election of Directors may be by secret written ballot at the annual meeting and also by mailed ballot. In this event the Board shall provide by rule the time for nominations to be made, the time for written ballots to be mailed prior to the annual meeting so that members have a reasonable opportunity to make nominations, review the ballots, and vote for Directors either by written ballot or at the annual meeting by proxy or in person. In such event the Directors shall provide that nominations will not be allowed at the annual meeting but must be made in writing a certain number of days prior to the annual meeting, to allow opportunity for notice to be given of the members of all the nominations so that they may cast their ballots.

SECTION 2. Election. " Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are 'entitled to exercise under the provisions of the Articles of Incorporation and these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### ARTICLE VI MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. Regular meetings of the Board of Directors shall be held periodically without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

SECTION 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any three Directors, "after not less than forty-eight (48) hours notice to each Director, which may be waived.

SECTION 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Any authorization, act or resolution approved and signed by all of the directors shall be the action of the whole board, "notwithstanding such signatures shall have been obtained separately and without a meeting of the board and irrespective of any notice or lack of notice for the purpose or purposes of said meeting. Any meeting, general or special, may be adjourned from time to time, to such place and time as may be specified in the motion or resolution of adjournment, and no notice of the holding of any adjourned meeting need be given.

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more of their number to constitute an executive committee who, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Association.

ART I CLE VI I  
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1, Powers. The Board of Directors shall be subject to limitations in the Articles of Incorporation and these By-Laws and the laws of the State of Washington. All power of the corporation and the business and affairs of the corporation shall be exercised and controlled and under the authority of the Board of Directors. The Board of Directors shall have all power to do all things necessary and proper to carry out the purposes for which the corporation was formed as set forth in the Articles of Incorporation. Without prejudice to such general powers, and subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

(a) adopt and publish rules and regulations governing use of the Common Roads, easements and rights of way for ingress, egress and utilities and the common water supply system, the other common real estate held for recreational or other Association purposes or other properties within the jurisdiction of the Association;

(b) regulate the use and enjoyment of said Common Roadways, to provide for the reasonable rules for the use thereof, including, but not limited to vehicular maximum speeds, maximum size and weights of vehicles, and to prohibit certain types of tracks or treads on said roads .

(c) regulate the use and enjoyment of a common water supply system and cause the distribution of water available; to provide for and maintain water meters and other methods of regulation; to cause the water system to be approved by the State of Washington and to do all things necessary and proper for its installation, maintenance and upkeep.

(d) establish and regulate the use of a common system and do all things necessary and proper installation, maintenance and upkeep; sani tat io for its

(e) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws or the Articles of Incorporation.

(f) employ and contract for such personal services as needed, such as attorney, accountant, engineer or others, and to prescribe their duties.

(g) the Board of Directors of the Association shall have final authority in any question of the location of any water service, waterline connection or distribution system, and shall determine the allocation of water to water users in the event of a water shortage, and may shut off water to water users who allow a connection or extension to be made without Association written approval. Written approval can only be allowed for the use of water for domestic uses, pursuant to the Articles and By-Laws. In the event the total water supply shall be insufficient to meet all the needs of the water users, or in the event there is a shortage of water, the Association may pro-rate the water available among the various water users on a basis as is deemed equitable by the Board of Directors. The Board may also prescribe a schedule of hours covering use of water for gardening purposes or to prohibit the use of water for gardening purposes, provided that, if at any time the total water supply shall be insufficient to meet all the needs of all the water users, the Association must first satisfy all of the needs of all of the water users for domestic purposes before supplying any water for gardening or related purposes, except that needed for the cultivation of necessary food supplies. If necessary the Association may prohibit or regulate the use of water for purposes other than domestic drinking water.

(h) review and allow modifications to the service and distribution lines only by majority approval of the Board and by design and plot plan being provided showing locations of lines and changes to be made.

(i) to enforce all covenants, rules and regulations and restrictions of record recorded by the developer or by the Association as approved by the members;

(j) levy annual and/or special assessments and monthly service charges for the maintenance and upkeep and repairs of the common properties and to pay for the cost of administering the Association's affairs as are allowed through the Articles, By Laws and Covenants. and to collect said assessments by foreclosure of lien, if necessary, to collect additionally thereto costs of litigation, including interest at the highest: maximum legal rate, attorney fees and court costs;.

SECTION 2.      Duties      It shall be the duty of the Board  
Directors to:      .      o

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members and make available at the corporate office complete copies of records to any member upon request. A fee may be charged for the cost of providing such service;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as may be provided in the Declarations or Covenants to:

(1) fix the amount of the annual assessment      against each lot at least thirty (30) days in advance of each      assessment period;      annual

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(2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) determine the proper time for foreclosure of the lien against any property for which assessments are not paid within thirty (30) days after due date or to consider bringing an action at law against the owner personally obligated to pay the same, at the discretion of the Board.

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

- (e) procure and maintain adequate liability and hazard to insurance protect the Association, in the event the Association ever or controls recreational property or improvements;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the common Roads and any other common properties to be maintained.
- (h) cause the common water supply system to be installed, approved, maintained and operated, and water supplied to those water users recording covenants calling for assessment by the Association, as water is available.
- (i) establish and collect water hook-up fees.
- (j) generally operate and manage the affairs of the Association; this action of the directors to be by a majority vote of the Board unless otherwise specifically required.

SECTION 3. Otter's Lair. As assessments are paid by owners of lots in the Plat of Otter's Lair, the Directors shall provide for the maintenance and repair of the water supply distribution system located within Otter's Lair subdivision. Assessments, special and annual, and water service fees, and hook-up fees shall be established for the Plat of Otter's Lair in the same manner as provided for in the Rosario Highlands subdivisions by the Board of Directors. There shall be no responsibility to repair or maintain any of the roadways in Otter's Lair subdivision, except to the extent those roadways are disturbed by the maintenance and repair necessary of the water system.

## ARTICLE VIII OFFICERS AND THEIR DUTIES

SECTION 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

SECTION 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

SECTION 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for (1) years unless (s)he shall sooner resign, or otherwise be disqualified to serve.

ion .hold be for office or one shall be removed

SECTION 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

SECTION 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. An officer may resign at any time giving written notice to the Board, the president or the secret *ary*. Such resignation shall take effect on the date of 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 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

SECTION 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 8. Duties The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, In~~ter~~gages, deeds and other written instruments and shall approve payment of expenses of the Association and co-sign promissory notes and other documents executed by the Association.

Vice -President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall publish an annual budget and financial statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX  
COMMITTEES

The Board of Directors shall appoint committees as necessary and as are deemed appropriate in carrying out the Boards activities.

ARTICLE X  
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Covenants, Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS  
AND SERVICE. CHARGES

Section 1. Assessments. Each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest legal rate per annum, and the Association may bring an action at law against the owner personally obligated to pay the same and/or foreclose the lien against the property. Interest, costs, and reasonable attorney's fees incurred shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments, provided for herein, by non-use of the common properties or abandonment of his Lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Roads and Common Water Distribution System and other Common Properties acquired by the Association, and for administration of the Association, for enforcement by court proceedings or other lawful means, of the covenants, conditions, assessments and charges.

Section 3. Annual Assessments. The annual assessments, together with interest, costs of collection if necessary, shall be a charge on the land and shall be a continuing lien on the property against which each such assessment is made. Such lien shall also be the personal obligation of the person who was the owner of the property at the time when the assessment is levied. Annual assessments shall be for the purpose of maintenance and upkeep and repair of the common properties, administration of the

Association, including an amount for unforeseen repairs and maintenance. The annual assessment is subject to referendum and may be set aside in whole or in part by the affirmative vote of one more than 50% of the total votes of the total members entitled to vote on that issue. Annual assessments shall be allocated according to the budget as set forth below in Section 5 •. The personal obligation for delinquent assessments shall not pass to a successor in title unless expressly assumed by them.

#### Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Properties, including fixtures and personal property, signs, and other items related thereto; together with assessments for necessary expenses of administration, hiring of attorneys, accountants, engineers or other professionals necessary, and for any purpose necessary for carrying out the scope, intent and responsibility of the Association as set forth in the Articles, By-Laws, covenants and in the Rules and Regulations of the Association. Capital construction fund may be created and special assessments for paying future capital construction expenses may be amortized over a period of years. Such special assessments, unless they are changed, need not be reapproved by the Board each year and do create a continuing lien on the property. Such special assessments lasting over a period of years shall be recorded in the San Juan County Auditor's office as a lien against the property. Provided however that any such assessment is subject to referendum and may be set aside in whole or in part, by the affirmative vote of one more than 50% of the total votes of the total membership.

#### Section 5. Referendum for Special or Annual Assessments.

Written notice of any members meeting called for the purpose of taking action by referendum authorized under Section 3 or 4 above, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting the presence of members or proxies entitled to cast one more than 50% of all the votes of the total membership entitled to vote on the matter before the members, shall constitute a quorum. If a quorum is not present, those members present may continue the meeting to a time and date certain without additional notice to members. Provided, however, no subsequent meeting shall be held more than 30 days following the preceding meeting.

Section 6. BudRet, Operation of Association. An annual budget shall be adopted and revised as necessary by the Board o Directors in keeping with the necessary special and annua assessments. All assessments shall be allocated and classifie as to use, shall conform to the annual budget prepared an available at the time of assessment. A minimum classification i the budget shall be: (1) Common water distribution system; (2D Common roadway system; (3) Recreational area development an maintenance; (4) Administration and miscellaneous; (5) Water construction reserve fund; (6) Road construction reserve fund.

Section 7. Uniform Rate of Assessment. Assessments shall b equal per Lot applied in a uniform basis, provided, however wate service. charges or costs for repairs or negligence caused by an~member may be on other reasonable b~sis determined by the Board of Directors. Such charges. costs and monthly service charge which are due from Owners to the Association, pursuant to th Articles, By-Laws, rules and regulations and covenants, shall b~ added to the Lot assessment and treated as a portion of th annual assessment for that Lot.

Section 8. Date of Commencement of Annual Assessments. Annual assessments will be for 12 calendar months, January through December. The Board of Directors shall fix the annual assessment. Written Notice of the annual assessments shall be sent to every owner subject thereto. The due date shall be established by the Board of Directors, which shall be at least 30 days following mailing of Notice to owners. The treasurer shall issue a certificate signed by the officer of the corporation on request showing whether assessments on a specified Lot have been paid.

Section 9. Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest legal rate per annum authorized by the laws of the State of Washington. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Roadways, common ~ater system or other common property or by abandonment of his Lot.

Section 10. Service charges - Domestic water. The Board of Directors may charge water users, ie. those persons who have water hooked up to their Lot, whether or not those persons use the water, a monthly or annual water service charge which is intended to defray costs of supplying water to the water users. That cost may include but not be limited to costs of water, electricity, maintenance and upkeep of the water system and costs of administration of the Association applicable to the water system. The Directors may provide that the water service charge shall have the same legal effect as a special assessment and subject the Lot and the Owner to levy and to lien for non-payment as provided for herein for regular and special assessments.

Section 11. Members to Comply with Articles, By-Laws, covenants, and rules and regulations of the Association. Members shall comply with and be bound by the Articles, By-Laws, Rules and Regulations of the Association now in force or hereafter duly legally supplemented, amended, changed or adopted. The Association shall establish penalties for non-compliance which may be fair and reasonable and which may include but not be limited to the shutting off of water for non-payment of assessments or services and to reimburse the Association for any costs or damages by the negligence or misuse of the system by any person.

Section 12. Construction of Water System. The water system is essentially complete and has been accepted by the Board of Directors and conveyed by Rosario Highlands, Inc. to the Association. Responsibility and upkeep of the system is now with the Association.

Section 13. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage or Deed of Trust on the condition that the owner provides other security satisfactory to the Board, and personal liability, in writing, and deposits, as are required by the Association to assure and secure the payment of any and all assessments by the Association during the term of said Mortgage or Deed of Trust. Sale or transfer of any Lot shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof nor relieve the owner from personal liability.

Section 14. Taxes. General property taxes levied on any of the common properties of the Association shall be assessed at an equal and uniform" rate for all Lots within the subdivision, shall be considered a part of the annual assessment and if those funds are not sufficient by the use of special assessment.

#### ART! CLE XII

##### Indemnification

To the full extent permitted by Washington State law the Association shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Association or otherwise) by reason of the fact that" he is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, against expenses (including attorney fees). judgments, fines and amounts paid in settlement actually and reasonable incurred by him in connection with such action, suit or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the Association has the power to indemnify under the laws of the State of Washington. The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law by contract.

#### ARTICLE XIII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Rosario Highlands Owners Association.

#### ART! CLE XIV AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members by a simple majority of the total number of Board members.

Section 2. In the case of any conflict between the Article of Incorporation and these By-Laws, the Articles shall control and **in** the case of any conflict between the Covenants and thes By-Laws, the Covenants shall control.

ARTICLE XV  
MISCELLANEOUS

The fiscal year of the Association 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 be on the date of incorporation.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, being all of the first Board of Directors of ORCAS HIGHLANDS ASSOCIATION, a corporation organized and existing under the laws of the State of Washington, do hereby certify that the foregoing Code of By-Laws was duly adopted by resolution of the first Board of Directors of the corporation at a meeting held in the office of the corporation on the 13<sup>th</sup> day of March, 1982.

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Robert Crinkley  
Robert Crinkley

James Palmer  
James Palmer

Paul Hollenbeck  
Paul Hollenbeck

um er. ger,  
Frank A. Auk  
Frank A. Auk

L. A. (Bill) Snyder  
L. A. (Bill) Snyder

Roger Dixon  
Roger Dixon

Douglas E. Brown  
Douglas Brown

I certify that the attached is a true and correct copy of the original By-Laws of Orcas Highlands Association as the same appear in my records, duly adopted on the ', day of 1982. at the first annual members' meeting7

Dated this ~ day of 1982 •

•, •••..••••••, ••...., •• □-r□ ,", .",  
Secretary