

ARTICLES OF INCORPORATION
OF
YAKIMA RANCHES OWNERS ASSOCIATION PHASE 2

The undersigned, being of lawful age, a citizen of the United States of America, and a resident of the State of Washington, pursuant to the provisions of the Washington Non-Profit Corporation Act (RCW 24.03), for the purposes herein specified, does hereby make and adopt the following Articles of Incorporation:

ARTICLE I

Name

The name of this corporation shall be YAKIMA RANCHES OWNERS ASSOCIATION PHASE 2.

ARTICLE II

Duration

The term of existence of this corporation shall be perpetual.

ARTICLE III

Purposes and Powers

The purpose for which this corporation is formed is to provide for the maintenance of roads utilized for ingress and egress and to provide for the proper and lawful drainage of surface waters over customary and natural channels on property located in Yakima County, Washington, described as follows:

That certain real property and non-exclusive easements for access and utilities as a part thereof, set forth in survey denominated "Yakima Ranches, Phase 2", consisting of segregated tracts located in Sections 1, 11, 12, 13 and 14, all in Township 13 North, Range 19 East, W.M. of Yakima County, Washington.

This corporation does not contemplate pecuniary gain or profit to the members thereof.

This corporation through its Board of Directors and officers shall have the power, in the furtherance of the purposes above mentioned to:

A. Fix, levy, collect and enforce payment by any lawful means, all charges and assessments levied by the corporation in furtherance of its purposes as above set forth and to pay all expenses in connection therewith, and additionally, all office and other expenses incident to the conduct of the business of the corporation, including all licenses, taxes or governmental charges levied or imposed against the corporation; provided, that such charges and assessments shall be levied against each tract within the subject real property equally, regardless of the particular size of any such tract, and provided further, that when any original tract is subdivided as provided in Article IV hereof, each such subdivided parcel shall be considered a separate tract for purposes hereof; (amended 12/20/80, ratified 10/22/83)

B. Acquire by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the corporation;

C. Borrow money and mortgage, pledge or hypothecate by any other means any or all of the corporation property as security for money borrowed or debts incurred;

D. Dedicate, sell or transfer all or any part of the non-exclusive easements for access and utilities as attorney in fact for the individual owners of the fee thereof, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by a majority of the members of the corporation (provided that no such dedication or transfer shall be effective unless an instrument has been signed by a majority of the members of the corporation agreeing thereto and recorded in the office of the Auditor of Yakima County, Washington);

E. Participate in mergers and consolidations with other non-profit corporation organized for essentially the same purposes, provided that any such merger or consolidation shall have the approval of a majority of the members of this corporation;

F. Have and exercise any and all powers, rights and privileges which a corporation organized under the Washington Non-Profit Corporation Act by law may now or hereafter have or exercise; and

G. Any and all other powers necessary or convenient to carry out the purposes of this corporation.

ARTICLE IV

Membership

Every person or entity who is a record owner of a fee interest in any tract within the real properties above described shall be a member of this corporation, except for any such tracts which are the subject matter of a conditional contract of sale in which case the purchasers or vendees under such contract shall be a member of this corporation. Each such tract shall carry an appurtenant membership and if any one person or entity owns (or is contract purchaser of) more than one such tract, such person or entity shall have a separate membership for each such tract. In the event that more than one person or entity holds a membership interest, multiple ownership shall be counted as only one vote with regard to any of the affairs of the corporation; provided, however, that when any tract is formally subdivided (as by short or long plat, for example) and such subdivision made a part of the official records of Yakima County, Washington, each parcel of such subdivision shall thereafter be considered a separate tract for all purposes, including without limitation, for purposes of determining membership and assessment. The definition of membership as above stated is expressly intended to exclude persons or entities who hold a fee interest in the subject tracts merely as security for the performance of obligations such as, for example, contract vendors, mortgagees, and beneficiaries under deeds of trust. Membership in the corporation shall be appurtenant to and may not be separated or severed from the ownership of any tract which is subject to assessment by the corporation. (Amended 12/20/80, ratified 10/22/83)

ARTICLE V

Directors

The affairs of the corporation shall be managed by a Board of three directors who need not, but may be members of the corporation. The number of directors may be changed by amendment of the By-Laws of the corporation. The names and addresses of the persons who are to act as initial directors of the corporation are as follows: Woodward Bohoskey, 104 Tower Lane, Yakima, Washington, 98901, Harry Davidson, Box 2176 Everett, Washington 98201, Ross Davidson, Box 2176 Everett, Washington 98201.

ARTICLE VI

Dissolution

The corporation shall not be dissolved unless the County of Yakima or some other municipal corporation which may in the future include the real property above described within its boundaries shall elect to accept the responsibilities of maintaining the subject roads and drainage of surface waters in which event the necessity for this

corporation to perform the services for which it is created shall no longer exist and the corporation may be dissolved with the consent of a majority of its members. Upon dissolution, other than incident to a merger or consolidation, the assets of the corporation shall be dedicated to an appropriate public agency or to some other charitable, non-profit tax exempt corporation under the then-existing United States Internal Revenue Code.

ARTICLE VII

Amendments

Amendment to these Articles of Incorporation shall require the consent of a majority of the members of the corporation.

ARTICLE VIII

Registered Office and Registered Agent

The address of the registered office of this corporation shall be 104 Tower Lane, Yakima, Washington 98901, and the name of its initial registered agent at such address is Woodward Bohoskey.

ARTICLE IX

Incorporator

The name and address of the incorporator of this corporation is Woodward Bohoskey, 104 Tower Lane, Yakima, Washington 98901

DATED this 13th day of January, 1977.

WOODWARD BOHOSKEY

STATE OF WASHINGTON) ss.
County of Yakima)

Woodward Bohoskey, being first duly sworn on oath, deposes and says: That he is the person named as incorporator in the foregoing Articles of Incorporation; that he has read the same, knows the contents thereof and believes the same to be true.

WOODWARD BOHOSKEY

Subscribed and sworn to before me this 13th day of January, 1977.

BETTY WOOD

Notary Public in and for the State
of Washington, residing at Yakima.

BY LAWS
of
YAKIMA RANCHES OWNERS ASSOCIATION
A Non-Profit Corporation

ARTICLE 1

Purposes

1.1 This corporation shall be conducted as a non-profit corporation for the purposes set forth in the Articles of Incorporation with respect to the real property therein described.

1.2 The corporation shall have power through its Board of Directors to levy and collect assessments against the individual tracts within the subject real estate for the purposes set forth herein and in the Articles of Incorporation, which assessments shall constitute a lien against each such individual tract and upon non-payment of such assessment within four months of the assessment date, the corporation shall be entitled to foreclose such lien as hereinafter set forth.

1.3 The purposes for which the corporation was created may be altered, modified, enlarged or diminished by a vote of a majority of the membership at a meeting duly called for such purpose, notice of which shall be given as hereinafter provided with respect to the notice of meetings of the membership; provided, however, that the corporate obligation to maintain the said roads and drainage of surface waters within the subject real estate shall forever remain the obligation of the corporation except as it may be eliminated pursuant to Article VI of the Articles of Incorporation.

ARTICLE 2

Membership

2.1 The membership of the corporation shall consist of those persons described in Article IV of the Articles of Incorporation. Membership is inseparably appurtenant to the tracts within the subject real estate described in the Articles of Incorporation and upon transfer of ownership or the execution by any member of a contract for the sale of any such tract, membership in the corporation shall ipso facto be deemed to be transferred to the grantee or contract purchaser. No membership may be conveyed or transferred except by conveyance or transfer of the subject tract to which it is appurtenant or the making of a contract for the sale thereof. In the event of the death of a member, his membership shall pass in the same manner and to the same persons as does the tract to which it is appurtenant.

2.2 The vote of any membership owned by a single marital community may be cast by either spouse without presentation of authority from the other.

ARTICLE 3

Meetings

3.1 Annual meetings of the members of the corporation shall be held at the principal place of business of the corporation or such other place as the Board of Directors may select. The annual meeting shall be held on the last Saturday in September of each year at 2:00 p.m. Notice thereof shall be given by the secretary of the corporation mailing notice to each member (or in the case of multiple ownership of any tract, to at least one such owner) not less than 10 days prior to the date of the meeting.

3.2 Special meetings of the members may be called at any time by the president or a majority of the Board of Directors of the corporation, or by members representing 25% of the tracts within the jurisdiction of the corporation. Notice of a special meeting, stating the purposes thereof, shall be given by the secretary mailing such notice to each member (or in the case of multiple ownership of any tract, to at least one such owner) not less than 7 days prior to the date on which such meeting is to be held.

3.3 At all annual and special meetings of the members, 20% of the members of the corporation shall constitute a quorum for the transaction of business. Each member shall be entitled to one vote, and a member may exercise his right to vote by proxy. At any meeting at which a quorum is present, a majority vote of such members constituting the quorum, either in person, or by proxy, shall be valid and binding upon the corporation except otherwise as provided by law, these by-laws or the Articles of Incorporation. (Amended 12/20/80 - ratified 10/22/83)

3.4 No member of this corporation shall be entitled to cast a vote at any annual or special meeting of the members if the assessment payable on any property owned or in which such member has an interest has not been paid prior to the commencement of any annual or special meeting of the membership of the corporation. (Adopted 10/22/83)

ARTICLE 4

Directors

4.1 Corporate powers shall be vested in a Board of Directors, three in number, who shall manage the affairs of the corporation. The number of directors may be changed at any annual or special meeting of the members called for such purpose.

4.2 The initial directors shall serve until the first meeting of the membership of the corporation and until their successors are elected and qualified. The directors so elected shall serve for staggered terms, one director to serve for three years, one for two years and one for one year, which shall be determined by lot conducted by the Board of Directors. Thereafter, directors shall serve for a term of three years, such that one director shall be elected each year by the membership.

4.3 The annual meeting of the Board of Directors shall occur immediately after the annual meeting of the members and the Board shall thereupon elect a president, vice-president, secretary and treasurer, all of which offices, except for that of the president, may be combined. The Board may also at any time appoint an executive secretary. Officers of the corporation shall hold office for the term of one year and in any event until their successors are duly elected and qualified. Any officer may be suspended or removed by a majority vote by all of the directors, and any vacancy shall be filled by appointment of a majority of the Board of Directors.

4.4 Special meetings of the Board of Directors may be called at any time by the president of the corporation or a majority of the directors. The secretary shall give each director notice either in person, verbally, by mail, or by telephone, at least one day in advance of the date of such meeting.

4.5 No director or officer shall receive any salary or other compensation for his services from the corporation, except that the corporation may reimburse directors and officers for out-of-pocket expenses incurred in connection with the business of the corporation.

ARTICLE 5.

Powers and Duties of Directors

Subject to limitations in the Articles of Incorporation, the by-laws and the laws of the State of Washington, all powers of the corporation shall be exercised by or under the authority of the Board of Directors. Without prejudice to such general powers, the directors shall have power to select and remove all other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or the By-Laws, and in general to conduct, manage and control the affairs and business of the corporation and make such rules and regulations therefor as they may deem proper. The directors shall cause to be kept a complete record of all minutes and acts and shall present a full statement to the regular annual meeting of the members showing in detail the condition of the affairs of the corporation.

ARTICLE 6

Officers

6.1 President: The president shall preside at all meetings of the directors and members and shall have the power of general supervision of the affairs of the corporation.

6.2 Vice-President: The vice-president shall preside at all meetings in the absence of the president and in case of absence or disability of the president, shall perform all other duties thereof.

6.3 Secretary: The secretary shall issue all notices and attend and keep the minutes of all meetings and shall perform all such other duties as are incidental to his office.

6.4 Treasurer: The treasurer shall keep safely all monies and securities of the corporation and disburse the same under the direction of the Board of Directors. He shall cause to be deposited all funds of the corporation in a bank selected by the directors and at each annual meeting of the members and at any other time as directed by the Board of Directors shall issue and present a full statement showing in detail the financial affairs of the corporation.

ARTICLE 7

Assessments

7.1 The Board of Directors of the Corporation is empowered to assess the tracts within the real property described in the Articles of Incorporation from time to time, in a sum sufficient to pay the costs of road maintenance, the costs of proper and lawful drainage of surface waters over customary and natural channels of said real property, the costs of capital improvements, reserves for depreciation and repair, and all other costs and expenses incidental to the operation of the corporation. The members of the corporation shall be liable for the payment of such charges and assessments and the same shall be due and payable within thirty (30) days of the mailing of a notice of the assessment and the amount thereof to the owner (or at least one owner of multiple owners) of each individual tract. All charges and assessments against the tracts and the members shall be levied by the directors at a uniform rate per tract without distinction or preference of any kind based upon the size and the particular tract concerned. Upon non-payment of the assessment so levied, within thirty (30) days after the date of mailing thereof, such assessment shall be deemed delinquent and the landowner shall thereafter pay costs, penalties, and expenses as follows:

- A. A late payment charge of 10% of the amount of the assessment, but in no event less than \$15.00 for each such assessment on each such parcel, shall be paid to the corporation.
- B. Interest shall be charged upon any such assessment from the date of delinquency, at the rate of 12% per annum.
- C. In the event the corporation deems it necessary to turn such account over to an attorney for collection, the landowner shall pay all reasonable attorneys fees on each such assessment, but in no event, not less than \$250.00 for each assessment and the costs of any court proceeding certificate obtained for any such litigation, and all other costs, filing fees, court costs, and other expenses incurred in collecting such installment.
- D. In the event that assessments are not paid as are required by these By-Laws, the corporation is hereby authorized to file a certificate executed by the president or the secretary of the corporation with the county auditor of Yakima County, Washington, setting forth the legal description of the land against which said assessment applies and setting the amount of any unpaid assessments, penalties, and attorneys fees, and other costs, and such filing shall evidence the amount of such lien and shall provide notice to all persons dealing with the real property described in such certificate, of the lien and the amount thereof.

The assessment above levied, and all late charges, interest, costs and attorneys fees as hereinabove provided, shall constitute a lien upon such tract superior to any and all other liens except as hereinafter provided and enforceable by foreclosure proceedings in the manner provided by law with respect to the foreclosure of mortgages upon land. Provided further, that no proceedings for the foreclosure of any such lien shall be commenced until the expiration of four (4) calendar months from and after the date of mailing such notice of assessment as hereinabove set forth. (Amended 12/20/80 - Ratified 10/22/83)

7.2 Real estate contract vendor's liens, first mortgage liens and deeds of trust recorded in accordance of the laws of the State of Washington placed upon any of the tracts within the corporation shall from the date of such recordation be superior to the assessments levied by the corporation and the liens resulting therefrom subsequent to the date of such recordation.

ARTICLE 8
Amendments

8.1 These By-Laws may be amended at any time by a vote of a majority of the members of the corporation at any annual or special meeting of the membership called for such purposes, but may not be amended in any manner so as to make these By-Laws inconsistent with the Articles of Incorporation of the corporation.

ADOPTED this 27th day of January, 1977.

WOODWARD BOHOSKEY
President

Attest:

T. B. GRAHN
Secretary

STATE OF WASHINGTON) ss.
County of Yakima)

On this 27th day of January, 1977, before me personally appeared WOODWARD BOHOSKEY, and THOMAS B. GRAHN, to me known to be the President and acting Secretary, respectively, of YAKIMA RANCHES OWNERS ASSOCIATION, the corporation that executed the foregoing instrument, and acknowledged this instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal the day and year first above written.

BETTY WOOD
Notary Public in and for the State
of Washington, residing at Yakima.

The requirements of Article III-A and Article IV of the Articles of Incorporation and the requirements of Article II and Article VII of the By-Laws may be waived with the consent of a majority of the Board of Directors when a member replats his parcel or tract into smaller parcels or tracts.

The members shall submit written application to the Board of Directors for a waiver. A waiver shall only be granted if all past and present assessments are fully paid.

Any waiver granted to a member shall only be until the new or additional parcels or tracts are transferred, sold, conveyed by gift, devise or decree, or where any action is taken by the member which indicates an intention to use the new or additional parcel or parcels as a separate entity from the parcel or tract.

If a waiver is granted the member shall not acquire additional membership or votes by reason of the re-plat into smaller tracts or parcels.