

Consolidated RSCC BY-LAWS

ARTICLE I - MEMBERSHIP

Section 1: The membership of the RAINBOW SPRINGS COMMUNITY CLUB, INC., shall consist of and be limited to the incorporation and the owners or purchasers of tracts of lots at Rainbow Springs and Rainbow Springs Division #2. The privileges of the corporations shall be extended to the spouse and children of the members and may be extended to guests under such rules and regulations as the Board of Trustees may prescribe. Lot owner of purchasers shall have one membership regardless of the number of lots owned or being purchased and the interest of each member shall be equal to that of any other member, and no member can acquire any interest which shall entitle him either to a greater voice, vote or authority in the corporation than any other member. The purchaser under a contract to purchase shall be deemed to be the owner for membership purposes. If any lot or lots is held by two persons the several owners of such interest shall be entitled to collectively cast one vote. For the purpose of these by-laws a husband and wife shall be considered collectively as one person. The vote for any membership owned by a single marital community, may be cast by either spouse without evidence of authority from the other. Each member in good standing is granted a single vote at general membership meetings. A member in good standing is defined as one who has paid all fees, assessment or other legal charges made by the community club general membership or Board of Trustees. A member not in good standing will not be permitted to vote.

Section 2: Except as hereinbefore otherwise provided and as declaratory of the foregoing, no membership shall be voted unless represented by the owner and purchaser as afore-described of an individual tract or tracts to which it is and shall be inseparably appurtenant.

Section 3: Membership and certificates of membership evidencing the same shall be inseparably appurtenant to tracts owned by the members, and upon transfer of ownership, or contract of sale, of any such tracts, membership certificates of membership shall ipso facto be deemed to be transferred to the new owner or purchaser. No membership may be transferred, assigned, or in any manner conveyed, other than in the manner hereinbefore set forth. In the event of the death of a member, the membership and certificate of membership of such member shall be and become the property of the personal representative of such deceased member upon the appointment and qualifications as such in a judicial proceeding and such personal representative shall have all of the rights, privileges and liabilities of the deceased member until title shall be transferred or contracted to be transferred.

Section 4: No membership shall be forfeited nor member expelled except upon foreclosure for nonpayment of assessments, and no member may withdraw except upon transfer of title to or upon contracting for the sale of the lot(s) to which his membership is appurtenant, as elsewhere herein provided. No compensation shall be paid by the corporation upon any transfer of membership and no member whose membership is transferred shall be entitled to share or participate in any of the property or assets of the corporation.

Section 5: No member of the corporation may be expelled except by a majority vote of the membership of the corporation at a regular or special meeting of the membership called and held for that purpose, pursuant to written notice, and the member to be expelled shall receive written notice of the proposed action at least five (5) days prior to the meeting.

Section 6: In the event of an expulsion of a member as provided herein, the corporation must buy his or her property at its cost to him or her plus the reasonable value of any improvements made thereon, or in the alternative, may permit him or her to sell the same provided he or she does so within six (6) months from the date of expulsion. Such action, however, shall in no manner affect the validity of any lien, mortgage or other encumbrance on said property or the rights of any mortgagee or lien holder.

ARTICLE II

Dissolution

In the event of the dissolution of the corporation, the assets shall be liquidated and, after all of the corporation debts have been paid, the owner of each lot shall receive a proportionate share of the net assets. An owner of more than one (1) lot shall receive one (1) share for each lot owned.

ARTICLE III

Management

Section 1: The business and property of the corporation shall be managed by a board of nine (9) trustees.

Section 2: Of the original Board of Trustees elected by the membership, three (3) shall be elected for a term expiring at the next annual meeting, three (3) shall be selected for a term expiring at the second annual meeting and three (3) shall be selected for a term expiring at the third annual meeting. At each subsequent annual meeting, three (3) directors shall be elected for a three (3) year term.

Section 3: The annual meeting of the membership of the Rainbow Springs Community Club, Inc., shall be in either the month of March or April in each year. Special meetings of the membership of the corporation may be called from time to time as provided in Article IV, Section 2.

Section 4: The Board of Trustees of the corporation shall hold regular meetings following the annual membership meeting and such special meetings as the Board shall deem necessary for the competent management of the affairs of the corporation, or when called as provided in Article IV, Section 4.

Section 5: Each member of the Board of Trustees shall possess one (1) vote in matters coming before the Board. All voting at meetings of the Board of Trustees shall be by each member in person and voting-by proxy shall not be allowed. A five majority of the members of the Board of Trustees shall constitute a quorum.

Section 6: Any Trustee may be removed from office by a majority vote of the membership at any regular or special meeting of the membership of the corporation. Notice of the proposed removal of a Trustee must be given to such Trustee prior to the date of the meeting at which time such removal is to be voted upon. Such notice to the Trustee must state the cause for the proposed removal.

Section 7: Unexcused absence from three (3) consecutive meetings of the Board of Trustees shall be due cause for removal of a Trustee.

Section 8: Any vacancy occurring on the Board of Trustees by reason of the death, resignation, removal or otherwise of a Trustee shall be filled by the President and confirmed by the Board of Trustees. Such appointee shall serve during the unexpired term of the Trustee whose position has become vacant.

Section 9: Within a reasonable time after their election, the members of the Board of Trustees shall elect from their members the following officers: President, Vice President, Secretary and Treasurer. All such officers shall be officers of the corporation and shall serve until the next annual meeting.

ARTICLE IV

Meetings

Section 1: At any meeting of the membership of the corporation, the presence, in person or by proxy, of ten (10) percent of the number of persons who are lot owners shall constitute a quorum.

Section 2: Special meetings of the members may be called at any time by the president or a majority of the Board of Trustees or by members representing twenty five percent (25%) of the lots within the jurisdiction of the corporation. Notice of a special meeting, stating the object thereof, shall be given by the secretary by mailing such notice to each member not less than five (5) days prior to the date on which such meeting is to be held.

Section 3: A member may exercise his right to vote by proxy.

Section 4: Special meetings of the Board of Trustees shall be called at any time by the secretary on order of the president or on order of a majority of the Board of Trustees. The secretary shall give each Trustee notice, personally, verbally, by mail or by telephone of all regular and special meetings at least one (1) day prior thereto.

ARTICLE V

Power and Duties of Trustees

Section 1: To select and remove all the other officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or the By-laws, fix their compensation and require from them security for faithful service.

Section 2: To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation or the By-laws, as they may deem best.

Section 3: To issue certificates of membership only to the owners or purchasers of lots hereinbefore described, subject to such conditions or terms as provided in the Articles of Incorporation and the By-laws.

Section 4: To charge and/or assess each lot and the owners thereof as herein more particularly set forth.

Section 5: To cause to be kept a complete typed or hand printed record of all meeting minutes and acts and to present a full statement to the regular annual meeting of members showing in detail the condition of the affairs of the corporation.

ARTICLE VI

Duties of Officers

Section 1: PRESIDENT: The president shall preside at all meetings of the Trustees and members; shall sign as president all certificates of membership and all contracts or other instruments in writing authorized by the Board of Trustees; shall call special meetings of the Trustees of the members whenever he deems it necessary; shall have and exercise under the direction of the Board of Trustees the general supervision of the affairs of the corporation. The president shall be responsible for enforcing the Articles of Incorporation and By-laws and any rules and regulations established by the Board of Trustees and levying such penalties as he deems necessary as provided for herein.

Section 2: VICE-PRESIDENT: The Vice-President shall preside at all meetings in the absence of the president, and in case of the absence or disability of the president shall perform all other duties of the president which are incidental to that office.

Section 3: SECRETARY: The secretary shall issue all notices and shall attend and keep the minutes of all meetings; shall have charge of all corporate books, records and papers; shall be custodian of the corporate seal, shall attest with signature and impress with the corporate seal all written contracts of the corporation and shall perform all such other duties as are incidental to that-office.

Section 4: TREASURER: The Treasurer shall keep safely all moneys and securities of the corporation and disburse the same under the direction of the Board of Trustees. The Treasurer shall cause to be deposited all funds of the corporation in a bank selected by the Trustees. At each annual meeting of the members, and at any time directed by the Trustees, the Treasurer shall issue and present a full statement showing in detail the condition of the affairs of the corporation.

ARTICLE VII

Certificated of Membership and Transfers

Section 1: A certificate of membership in the corporation shall be issued to each member. All such certificates shall be signed by the President or Secretary.

Section 2: All memberships and certificates evidencing same shall be inseparably appurtenant to the lot, lots or fractional lots owned by the holders hereof and upon sale of contract to sell, such memberships and such certificates shall become the property of the grantee or purchaser as hereinbefore provided. No transfer of membership shall entitle the transferee to vote the same until it has been established to the satisfaction of the Secretary that such transfer is bona fide and has been made in the manner provided.

Section 3: Unless specifically requested by the owner and holder thereof, it shall not be necessary that certificates of membership be actually issued but any owner or purchaser of a lot or lots within the aforesaid subdivision may exercise all of the rights and privileges and shall be subject to all of the liabilities of membership without the actual issuance and possession of such certificate of membership.

ARTICLE VIII

Assessment

Section 1: Annual dues shall be determined using the RSCC Operational Budget, as approved by the board, and shall be submitted to each lot owner in the month of May. No single increase shall exceed 20% without a majority vote of lot owners. A Road Maintenance fee shall be assessed for all non-community members, and shall be 50% of the established annual dues and also submitted in the month of May.

Section 2: The Board of Trustees shall have the power to levy special assessments. Such special assessment will be put into effect unless, within thirty (30) days, a special meeting is requested by the lot owners as hereinbefore provided. Such special meeting must be held at least fifteen (15) days after it is demanded and before thirty (30) days after it is demanded. Special assessments shall be submitted evenly to all lot owners, and any special assessments pertaining to Road Maintenance shall additionally be submitted to all non-community members.

Section 3: Assessments are due and payable to the corporation as its office within thirty (30) days after mailing to the lot owner's last known address contained in the Snohomish County Property Tax Rolls. A late payment charge of twelve (12) percent per annum compounded shall apply to assessments remaining unpaid forty-five (45) days after such notification. Unpaid assessments shall be a lien upon the lot or lots owned by such lot owner(s), which lien together with such expenses reasonably incurred including attorney fees and costs because of the lien are to be paid by the member in order for the lien to be released.

Section 4: A Transfer Fee of Two Hundred Dollars (\$200.00) per lot or lot with building, in Rainbow Springs Division 1 or Rainbow Springs Division 2 shall be charged to the purchaser or new owner of said lot or lots. The Transfer Fee is to be charged at the time of any transaction that changes ownership of said lot or lots. It is the responsibility of the seller and new owner to inform Rainbow Springs Community Club, Inc. of any change of ownership of said lots. Transfer Fees are due at the time of any change of ownership of said lot or lots. The penalties for Non Payment of said Transfer Fees shall be as set forth in Article VIII, Section 3 of Rainbow Springs Community Club, Inc. By-Laws with the exception, that no Notice will be mailed out.

ARTICLE IX

Amendments

Section 1: These By-laws may be amended at any time by vote, in person or by proxy, of a majority of the owners of lots within the jurisdiction of the corporation.

Section 2: These By-Laws may be amended at any time by two-thirds (2/3) vote of the Board of Trustees.