

BYLAWS OF RIMROCK MEADOWS ASSOCIATION

Article I-Purpose

The Association shall be conducted as a nonprofit social and maintenance organization for the purposes generally set forth in the Articles of Incorporation concerning the development and sale of property at Rimrock Meadows in Douglas County, Washington. The purpose of the Association shall be in part to maintain shared facilities and infrastructure for the enjoyment, pleasure and benefit of the Membership as set forth below. The Association may authorize the Board of Directors of Rimrock Meadows to draw, enact, and enforce regulations governing access to and use of shared facilities and infrastructure for the purpose of maintaining and preserving said facilities and infrastructure, maintaining peace and tranquility, minimizing harmful, excessive or costly impact on said facilities and infrastructure, and for the purpose of ensuring access and to provide for the enjoyment, welfare and security of the Membership. The Association shall authorize such regulations and shall take or authorize such actions as it may determine to be in the general interests of the lot owners and Rimrock Meadows.

Article II-Membership, Lot Ownership, Lot Sales, and Meetings

2.1 Authorization to sell lots. The Association is authorized to sell real property consisting of the platted lots in the area known as Rimrock Meadows in Douglas County, Washington. The Association may appoint agents to show lots for sale to prospective purchasers, and may enter into legal agreements and derive income from the sale of lots or transfer ownership of said lots from the Association to purchasers. Notwithstanding the conditions set forth in section 2.8 below, the Association may, with approval of the Board of Directors, sell, lease, grant rights to enter upon, or may withhold from sale or withhold the right to enter upon, portions of Rimrock Meadows within Divisions or other legal description when the sale, lease, rights to entry, or the withholding of sale or rights to entry benefits the Association. Said benefits may generally include but are not strictly limited to preservation of sections of Rimrock Meadows in a natural or undeveloped state, the preservation and protection of various species of plants or animals, the creation of fire breaks, the control of access, the preservation and control of hunting or fishing, other sporting used including use by off-road vehicles, and activities relating to conservation.

2.2 Regular Membership. Regular Membership in the Association shall consist of and be limited to individual owners of one or more lots and/or any platted portion of the area known as Rimrock Meadows according to the records of Douglas County, and to individual purchasers of one or more lots and/or any platted portion of Rimrock Meadows under real estate contracts recorded with the Douglas County Auditor's Office. Regular Members shall be defined as: A) an individual; B) a marital community consisting of two individuals whether self-declared, or as defined by statute; c) several ownership such as joint tenancy, where such several ownership does not contemplate use outside that which would normally and customarily pertain or extend to individuals or marital communities, and their immediate families. If any vendee/buyer of one or more lots and/or platted areas acquires an interest therein under an unrecorded real estate contract, such vendee/buyer shall not be considered an "owner", and the actual fee owner of the lot(s) according to the Douglas County records shall be deemed the "owner" of the lot(s) in question. Regular Members may extend and confer Use Privileges of the shared facilities and infrastructure to their minor children, their immediate family, and to occasional guests, subject to any rules and regulations governing such use as may be in force or hereinafter enacted by the Board of Directors of the Rimrock Meadows Association.

2.3 Membership Inseparable from Lots. Membership in the Rimrock Meadows Association shall be inseparably appurtenant to lots owned or being purchased under recorded real estate contracts by Members according to the records of Douglas County. By virtue of ownership or purchase under recorded real estate contract, a Member shall be entitled to one vote for each lot owned or being purchased. Votes may be cast and the right to vote exercised at annual meetings of the Association on issues for which votes are called, and at such other occasions as may be authorized by the Board of Directors. Additionally, The Rimrock Meadows Association offers, and the Member accepts, the privilege to use the Rimrock Meadows shared facilities and infrastructure, and the Member acknowledges the obligation created by the acceptance of Membership privileges to adhere to regulation governing such use as may now be in effect or as may hereafter be enacted by the Board of Directors. Upon the transfer of ownership of the lot by sale, gift, inheritance, the making of a contract for sale, or other instrument of conveyance, the Membership appurtenant thereto shall be deemed to be transferred to the new owner or purchaser, and the former Member shall thereafter release and relinquish all rights and privileges formerly pertaining to a Member of the Association. Membership shall not be conveyed or transferred in any other manner. The privileges and obligations pertaining to use of the shared facilities and infrastructure shall also be deemed to be transferred to the new owner or purchaser.

2.4 Non-Forfeiture of Membership and Non-Consolidation of Lots - Temporary or Indefinite Suspension of Membership Privileges. Once a Member has paid for the lot in full, Membership shall not be forfeited, nor shall a Member consolidate the Membership by consolidating lots, nor shall a Member be expelled from the Association except as otherwise provided below.

Any member of the Association who is not current on the payment of all dues and assessments owed by the member to the Association according to the records of the Association (hereinafter referred to as a “member with payment defaults”) will be considered and treated as a “Member Not in Good Standing” of the Association. A member with payment defaults will be deemed a “Member Not in Good Standing” of the Association automatically and without prior or subsequent notice from the Association or a prior or subsequent meeting or hearing before the board of directors of the Association or the Association’s management staff.

In addition, a member who meets the following criteria may be found to be and declared a “Member Not in Good Standing” by the board of directors of the Association: any member of the Association who is in violation of one or more of the provisions of the governing documents of the Association, including the Declaration of Covenants and Restrictions and Bylaws of the Association, and fails to fully cure said violation(s) within 30 days of the date that the Association sends written notice of the violation(s) and demand to cure to the member in question via regular first class U.S. mail, postage prepaid (hereinafter referred to as a “member with other defaults”). The notice will include, among other things, a general description of the defaults and the actions required to cure the defaults and indicate the date upon which all defaults must be fully cured (no less than 30 days after the date that the notice is sent to the member with other defaults), the date, time and place of the next board of directors meeting, and that the member with other defaults has the opportunity to attend said meeting and briefly respond to the default allegations in the notice according to procedural rules approved by the board of directors, provided, however, that, if the member with other defaults is also a member with payment defaults, said member will not have the opportunity to address the board concerning or respond to the notice allegations at any board meeting until such time as the member is current on the payment of all dues and assessments owed to the Association.

The board of directors may take action on any default notice that comes before it during any board meeting as the board deems just and proper in its sole discretion, which action may include one or more of the following: (1) dismiss the notice; (2) continue the hearing on the notice to a subsequent board meeting; (3) extend the time period for the member to cure the violations of the governing documents; (4) modify the notice or defaults to strike existing or include additional defaults; and/or (5) find and declare that the member with other defaults is a “Member Not in Good Standing” of the Association. Upon finding and declaring that a member with other defaults is a “Member Not in Good Standing” of the Association, said member will be considered and treated as a “Member Not in Good Standing” of the Association until all of the violations described in the default notice previously sent to the member are fully cured by the member to the satisfaction of the Association.

All membership privileges and rights of a member who is or is found and declared to be a “Member Not in Good Standing” of the Association shall be suspended until such time as the member cures all dues and assessment payment defaults and governing document defaults to the satisfaction of the Association. The following membership rights and privileges of a “Member Not in Good Standing” of the Association shall be suspended pending the full cure of all defaults: (1) member voting rights/privileges; (2) the right/privilege to be elected or appointed or serve as an officer or board director of the Association; and (3) the right/privilege to access and use the Association’s

common ground and facilities, including the Association's clubhouse, pool, pool outbuildings, campground, well, and all other structures and grounds within the area known as "Horseshoe Park" in the Rimrock Meadows development but excluding the private roads within the Rimrock Meadows development.

Notwithstanding the foregoing and any other provision herein to the contrary, the campground use privileges of any member who, while on any real property of the Association (including, but not limited to, the campground area) or any state highway or right-of-way or county road or right-of-way within, on, or adjacent to any real property of the Association, engages in any act or conduct or failure to act or omission that is directed at a specific person or group and that is either criminal in nature or seriously harasses, annoys, alarms, disrupts the peace of, causes distress to, or is detrimental to any person as determined by the President and/or Board of Directors of the Association in his/her/its sole discretion (harassing behavior) may be temporarily or indefinitely suspended as provided herein. If the President determines that a member has engaged in harassing behavior, the President may temporarily suspend the campground use privileges of said member for up to thirty (30) days depending on the nature and severity of the harassing behavior and whether the member has engaged in harassing behavior in the past. The President shall inform the Board of Directors and the member of the member's suspension and the reason(s) therefore and the Board may thereafter determine whether the temporary suspension should be continued, modified, or discontinued. The President shall also inform the member of the date, time and place of the Board of Directors Meeting in which the Board will decide whether to continue, modify or discontinue the suspension and of the member's right to respond to the charges and suspension in advance of said Meeting. The member may respond to the charges and suspension in writing and submit the response to the Board of Directors at any time prior to the Board Meeting. The Board of Directors may allow the member to also respond to the charges and suspension orally during the Board Meeting. If the Board of Directors determines that the temporary suspension should be modified or continued, the Board of Directors may suspend the campground use privileges of the member in question for up to an additional period of three hundred sixty-five (365) days or indefinitely depending upon the nature and severity of the harassing behavior and whether the member has engaged in harassing behavior in the past. The Association will notify the member of the Board's suspension decision and, if the decision is adverse to the member, the member's right to petition the Board for reinstatement of the member's campground use privileges once every 6 months, with the first petition being allowed to be filed with the Board 6 months after the date that the adverse decision is rendered by the Board. The Board will endeavor to review and take action on any properly submitted petition for reinstatement within 60 days of the date that the petition is filed with the Board. The Board may permit the member to give an oral presentation related to his or her petition to the Board prior to or during the Board Meeting in which the Board will take action on the petition. The Board's decision on the petition will be final and will be communicated to the member.

If a member's campground use privileges are suspended as provided herein, the suspended member shall be absolutely prohibited from entering upon, using, and being present upon the campground area during the entire suspension period. Should the suspended member enter upon, use, or be present upon the campground area during the suspension period, the suspended member shall be considered a trespasser upon the campground area, and the President or any other officer, director, or employee of the Association may immediately trespass the suspended member from the campground area, notify the sheriff's office of the trespass, and/or initiate an action in a court of law to restrain or enjoin the suspended member from entering upon, using, or being present upon the campground area.

The President and/or Board of Directors of the Association may determine that the harassing behavior occurred and warrants a temporary or indefinite suspension of the member's campground use privileges even if no Association employee, officer or director viewed the harassing behavior, even if the member is not charged with or convicted of any crime, and even if no other bylaw or covenant provision is violated by the member. The temporary or indefinite suspension of a member's campground use privileges shall not affect the member's right to vote upon Association matters and shall not waive, suspend, cancel the suspended member's obligation or duty to pay or relieve the suspended member from paying all dues and assessments assessed by the Association against the member and his or her lot(s).

When used in this provision, the term "campground" or "campground area" shall mean the parcel owned by the Association which is described as a portion of Tract A within Rimrock Division No. 3, Douglas County, Washington, is comprised of the fenced in area within and around the recreational vehicle hookups, campsites, clubhouse, pool, and parking lot on said parcel, and is commonly known as Horseshoe Park located at 4177 Tumbleweed Way, Douglas County, Washington, together with all improvements thereon.

When the term "campground use privileges" is used herein, said term shall mean all rights and privileges of a

member to enter upon, use, and be present upon the parcel owned by the Association which is described as a portion of Tract A within Rimrock Division No. 3, Douglas County, Washington, is comprised of the fenced in area within and around the recreational vehicle hookups, campsites, clubhouse, pool, and parking lot on said parcel, and is commonly known as Horseshoe Park located at 4177 Tumbleweed Way, Douglas County, Washington, together with all improvements thereon.

2.5 Voting Rights. Members shall be entitled to cast one vote per lot owned or being purchased by them, but not more than one vote per lot shall be cast regardless of the number of owners thereof. Either party without presentation of authority from the other may cast the vote for any lot owned by a marital community as heretofore described; however if both are present, both must agree to cast a vote. In the event a marital community owns more than one lot and the parties of said community do not agree, they may alternate their votes per lot. Should a lot be owned by Joint Tenants or other form of several ownership, the vote may be cast by any one individual representing said Tenants or several owners, upon presentation of written authority there from. There shall be no cumulative voting in elections for Directors.

2.6 Joint Tenants and Several Ownership. It is the intent of the Rimrock Meadows Association to maintain Rimrock Meadows as a community of individual owners and Members. As such, individual owners and Members are generally described as: a) an individual; b) a marital community consisting of two individuals whether self declared, in common law, or as defined by statute; c) several ownership such as joint tenancy where such several ownership does not contemplate use outside that which would normally or customarily pertain or extend to individuals and families. The Rimrock Meadows Association shall not offer lots for sale or purchase to organizations or concerns the interests of which is to subdivide, re-sell, consolidate, broker, rent, offer time shares, barter, distribute, assign, or convey the right to occupy a lot or lots, or convey, extend, or confer Use Privileges to third parties. The Board of Directors, at its discretion, may act to obtain injunctive relief and may otherwise in any manner not prohibited by law, prevent or nullify the sale or conveyance of lots in Rimrock Meadows should it determine such sale or conveyance falls outside the description of individual owners and Members as described above.

2.7 Rental, Succession and Assignment. Lot Owners and members may rent or sub-let their property in any manner not otherwise prohibited by law provided that renter or sub-lessee shall meet the general definitions and requirements of a Regular Member, be sponsored by the member, and apply and be approved for Associate Membership as set forth herein. Furthermore, these Bylaws shall be fully binding upon any and all who may become holders in due course or who may in any manner not otherwise foreseen, receive or acquire title to lots at Rimrock Meadows including by succession, judgment, assignment, settlement, adverse possession, liquidation, probate, or other civil action. The failure of any party for any reason whatsoever to notify any holders in due course of the existence of Bylaws, restrictive covenants, or rules and regulations governing use or conduct at Rimrock Meadows shall not be considered sufficient cause to relieve said holders from being bound by any and all provisions of these Bylaws.

2.8 Annual Meeting. The Annual Meeting of the Members shall be held on a Saturday or Sunday in February or March to be set by the Board of Directors. The purpose of the meeting shall be to elect Directors and to transact such other business as may properly come before the meeting.

2.9 Special Meetings. The President, the Board, or not less than twenty (20%) percent of the Members (not lots) entitled to vote, may call Special Meetings of the Members for any purpose.

2.10 Notice of Meetings. The President, the Secretary, or the Board shall cause to be delivered to each Member entitled to notice of, or to vote at, the meeting, either personally or by mail, not less than ten nor more than fifty days before the meeting, written notice stating the place, date, and time of the meeting; and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. At any time, upon the written request of not less than twenty percent of the Members entitled to vote at the meeting, it shall be the duty of the Secretary to give notice of a Special Meeting of Members to be held at such date, time, and place as the Board may fix, the notice to be given within thirty days of receipt of the written request, and the meeting to be held not less than ten nor more than fifty days after giving of the notice. If such notice is mailed it shall be deemed delivered when deposited in the official government mail, postage prepaid, properly addressed to the Member at Member's address as it appears on the records of the Association.

2.11 Place of Meetings. All meetings of Members shall be held at such place as designated by the Board.

2.12 Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of these Bylaws, the Articles of Incorporation or applicable Washington law, a waiver thereof in writing, signed by the

person(s) entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

2.13 Quorum. Twenty percent (20%) percent of the Members (not lots) of the Association entitled to vote, represented in person (or by proxy), shall constitute a quorum at a meeting of the Members. If less than a quorum of the Members entitled to vote is represented at a meeting, a majority of the Members so represented may adjourn the meeting from time to time without further notice, but no other business may be transacted. Members present at any duly called meeting at which a quorum is originally present, may continue to do business notwithstanding the withdrawal of Members, even when less than a quorum may thereafter be present.

2.14 Manner of Acting. The vote of a majority of the votes entitled to be cast by the Members represented in person (or by proxy) at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members, unless a greater proportion is required by applicable Washington law, the Articles of Incorporation, Bylaws, or Covenants.

2.15 Proxies. A Member may vote by proxy executed in writing by the Member or by his or her attorney-in-fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. A proxy shall become invalid eleven months after the date of its execution unless otherwise provided in the proxy. A proxy with respect to a specific meeting shall entitle the holder thereof to vote at any reconvened meeting following adjournment of such meeting but shall not be valid after the final adjournment thereof.

Article III- Board of Directors

3.1 General. Consistent with the laws of the State of Washington, the Articles of Incorporation, and these Bylaws, all the business and affairs of the Association shall be managed by the Board of Directors. Among other things, Directors shall be responsible for enforcement of the Declaration of Covenants and Restrictions per Article 5.2 and related provisions of said Covenants.

3.16 Code of Conduct.

The Directors shall be authorized to establish a Code of Conduct which must be complied with and followed by all members of the Association's Board of Directors. The Code of Conduct may cover and address any conduct issues and topics deemed appropriate by the Board of Directors, including, but not limited to, issues and topics such as Conflicts of Interest, Improper Influences, handling of Confidential Information, Use of Public Resources, and Meeting and Non meeting Conduct and Communications. The Code of Conduct shall be signed by each Director every year immediately following the Association's annual membership meeting. The Board of Directors, excluding the director who is alleged to have violated the Code of Conduct, is authorized, in its sole discretion, to determine whether the Code of Conduct has been violated and what disciplinary measure(s), if any, should be imposed against the violating director. The disciplinary measure(s) may take the form of one or more of the following: a warning, admonishment or rebuke, the temporary suspension of the director as a director of the Association and the rights, benefits, and privileges of the director as a director of the Association until such time as the director fully complies with specific conditions related to the violations by a date certain, and/or the permanent removal of the director from office.

3.2 Number. The number of Directors shall be seven (7). However at any Annual Meeting the Members may increase or decrease the number of directors to not more than nine or less than three.

3.3 Qualifications. Each Director shall be a Member in good standing. If a Director ceases to be a Member, (s)he shall thereupon also automatically cease to be a Director and his office shall become vacant without the necessity of any action by the Board.

3.4 Election of Directors/Terms of Office. Directors shall be elected each year at the annual meeting of Members, however, the terms of Directors shall be staggered so that only some of the Directors will be up for election each year. The terms of Directors shall be for two years. Directors may not serve more than two consecutive terms of office. After two consecutive terms, a Director must vacate the Board for a period of one year in order to be eligible for election.

3.5 Meetings. The Board shall meet at least four times per year, and shall hold an Annual Meeting immediately following the Annual Meeting for the Members. The President or a majority of the Board may call special Meetings of the Board at any time. Meetings shall be held in such place as designated by the Board. The Secretary shall give each Director notice either in writing or by personal communication with the Director not less than five (5) days prior to the meeting. A written waiver of notice signed by a Director whether before or after the time fixed in the

required notice, or the presence of the Director at the meeting without formal objection on the ground of failure of notice, shall satisfy the notice requirement.

3.6 Meeting by Telephone. Directors may participate in a meeting of Directors by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

3.7 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business at any Board meeting. If a quorum is not present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

3.8 Manner of Acting. The act of the majority of the Directors present at a meeting at which there is a quorum shall be the act of the Board, unless these Bylaws, the Articles of Incorporation or applicable Washington law requires the vote of a greater number.

3.9 Presumption of Assent. A Director of the Association present at a Board meeting at which action on any Association matter is taken shall be presumed to have assented to the action taken unless his or her dissent or abstention is entered in the minutes of the meeting, or unless such Director files a written dissent or abstention to such action with the person acting as Secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action.

3.10 Action by Board Without a Meeting. Any action, which could be taken at a meeting of the Board, may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the Directors. Such written consents may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document. Any such written consent shall be inserted in the minute book as if it were the minutes of a Board meeting.

3.11 Resignation. Any Director may resign at any time by delivering written notice to the President or the Secretary at the principal place of business of the Association, or by giving oral or written notice at any meeting of the Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.12 Removal. At a meeting of Members expressly called for the purpose, one or more Directors (including the entire Board) may be removed from office, with or without cause, by three-fourths (3/4) of the votes cast by Members then entitled to vote on the election of Directors, represented in person or by proxy at a meeting of Members at which a quorum is present.

3.13 Vacancies. A vacancy in the position of Director may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board. A Director who fills a vacancy shall serve until the next Annual Meeting of Members. Such a "limited" term shall not be considered a term for purposes of the term limits requirement.

3.14 Board Committees. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more standing or temporary committees, each of which may consist of one or more Directors, and a number of Members as may be set by the Board. Such committees shall only be empowered to make recommendations to the Board, which the Board may accept or reject in their discretion.

3.15 Compensation. Members of the Board may receive from the Association reasonable compensation for services actually rendered to the Association provided that the compensation is approved by a majority of disinterested members of the Board. Members of the Board shall also be reimbursed by the Association for such reasonable expenses as they may necessarily incur in pursuance of the business of the Association.

Article IV- Officers

4.1 Number and Qualifications. The officers of the Association shall be a President, Chairman, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board. Other officers and assistant officers may be elected or appointed by the Board, such officers and assistant officers to hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolution of the Board. The Board may assign any officer any additional title that the Board deems appropriate. Any two or more offices may be held by the same person, except the office of President and Secretary.

4.2 Elections and Term of Office. The officers of the Association shall be elected each year by the Board at the Annual Meeting of the Board. Unless an officer dies, resigns, or is removed from office, (s)he shall hold office until the next Annual Meeting of the Board or until a successor is elected.

4.3 Resignation. Any officer may resign at any time by delivering written notice to the President or Secretary of the Board, or by giving oral or written notice at any meeting of the Board. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.4 Removal. Any officer or agent elected or appointed by the Board may be removed from office by the Board whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person removed.

4.5 Vacancies. A vacancy in any office created by the death, resignation, removal, disqualification, creation of a new office or any other cause may be filled by the Board for the un-expired portion of the term or for a new term established by the Board.

4.6 President. The President may act as Chairman at all meetings of the Members and preside at all meetings of the Board in the absence of an elected Chairman. (S)he shall sign as President all contracts or instruments for the Association and perform such other duties as may be required by the Board. Until further notice, the President is a non-voting member and is appointed by the Board. Unless otherwise directed by the Board, the President will be an ex officio member of all standing committees.

4.7 Chairman. The Chairman shall preside at all meetings of the Board.

4.8 Vice President. The first Vice President shall preside at all meetings in case of absence or disability of the President or Chairman, assuming all duties of the President or Chairman during such periods of absence or disability, and shall perform such other duties as the Board may require.

4.9 Secretary. The Secretary shall: (a) keep the minutes of meetings of the Members and the Board; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) and assure that staff maintain records of the post office address and numbers of lots owned by each Member; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board.

4.10 Treasurer. The Treasurer shall assure that staff maintain the care and custody and be responsible for, all funds and securities of the Association, and that staff shall keep regular books of account. The Treasurer shall, at their discretion, perform periodic audits of the books of account. In general, the Treasurer shall perform all of the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned by the Board.

4.11 Bonding. All officers or other persons authorized to handle or disburse the funds of the Association shall be bonded, at the expense of the Association, in such amount as the Board shall determine to be adequate for the protection of the Association.

4.12 Compensation. The compensation of all officers and/or employees of the Association shall be fixed by the Board.

Article V- Dues

5.1 Regular Members. Dues of Regular Members shall be annually charged at \$210 per lot; provided, however, that where a Regular Member owns two or more lots the annual dues shall be \$180 on one lot and \$150 for each lot thereafter. Dues may be increased by an affirmative vote of a majority of a quorum of the Board at any meeting of the Board.

5.2 Lots Held by Rimrock Meadows Association. Lots, parcels, or tracts held in the ownership of Rimrock Meadows Association its successors or assigns shall not be subject to assessments for dues.

5.3 Dues Payable; Delinquent. Any dues not paid by the due date shall be delinquent and bear interest at the rate of twelve (12%) percent per annum. In addition to this, a \$10 per month late fee will be added to any unpaid balances effective April 1 in the year in which they are due and for every month thereafter. Upon becoming delinquent dues shall constitute a lien upon the lot(s) against which they have been levied, and the Association shall file a statement of charges in the office of the Auditor of Douglas County, Washington, stating the particular lot or lots. A release of said lien shall be filed by the Association upon payment in full of said dues (including interest and any costs or attorney fees). Said lien may be enforced by the Association as may a lien upon real property under the law of the State of Washington; and, if said lien is foreclosed, the lot owner shall be liable for the costs and disbursements, including reasonable attorney fees of the Association, all of which costs, disbursements and attorney fees shall be secured by the lien. In any event, Members shall be personally liable for the dues. Anyone who purchases or contracts to purchase a lot upon which dues are owing shall not become personally obligated on the delinquent dues; however, their lot(s) shall remain subject to any delinquent dues and subject to foreclosure as set

forth herein. A Consolidation of Parcels filing with Douglas County in no way affects the dues liability with the Rimrock Meadows Association or its successors or assigns.

Article VI- Director Liability Limitations

6.1 A Director (and Officer who also serves as a Director) shall have no liability to the Association for monetary damages for conduct therein, except for acts or omissions that involve intentional misconduct by the Director, or for any transaction from which the Director will personally receive a benefit in money, property or services to which the Director is not legally entitled. If the Washington Nonprofit Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director shall be eliminated or limited to the full extent permitted by said Act, as so amended. Any repeal or modification of these Articles shall not affect any right or protection of a Director of the Association existing at the time of such repeal or modification for or with respect to an act or omission of such Director occurring prior to such repeal or modification.

6.2 Directors shall not be personally liable to the Association or its Members for monetary damages for conduct as a Director or Officer, except for acts or omissions that involve intentional misconduct by a Director or a knowing violation of law by a Director, where the Director votes or assents to a distribution which is unlawful or violates the requirements of the Articles of Incorporation or Bylaws, or for any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled.

Article VII- Indemnification

7.1 Right to Indemnification. Each person who was, or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that (s)he is or was a Director or Officer of the Association or, while a Director or Officer, (s)he is or was serving at the request of the Association as a Director, Officer, employee or agent of a related business or entity, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Association, to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph 7.2 of this Article with respect to proceedings seeking solely to enforce rights to indemnification, the Association shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Association of an undertaking, by or on behalf of such Director or Officer, to repay all amount so advanced if it shall ultimately be determined that such Director or Officer is not entitled to be indemnified under this paragraph or otherwise.

7.2 Right of Claimant to Bring Suit. If a claim for which indemnification is required under paragraph 8.1 is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation in Douglas County, Washington to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the Association), and thereafter the Association shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of the Association (including its Board of Directors, independent legal counsel or its Members) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or

advancement of expenses of the claimant is proper in the circumstances nor an actual determination by the Association (including its Board, independent legal counsel or its Members) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

7.3 Non-exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of Members, or disinterested Directors, or otherwise.

7.4 Insurance, Contracts and Funding. The Association may maintain insurance at its expense to protect itself and any Director, Officer, employee or agent of the Association against any expense, liability or loss, whether or not the Association would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. The Association may, without further Membership action, enter into contracts with any Director or Officer of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

7.5 Indemnification of Employees and Agents of the Association. The Association may, by action of its Board from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding, to its employees and agents with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and Officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act, as applied to nonprofit corporation, or otherwise.

Article VIII- Administrative Provisions

8.1 Books and Records. The Association shall keep at its principal office copies of its current Articles of Incorporation and Bylaws, correct and adequate records of accounts and finances; minutes of the proceedings of its Board; records of the name and address of each Member and Director and Officer, and such other records as may be necessary or advisable. All books and records of the Association shall be open at any reasonable time and upon reasonable notice to inspection by any Member of three months standing; provided that they are reviewed in the principal office and provided that the names and addresses of Members shall be open to inspection only if the party seeking inspection has a proper, Association-related purpose to inspect such list.

8.2 Accounting Year. The accounting year of the Association shall be the twelve months ending December 31.

8.3 Dissolution. In the event of dissolution of the Association, assets shall be distributed consistent with the Articles of Incorporation and the Washington Business Corporation Act as applied to Nonprofit Corporations.

8.4 Miscellaneous. The Board of Directors may adopt rules of procedure to govern any meetings of Members or Directors to the extent not inconsistent with law, the Articles of Incorporation or Bylaws as may be amended or restated from time to time. In the absence of any rules of procedure adopted by the Board of Directors, the President shall make all decisions regarding such procedure for any meeting.

Article IX- Amendments

9.1 These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the vote of a majority of a quorum of the Board of Directors. However, any such alteration, amendment, repeal or new Bylaws, may be changed or repealed by two-thirds majority of the votes at the annual meeting of Members; provided that, a provision herein that requires a greater than majority vote to amend, shall be amended only by the same required vote.

Article X- Miscellaneous

10.1 Headings. The headings of these Bylaws have been inserted for convenience of reference only, and shall in no way restrict or otherwise modify any of the terms or provisions of these Bylaws.

10.2 Declaration. That certain Declaration of Covenants and Restrictions mentioned herein shall, wherever mentioned be deemed to incorporate and include for all purposes herein all subsequent Declarations and amendments thereto, whereby additional plats of Rimrock Meadows are made subject thereto.

Adopted by resolution of the Association's Board of Directors on this 23rd day of February 2003.

Kevin Danby -- GM/President

Date

STATE OF: **WASHINGTON**
COUNTY OF: **DOUGLAS**

On this _____ day of _____, 20_____,
personally appeared before me, Kevin Danby, to me known to be the
individual described in and who executed the within and foregoing
instrument, and acknowledged that **he** signed the same as **his** free and
voluntary act and deed, for the uses and purposes therein mentioned.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Print Name)

Notary Public

For the State of: _____

residing in: _____

My commission expires: _____