

BYLAWS

OF

BEEBE HOMEOWNERS ASSOCIATION
A Washington Non-Profit Corporation and
A Washington Homeowners Association

ARTICLE I

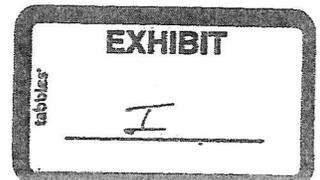
MEMBERSHIP

The members of the Beebe Homeowners Association ("Association") are the Owners of the real property subject to the Amended and Restated Protective Covenants dated 23rd day of November, 2005, and all amendments thereto ("Covenants"), recorded in Douglas County, Washington against the real property described on Exhibit "A" attached hereto (the "Property"). The Property subject to the Covenants may be amended.

ARTICLE II

MEETINGS

2.1 Association Meetings. A meeting of the Association must be held at least once each year to review the Association budget. Special meetings of the Association may be called by the president, a majority of the Board of Directors, by owners of Residential Lots or Residential Units having ten percent (10%) of the votes attributable to all Residential Lots and Residential Units of the Association or by the vote of the owners of at least ten percent (10%) of the acreage of the Property not divided into Residential Lots or Residential Units. The owners of Residential Lots, Residential Units, and the portions of the Property not divided into Residential Lots or Residential Units shall be collectively referred to herein as the "Owners." The Owners shall constitute the Members of the Association. Not less than fourteen nor more than sixty days in advance of any meeting, the secretary or another member of the Board of Directors will cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Owner or to any other mailing address designated in writing by the Owner. The notice of any meeting should state the time and place of the meeting and any business placed on the agenda by the Board of Directors for a vote by the Owners, including the general nature of any proposed amendment to the Articles of Incorporation, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation and any proposal to remove a member of the Board of Directors.



2.2 Notice for Budget Ratification. Within thirty days after adoption by the Board of Directors of an annual budget for the Association or of a special budget, the Board of Directors will set a date for a meeting of the Association to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of a summary of the budget. Unless at the meeting a majority of all votes in the Association reject the budget, in person or by proxy, then the budget is ratified, whether or not a quorum is present at the meeting.

2.3 Quorum and Voting. A quorum is deemed present when owners of Residential Lots or Residential Units having at least thirty-four percent (34%) of the votes attributable to all Residential Lots and Residential Units of the Association are present and owners having of at least thirty-four percent (34%) of the acreage of the Property not divided into Residential Lots or Residential Units is present. Owners may be present in person or by proxy. Voting will be by (i) majority vote of the Owners of all Residential Lots and Residential Units, present at a meeting where a quorum is present, with one vote per Residential Lot and one vote per Residential Unit, and (ii) vote of the Owners of a majority of the acreage of the Property not divided into Residential Lots or Residential Units, present at a meeting where a quorum is present.

ARTICLE III

BOARD OF DIRECTORS

3.1 Management of the Association. The business and affairs of the Association are managed by the Board of Directors in accordance with the Covenants, other Governing Documents and applicable law.

3.2 Number of Members. The number of members of the Board of Directors is initially three. The number of members may be increased or decreased from time to time by resolution of a majority of the Board of Directors.

3.3 Qualification. During the Development Period, members of the Board of Directors need to be Owners or representatives of Developers. After the Development Period, members of the Board of Directors need to be Owners.

3.4 Term of Office. The current members of the Board of Directors shall serve in such capacity during the entire Development Period. Thereafter, the term of office for each member of the Board of Directors is three (3) years. Each member will hold office for the term for which elected and until a successor shall have been elected and qualified. Members can be elected to successive terms.

3.5 Election. Members of the Board of Directors are elected by the Association at the annual meeting. Any vacancy occurring on the Board of Directors

during the term of any member of the Board of Directors may be filled for the balance of such term by vote of the members of the Board of Directors at a regular or special meeting of the Board of Directors called for such purpose.

3.6 Meetings. Regular meetings of the Board of Directors may be held at such time and at such place within the State of Washington as the Board of Directors may determine by adopting a schedule of regular meetings. Special Board meetings may be called by the President or a majority of the Board of Directors. Members of the Board of Directors can attend the meetings in person or by telephone. Any business may be conducted at a special meeting of the Board of Directors. Except as provided in these Bylaws, all meetings of the Board of Directors are open for observation by Owners of record and their authorized agents. The Board of Directors will keep minutes of all actions taken by the Board of Directors, which will be available to all Owners. Upon the affirmative vote in an open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters, consult with legal counsel or consider communications with legal counsel, and discuss likely or pending litigation, matters involving possible violations of the Covenants or other Governing Documents, and matters involving the possible liability of an Owner to the Association. The motion should state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session should be included in the minutes. The Board of Directors will restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion or other action adopted, passed, or agreed to in closed session will become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. These Bylaws do not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

3.7 Notice of Board of Directors. No notice of a regular Board of Directors meeting is required. Notice of a special Board of Directors meeting should be given to the Board of Directors members at least twenty-four (24) hours prior to the time of the meeting. Such notice may be given verbally, personally delivered or by mail. Neither the business to be transacted, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice.

3.8 Quorum for Board of Directors. A majority of the members of the Board of Directors will constitute a quorum for the transaction of business. Each member will possess one (1) vote as to all matters coming before the Board of Directors.

3.9 Additional Committees. By a resolution adopted by the Board of Directors, the Board of Directors may designate one or more committees to serve at the pleasure of the Board of Directors.

3.10 Removal. During the Development Period, the Owners may remove any member of the Board of Directors with or without cause by a vote of (i) at least two-thirds (2/3) of the votes attributable to all Residential Lots and Residential Units of the Association and (ii) owners having at least two-thirds (2/3) of the acreage of the Property not divided into Residential Lots or Residential Units, in person or proxy, and entitled to vote at any meeting of the Association at which a quorum is present. After the Development Period, the Owners may remove any member of the Board of Directors with or without cause by the following votes, in person or proxy, at a meeting of the Owners entitled to vote at any meeting of the Association in which quorum is present: (i) a majority of the votes attributable to all Residential Lots and Residential Units of the Association and (ii) the votes of the Owners having two-thirds (2/3) of the acreage of the Property not divided into Residential Lots or Residential Units.

ARTICLE IV

OFFICERS

4.1 Identification, Election and Term. The officers of the Association will consist of a President, Vice-President, Secretary, Treasurer and other such officers as the Board of Directors may deem necessary. The officers will be elected by and from the Board of Directors for a term of one (1) year. Any officer may be removed from office with or without cause by a majority vote of the Board of Directors at any regular or special meeting. Two or more offices may be held by the same person.

4.2 President. The President presides over meetings of the Board of Directors and meetings of the Association. Under the direction of the Board of Directors the President has general charge of the business of the Association and supervision over its property, business and affairs; provided, the following actions must not be taken without the prior written approval of the Board of Directors: borrowing of funds, granting of security interests, or any actions outside of the normal course of business. The president has authority to execute, certify and record amendments to Governing Documents.

4.3 Vice-President. In the absence of the President, or in the event of the president's inability to act, the Vice-President should act in the President's place and will have all powers and authority of the President

4.4 Secretary. The Secretary will keep the minutes of the meetings of the Board of Directors and of the Association; see that all notices are duly given in accordance with these Bylaws, the Covenants or as required by law; keep a register of the address of each Owner and perform such duties incident to the office of Secretary and such other duties from time to time as may be assigned by the President or by the Board of Directors.

4.5 Treasurer. Subject to the direction and control of the Board of Directors, the Treasurer will have the custody, control and disposition of the funds of the Association and shall account for the same.

4.6 Authorization. The Board of Directors may authorize any person or persons to execute and deliver any contract or other agreement in the name of or on behalf of the Association, and such authorization may be general or confined to specific instances.

4.7 Delegation. Except as limited by statute or other law, the Board of Directors may delegate to a managing agent, other representative, independent contractor or employee, all power and authority deemed necessary to manage the day to day affairs and operations of the Association and to enforce the Governing Documents. The authority to delegate may be more particularly described in the Covenants.

ARTICLE V

AMENDMENT OF BYLAWS

The Bylaws may be amended, altered or repealed by the Board of Directors at any regular or special meeting, or by (i) the vote or written consent of a majority of all the Owners of the Residential Lots and Residential Units and (ii) the vote or written consent of owners having a majority of the acreage of the Property not divided into Residential Lots or Residential Units. During the Development Period, written consents of the Developers are also required for any amendment, alteration or repeal of the Bylaws.

ARTICLE VI

ACTIONS WITHOUT MEETING; WAIVER OF NOTICE

6.1 Actions Without Meeting. Any action of the Association or Board of Directors that is required to be taken at a meeting, or that may be taken at a meeting, may be taken without a meeting:

A. If a consent in writing setting forth the actions so taken is signed by a majority of Board of Directors entitled to vote on the matter in the case of the Board of Director action, and

B. If a consent in writing setting forth the actions so taken is signed by (i) the majority of all the Owners of the Residential Lots and Residential Units and (ii) the owners having a majority of the acreage of the Property not divided into Residential Lots or Residential Units.

6.2 **Written Waiver of Notice.** Whenever any notice is required to be given to any member of the Association or member of the Board of Directors, a waiver thereof in writing signed by the person entitled to such notice, whether signed before or after the time of the meeting or other matter requiring notice, is equivalent to the giving of such notice.

6.3 **Waiver of Notice by Attendance.** Attendance of an Owner or a member of the Board of Directors at any meeting constitutes a waiver of notice of such meeting, except where a member or Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not properly called or conveyed.

ARTICLE VII

FINANCIAL AND OTHER RECORDS

The Association (or its managing agent) will keep or cause to be kept detailed and accurate financial records. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the Association. Each managing agent must turn over all original books and records to the Association immediately upon termination of the management relationship with the Association, or upon such other demand as is made by the Board of Directors. A managing agent is entitled to keep copies of Association records. All records which the managing agent has turned over to the Association will be made reasonably available for the examination and copying by the managing agent. All records of the Association, including the names, and addresses of Owners and other occupants of the Residential Lots, Residential Units or other Parcels, will be available for examination by all Owners, holders of mortgages on such property, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the Association or its managing agent. The Association must not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records. At least annually, the Association will prepare, or cause to be prepared, a financial statement of the Association. A financial statement showing annual assessments of fifty thousand dollars or more will be audited at least annually by an independent certified public accountant, but the audit may be waived by vote of the Owners having at least sixty-seven percent (67%) of all Residential Lots and Residential Units and Owners having at least sixty-seven percent (67%) of the acreage of the Property not divided into Residential Lots or Residential Units. Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, may vote each year to waive the audit. The funds of the Association must be kept in accounts in the name of the Association and must not be commingled with the funds of any other Association, nor with the funds of any managing agent or

any other person responsible for the custody of such funds. Unless prohibited or restricted by law, books and records kept by or on behalf of the Association may be withheld from examination or copying by an Owner or other person to the extent that the records concern;

a. Personnel matters which are customarily kept confidential by a business;

b. Medical or health records of any employee of the Association, any Owner, or other occupant of a Residential Lot, Residential Unit or other Parcel;

c. Communications with legal counsel or attorney work product that are privileged with respect to third parties;

d. Negotiations relating to transactions prior to their completion which the Board of Directors determines for good cause should be withheld;

e. Agreements for which good cause prohibit disclosure to the Owners;

f. Pending litigation which the Board of Directors determines for good cause should be withheld;

g. Pending proceedings for enforcement of the Governing Documents which the Board of Directors determines for good cause should be withheld;

h. Unlisted telephone numbers and security access information provided to the Association for emergency purposes;

i. Credit information protected by the Fair Credit Reporting Act (15 USC §1681, *et seq.*);

j. Meeting minutes or other records of an executive session of the Board of Directors held pursuant to RCW 64.38; and

k. Information otherwise protected from disclosure by law.

ARTICLE VIII

DEFINITIONS

Capitalized words in these Bylaws including but not limited to "Owner," "Development Period," "Developer," "Residential Lot," "Residential Unit," "Declarant," "Covenants," "Association," "Owners," "Property," "Parcel," and "Governing Documents" have the same meanings as in the Covenants.

ARTICLE IX

SUBJECT TO COVENANTS

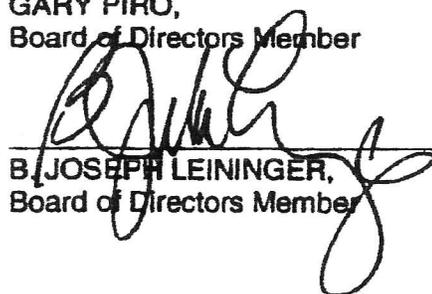
Notwithstanding anything in these Bylaws, all actions of the Association, the Board of Directors or officers are subject to and governed by applicable law and the Covenants and all amendments thereto. In the event of any inconsistencies between these Bylaws and the Covenants, the Covenants will control.

DATED this 23rd day of November, 2005.



JAMES GEISZ,
Board of Directors Member

GARY PIRO,
Board of Directors Member



B. JOSEPH LEININGER,
Board of Directors Member

Exhibit J

**Beebe Ranch Homeowners Association
10-Year Proposed Budget: 2012 - 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue										
Fees from Lots ^{1,2}	\$31,500.00	\$31,500.00	\$32,760.00	\$32,760.00	\$34,020.00	\$34,020.00	\$35,280.00	\$35,280.00	\$36,540.00	\$36,540.00
Expenses³										
Common Area	\$5,000.00	\$5,150.00	\$5,304.50	\$5,463.64	\$5,627.54	\$5,796.37	\$5,970.26	\$6,149.37	\$6,333.85	\$6,523.87
Insurance	1,000.00	1,030.00	1,060.90	1,092.73	1,125.51	1,159.27	1,194.05	1,229.87	1,266.77	1,304.77
Mail Box	1,000.00	1,030.00	1,060.90	1,092.73	1,125.51	1,159.27	1,194.05	1,229.87	1,266.77	1,304.77
Roads	7,000.00	7,210.00	7,426.30	7,649.09	7,878.56	8,114.92	8,358.37	8,609.12	8,867.39	9,133.41
Snow Plow	3,000.00	3,090.00	3,182.70	3,278.18	3,376.53	3,477.82	3,582.16	3,689.62	3,800.31	3,914.32
Storm Drain Maint.	7,000.00	7,210.00	7,426.30	7,649.09	7,878.56	8,114.92	8,358.37	8,609.12	8,867.39	9,133.41
Weed Control	3,000.00	3,090.00	3,182.70	3,278.18	3,376.53	3,477.82	3,582.16	3,689.62	3,800.31	3,914.32
Contingency Reserve	4,500.00	3,690.00	4,115.70	3,256.37	3,631.26	2,719.60	3,040.59	2,073.41	2,337.21	1,311.12
Total Expenses	\$31,500.00	\$31,500.00	\$32,760.00	\$32,760.00	\$34,020.00	\$34,020.00	\$35,280.00	\$35,280.00	\$36,540.00	\$36,540.00

Notes:

¹ There are 105 lots.

² Fees begin at \$25/month. Fees increase by \$1/month every two years.

³ All items other than the Contingency Reserve increase 3% annually.

