

SNOWLINE

Section I

SNOWLINE

DECLARATION OF RESTRICTIONS, COVENANTS AND EASEMENTS

SNOWLINE Community Club Association

Declaration of Restrictions, Covenants and Easements for

SNOWLINE

Table of Contents Articles A through G

Description	Page
Article A Definitions	3
Article B Land Use Restrictions	3
Article C Building Restrictions	4
Article D The Club & Services	5
Article E Easements & Reservations	5
Article F Miscellaneous	6
Article G Amendments	6

DECLARATION OF RESTRICTIONS, COVENANTS AND EASEMENTS FOR SNOWLINE

KNOW ALL MEN BY THESE PRESENTS:

GRIFFIN BROTHERS, INC., a Washington corporation, being the contract purchaser of the real property described in the Plat of SNOWLINE, as recorded in Whatcom County, Washington, under Auditor's File number 1051395, and desiring to provide for a plan of land use, road maintenance, a private water system, other utilities and other facilities incident to the development of the real property in the Plat of SNOWLINE, and such other properties as may hereafter be included in the plan, if any, does hereby certify and declare that the following restrictions, covenants and easements appurtenant are hereby imposed on said real property:

ARTICLE A. DEFINITIONS

1. The word "Plat" shall refer to the Plat of SNOWLINE and any other plat of adjacent real property which may hereafter be made subject to the provisions hereof by written instrument signed by GRIFFIN BROTHERS, INC., a corporation, as elsewhere provided herein.
2. The word "Lot" or "Lots" shall refer to lots as shown on any Plat defined hereby.
3. The words "Real Property" shall refer to the real property included within any Plat as defined hereby, and shall include "lot."
4. The word "Committee" shall refer to the Architectural Control Committee as created hereby.
5. The word "Club" shall refer to the SNOWLINE COMMUNITY CLUB, INC., a non-profit corporation formed for the purpose of providing services and recreational facilities to its members, including owners and residents of lots, as herein defined.
- 6: The word "Declarant" shall refer to GRIFFIN BROTHERS, INC., a corporation, its successors or assigns.
7. The word "Dwelling" is defined by Whatcom County (Title 20) "A building or a portion of a building that is constructed or installed on a permanent foundation and designed for long-term human habitation, which has facilities for cooking, eating, sleeping, toilet and bathing for use by one family"; the term does not include tents, campers, recreational vehicles or travel trailers.

ARTICLE B. LAND USE RESTRICTIONS

1. No lot or lots shall be used for purposes other than residential purposes and no lot shall be used for any other purpose than one single family dwelling with appurtenant structures, a garage and no other outbuildings. On those lots having an area of 14,400 or more square feet, there may be constructed two permanent homes provided the same are under one ownership and such lots may not be divided or subdivided. In all cases, prior approval of the appropriate health department as to sewage disposal must be obtained before construction.
2. No firearms for purpose of hunting or target practice shall be used on the Real Property.
3. No animals shall be kept or permitted on the Real Property except for household pets which shall not unreasonably interfere with the use and enjoyment of any other part of the Real Property. Horses may be kept on a temporary basis if approved by the committee, but no barns or permanent quarters or facilities to house and care for horses shall be constructed or maintained on said lots. No commercial raising, breeding or dealing in animals shall be conducted on or from any lot.
4. No sign, billboard or advertising structure shall be located, placed or maintained on the Real Property. Declarant is granted and reserves the right, for itself, its agents, successors and assigns, to place signs on the Real Property to indicate portions thereof for sale or lease. Any sign on the Real Property in violation hereof may be removed from the Real Property by the Committee.
5. Each lot shall be maintained in a clean, sightly condition at all times and be kept free of litter, junk, containers, equipment and building materials. However, the reasonable keeping of equipment and materials on a lot during construction on such lot shall be permitted. All refuse from use of a lot shall be kept in sanitary containers, which shall be concealed from view and regularly emptied.
6. All clotheslines and storage facilities on a lot shall be screened from view of the roads and adjacent lots. No lot shall be used in whole or part for storage or anything which will cause such lot to appear in an unclean, disorderly or untidy condition. No noxious or offensive activity shall be permitted on any lot, nor shall anything be permitted on any lot that may be or become a

nuisance or unreasonably interfere with the use and enjoyment of any part of the Real Property.

7. No tree with a trunk in excess of three (3) inches in diameter on the Real Property, within eight (8) feet of the property line shall be removed or destroyed without the prior written consent of the Committee.

8. No truck, boat, trailer or commercial vehicle and no goods, wares, equipment, or paraphernalia used in or about any business or commercial endeavor shall be regularly kept or maintained on any lot unless the same shall be wholly screened from view of all parts of the Real Property not including the lot where located. No trailer shall be used for a permanent home on any lot.

No vehicle shall be parked or kept on the improved or unimproved portions of the roads shown in the Plat. In the event that any vehicle is parked or kept on any such road, the club, at its option, shall have the right to remove the same at the expense of the owner thereof.

ARTICLE C. BUILDING RESTRICTION

1. Each lot presently or hereafter platted within SNOWLINE shall be used for residential purposes only. One single-family dwelling and a garage may be constructed or maintained on each such lot.

2. No structure shall be constructed, placed or maintained on any lot until the construction plans and specifications and a plan showing the location of the structure on the lot have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of exterior design and existing structures, and location with respect to topography and finish grade elevation.

The construction plans and specifications must include detail regarding all trees proposed to be removed from the lot in association with the construction, with a trunk in excess of four inches in diameter (measured no more than two feet from the ground). The Board reserves the right to individually approve or disapprove all proposed tree removal associated with the construction. No foundation or permanent structural footings for any dwelling or garage shall be permanently installed until the location of the foundations and/or footings have been inspected and approved by a member of the Architectural Control Committee, to confirm location of said foundation/footings in accordance with the approved building and plot plans. The inspection should occur after the excavation is complete and the forms constructed, but before the pouring of the concrete foundation.

3. The Architectural Control Committee shall be three in number and shall be designated by GRIFFIN BROTHERS, INC. until every lot is sold; and GRIFFIN BROTHERS, INC. may remove any member thereof and name his successor until all lots are sold. After all lots are sold, the Architectural Control Committee shall be appointed by the non-profit corporation under such rules as it may establish. No compensation shall be paid for services performed by the Architectural Control Committee.

4. The Architectural Control Committee's approval or disapproval required herein shall be in writing. In the event the Architectural Control Committee fails to approve or disapprove, within forty-five (45) days of the plans and specification being delivered to them, the member may request approval from the Board. A written answer will be given within ten (10) days following the next board meeting.

5. All dwellings and garages shall be of permanent non-mobile construction, and no building constructed or maintained on any such lot shall consist in whole or part of a house-trailer or mobile home of any type, whether or not converted to a permanent structure. No building shall consist of more than two stories or floors, and all dwellings, exclusive of porches and patios, shall contain not less than 400 square feet. The work of constructing all structures on each lot shall be prosecuted diligently and continuously from commencement of construction until the exteriors thereof are completed and painted or otherwise suitably finished, which finish shall in any event be twelve (12) months from commencement of construction.

6. No building structure (per definition in Paragraph 2. of this section) shall be constructed, placed or maintained less than twenty (20) feet from the property line abutting any street or road; less than fifteen (15) feet from any easement line or eight (8) feet from any side or back line of any lot. No lot fronting on the Mt. Baker Highway (Washington State Highway No. 542) shall utilize any portion of such lot for access to or from said highway, and such use is expressly prohibited.

7. The Board of Directors can, after considering all Covenant requirements and pertinent factors, grant a selective variance on an individual basis regarding proposed construction. A variance can only be granted specifically in connection with the number of stories a structure may have and setback requirements under Article C, Paragraphs 5 and 6. The variance authority may be granted only on the following conditions:

- a. A written request for a variance must be submitted to the Board of Directors.
- b. A variance must be approved by a unanimous vote of a quorum of the Board of Directors

ARTICLE D. THE CLUB AND SERVICES

1. SNOWLINE COMMUNITY CLUB, INC., a non-profit corporation (herein defined as the Club), has been formed for the purpose of furnishing and regulating road maintenance, water services, and such other services and facilities for the benefit of the owners and residents of lots as may be deemed advisable. There shall be one membership in the Club for each lot of each Plat and no more. Each membership for a lot shall be appurtenant to the title and shall be transferable only as a part of the transfer of the title to a lot. Each such membership shall entitle the owners of the lot, the residents therein, and their families to enjoy the service and facilities of the Club, subject to the rules, regulations and payments as may now or hereafter be established by the Club, which rules, regulations and payments shall apply equally to all memberships. Such services shall only be extended to persons other than owners of lots in SNOWLINE upon the direction of the Declarant who shall have the right to extend such services at anytime, and Declarant shall have the right by written instrument placed of record to include any real property within a distance of five (5) miles of the Plat as lots thereby entitling the owners thereof to membership in the Club, with all the privileges, rights and obligations of the lot owners in SNOWLINE.

2. Portions of the Real Property, if any, used by the Club shall not be subject to the restrictions elsewhere imposed herein but shall be used for such facilities as the Club deems advisable for the benefit of its members. In the event that the Club is lawfully dissolved and its assets liquidated, then the restrictions provided for elsewhere herein shall be effective as to such properties. By accepting conveyances of property in the Plat, the club's membership agrees to comply with the provisions of this Article D.

3. In order to provide the Club with funds for the cost of furnishing services and maintaining its various properties, each grantee and vendee of lots, their heirs, successors and assigns shall and do by the act of accepting a deed or entering into a contract of sale as vendee, jointly and severally agree that they and each of them shall accept and take membership in the Club and shall pay to the Club the assessments, dues and charges levied according to the By-laws of the Club. In the event that such assessments, dues or charges remain unpaid to the Club by a membership for a period of sixty (60) days after the due date then the Club may record a written notice with the Auditor of Whatcom County, Washington, that it claims a lien against the lot to which the membership is appurtenant for the amount of delinquent assessments, dues and charges due from such membership together with interest at the rate of ten percent (10%) per annum from the due date until paid and attorney's fees incurred incident thereto. From and after recording such notice, the lot to which the membership is appurtenant shall be subject to a lien to the Club as security for the sums designated in such notice together with any other unpaid assessments, dues and charges which may accrue thereafter with interest and attorney's fees until satisfied of record; and such lien may be foreclosed in the manner of a mortgage of real property and in such foreclosure action the Club shall recover a reasonable sum as attorney's fees therein and the reasonable costs of searching and abstracting the public records. No satisfaction made of record of foreclosure shall constitute a release of the Club's rights hereunder with respect to future delinquent assessments, dues and charges.

4. The amount of the assessments and dues which the Club may assess or charge its membership shall be based upon the anticipated costs of operating the Club, and maintaining the roads, water system, common areas and other services with reasonable provision for reserves, all as determined by the trustees of the Club. However, there shall be no dues and assessments charged until after MARCH 31, 1969. No dues or assessments shall be payable by any membership appurtenant to a lot until such lot is first sold. The Club may make reasonable charges for services and utilities furnished by it to its membership in addition to dues and assessments including, but not limited to, road maintenance, snow removal, water, and garbage. All dues, assessments and charges shall apply on the same basis to each membership. In determining dues and assessments, the aggregate cost of snow removal for the Plat shall be allocated equally to each lot.

5. In consideration of the rights and liens conferred upon the Club hereby, it agrees to maintain the roads and vehicular traffic easements in the Plat and drainage system therefore, and the water system and other common areas. Such services shall be performed for the benefit of its membership until such time, if any, that such functions shall be assumed by a public authority.

6. The portion of the water system located in the Plat shall be operated, maintained and regulated by the Club, acting solely or by agreement with another corporation or cooperative, from the time of completion thereof until such water system may be owned and operated by a public authority. Such obligations and rights shall exist insofar as the system pertains to lots and to the extent that the Club shall share in the cost and management of the system with others. The Club may establish uniform reasonable charges which shall be paid by the membership for the use and availability of water service. As a condition to connection to the water system, the club may require the member to provide a water meter which shall be acceptable to the Club.

6. For the purpose of assuming the obligations herein to be performed by the Club, it joins in the execution hereto.

ARTICLE E. EASEMENTS AND RESERVATIONS

1. The owners of each lot, their invitees and licensees, are hereby granted a nonexclusive easement for ingress and egress over and across the roads and trails shown in the Plat, which easements of ingress and egress shall be appurtenant to each lot. Nevertheless, Declarant reserves for itself, its successors and assigns and is hereby granted, the right to grant such other rights of way and easements for the use of the roads in the Plat and Utilities and Road Easements or any part thereof to others for such purposes and uses, including access and utilities, and on such terms and conditions as Declarant deems advisable. The easements for trails in the Plat may not be used by motor-driven vehicles.

2. Declarant reserves to itself, its successors and assigns, the right to grant to other persons the right to use any or all easements, licenses or rights appurtenant to the Real Property as it deems advisable, subject to rights hereby created.

3. In order to provide for a procedure to dedicate the roads in the Plat to public use, the Club is hereby granted the right, power and authority to dedicate to public use, subject to any existing property rights, all of the roads. The Club shall have the right, power and authority, by a two-thirds vote of its membership, to transfer all or any part of the easements, rights or authority it may acquire incident to providing utilities to its membership to a governmental authority with jurisdiction to assume such functions.

ARTICLE F. MISCELLANEOUS

1. The covenants, restrictions, easements, rights, liens, and encumbrances herein provided for shall be covenants running with the land and shall be binding upon the Real Property and any and all parts thereof, the parties in interest thereto and their heirs, assigns, personal representative and successors in interest. Accepting an interest in and to any portion of the Real Property shall constitute an agreement by any person, firm or corporation accepting such interest, that they and each of them shall be bound by and subject to the provisions hereof.

2. In the event that any provision hereof shall be declared to be invalid by any court of competent jurisdiction, no other provision shall be affected thereby and the remaining provisions shall remain in full force and effect. No waiver of the breach of any provision hereof shall constitute a waiver of a subsequent breach of the same provision or of any other provision. No right of action shall accrue for or on account of the failure of any person to exercise any right hereunder nor for requiring compliance with any provision, condition, restriction or covenant which may be determined unenforceable.

3. The parties in interest in and to any part of the Real Property and the Club, for the benefit of the owners of the Real Property and each of them shall have the right and authority to enforce the provisions hereof and in addition to any other remedy for damages or otherwise, shall have the right to injunctive relief. Except for the foreclosure of the lien provided for in paragraph 3 of Article D., the prevailing party in any action to enforce any provision hereof shall recover a reasonable sum as attorney's fees together with the reasonable costs of searching and abstracting the public record which sums shall be paid by the unsuccessful party.

4. Declarant or its successor may subject any real property in the general area of the Real Property to all or any part of the provisions of this instrument as part of the plan of subdivision of real property by filing of record a declaration of such intent signed by Declarant and the owners thereof as the sub-dividers thereof. Except for the foregoing, no other properties may be made subject hereto.

ARTICLE G. AMENDMENTS

1. The provisions of Articles A, B and C hereof, except as to the formation and control of the Architectural Control Committee, may be amended, changed, revoked or terminated in whole or part within five (5) years of the date hereof at any time by written instrument signed by the owners of seventy-five percent (75%) in area of the Real Property, provided that Declarant shall consent in writing thereto. Thereafter, such amendment, change, revocation or termination may be made by such an instrument signed by the owners of a majority in area of the Real Property. Such instrument shall be effective only when recorded with the Auditor of Whatcom County, Washington.

2. For the purposes of this Article G the word "Owner" shall mean any person, firm or corporation holding either fee title or a vendee's interest under a real estate contract as shown by the records of Whatcom County, Washington to the exclusion of any other interest.

Dated this Nineteenth day of April 1997

Snowline Community Club, Inc.

SNOWLINE

Section II

SNOWLINE COMMUNITY CLUB

BY-LAWS

SNOWLINE Community Club Association

Snowline Community By-Laws

Table of Contents

Description	Page
Article I Name & Objects of Club	9
Article II Membership	9
Article III Board of Directors	10
Article IV Election of Officers	11
Article V Duties of Officers	11
Article VI Annual Assessments, Fees, Dues & Charges	12
Article VII Rules & Regulations for Members, Tenants & Guests	13
Article VIII Use of Club Facilities	13
Article IX Amendments	14
Article X Dissolution	15

SNOWLINE COMMUNITY CLUB BY-LAWS

ARTICLE I. NAME AND OBJECTS OF CLUB

1.1 Name. The Club shall be known as the Snowline Community Club, hereinafter referred to in these by-laws as the "Club."

1.2 Purpose and Objects. The Club is a non-profit corporation formed for the purpose of providing services and recreation facilities to its members and for the purpose of furnishing and regulating road maintenance, water services, and such other services and facilities for the benefit of the owners and residents of lots as may be deemed advisable.

ARTICLE II. MEMBERSHIP

2.1 Definition. The membership of the person or person who is the owner in fee or the equitable title when purchasing under a contract in a lot within the community more particularly described as follows:

(LEGAL DESCRIPTION)

and who is subject to assessment, either present or future, by the Club pursuant to the provisions of any recorded instrument relating to such assessment, including the plat of Snowline as recorded in Whatcom County, Washington, in Volume 87, Page 20, under Auditor's File Number 1051395. For purposes of determining voting rights, dues, assessments, fees, or charges where two or more adjacent and/or contiguous lots are amalgamated into one single lot, there shall continue to be the same number of club memberships as existed prior to amalgamation. In the event there is more than one owner of a lot within the Community, there shall, nevertheless, be only one membership, which membership shall be appurtenant to and not severable from title to such lot. No membership may be assigned or transferred voluntarily or by operation of law except in conjunction with the transfer of title to a lot. For the purpose of determining membership, such ownership shall be deemed to have vested upon delivery and recording with the Whatcom County Auditor of a duly executed deed or contract to the grantee or vendee. The legal title retained by a vendor selling under a contract shall not qualify such vendor for membership. Foreclosure of a contract or repossession, for any reason, of a lot sold under contract shall terminate the vendee's membership, whereupon all rights to all membership shall revert in the vendor.

2.2 Voting Rights. Members shall be entitled to one vote for each lot in which they hold an interest required for membership by Section 2.1 of this Article II as shown by the records of the Club as on the last day of the second month preceding the next membership annual meeting. When more than one person holds such interest or interests in any lot, all such persons shall be members and the vote for such lot or living unit shall be exercised as they may, among themselves, determine; but in no event, shall more than one vote be cast with respect to any such lot. Such membership shall entitle the owner's to all of the privileges and rights of membership unless suspended as hereafter provided.

2.3 Proxy Voting. A member may vote in person or may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. Such proxy must be filed with the Club Secretary prior to the commencement of the meeting for which it was issued and in no event shall a proxy be valid after the meeting for which it was issued.

In order to facilitate the voting by proxy, the Board of Directors shall, prior to annual or special meetings, provide the membership with (1) an agenda for the meeting which shall include, but not be limited to (a) a list of motions for which the proxy may be voted and (b) a list of members properly nominated for election to the Board of Directors; (2) a proxy form as herein described; and (3) a list of the current Board of Directors of the Club and their positions. In all cases, a proxy form in order to be valid, must contain (1) the name Snowline Community Club; (2) the annual or special meeting at which the proxy is to be exercised; (3) the name of the person designated to exercise the vote represented by the proxy, and (4) the name, lot number, and signature of the member granting the proxy.

The proxy form so executed shall provide the member the right, if exercised, to vote by proxy for and/or against (1) each motion included in the agenda for the meeting; and (2) each member nominated for election to the board of Directors to the Club.

2.4 Annual Meeting. The annual meeting of the membership shall be held over the third weekend in October, the exact date and time to be set by the Board of Directors. The meeting shall be held on the grounds of Snowline unless some other location is designated by the Board of Directors. Special meetings of the membership of the Club may be called from time to time at the discretion of (a) the Club President; (b) three directors; or (c) 20% of the membership. Written notice stating the place, day and hour of the annual meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be posted on the Club bulletin board, and copies mailed not less than twenty (20) nor more than fifty (50) days before the date of the meeting to the membership at the address indicated by the Club records. Fifteen percent (15%) of the membership shall constitute a quorum.

2.5 Suspension of Membership Rights. The membership rights (including voting rights) of any member may be suspended by action of the Board of Directors (a) for non-payment of assessments, fees, dues, or charges lawfully imposed upon him or any property owned by him; or (b) if the member, his family, his tenants or guests thereof, shall have violated any rule or regulation of the Club regarding the use of any property or conduct with respect thereto, including violation of the Declaration of Restrictions, Covenants, and Easements for Snowline recorded under Whatcom County Auditor's File Number 1051395. In all cases, other than for failure to pay assessments, fees, dues or charges, the Board shall indicate the time limit or duration of the suspension. Suspension will not, however, affect the continuing liability of the member and his property for assessment by the Club.

2.6 Appeal Rights on Suspension. In the event suspension of membership right results from failure to comply with the rules and regulations, an aggrieved party shall have the right to petition for reconsideration or reinstatement at a regularly scheduled Board meeting. Such right may only be exercised once during each twelve (12) month period following the suspension.

ARTICLE III. BOARD OF DIRECTORS

3.1 Authority of Directors. The business, property, and affairs of Club shall be managed by a board of directors consisting of a minimum of five (5) members and a maximum of nine (9) members.

3.2 Election of Directors. At each annual meeting of the membership, a minimum of three (3) and a maximum of seven (7) directors shall be elected by the membership of the Club at such meeting.

3.3 Term. The term of office of the directors of the Club shall be for one year, or until their successors are duly elected and qualified, except the director who is elected for a term of three years under Section 4.1 (a).

3.4 Regular Meetings. The Board of Directors shall hold at least eleven (11) regular meetings each year, and such special meetings as the directors shall deem necessary for the competent management of the affairs of the Club. Not more than fifty (50) days shall elapse between successive Board meetings. Notice of such meetings shall be posted on the Club bulletin board not later than three weeks prior to such meeting, or not later than the end of the preceding Board meeting, whichever is the later date.

3.5 Open Meetings. Except as hereafter provided, the meetings of the Board of Directors shall be open to the membership. The Board may, however, at its discretion, close a meeting, or portion thereof, to the general membership when sensitive personnel or employment questions, or legal matters involving the Club and/or its membership.

3.6 Vote. Each member of the Board of Directors shall possess one (1) vote in matters coming before the Board. All voting at meetings of the Board of Directors shall be by each member in person and voting by proxy shall not be allowed. A majority of the number of directors duly elected shall constitute a quorum for the transaction of business.

3.7 Removal of Director. Any director may be removed from office by a 75% vote of the membership at any regular or special meeting of the membership by the Club. Notice of the proposed removal of a director must be given to such director 10 days prior to the date of the meeting at which such removal is to be voted upon. Such notice to the director must state the cause for the proposed removal. However, unexcused absence from three (3) consecutive meetings of the Board of Directors shall be due cause for removal of a director by action of the Board of Directors alone. In addition, any violation of the rules and regulations of the Club or of the Declaration of Restrictions, Covenants and Easements such as would be grounds for suspension pursuant to Article 2.5 above shall be grounds for removal of a director by action of the Board of Directors' acting alone.

ARTICLE IV. ELECTION OF OFFICERS

4.1 Procedure for Election of President.

(a) Within a reasonable time following the annual meeting, the directors shall elect one among them to hold office for three years and to be vice president during the first year, president during the second year, and past president during the third year of such three-year term. This amendment will take effect after the 1985 annual meeting.

(b) Should the president resign or be unable to fulfill the remainder of his/her term, the vice-president will assume the position of president for the remainder of the former president's term. The vice-president will continue to complete the term of his/her original election as described in paragraph 4.1 (a), above.

(c) (i) When the vice-president succeeds to the presidency upon the resignation and/or inability of the president to complete the term, the directors shall elect one among them to serve as vice-president for the remaining vice-presidency term.

(c) (ii) If the vice-president resigns or is unable to complete his term, the directors shall elect one among them to become vice-president and to fill the vacancy in the order prescribed in paragraph 4.1 (a) above.

4.2 Vacancy. Should a member of the Board of Directors other than the president or vice-president resign or be unable to fulfill his/her elected term of office, the vacancy will be filled first by the person receiving the next highest number of votes at the immediately preceding annual meeting. If this person is unable or unwilling to complete the term, the person receiving the next highest number of votes at the immediately preceding annual meeting will be appointed director for the remainder of the term. If the person receiving the next highest number of votes at the previous annual meeting is unable or unwilling to fill the vacancy, the remainder of the Board of Directors may fill the vacancy for the remainder of the term.

4.3 Appointment of Other Officers. Within a reasonable time after their election, the president, with the consent of the members of the Board of Directors, shall appoint a secretary, a treasurer, and various committee chairman as may be required for the organized functioning of the business and management of the Club. All officers shall be members of the Club.

4.4 Delegation of Authority. The president may designate or employ persons from time to time to execute Club business. The Board of Directors may employ persons or firms to provide management functions for the Club and may delegate such authority as the directors deem advisable. The directors may authorize such compensation as they deem advisable to the officers and employees of the Club for services performed. ROBERTS RULES OF ORDER, NEWLY REVISED, shall be the criterion for the performance of the duties of officers and committees when a question of procedure arises. Otherwise, officers will perform their duties in keeping with the best interests of the membership as a whole, and in keeping with proper business procedures. The president is an official member of each committee.

ARTICLE V. DUTIES OF OFFICERS

5.1 President. The President of the Club shall supervise all activities of the Club; execute all instruments on its behalf; preside at all meetings of the Board of Directors and of the membership of the Club; call such meetings of the membership as shall be deemed necessary other than the annual meeting of the membership, and perform such other duties usually inherent in such office or as specifically authorized by resolution of the Board of Directors. The President shall have inherent authority to appoint or remove, if necessary, any Community Club employees and any committee chairpersons. Any such action shall be reviewed at the next regular Board meeting and may be reversed by a two-thirds (2/3) majority of the Board.

5.2 Vice President. The Vice-president of the Club shall act for the President in his absence and perform such other acts as the President may direct. When acting in the absence of the President, the Vice-president shall possess all powers and authority given to the President.

5.3 Secretary. In general, it shall be the duty of the Secretary to keep all records of the Board of Directors and the Club, and to perform such other acts as the President may direct. Specifically, the Secretary shall keep and record the minutes of all meetings. Copies shall be provided to each Board member and other members at the discretion of the Board. A copy of the minutes shall be placed in a corporate minute book folder and maintained so as to be available to any member who wishes review thereof. The Secretary shall, at all times, keep a current list of the persons or firms in whose names the memberships are registered, and the persons entitled to the rights and privileges of membership; and shall cause all notices of meetings to be given as herein provided. The Secretary shall be custodian of the Club seal.

5.4 Treasurer. The Treasurer shall be accountable for all funds belonging to the Club, shall maintain bank accounts and depositories designated by the Board of Directors, and shall periodically report on the Club's finances to the Board of Directors. The Treasurer shall be responsible for the receipt of all funds; the collection of assessments, dues, fees and charges imposed by the Club; and the payment of all obligations incurred by the Club when payment is authorized by the President or members of the Board of Directors. All disbursements shall be countersigned by either the President or Vice-president. At the annual membership meetings, the Treasurer shall provide each member present with a statement of assets and liabilities and the proposed annual budget.

5.5 Signature Authority. Any document signed on behalf of the Club which affects any of the Club's property or may, in any way, subject the Club to liability must bear the signatures of at least two of the following: President, Vice-president or Treasurer.

ARTICLE VI. ANNUAL ASSESSMENTS, FEES, DUES, AND CHARGES

6.1 Assessments.

(a) The Board of Directors shall levy upon each member an annual operating assessment to meet the Club's operating disbursements and an annual capital reserve assessment to add to the Club's Capital Reserve. These assessments shall apply equally to all members.

(b) The maximum percentage by which the operating assessment may be increased in any year shall be the greater of:

(i) Ten percent, or

(ii) The percentage increase in the Consumer Price Index for Seattle, Washington between the year preceding the last previous increase in the assessment and the year preceding the current increase, as measured by the figures for the last month in the year for which the information is available at the time the budget is prepared.

(c) The total of capital reserve assessments for all members in any year shall be no greater than the amount of depreciation charged in the Club's last financial statement.

(d) Assessments may exceed the limits specified in (b) and (c) above when approved by not less than two-thirds (2/3) of the membership present in person or by proxy at a duly constituted meeting called to consider such assessments.

(e) The Board may levy special assessments upon all members for operating or capital improvement purposes when such assessments have been approved by a majority of members present in person or by proxy at a duly constituted meeting called to consider such special assessments.

(f) The Board may levy special assessments, fees, or charges against a member when extraordinary services are rendered by the Club to such a member. Examples of such services include, but are not limited to, special trash clean up, towing, etc.

(g) The Board may levy charges for the use of particular Club facilities by members or by non-members.

6.2 Budget. The Board of Directors shall prepare and submit to the membership a proposed budget of the Club for the next fiscal year commencing January 1st and ending December 31st. Such a proposed budget may be changed by a vote of two-thirds (2/3) of the membership present in person or proxy at the annual meeting. The Board of Directors may expend more than the total amount of such budget, provided that the majority of the Board of Directors determines that a bona fide emergency exists.

6.3 Reserves. The Board of Directors shall include in its budget an account for an operating reserve. Such reserve shall not at any time exceed the total amount of the budget of the current year plus the next preceding year. Moreover, except in the event of an emergency, the amount to be expended at any time may not reduce the level of reserve funds held by the Club below an amount which is required to meet the Club expenses which can reasonably be expected for the ensuing six-month period.

The Board of Directors shall include in its annual budget an account for a Capital Reserve Fund which shall be used solely for the repair and/or replacement of the Club's physical assets. The Board of Directors shall establish rules for

the disbursement of the Fund consistent with the aim of the membership to safeguard common properties and amenities. The Capital Reserve Fund shall accumulate from year to year, and the Treasurer shall annually report to the membership the status of the Fund.

6.4 Contract in Excess of \$1,000.00. No expenditure in excess of \$1,000.00 may be made unless approved in advance by the Board of Directors.

6.5 Personal Gain. No director or officer shall use his position to achieve any personal gain or profit.

6.6 Sale or Disposition of Club Assets. No property of the Club, whether real or personal, may be sold, leased, or otherwise disposed of for less than the fair market value. In the case of real property, the sale price or rental value shall be within ten percent (10%) of a written current MAI appraisal.

ARTICLE VII. RULES AND REGULATIONS FOR MEMBERS, TENANTS AND GUESTS

7.1 Rules and Regulations. The Board of Directors shall notify all memberships of any changes in rules and regulations, along with any penalties for violations thereof, before such new or revised rules and regulations may be enforced. Notification by newsletter or other Club publication shall be deemed sufficient notice. In adopting, promulgating or enforcing such rules and regulations, no director shall be liable to any member, or otherwise, so long as such director has acted in good faith.

Further, any person who is made or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer of this corporation or is or was serving at the request of this corporation as a director, trustee, officer, employee, or agent, shall be indemnified against all expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding had no reason to believe his/her conduct was unlawful.

On request of such person who is made or is threatened to be made a party to any such suit, this corporation shall enter into an agreement confirming the foregoing indemnity subject to limitations as provided by law in such instances. The indemnification herein provided for shall continue as to a person who has ceased to be a director or officer of this corporation, shall inure to the benefit of his heirs, executors, and administrators, and shall be in addition to rights of indemnification as may now or subsequently be provided by law.

7.2 Additional Authority. In addition to suspension of membership rights, the Board shall have authority to enforce the rules and regulations of the Club, including those set forth in the Declaration of Restrictions, Covenants and Easements, with any legal means including, but not limited to, action in any court of competent jurisdiction in the State of Washington.

7.3 Arbitration Committee. The Board of Directors shall have authority to delegate questions regarding violation of the Club's rules and regulations, including those contained in the Declaration of Restrictions, Covenants and Easements, to an Arbitration Committee, which shall have authority to issue rulings and recommend enforcement thereof to the Board. A party aggrieved by the Arbitration Committee's rulings may appeal to the Board of Directors.

ARTICLE VIII. USE OF CLUB FACILITIES

8.1 Right to Use Facilities. No person except a member of the Club, the family of such member, and/or the guest of such member, shall use any facilities owned, leased, or contracted for by the Club for any purpose whatsoever.

8.2 Single Family Residential Usage. It is the intent of the Club that the properties or facilities owned, leased, or contracted for by the Club are available for usage by its members on a single family basis. Any usage of Club facilities by clubs or organizations consisting of non-related members is prohibited except to the extent that special arrangements are made therefore with the Board of Directors. Allowance of such usage in any instance shall not constitute waiver of the right of the Club and its members to insist upon strict compliance with this paragraph.

8.3 Definition of Family. As used in these by-laws, the term "family" shall include only persons within the third degree of relationship, either to the member or his/her spouse.

8.4 Definition of Guest. Within the meaning of the foregoing, the term "guest of a member" shall include only persons actually visiting with a member upon his property, and also tenants of a residence who do not occupy the same for longer than two weeks in any one year, including also the family and guests of such tenant.

ARTICLE. IX. AMENDMENTS

These By-Laws may be amended by a two-thirds (2/3) vote of the membership present at any annual meeting or duly constituted special meeting called for that purpose. Provided, however, any proposed changes to the Bylaws must be available for inspection by the members at the clubhouse at least fifteen (15) days prior to the annual meeting or special meeting.

ARTICLE X. DISSOLUTION

The club may be dissolved and affairs wound up voluntarily by the written request of two-thirds (2/3) of the members, addressed to the directors, specifying reasons why the winding upon of the affairs of the Club is deemed advisable, and naming three (3) persons who shall proceed with the dissolution and liquidation. The request shall be filed with the three (3) persons, the Secretary of State, and the County Auditor where the principal place of business of the Club is located. Thereupon, the power of the directors shall cease, and the persons appointed shall proceed to wind up the Club, realize upon its assets, pay its debts, and divide the residue of the money among its membership in equal proportions. The request may provide a reasonable timetable for completing the winding up and dissolution, during which time these matters shall be completed, unless further time is granted in writing signed by two thirds (2/3) of the members and filed as required by law.

One of the reasons for dissolution of the Club shall be if there are no candidates for the available Board of Directors positions. In such event, the old Board shall proceed to call a new special membership meeting for the purpose of electing Directors and soliciting candidates for the position(s). If at the special membership meeting there are still no candidates for the Board of Directors, the Board may, unless objected to by two-thirds (2/3) of the membership, proceed with dissolution of the Club as herein above provided.

The foregoing are the By-Laws of the Snowline Community Club as adopted this Nineteenth day of April, 1997.

Corporate Secretary

Corporate President

Director

Director

(Recorded in Whatcom County, Washington, November 15, 1963 under Auditor's File Number 1464601: including Amendments as reformed under Auditor's File Numbers 1496597, 910515121 and _____).

SNOWLINE COMMUNITY CLUB ASSOCIATION

It is the sole responsibility of each owner to know the terms and provisions of the Declarations, Restrictions, Covenants and Easements and the by-laws of the Association. In addition, it is the sole responsibility of each owner to know the Rules and Regulations established by the Association. Each owner is obligated to fully advise any tenant or guest of any provisions of these Rules. The following Rules and Regulations are provided as a short supplement to the Declarations and By-Laws, but are not meant to relieve any owner from the obligation to know the terms and conditions of the Declarations and By-Laws.