

BY-LAWS
OF
VISTA VU WATER USERS ASSOCIATION

ARTICLE 1

General Purposes

The purpose for which this corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation of the Corporation.

ARTICLE II

Name and Location

Section 1. The name of this corporation is the VISTA VU WATER USERS ASSOCIATION.

Section 2. The principal office of this corporation shall be located at _____, State of Washington, but the corporation may maintain offices and places of business at such other places within or without the State as the board of trustees may determine.

ARTICLE III

Seal

Section: 1. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, "Non-stock Corporation, Washington."

Section 2. The Secretary of the corporation shall have custody of the seal.

Section 3. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin the last day of January in each year.

ARTICLE V

Membership

Section 1. The holders of membership certificates of this corporation are its members. Persons owning property within the following described property, to-wit:

See Exhibit "A" attached hereto and herein incorporated as if fully set forth;

and who receive the approval of the Board of Trustees may be admitted to membership upon subscribing for and otherwise acquiring a membership certificate. Said membership is subject to persons otherwise qualifying and being approved, signing such agreements for their purchase of water as may be provided and required by the corporation; provided that no person otherwise eligible shall be admitted to the corporation if the capacity of the corporation's water system is exhausted by the needs of its existing members, unless a proposed new member is purchasing a property presently served by the corporation or where the Seller is retaining his membership because of other property or properties he may own that are presently served by the corporation. The membership fee shall be established by the Board of Trustees.

Section 2. Definitions of Water Supply:

Domestic--Single family residence purposes serving no more than one family per residence, including lawn watering and gardening, only if irrigation water not available, of not more than one-half acre combined;

Irrigation--To the extent it is available above and beyond the domestic needs of all user members up to a pro-rata share of 641 acre feet annually with said pro-rata share to be computed based on the number of acres owned by the member in relationship to the total number of acres being served in the afore-mentioned real property description.

ARTICLE VI

Membership Certificates

Section 1. This corporation shall not have capital stock, but membership certificates shall represent its capital.

Section 2. The membership certificates shall be issued to each holder of fully paid membership and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear on its face the following statements:

- (a) This membership certificate No. _____ issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and By-laws and amendments to the same of the VISTA VU WATER USERS ASSOCIATION.
- (b) Transfers of membership certificates shall be made only upon the books of the corporation,

only to persons eligible to become members as determined on the basis of Article V, Section 1 of the By-laws, and only when the member transferring is free from indebtedness to the corporation.

- (c) No member of this corporation shall be entitled to more than one vote at meetings of the members, or to hold more than one of the membership certificates of the corporation. Every member, upon becoming a member of this corporation, agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.

Section 3. All transfers of membership certificates shall be made upon the books of the corporation upon the surrender of the certificates covering the same by the holders thereof, or by their legal representatives, only to persons eligible to become members as determined on the basis of Article V, Section 1, and only when the transferring member is free from indebtedness to the corporation.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this corporation shall be held at the City of Omak, County of

Okanogan, State of Washington, at 7:00 o'clock p.m., during the first seven (7) days of March of each year, if not a legal holiday, or if a legal holiday, on the next business day following.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Trustees and such meetings must be called within 30 days of the request whenever a petition requesting such meeting is signed by at least thirty (30%) percent of the members and presented to the Secretary or to the Board of Trustees. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of members of the corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, not less than 10 or more than 50 days prior to the meeting. Such a notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. A majority of the members present at any meeting of the members shall constitute a quorum at any meeting of the corporation for the transaction of business. The voting powers of the members of this corporation shall be equal, each

membership shall have one vote only. A membership issued to a marital community is also limited to one vote.

- (a) At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of execution, unless otherwise provided in the proxy.
- (b) For any person to represent a member by proxy, such person must submit his power of attorney to the Secretary of the Trustees for examination at least one hour before the time of the meeting. When the Secretary has certified the power of attorney is in good order, the proxy holder shall have the right to do any and all things which might be done by the member were he present in person, in which right shall include the organizing of any meeting.

Section 5. Trustees of this corporation shall be elected at the annual meeting of the members.

Section 6. The order of business at the regular meetings and so far as possible at all other meetings, shall be:

1. Calling to order and proof of quorum;
2. Proof of notice of meeting;

3. Reading and action on any unapproved minutes;
4. Reports of officers and committees;
5. Election of trustees;
6. Unfinished business;
7. New business;
8. Adjournment.

ARTICLE VIII

Trustees and Officers

Section 1: The Board of Trustees of this corporation shall consist of five members, all of whom subsequent to the initial trustees of the corporation, shall be members of the corporation. The trustees named in the Articles of Incorporation shall serve until their successors are elected and have qualified. At the first annual meeting of the members, one trustee shall be elected for a term of one year; two trustees for a term of two years; and two other trustees for a term of three years. At each annual meeting thereafter, the members shall elect for a term of three years the number of trustees whose terms of office have expired.

Section 2. The Board of Trustees shall meet within ten days after the first election and within ten days after the

annual election of trustees and shall elect by ballot a president and vice-president from among themselves and a secretary-treasurer, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor, unless sooner removed by death, resignation or for cause.

Section 3. If the office of any trustee becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining trustees, though less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the corporation, at which time the members shall elect a trustee for the unexpired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Section 4. A majority of the Board of Trustees shall constitute a quorum at any meeting of the Board.

Section 5. Compensation of officers may be fixed at any regular or special meeting of the members of the corporation. Trustees shall receive no compensation for their services as such.

Section 6. Officers and trustees may be removed from office in the following manner. Any member, officer, or trustee may present charges against a trustee or officer by filing them in

writing with the secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by 30 percent of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective, if approved by a vote of a majority of the members. The trustee or officer against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a trustee is approved, such action shall also vacate any other office held by the removed trustee in the association. A vacancy in the board thus created shall immediately be filled by a vote of a majority of the members pre-sent and voting at such meeting. A vacancy in any office thus created, shall be filled by the trustees from among their number so constituted after the vacancy in the board has been filled.

ARTICLE IX

Duties of Trustees

Section 1. The Board of Trustees, subject to restrictions of law, the Articles of Incorporation, or these By-laws, shall exercise all of the powers of the corporation

and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Trustees shall have, and are hereby given, full power and authority (to be exercised by resolution adopted by a majority vote of all the members) in respect to the matters and as hereinafter set forth:

- a. To pass upon the qualifications of members in accordance with Article V, Section 1, and to cause to be issued appropriate certificates of membership.
- b. To select and appoint all officers, agents, or employees of the corporation or remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements, and to do every act and thing necessary to effectuate the same. PROVIDED, HOWEVER, any indebtedness to be incurred in excess of Fifteen Thousand and no/100 (\$15,000) DOLLARS shall only be permitted pursuant to specific authorization of the membership at a special and/or regular meeting called for the purpose of

authorizing the incurring of indebtedness in excess of FIFTEEN THOUSAND and no/100 (\$15,000) DOLLARS.

- d. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion maybe deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order, at least once each year, an audit of the books and accounts of the corporation by a competent public auditor or I accountant. The report prepared by such auditor or accountant shall be submitted to the members of the corporation, at their annual meeting.
- f. To fix the charges to be paid by each member for services rendered by the corporation to him, the time of payment, and the manner of collection.
- g. To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the corporation, to, give adequate bonds, the cost thereof to be paid by, the corporation, and it shall be mandatory upon the trustees to so require.

- h. To select one or more banks to act as depositories of the funds of the corporation and to determine the manner of receiving, depositing, and disbursing the funds of the corporation and the form of checks and the person or persons signing such checks and the form thereof at will.
- i. To levy assessments against the membership certificates of the corporation and to enforce the collection of such assessments by the suspension of delinquent certificates. The Board of Trustees shall have the option to suspend all rights and privileges of members holding any membership certificate on which assessment has not been paid, at any time after sixty days from the date the assessment was due, provided that the corporation must give the member at least thirty days written notice at the address of the member on the books of the corporation, of its intention to suspend the certificate if the assessment is not paid. Upon payment of the assessment, the rights, privileges and services shall immediately be returned.
- j. The Board of Trustee shall have the option to file a Lien against property and/or property owner for delinquent assessments.
- k. If assessments have not been paid, the Corporation has the option to turn member over for collection with added interest, filing fee and collection fees.

ARTICLE X

Duties of Officers

Section 1. Duties of President: The president shall preside over all meetings of the corporation and the Board of Trustees, call special meetings of the Board of Trustees, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the corporation as he may be authorized or directed to sign by the Board of Trustees, provided the Board of Trustees may authorize any person to sign any or all checks, contracts, and other instruments in writing on behalf of the corporation. The president shall perform such other duties as may be prescribed by the Board of Trustees.

Section 2. Duties of the Vice-President: In the absence or disability of the president, the vice-president shall perform the duties of the president; provided, however, that in case of death, resignation or disability of the president, the Board of Trustees may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer: The secretary-treasurer shall keep a complete record of all meetings of the corporation and of the Board of Trustees and shall have general charge and supervision of the books and

records of the corporation. He shall sign all membership certificates with the president and such other papers pertaining to the corporation as he maybe authorized or directed to do so by the Board of Trustees. He shall serve all notices required by law and by these By-laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership certificate records of the corporation, complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the corporation and, date of issuance, surrender, cancellation or, suspension. He shall make all reports require by law and shall perform such, other duties as may be required of him by the corporation or the Board of Trustees. Upon the election of his successor the secretary-treasurer, shall turn over to him all books and other property belonging to the corporation that he may have in his possession. He shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Trustees. He shall maintain separate bank accounts and books for domestic and irrigation water and shall not mingle funds.

Section 4. Special Duty of President and Treasurer: The president and treasurer, shall be the only persons authorized

to sign on the corporation's authorized bank account or accounts and any bank accounts of the corporation shall require a dual signature of the president or vice-president and the treasurer for any withdrawals on said corporate bank accounts.

ARTICLE XI

Benefits and Duties of Members

Section 1. The corporation shall install, maintain, and operate a main distribution pipeline or lines from the source of the water supply (presently consisting of one domestic well and one river irrigation pump site) and service lines from the main distribution pipeline or lines to the property lines of each member of the corporation the number and type of lines as provided in Section 2 below. The corporation will also purchase and install a cut-off valve in each service line from its main distribution line or lines with the cost of said purchase and installation to be assessed against each member. Such cut-off valve will be owned and maintained by the corporation and installed on some portion of the service line owned by the corporation where possible. The corporation shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2. Each membership shall be entitled to have delivered to it two basic service lines for domestic use per 10-1/2

acre tract and one basic service line for irrigation use per 10-1/2 acre tract.

Section 3. Domestic water service through a single domestic water service line shall be limited to the use by a single family residence only.

Section 4. The irrigation line service shall serve only the amount of water allocated to the particular tract as hereto provided for in these by-laws. The Board of Trustees may authorize the installation of a flow restriction device to prevent delivery of irrigation water in excess of such allocations. A \$500 penalty may be imposed on any member found tampering with a flow restriction device so as to increase the flow to their lot.

Section 5. Any additional domestic and/or irrigation lines in addition to the basic domestic and irrigation lines described immediately above shall be solely at the discretion of the corporation. Each ownership receiving additional lines shall be required to have its own service lines with shut-off valve installed to the corporation's line and said installation in connection shall be at the direction of the corporation.

Section 6. Subdivision by a member into less than 5-1/4 acre tracts will be at the owner's risk of not receiving service for such tracts. In this regard, any subdivision of land by a member will require notification by the member to the association and the association shall re-issue membership

certificates necessary to effectuate the services and benefits to which the sub-dividing member is entitled but no more.

Section 7. Every member shall be required to pay an initial membership fee which may be levied by the Board of Trustees, and in addition, each member shall be required to pay an initial hookup charge for the domestic and irrigation hookup with the corporation's main distribution line in those situations where the line and valve are not already installed; and in addition, each member shall be required to pay an assessment for maintenance of, and repairs to the Corporation's water treatment and delivery systems; and in addition, each member shall be required to pay a debt retirement fee to be set by the Board. As to the items above, the hookup charge shall be commensurate with the cost of bringing water to the member's property, and the latter two charges for maintenance and repairs, and debt retirement shall be payable whether the member is using any water or not. In addition, each member shall be required to pay monthly the assessments levied in connection with the use of water in accordance with the rates established by the Board of Trustees from time to time for domestic and irrigation use.

Section 8. Although a member may only hold one membership even though he owns more than one tract, serviced by the corporation, each tract owned will be treated as though owned by separate owners and the charges and assessments set forth above will be levied against each 10-1/2 acre tract or portion

thereof in the event of subdivision of said 10-1/2 acre tract, irrespective of common ownership.

Section 9. No member shall install any auxiliary pumping system or other arrangement to affect the pressure or amount of water through their service line except as installed and/or approved by the Board of Trustees.

Section 10. In the event the total water supply shall be insufficient to meet all of the needs of the members, or in the event there is a shortage of water, the corporation may prorate the water available among the various members on such a basis as is deemed equitable by the Board of Trustees, and may also prescribe a schedule of hours covering the use of water and require adherence thereto, provided that if at any time the total Water supply shall be insufficient to meet all of the needs of the members for domestic use, the corporation must first satisfy all of the needs of the members for domestic purposes before supplying any water for irrigation.

Section 11. The Board of Trustees shall, prior to the beginning of each calendar year, determine the assessments for debt repayment, maintenance and repair applicable on a prorata basis for each member for the following calendar year, and the flat minimum monthly rate to be charged each user member during the following calendar year for a specified quantity of domestic and irrigation water, such

flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month if services are installed for such member, and the amount of additional charges, if any, for additional domestic water which may be supplied the members; shall fix the dates for the payment of such charges, and shall notify each member of the amount of such charges and the dates for payment thereof. A member to be entitled to the delivery of water, shall pay such charges at the office of the corporation at or prior to the dates fixed by the Board of Trustees. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

- a. Non-payment for thirty (30) days after due date: A late penalty of \$50 is imposed. The water may be cutoff from the delinquent member's property only after thirty (30) days' written notice. Such written notice may be delivered by e-mail, with billing statements, or by first class mail. Said water service may be returned immediately upon payment of any and all outstanding indebtedness. In addition, a re-connection fee of \$200 shall be imposed on the delinquent member.
- b. Non-payment for sixty (60) days: Membership in the corporation shall be suspended, to be returned upon payment of any and all delinquencies.

- c. The Board of Trustees may impose finance charges at the rate of 12% per annum on the unpaid amount against members whose accounts are over 30 days in arrears.
- d. If payment checks or other financial instruments are returned unpaid, the Board may impose a fee of \$25 per occurrence. Upon the second occurrence the Board may require a member to make payment in cash, by money order, or direct deposit into Vista Vu Water Users Association's bank account.

Section 12. Any additional service lines in excess of the basic lines referred to above shall be at the sole discretion of the Board of Trustees such that one member may not appropriate water to his or her advantage to the detriment of other members. The water delivered through additional service lines will be charged in accordance with the rates established by the Board of Trustees and the charges for such water shall be determined separately, debt repayment charges will only be charged to all service lines. The costs for any additional service lines shall be subject to the Board of Trustees' determination.

The charges for monthly water use shall be determined on the same basis that applies to the basic service lines. No new service line or change in an existing service line may be made which will interfere with an existing line or the

delivery of water therein. Each service, line shall connect with the corporation's water system at the nearest available place to the place of desired use by the member, if the corporation's water system shall be of sufficient capacity to permit the delivery of water through a service line at that place without interfering with the delivery of water through a prior service line. If the corporation's water system be inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place as may be designated by the corporation. Each member will be required to dig or have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises, and will also be required to purchase and install the portion of the service line or lines from his property line to the place of use on his premises and to maintain such portion of such service line or lines which shall be owned by the member, at his own expenses, provided that the corporation may, if the Board of Trustees so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual member.

Section 13. The subdivision of property by any member into tracts of less than 10 acres shall not entitle the member to any

additional domestic and/or irrigation hookups without prior approval of the Board of Trustees and the Board of Trustees may in their discretion withhold any additional hookups because of subdivision until all initial lots have been serviced.

Section 14. Members shall not install, nor permit to be installed on their property any cross-connection between a potable domestic water line and an irrigation water line, or any other source of non-potable water including stock watering tanks, pesticide or herbicide sprayer tanks, swimming pools and hot tubs. Officers of the corporation, or their representatives may enter any property to ascertain whether or not a cross-connection exists. Where a member is found to have such a cross-connection installed on their property they shall be given 30 days notice to eliminate or isolate the cross connection with an approved backflow assembly. Failure to do so may result in suspension of their membership in the corporation. When the cross connection has been eliminated or isolated with an approved backflow assembly, membership in the corporation shall be reinstated upon payment of a \$200 re-connection fee.

Section 15. Irrigation water non-use: To preserve the Association's water rights, a member intending to not irrigate part of their land may grant the Association permission to lease the unused portion of their allocation of irrigation water. Notice of the member's intent to not irrigate part of their land

shall be made in writing to the Secretary/Treasurer on or before January 1st.

If the Board of Trustees determines, by a sixty percent (60%) affirmative vote of the quorum present, any member has not irrigated all or part of their land for one year and has not permitted their unused water to be leased by the Association, such member may have their membership in the Association suspended on January 1st of the succeeding year, to be reinstated upon:

- a. committing, in writing, to use their full allocation of water in the current year and demonstrating, to the satisfaction of the Board of Trustees, by a sixty percent (60%) affirmative vote of the quorum present, their capacity to do so, or:
- b. granting the Association permission to lease that portion of their water allocation not used in the preceding year.

Any revenues from the leasing of members' unused water allocation shall be retained by the Association and deposited in its irrigation account. The Association leasing all or a portion of the member's irrigation water shall not relieve the member of paying for their full allocation of water.

Section 16. If membership in the Association is suspended for any reason, irrigation water service may be terminated immediately. Domestic water service may be terminated only after thirty (30) days written notice.

ARTICLE XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures, and such other reserves as the Board of Trustees may deem proper, and after providing for payments-on interest and principal of obligations and amortized debts of the corporation and after providing for the purchase of proper supplies and equipment, the net earnings shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation, and for such other purposes that the Board of Trustees may determine to be for the best interests of the corporation. The said surplus fund or any portion thereof may, from time to time, at the discretion of the Board of Trustees, be distributed to the members as provided

in the By-laws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

Section 2. Any part of the whole of such apportionment may be credited, at the discretion of the Board of Trustees, to the indebtedness of the members, should any exist, and in such case the members shall be notified in writing of the amount so applied.

ARTICLE XII

Amendments

Section 1. These By-laws may be repealed or amended by a vote of two-thirds of the majority of the members present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-laws as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a special meeting of the members must be given at least ten days

before such meeting and must set forth the amendments to be considered.

Adopted by the Board of Directors on _____,
20____.

_____ (President)

_____ (Vice President)

_____ (Secretary/Treasurer)

EXHIBIT "A"