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SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
ORCAS HIGHLANDS ASSOCIATION

The undersigned, John C. Carlson, a person of legal age, comes for the purpose of forming a non-profit corporation under the provisions of Revised Code of Washington, Chapter 24.03, and in pursuance thereof does hereby sign and deliver in triplicate to the Secretary of State the following Articles of Incorporation of a non-profit corporation and does state and certify as follows:

ARTICLE I

The name of the corporation shall be ORCAS HIGHLANDS ASSOCIATION, hereinafter called Association,

ARTICLE II

The registered and principal office of the Association shall be located at P. O. Box 474, Eastsound, Washington 98245.

ARTICLE III

Paul Hollenbeck, whose business office address is P. O. Box 474, Eastsound, Washington 98245 is hereby appointed the initial registered agent of this Association.

ARTICLE IV

The Association shall have all the general powers authorized by RCW 24.03.035 on the date of incorporation. and shall have a perpetual existence until two-thirds (2/3) of the members of the Association give their consent, in writing, to dissolve the Association, pursuant to RCW 24.03.220.

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is "formed are to provide and maintain a general community facility within that certain tract of land and property described as:

Plat of Rosario Highlands, recorded in Volum 3 of Plats, Pages 7 and 7A, Records of San e Count Auditor, San Juan County', Washington. Juan y

Plat of Rosario Highlands No.2, recorded in Volume 3 of Plats, Pages 25 and 25A, Records of San Juan County Auditor, San Juan County, Washington.

Plat of Rosario Highlands No.3, a private subdivision, recorded in Volume 4 of Plats, Pages 7, 7A and 7B, Records of San Juan County Auditor, San Juan County, Washington.

Plat of Otter's Lair, a private subdivision, recorded in Volume 4 of Plats, Pages 29 and 29A and by Correction Plat recorded in Volume 4 of Plats, Page 53, Records of San Juan County Auditor, San Juan County, Washington.

Unplatted adjacent properties described on attached Exhibit A attached and incorporated herein as if fully set forth.

Such property shall hereafter be referred to as the "Properties".

These Articles do not vest in any particular parcel or lot any particular rights to benefits such as water, road, park, or sanitation system. These Articles do authorize the Association to serve the "Properties", as the Association deems best and appropriate, with common roadway and easements, community domestic water supply system, community sanitation system, parks, and recreation facilities and do all other things necessary and proper to promote the health, safety and welfare of the residents within the properties; to enforce covenants, conditions

restrictions and assessments and for all of the above-mentioned purposes to:

(a) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association required to enforce Restrictions and Covenants imposed on the property and those appearing on the face of the Plat of the properties described above in Article IV;

(b) to pay all expenses in connection therewith and in connection with exercising any of the powers and responsibilities of the Association and all administrative, office and other expenses incident to the conduct of the business of the Association, including the payment of all licenses, taxes or governmental charges levied or imposed against the property of the Association, if any;

(c) to fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the terms of the Articles and By-Laws, and to enforce assessments, liens, charges, restrictions, conditions and covenants existing and/or created for the benefit of parcels or real property located in the "Properties", to which said parcels may be subject, and to pay all expenses incident thereto;

(d) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(e) to borrow money, and to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property of the corporation, or issue bonds as security for money borrowed or debts incurred; to do any and all things that a corporation organized under the laws of the State of Washington may lawfully do when operating for the benefit of its members or the property of its members, without profits to said corporation.

(f) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Washington by law may now or hereafter have or exercise.

The power to adopt, alter, amend or repeal the By-Laws or adopt any By-Laws shall be vested in the Board of Directors.

ARTICLE V

Membership is only available to the Lots in the three subdivisions of Rosario Highlands and the unplatted parcels described in attached Exhibit A. Each unplatted parcel is one "Lot" for the purpose of these Articles.

Every person or entity who is a record owner of fee in any Lot (or parcel) which is subject, by covenants of record, to assessment by the Association, and who shall have paid the original membership fee of \$250.00 per lot shall be a member of the Association, The purchaser of a parcel by a Real Estate Contract, recorded as a conveyance, shall be qualified to become a member. The foregoing is not intended to include persons or entities who

hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by, the Association. In the case of multiple ownership, each Lot shall have one representative member, chosen by said Owners. and one vote. On transfer of ownership of the Lot, the membership shall be deemed to be transferred to the Grantee or purchaser.

ARTICLE VI

The Association shall have one class of voting members. All members shall have an equal vote on matters coming before the membership.

ARTICLE VII

The affairs of the Association shall be managed by a Board of between five (5) and seventeen (17) Directors, who need not be members of the Association. The initial number of Directors shall be nine (9), and may be changed by amendment of the By-Laws of the Association, which shall call for a vote of a simple majority of the total number of Board Members for amendment. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

Douglas Brown
Box 349
Eastsound, WA 98245

Robert Crinkley
Star Route, Box 104
Eastsound, WA 98245

Martha Grass
Star Route, Box 96
Eastsound, WA 98245

James
Palmer Box
445
Eastsound, WA 98245

Rolland Rueb
Star Route, Box 83
Eastsound, WA 98245

A, L. "Bill Snyder
Box 214
Eastsound, WA 98245

Paul Hollenbeck
Star Route, Box 98
Eastsound, WA 98245

Roger Dixon
P. O.Box 206
Eastsound, WA 98245

Frank Humberger
Star Route, Box 100
Eastsound, Wa 98245

At the first annual meeting, the members shall elect three (3) Director positions for a one-year term, three (3) Director positions for a two-year term and (3) Director positions for a three year term, and at -each annual meeting thereafter the members shall elect the number Of Directors whose terms are terminating for a period of three years. Directors may be removed from their position by the Board or by the members as provided in the By-Laws.

ARTICLE VIII

The ASSOCIATION may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the

Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association wa create or to any approved non-profit corporation, s d association, trust or other organization to be devoted to similar purpos es ,

ARTICLE VIII

Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership

ARTICLE IX

The name and address of the incorporator of the corporation is: John C. Carlson, P. O. Box 637, 385 Court Street, Friday Harbor, Washington 98250.

IT WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Washington, I, the undersigned

Articles of Incorporation of this Association, have executed these Articles of Incorporation this 3rd day of September, 1981.

John C. Carlson

SUBSCRIBED & SWORN to before me this 3rd day of September, 1981.

In Notary Public of Washington, Friday Harbor

Rachon E. Lockhart
Notary Public in and for the State

EXHIBIT A

UNPLATTED PROPERTIES ADJACENT TO PLAT OF ROSARIO HIGHLANDS, PLAT OF ROSARIO HIGHLANDS NO. 2 AND PLAT OF ROSARIO HIGHLANDS NO.3, ALL IN SAN JUAN COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Portions of Government Lots 2 and 3. Section 3D, Township 37 North, Range 1 West, W.M., in San Juan County, Washington;

Portions of the Northeast quarter of the Northwest quarter of Section 31, Township 37 North, Range 1 West, W.M., in San Juan County, Washington;

END OF DESCRIPTION

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STATE OF WASHINGTON DEPARTMENT OF STAT ,

I. RALPH MUNRO. Secretary of State of the State of Washington and custodian of its seal, hereby certify that

ARTICLES OF INCORPORATION

of ORCAS HIGHLANDS ASSOCIATION
a domestic corporation of Eastsound, Washington

was filed for record in this office on this date, and I further certify that such Articles remain on file in this office.



In witness whereof I have signed and have affixed the seal of the State of Washington to this certificate at Olympia, the State Capitol,

ADd 1 2, 1982