

AMENDED BY-LAWS
OF
BLANCHARD-EDISON WATER ASSOCIATION, INC.

ARTICLE I
General Purposes

The purposes 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 BLANCHARD-EDISON WATER ASSOCIATION, INC..

Section 2. The principal office of this corporation shall be located in the Community of Bow, County of Skagit, 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; 1954, the year of its organization, and the words, "Non-Stock Corporation, Washington".

Section 2. The Board of Trustees 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 1st day of January in each year.

ARTICLE V
Membership Certificates

Section 1. The corporation shall not have or issue shares of stock but shall issue certificates evidencing membership therein.

Section 2. Membership certificates shall be issued only to persons eligible to become members and only with the approval of the Board of Trustees. Each certificate shall be numbered consecutively in accordance with the order of issue. Each membership certificate shall bear on its face the following statements:

"This membership certificate No. _____ is issued and accepted in accordance with and subject to the conditions and restrictions set forth in the Articles of Incorporation and By-Laws and Amendments to the same of the Blanchard-Edison Water Association, Inc."

Section 3. Transfers of membership certificates shall be made only with the approval of the Board of Trustees, only to persons eligible to become members and only when the transferring membership is free from indebtedness to the corporation.

Section 4. Each member agrees to sign such waterusers' agreement as the corporation shall from time to time provide and require.

ARTICLE VI
Membership

Section 1. Only a person (which word as used herein includes any legal entity) who is the record owner or contract purchaser of a fee interest in a property within the currently established service area may be a member of the corporation. Membership shall be in compliance with Washington State Laws Against Discrimination. Membership may be denied if the corporation's water system capacity is exhausted by the needs of its existing members or if the proposed use of the applicant is such that it would cause system capacity to be exceeded or would interfere with existing uses previously authorized by the Board of Trustees.

Section 2. Each membership certificate shall be entitled to one vote respecting the affairs of the Corporation. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the certificate is registered or by such person as the several persons may designate, but in no event shall more than one vote be cast with respect to any membership.

Section 3. A person's membership in the corporation shall automatically cease at the time such person's ownership interest in the property served by the Corporation is conveyed but transfer of a membership to the new owner of such property shall be effective only when noted on the books of the corporation. Such transfer will be made only to a person who obtains a qualifying interest in the property. The secretary, upon proper notice, shall register such transfer upon the records of the corporation and issue a new certificate to the successor in interest.

Section 4. In case a member willfully fails to comply with these By-Laws and other requirements or willfully obstructs the purposes and proper activities of the corporation, the corporation, through the Board of Trustees, in its discretion, may purchase, upon 30 days notice, such person's membership certificate and terminate services upon tender to such member of fifty percent (50%) of the fair book value of a membership certificate as determined by the Board of Trustees, together with any repayment due and unpaid but less any indebtedness then due the corporation. "Fair book value" shall be deemed to be the then-existing cost of a membership charged by the corporation at the time of termination. Any person aggrieved as a result of the board's notice of termination may only appeal such decision at the next meeting of the board.

Section 5. Transfer of a membership will be conditioned upon payment of any past due amounts. The corporation may seek collection from the individuals who incurred such charges or assessments, from the purchaser of the property, or from the property itself.

Section 6. Notwithstanding any other provision of these by-laws, each dwelling unit on a given parcel of property shall count as a separate connection, and subject to its own assessment and/or connection charge, provided that parcels with multiple dwelling units shall only have one vote as set forth in paragraph 2 above. The term "dwelling unit", as used in these by-laws, shall mean separate living quarters located on the same lot and either detached from or located within a primary residence.

ARTICLE VII Meetings of Members

Section 1. The annual meeting of the members of the corporation shall be held at a place and time to be determined by the Board of Trustees.

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 whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the secretary or to the Board of Trustees.

Section 3. Notice of special meetings of members of the corporation shall be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least ten days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting, and no business shall be transacted thereat except such as is specified in the notice.

Section 4. The members present at any meeting of the members shall constitute a quorum for the transaction of business. Each member shall have one vote for each membership certificate held by the member and no voting by proxy shall be allowed.

Section 5. The order of business at the regular meetings and so far as possible at all other meetings shall be:

- a. Calling to order and proof of quorum
- b. Proof of notice of meeting
- c. Reading and action on any unapproved minutes
- d. Reports of officers and committees
- e. Election of trustees
- f. Unfinished business
- g. New business
- h. Adjournment

ARTICLE VIII Trustees and Officers

Section 1. The Board of Trustees of the corporation shall consist of six members, all of whom shall be members of the corporation. The trustees named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, two trustees shall be elected for a term of one year; two trustees for a term of two years; and two trustees for a term of three

years. At each annual meeting thereafter, the members shall elect new trustees for a term of three years to replace those trustees whose terms are expiring.

Section 2. The Board of Trustees shall meet within thirty days after the annual election of trustees and shall elect by ballot a president, vice-president and secretary-treasurer from among themselves, each of whom shall hold office until the next annual meeting or until the election and qualification of a successor if 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, a majority of the remaining trustees shall, by majority vote, choose a successor who shall hold office until the next annual meeting of the members or special meeting called specifically therefore, at which time the members shall elect a trustee for the unexpired term or terms, provided that, however, in the call of such 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.

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 ten 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 of such charges, in writing, 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 present and voting at such meeting. A vacancy thus created in any office 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 Corporation's 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 has and is hereby given full power and authority (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 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 compensation and pay for services.

c. To borrow 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.

d. To prescribe, adopt and amend such uniform rules and regulations as may be 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. The level of such audit to be determined by the Trustees. The report prepared by such auditor(s) shall be submitted to the members of the corporation at a regular board meeting or their annual meeting.

f. To fix the charges to be paid by each member for services rendered by the corporation, 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 or equivalent coverage, 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, the form of checks and the person or persons by whom the same shall be signed.

i. To levy assessments against the membership certificates of the corporation and to enforce the collection of such assessments by the termination of delinquent certificates in accordance with Article VI.4 hereof. The Board of Trustees may so terminate any membership certificate on which assessment has not been paid at any time after ninety days from the date the assessment was due, provided that the corporation must give to the member at the address of the member listed on the books of the corporation, at least thirty days written notice of the board's intention to terminate the certificate if the assessment is not paid.

j. To decide, subject to the requirements of law and/or the Corporation's articles of incorporation, any and all questions concerning the interpretation, meaning or scope of these by-laws and any rules and regulations promulgated hereunder.

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 officers, and sign all membership certificates and such other papers of the corporation as 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 a 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. Said officer shall sign all membership certificates with the president and such other papers pertaining to the corporation as he or she may be authorized or directed to do so by the Board of Trustees; serve all notices required by law and by these by-laws and make a full report of all matters and business pertaining to the office to the members at the annual meeting; keep the records of the corporation, complete and countersign all certificates issued and affix said corporate seal to all papers requiring said seal; keep a proper membership certificate record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or forfeiture; make all reports required by law and perform such other duties as may be required by the corporation or the Board of Trustees. Upon the election of a successor, the secretary-treasurer shall turn over all books and other property belonging to the corporation that may be in his or her possession. The secretary-treasurer shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Trustees.

ARTICLE XI Distribution of Surplus Funds

Section 1. It is not anticipated that the corporation shall earn any net income. If there should be any 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 building, 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 as the Board of Trustees may determine to be for 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 or the whole or 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
Operation of the System

Section 1. The corporation shall install, maintain and operate (1) a main distribution pipe line or lines from the source of the water supply and (2) unless specifically negotiated otherwise, in exceptional circumstances, service lines from the main distribution pipe line or lines to the property line of each member of the corporation, at which point, in each case, a meter purchased, installed, owned and maintained by the corporation shall be placed on the members property. The corporation shall also purchase and install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the corporation. The corporation shall have the sole and exclusive right to access such cut-off valve to turn it on and off.

Section 2: Each member will be required, at his or her own expense, to connect the service line or lines from the meter. The member shall maintain such portion of such service line or lines at his or her own expense in compliance with the most current edition of the Uniform Plumbing Code as it pertains to the prevention of potable water system contamination, prevention of pressure surges and thermal expansion in his water piping. In addition, each member shall pay such connection charge, if any, as may have been imposed by the Board of Trustees before the connection will be entitled to receive water from the system. In the event that the main distribution line does not run adjacent to the property of a member, that member shall be required to pay any additional expense incurred above the normal connection charge. The Board of Trustees shall be the sole judges of the definition of a normal connection. The Board of Trustees shall have the sole discretion to determine the maximum diameter of any service line and meter.

Section 3. Each member shall be entitled to purchase from the corporation, pursuant to such agreements as may from time to time be provided and required by the corporation, such water for domestic, commercial, livestock and garden purposes as a member may desire, subject, however, to the provisions of these by-laws and to such rules and regulations as may be prescribed by the Board of Trustees. Each member shall be entitled to have delivered to him only such water as may be necessary to supply the needs of the persons residing on the serviced property and of the livestock owned by such persons.

Section 4. 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 basis as is deemed equitable by the Board of Trustees, and may also prescribe a schedule of hours covering use of water for commercial or agricultural purposes by particular members or prohibit the use of water for commercial, agricultural or gardening purposes; provided that, if at any time the total water supply shall be insufficient to serve all purposes, the corporation must first satisfy the reasonable needs of the members for domestic purposes before supplying any water for livestock both of which will have priority over commercial or gardening purposes.

Section 5. The Board of Trustees shall determine (1) the minimum monthly rate to be charged each connection for a specified quantity of water, such minimum monthly rate to be payable irrespective of whether any water is used by such connection during any month, and (2) amount of additional charges, if any, for additional water which may be supplied the members. The Board shall also fix the date for the payment of such charges and shall cause each member to be notified of the amount of such charges and the dates for the payment thereof. To be entitled to the delivery of water a member 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 may result in the imposition of the following penalties:

a. Non-payment for thirty days after due. Water service may be cut off from the delinquent member's connection.

b. Non-payment for ninety days. Membership in this corporation may be terminated as provided by these by-laws.

Section 6. The obligations for assessments or other charges or liabilities as set forth in these by-laws, including costs and attorney's fees incurred in collection thereof (whether or not suit is actually commenced), shall be a lien upon the property against which such assessments or other charges or liabilities is imposed. The lien shall attach to the entire property, notwithstanding the number of connections or whether all or merely some of the connections are delinquent. The lien shall commence as of the date the assessment or other charge or liability becomes due, and shall have priority over all other liens and encumbrances, recorded or unrecorded. The Board of Trustees may (but shall not be required to) authorize or direct recording of a notice of any unpaid assessment or other charge or liability, and may further, without limiting any other right or remedy as set forth in these by-laws or other law, enforce the lien through a foreclosure thereof in the same manner as for the foreclosure of a mortgage.

Section 7. The Board of Trustees shall be authorized to require each member to enter into water user agreements which shall embody the principles set forth in the foregoing sections of this article.

ARTICLE XIII
Amendments

Section 1. These by-laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the corporation or at any special meeting of the corporation called for that purpose; provided however, 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 of Washington 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 amend the by-laws so as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a meeting of the members must be given at least ten days before such meeting and must identify the substantive amendments to be considered.

Adopted by unanimous vote of the membership present at the annual meeting of the corporation,

This February 23, 2016



President



Vice-President



Secretary