

**BYLAWS OF
HIDDEN VILLAGE OWNERS ASSOCIATION**

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ARTICLE I. OFFICE AND PURPOSE

Section 1.1. Name. The name of the corporation is the Hidden Village Owners Association (hereinafter, the “Corporation”).

Section 1.2. Registered Office and Registered Agent. The registered office of the Corporation shall be located in the State of Washington at such place as may be fixed from time to time by the Board of Directors (hereinafter “Board” or “Board of Directors”) upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office.

Section 1.3. Purpose. The primary purpose of the Corporation is to assist in the provision of affordable manufactured housing to the public and to own, operate, and maintain a manufactured housing community, with real property and improvements located at 4600 17th Lane NE, Olympia, Washington, 98516 (hereinafter “Property” or “Community”), on a nonprofit, cooperative basis as a limited equity leasehold cooperative. The Corporation will be operated primarily for the benefit of low-income persons and households.

ARTICLE II. MEMBERSHIP

Section 2.1 Authorized Memberships and Membership Certificates. The Corporation shall authorize the issuance of a maximum of 20 memberships (referred to individually herein as “Membership” or “Membership Interest”) which shall be evidenced by membership certificates (hereinafter, individually, "Membership Certificate" or “Certificate”). A Membership Certificate shall be issued to any Member who satisfies membership eligibility criteria set forth in Sections 2.5 and 3.2, including that each Member shall enter into a proprietary lease (hereinafter "Proprietary Lease") with the Corporation to lease a manufactured home space (hereinafter “Space”) on the Property. A fully executed and accepted Proprietary Lease shall entitle the holder to all the rights and responsibilities of Membership as set forth in these Bylaws, the Articles of Incorporation, the Proprietary Lease, agreements the Washington State Housing Trust Fund (collectively “Financing Agreements”), and the Community Rules (hereinafter “Governing Documents”). The Proprietary Lease is appurtenant to the Membership Certificate and cannot be transferred separately from the Membership Certificate. As used herein, the term "Membership" or “Membership Interest” shall include the appurtenant Proprietary Lease.

Section 2.2. Issuance of Membership Certificates to Members and Registering the Lease with Thurston County. Membership Certificates shall be in the form adopted by the Board, shall be consecutively numbered, and shall be signed by the President and Secretary. Membership Certificates shall be issued in consecutive order and there shall be recorded on the Corporation’s books and records the name(s) of the person holding the Certificate and the date of issuance. The Corporation shall cancel each Certificate exchanged or returned to the Corporation, shall indicate the date of cancellation on the Certificate, and shall retain such cancelled Certificate in the books of the Corporation. If requested by a secured party, the Corporation shall note in its books and records the security interest of the secured party in a Membership Interest. Fully executed leases and a copy of each Membership Certificate will be registered with Thurston County.

Section 2.3. Duplicate Certificates. The Board may authorize the issuance of a new Membership Certificate for any Certificates which have been lost, destroyed or mutilated if the owner(s) of the Certificate furnishes (a) an affidavit of ownership and loss and (b) an indemnity satisfactory to the corporation to protect the Corporation against the loss or damage which may occur in consequence of the issuance of said duplicate Certificate.

Section 2.4. One Membership Interest, One Membership Certificate and One Vote per Space. More than one adult person may own a Membership Interest and be named on the Membership Certificate, but there shall be no more than one Membership Interest per Space on the Property and one Membership Certificate issued per Space. If more than one person owns a Membership, only one person may exercise the voting power of that Membership in all instances where Members are entitled to vote.

Section 2.5. Eligibility.

(a) Initial Residents. The criteria for Membership for Initial Residents are as follows:

(i) at the time of purchase of the Property by the Corporation (“Purchase”), such persons must be at least 18 years of age and must reside in the Community as their primary residence in homes for which at least one household member is the owner, except for 4614 17th Lane, N.E. on the Property where the owner at the time of Purchase does not reside in the Community as his/her primary residence;

(ii) such persons must pay the Membership Fee pursuant to Section 2.8 of the Bylaws, and execute a Proprietary Lease, and be issued a Membership Certificate in the usual forms used by the Corporation;

(iii) such persons must accept Membership responsibilities including willingness to participate in governance and operation of the Community. Initial Residents are eligible only for the Membership attributable to the Space on which they reside.

(b) Other Prospective Members. Prospective purchasers of Memberships other than the Initial Residents (hereinafter “Prospective Members”), must meet the following eligibility criteria:

(i) such persons must be at least 18 years of age and, following their admission to Membership, shall reside in the Community as their primary residence in homes for which at least one household member will become the owner, and must have entered into a contract to buy the home;

(ii) such persons must have applied for Membership in a form prescribed by the Board or any Membership Committee of the Board, qualified under the Income Restrictions set forth in Section 2.6 of the Bylaws and been approved by the Board in accordance with Section 3.2 of the Bylaws, and any further Membership criteria as may be defined by the Board;

(iii) such persons must pay the Membership Fee pursuant to Section 2.8 of the Bylaws, execute a Proprietary Lease, and be issued a Membership Certificate in the usual forms used by the Corporation;

(iv) such persons must accept Membership responsibilities including willingness to actively participate in governance and operation of the Community.

(c) The Board may reject a Prospective Member for membership on any of the following grounds:

(i) Prospective Member provides incomplete or false information on the Membership application;

(ii) the Board determines, based on information submitted by Prospective Member and any credit information obtained by the Board, that the Prospective Member does not have the ability to afford the Space Rent or is not credit worthy;

(iii) Prospective Member does not qualify under the income guidelines;

(iv) Prospective Member did not provide enough evidence that the home in question is being purchased by a household member;

(v) Prospective Member does not certify that he/she will occupy the Space as his/her primary residence;

(vi) Prospective Member is a prior owner of the Community or an affiliate of such prior owner;

(vii) the Board determines that Prospective Member would pose a threat to health and safety of the occupants of the Community.

Section 2.6. Income Restrictions. Following the purchase of the Property by the Corporation (hereinafter "Purchase"), pursuant to Financing Agreements, the Corporation shall at all times for a period of at least forty (40) years, comply with the following restrictions: at least thirteen (13) Spaces on the Property will be leased to households who at the time of initial occupancy have gross annual household incomes at or below eighty percent (80%) of the local area median income for the Olympia, Washington Metropolitan Statistical Area, adjusted for the imputed household size, as estimated from time to time by the United States Department of Housing and Urban Development (hereinafter "HUD") (hereinafter "80% AMI"); and, of these, at least four (4) Spaces on the Property will be leased to households who at the time of initial occupancy have gross annual household incomes at or below fifty percent (50%) of the local area median income for Olympia, Washington Metropolitan Statistical Area, adjusted for the imputed household size, as estimated from time to time by HUD (hereinafter "50% AMI").

Section 2.7. Restrictions on Transfers to Prospective Members after Corporation Purchase of Property. Following Purchase, in order to maintain compliance with the Income Restrictions set forth in Section 2.6 and to maintain affordability for persons of very-low and low income, a

Member, the Corporation, or any other owner of a Membership Interest, including but not limited to a transferee of the Membership under a will or intestacy due to death of a Member (hereinafter "Other Owner"), shall only transfer a Membership Interest, and as required, sell a manufactured home in conjunction with such transfer, to Prospective Members with a household income at or below 50% AMI. However, upon petition by a Member, the Corporation, or Other Owner, the Board may permit the petitioner to transfer their Membership Interest, and as required, sell their manufactured home, to Prospective Members with a household income at or below 80% AMI, only after the Board ensures that the Corporation is in compliance with the Income Restrictions set forth in Section 2.6. In the case of any transfer of a Membership Interest without prior approval of the Board, including but not limited to by will or intestacy due to death of a Member, then the transferee, within 6 months of becoming the legal owner of the Membership Interest, shall be required to qualify as a household at either 50% AMI or 80% AMI as required by the Board in order to comply with the Income Restrictions set forth in Section 2.6, meet all other eligibility criteria for membership established in the Bylaws, and occupy the home, or else the transferee must sell or transfer their Membership Interest to an eligible household or the Corporation and in conjunction, sell, move, or demolish their home, in accordance with the Governing Documents.

The Corporation may purchase Memberships for reasons including but not limited to ensuring compliance with this section and Section 2.6, and under certain circumstances upon the death of a Member pursuant to Section 2.12.

Section 2.8. Membership Fee. The Membership Fee shall be \$500. No payment shall be made in excess of this fee upon any purchase or transfer of a Membership Interest.

Members may pay the Membership Fee in installments subject to terms set forth in a Subscription Agreement.

Section 2.9 Pledging Memberships and Secured Parties with an Interest in Membership and/or Home. Members may only pledge their Membership Interests to secure loans and other funds for the purpose of paying the Membership Fee, and only with written consent of the Board. Members may not use their Membership Interests as security for any other loan or obligation. A third party's security interest in a Member's Membership Interest shall not release Member of obligations or liability under this lease including without limitation the obligation to pay Space Rent.

Secured parties with an interest in a Membership or home who obtain a right to possess a Membership or home must comply with all aspects of the Governing Documents, including but not limited to compliance with Sections 2.6 and 2.7 and Article III (Home Sales section) of the Bylaws, and with all terms of the Proprietary Lease.

Section 2.10. Accrued Interest on Membership Fee. The Membership Fee shall be deposited by the Corporation in a commingled, interest bearing, account for the benefit of the Corporation, in accordance with RCW 59.20.170 and shall serve as a security deposit for the Member's use of the Space. Upon termination of the Membership Interest, the Membership Fee plus any accrued interest shall be returned to the Member, subject to adjustment under Section 2.15 of these

Bylaws. Neither the Landlord nor the Corporation shall have any duty to Members to obtain any particular return on such funds, or to pay any interest if the interest accrued after acceptance as a Member is less than ten dollars.

Section 2.11. Annual Dues. Members shall be required to pay dues of \$30 annually to the Corporation.

Section 2.12. Death of a Member. If upon the death of a Member, his or her Membership in the Corporation passes by will, intestate succession, operation of law or pursuant to the terms of a trust to a transferee, such transferee may either (a) occupy the manufactured home on the Space assigned to the Membership as his or her primary residence, provided such transferee, within 6 months of the effective date of such transfer, complies with the eligibility requirements for Prospective Purchasers under Section 2.5(b) and Section 3.2, or (b) not occupy such manufactured home as his or her primary residence, in which case, such transferee shall have a period of 6 months after the effective date of such transfer within which to close a sale of the Membership to a qualified purchaser. In the event such transferee does not satisfy the requirements of clauses (a) or (b) of this section, then the Corporation may purchase the Membership or, pursuant to Section 2.15, terminate the Membership.

Section 2.13. Rights of Members.

(a) Right to Occupy. A Member shall be entitled to occupy a unit in the Property and to use the facilities of the Corporation in compliance with these Bylaws, the Articles of Incorporation, the Proprietary Lease; the Community Rules; and the Financing Agreements (“Governing Documents”) as the foregoing may be amended from time to time.

(b) Voting Rights. A Member has the right and the responsibility to participate in the governance of the Corporation and management of the Property by exercise of a Member’s right to vote pursuant to Section 4.6. Members may vote on issues of concern to Members that include but are not limited to electing directors, adopting the annual budget, and approving amendments to the Community Rules that have been initially approved by vote of the Board or a committee of the Board, under the process set forth in the Lease and Community Rules.

Section 2.14. Duties of Members. Members shall comply with all obligations under the Governing Documents, including but not limited to, that Members shall actively participate in the management and maintenance of the Property, the governance of the Corporation, participating in meetings as required, submitting annual recertification documentation, and paying all applicable fees when due, in such a manner as to be determined by the Board.

Section 2.15. Termination of Membership.

(a) Voluntary Termination of Membership. Membership shall voluntarily terminate and the Membership Certificate and Proprietary Lease cancelled upon a Member selling their home, the moving of a home out of the Community, or demolishing the home in accordance with Article III.

(b) Grounds for Involuntary Termination of Membership. Subject to the provisions of the Governing Documents and applicable law, the Board may terminate a Member's Membership on the following grounds:

(i) Failure to pay the Space Rent, Membership Fee, or any other fees, costs, assessments, charges or amounts owed to the Corporation;

(ii) Provision of false information regarding income certification, either on application for Membership, annual income certification, or otherwise;

(iii) Violation of any term or condition of the Governing Documents, or substantial violation or repeated or periodic violations of the Community Rules promulgated pursuant to them;

(iv) Any activity that endangers the effective operation of the Corporation or violates the cooperative principles, including illegal activity;

(iv) Failure to submit annual income verification within 30 days of being delivered to the Member's residence;

(iv) Other activity that qualifies under RCW 59.20.080 (grounds for termination of tenancy in a mobile home park), including activity that violates RCW 59.20.140 (duties of a tenant in a mobile home park).

(v) Automatic Termination upon termination of the Member's Proprietary Lease.

c) Termination and Expulsion. Any Member whose activity in the Corporation is contrary to basic cooperation principles (see copy of International Cooperative Principles attached hereto and incorporated herein by this reference) or who endangers the effective operation of the Corporation may be expelled from Membership in the Corporation by the Board of Directors. Loss of Membership carries with it loss of all Membership privileges, including the perpetual right to occupy said lot and any Member lot rent.

(i) Written notice of the charges against each Member, and reasonable opportunity for a hearing before the Board of Directors, shall be provided before any such expulsion. A reasonable opportunity is defined as fifteen (15) day notice. The Member's certificate shall be repurchased for the amount of the Membership fee paid, less any debts owed and expenses due and owing the Corporation on behalf of the Member, and if and when there are sufficient reserve funds as determined by the Board of Directors. An eviction of the Member shall automatically terminate his or her Membership.

(ii) The Member shall have the right to appeal the decision to terminate membership to the next Membership meeting and will be given a reasonable opportunity to be heard, either in person or by their attorney. Members may request a Special

Meeting of the Membership within a reasonable time period and such request will not be unreasonably denied. In the absence of a board call for a Special Meeting, the member may do so in accordance with Article 5.9 of these Bylaws. A Member need not be expelled before being evicted. Re-application for Membership will require Board review and Membership approval before re-issuance of Certificate of Membership. The reason for the expulsion shall be clearly stated, recorded, placed in the permanent files and a copy given to the Member.

- (iii) Any Member who wishes to be represented by legal counsel as the result of a Corporation action must notify the Board of this fact ten (10) days in advance of the meeting. The Members shall solely be responsible for the cost of his or her attorney. In no case should the Corporation be responsible for the legal fees of the Member.

(d) Surrender of Membership Certificate and Proprietary Lease upon Involuntary Termination of Membership. Upon involuntary termination of a Membership Interest, the Member shall promptly deliver to the Corporation her or his Membership Certificate and Proprietary Lease, both endorsed in such manner as may be required by the Corporation. If the Member fails to immediately surrender his/her Membership Certificate and Proprietary Lease to the Corporation, the Board may: (i) issue a written demand for the surrender of the Membership Certificate and Proprietary Lease, and if Member fails to respond within 10 days after demand, the Certificate shall forthwith be deemed to be canceled and a replacement may be issued by the Corporation to a new Member, and the Proprietary Lease shall be deemed to be terminated and a new Proprietary Lease may be issued by the corporation to a new Member; and/or (ii) exercise any rights and remedies available to it in contract, at law and equity, including an eviction action.

In the event the Member commits an act which is grounds for termination of this Lease, the Member shall continue to remain liable for payment of all sums due under this Lease up to the earliest of the following dates: (i) the date as of which a new Lease covering the Space shall have become effective; (ii) the date upon which all Leases of the Corporation terminate. However, in the event that the Corporation must exercise its option to become the owner of the Member's Certificate because of the termination of Member's Lease under this Section and the concurrent automatic termination of Membership, the Corporation may still assess the Member for continuing Space Rent for the period of time the Space remains unoccupied. The Corporation has the right to recover all of its reasonable costs, charges and expenses, including reasonable attorney's fees, reasonable and necessarily incurred in connection with the termination of Member's Lease under this Section.

Section 2.16. Damage to property by fire or other loss: If there is a loss or damage to the Property not caused by Member's fault or negligence, Corporation shall determine whether to restore or replace the damaged property and what, if any, adjustments this may require to Space Rent or other Corporation finances. If Corporation or common property is lost or damaged due to Member's fault or negligence, the responsible Member will be responsible for paying for those damages. Corporation's insurance does not cover Member's manufactured home or personal property.

(e) Return of Membership Fee. The terminated Member shall be entitled to the return of the Membership Fee, plus any accrued interest, less:

- (i) any amounts due to the Corporation from the Member;
- (ii) any sums incurred by the Corporation to repair damage or waste to the Property caused by Member or his guests; and
- (iii) legal and other expenses incurred by the Corporation in connection with the termination of the Member's interest.

Section 2.17. Corporate Liens.

(a) Lien on Membership. The Corporation shall have a lien on each Membership in order to secure payment of any sums which shall be due or become due the Corporation under the Governing Documents by the Member, including, but not limited to, Membership Fee, Space Rent, fines, fees, and any other charges as may be due pursuant the Governing Documents.

Section 2.18.

ARTICLE III. HOME SALES AND MOVING HOME OUT OF COMMUNITY

Section 3.1. Notice. When a Member or Other Owner of a Membership Interest, including but not limited to a transferee of the Membership under a will or intestacy due to death of a Member, intends to sell their manufactured home, the Member or Other Owner shall provide at least 30 days written notice to Board prior to initiating sales process, including but not limited to hiring a real estate broker or self-advertising home for sale. Such notice shall provide name and contact information of selling agent, if any, and estimated date of sale. When a Member or Other Owner intends to move their home out of the Community or demolish their home, Member or Other Owner shall provide at least 60 days' notice prior to date of moving home or date of demolition of home. Such notice shall provide estimated date of moving the home or estimated date of demolition.

Section 3.2. Board and Member Responsibilities During Selling Process. When a Member or Other Owner intends to sell (hereinafter collectively "Seller"), Board shall supply Seller with a chart of current 50% AMI and 80% AMI income levels per household size in order to ensure compliance of Seller with Sections 2.6 and 2.7. Seller shall be responsible for explaining Corporation cooperative structure, financial restrictions, including Sections 2.6 and 2.7, that owner must reside in their home in the Community as their primary residence, and other important rules and regulations of the Corporation to Prospective Member.

Board shall do or cause to be done the membership application review and screening to assess the eligibility of the Prospective Member pursuant to Section 2.5, and any other criteria defined by the Board, including review of all information required by the application. Prospective Member shall provide all information required under the application and understands that failure to provide this information is grounds for rejection of the application and provision of false

information is grounds for rejection for Membership pursuant to Section 2.5(c) and also possible termination of Membership if discovered later pursuant to Section 2.15. When Board delivers or causes to be delivered the membership application to Prospective Member, Board will also deliver or cause to be delivered copies of the Governing Documents and other information as necessary that explains the cooperative structure, financial restrictions, including sections 2.6 and 2.7, that owner must reside in their home in the Community as their primary residence, and other important rules and regulations of the Corporation. Board shall also meet with Prospective Member at or near time of delivery of membership application to explain this information.

A Seller and Prospective Member may execute a Purchase and Sale Agreement for the sale of a home. However, such an agreement is contingent upon approval of Prospective Member's membership application by the Board, including income verification. Every such Purchase and Sale Agreement must provide that the transfer of a home is subject to Board approval as provided in the Bylaws. The Board shall complete review of the Membership application as soon as is practical, and if a Purchase and Sale Agreement is provided, will aim to complete review within 45 days of whichever is later of receipt of Purchase and Sale Agreement or receipt of membership application. For Seller's convenience and information, a sample Purchase and Sale agreement will be provided by the Board.

Section 3.3 Completing the Sales Process. Seller shall, at least 5 days prior to transfer of title to the home to the Prospective Member (i) deliver to Board his or her Membership Certificate and Proprietary Lease, both endorsed in such manner as may be required by the Corporation; and (ii) pay to the Corporation all Space Rent and other charges and fees owed to the Corporation up to and including the date of termination of Membership. Upon the transfer of title to the home to the Prospective Member and the delivery of Lease and Membership Certificate to Board, departing Member will be deemed to have terminated his/her Membership and will no longer be responsible for obligations under the Proprietary Lease, including Space Rent. Within 15 days after the closing, the Corporation shall return the Membership Fee to the Seller, subject to any reductions in accordance with Section 2.15.

Section 3.4. Completing the Moving of Home or Demolition of Home Process. After receiving notice of a Member or Other Owner's intent to move home out of Community or demolish their home, Board shall act as quickly as is practical to identify a new, eligible member to occupy the vacant space through a membership application review process that the Board will do or cause to be done. A Member or Other Owner moving a home or demolishing a home shall, at least 5 days prior to removal of home from Community or demolition of home, (i) deliver to Board his or her Membership Certificate and Proprietary Lease both endorsed in such manner as may be required by the Corporation; and (ii) pay to the Corporation all Space Rent and other charges and fees owed to the Corporation up to and including the date of termination of Membership. Upon the removal of the home from the Property or the demolition of the home and the delivery of Proprietary Lease and Membership Certificate to the Board, departing Member will be deemed to have terminated his/her Membership and will no longer be responsible for obligations under the Proprietary Lease, including Space Rent. Within 15 days of the move or demolition of the home, the Corporation shall return the Membership Fee to the departing Member, subject to any reductions in accordance with Section 2.15.

ARTICLE IV. MEETINGS OF MEMBERS

Section 4.1. Annual Meeting. An annual meeting of Members shall occur between September 1 and December 31 at such time and place as is designated by the Board of Directors. At the annual meeting the Members shall elect directors, adopt a budget for the ensuing year, and transact such other business, including but not limited to adopting and amending Community Rules, as shall properly come before them.

Section 4.2. Special Meetings. Special meetings of the Members may be called at any time by the President, or a majority of the Board, or not less than 30% of the Members entitled to vote. No business shall be transacted at a special meeting except as stated in the notice sent to the Members.

Section 4.3. Notices. Either the Secretary or Assistant Secretary shall give written or printed notice to each Member entitled to vote of each annual and special meeting of the Members. Notice shall be given not less than ten (10) days nor more than fifty (50) days prior to the date fixed for the meeting. Notice shall be given by personal delivery, by mail, or by electronic transmission. If mailed or sent by electronic transmission, the notice shall be sent to the mailing address or electronic transmission address as it appears on the records of the Corporation. The notice shall state the time, date and place of the meeting and, in the case of a special meeting, the purposes of the meeting.

Section 4.4. Waiver. The foregoing notice may be waived in writing by a Member. A signed waiver shall be equivalent to a notice. A Member who attends a meeting without stating the failure to receive notice on the record shall be deemed to have waived notice of such meeting.

Section 4.5. Quorum. At any meeting of the Members, Members representing, in person or by proxy, a majority of Members entitled to vote shall constitute a quorum for the transaction of business. If a quorum is established, the Members present at a meeting may continue to transact business until adjournment, notwithstanding the departure of Members that results in less than a quorum. If a quorum is not established at a meeting, a majority of the Members present may adjourn the meeting to a future date.

Section 4.6. Voting. Decisions of the Membership shall be by simple majority of the Members present where quorum is present except where a greater proportion is required by law or in more particular instances described in these Bylaws. When voting, each Membership Interest shall be entitled to one (1) vote on all matters where Members are entitled to vote under the Governing Documents, subject to the following provisions. If a Membership is jointly owned, any joint Member may cast the entire vote. Voting by proxy is permitted, provided that no more than one (1) proxy may be voted by any one Member on any question and that all proxies must be in writing, signed and dated by the Member and that no proxy may be valid for longer than eleven months from the date of the proxy.

Section 4.7. Action Without a Meeting. Any decision or action which may be made or taken at a meeting may be made or taken without a meeting if all Members execute a written consent waiving the requirement for a meeting and setting forth the decision made or action taken.

ARTICLE V. DIRECTORS

Section 5.1. Number and Election and Term. The initial Board of Directors are those named in the Articles of Incorporation. Following the filing of the Amended Articles of Incorporation with the Secretary of State, as many as 9 directors shall be elected, provided that there shall always be an odd number. During the first Annual Meeting following the filing of the Amended Articles of Incorporation, but after election of directors, the terms of the elected directors shall be established by lot in order to stagger the terms of directors. A simple majority of the total number of directors shall serve a term of two years, and the remaining directors shall serve terms of one year. Thereafter, all directors shall serve terms of two years. The authorized number of directors may be changed by amendment of these Bylaws, but no decrease in number shall have the effect of shortening the term of any incumbent director. There shall be a two-term limit for directors but directors will be eligible for election again after a one-year gap following completion of two terms. Succeeding directors, other than those appointed to fill vacancies in the Board shall be elected at the annual meeting of the Members.

Only Members of the Corporation who are current in all of their financial obligations to the Corporation are eligible to become directors. No more than one individual representing a Membership Interest may be a director at the same time.

Section 5.2. Removal. Any director may be removed for cause by a vote of a majority of the directors, excepting the director subject to removal. Cause includes but is not limited to three consecutive unexcused absences from Board meetings. An absence may be excused by the Board if notice is provided within 24 hours prior to the meeting time. A majority of the directors, excepting the director subject to removal, shall as necessary determine if cause exists, including if an absence is excused. At any meeting considering the removal of a director, the director subject to removal shall be given an opportunity to be heard.

Section 5.3. Resignation. Any director may resign his office at any time, such resignation to be made in writing and to take effect at the time specified therein or, if no time be specified, upon its acceptance by the Board.

Section 5.4. Vacancies. Vacancies in the Board may be filled upon seven (7) days written notice to the Members by a vote of a majority of the remaining directors present at such regular or special meeting at which such election is held, provided a quorum is present. The director so elected shall serve for the remainder of the term of the directorship vacated. In the event of the failure to fill any such vacancy, a special meeting of Members to fill such vacancy may be called in the manner provided for the calling of special meetings of Members.

Section 5.5. Meetings. Each annual meeting of directors shall occur between September 1 and December 31 following the annual meeting of the Members at such time and place as is designated by the Board. Other regular meetings of the Board may be held at such time and place as the directors may determine, provided that the Board shall hold at least 4 such meetings each year. Special meetings shall be held whenever requested by the President or if at least one third of the directors' request such a meeting. Directors shall be given five (5) days written

notice of such Special Meetings if by mail or three (3) days written notice if by personal service, email or facsimile. All meetings of the Board shall be open to the Members who shall be given an opportunity to be heard during Board discussion. The directors may, however, upon majority vote, enter into executive session.

Section 5.6. Waiver. Directors may waive notice of meetings of the Board, and a waiver thereof signed by the director entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where the director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5.7. Quorum and Voting. A majority of the directors shall constitute a quorum for the transaction of business, provided that quorum shall include at least one officer. A majority vote of the directors shall be the act of the Corporation, except where otherwise provided by law or in these Bylaws. At all meetings of the Board, each director shall have one vote. Voting by proxy is not permitted.

Section 5.8. Meetings by Audio/Telephonic Conference. Unless otherwise restricted by the Articles of Incorporation or by these Bylaws, directors may participate in meetings of the Board or any committee by means of conference telephone or similar communications equipment so that all directors can hear each other simultaneously by means of which all persons participating shall constitute presence in person at such meeting.

Section 5.9. Action Without a Meeting: Any decision or action which may be taken at a meeting may be made or taken without a meeting if a consent in writing setting forth the action taken is signed by all directors. Any such consent shall have the same effect as a consensus decision on the matter.

Section 5.10. Compensation. No compensation, including abatement of charges or fees, shall be paid to directors for their services as directors or in any other capacity. Nevertheless, the Board may reimburse directors for reasonable out-of-pocket expenses incurred on behalf of the corporation.

Section 5.11. Duties of the Directors. Duties of directors include the following:

- (a) Generally managing the affairs of the Corporation;
- (b) Prepare and recommend the Annual Budget for consideration and adoption by the Members;
- (c) Contracting for services to maintain the Property;
- (d) Report to Members;
- (e) Leasing or selling or otherwise disposing of real property of Corporation;

(f) Ensuring compliance with all financing and other legal requirements of the Corporation.

ARTICLE VI. OFFICERS, MANAGING AGENT, COMMITTEES

Section 6.1. Officers.

(a) Number and Titles. The officers of the corporation shall consist of a President, a Vice President, a Secretary, an Assistant Secretary, a Treasurer, and such other officers as the Board may prescribe. Only directors may be officers.

(b) Election and Term. The officers shall be elected by the Members, and shall serve for a term of one (2) years or until her/his successor is elected. Officers shall have a term limit of two consecutive terms. The President's and Secretary's terms runs from January 1 of each even year through December 31 of the following odd year. The Vice-President's and Treasurer's terms runs from January 1 of each odd year to December 31 of the following even year. Elections shall take place during the Annual Meeting in the fall prior to the beginning of the term.

(c) Removal. Any officer may be removed at any time, with cause, by a majority vote of the directors at a duly held meeting of the Board, the notice of which shall specify the proposed removal.

(d) Resignation. Any officer may resign at any time by delivering a written resignation to the President. The acceptance of any such resignation, unless required by the terms thereof, shall not be necessary to make the same effective.

(e) Vacancies. Any vacancy in an office may be filled by the Board.

Section 6.2. President. The President shall preside at all meetings of the Board. The President shall have such other powers and duties not inconsistent with these Bylaws as may be assigned from time to time by the Board.

Section 6.3. Vice President. In the absence of the President, the Vice President shall possess the powers and discharge the duties of the office of President.

Section 6.4. Secretary. The Secretary shall cause a record to be kept of the Corporation including all the meetings of the Board and the Members. The Secretary shall be responsible for serving all notices of the Corporation in accordance with the bylaws. The Secretary - shall keep a record of names and addresses of all Members. The Secretary shall perform such other duties not inconsistent with these Bylaws as may be assigned from time to time by the Board.

Section 6.5 Operations Manager. The Operations Manager shall maintain records of repairs, additions, and other changes required by the Corporation's property needs. The Operations Manager shall research and procure any necessary permits from Thurston County, secure bids for work to be contracted, present bids to the Board for selection of the winning bid; monitor the work

done, and serve as liaison between the contractors and the Board.

Section 6.6. Treasurer. The Treasurer shall supervise the financial affairs of the Corporation, cause a full and accurate record to be kept of the same, including but not limited to when persons were admitted to become Members and Membership Fee amounts paid, provide regular reports to the Board on the financial status of the Corporation, and perform such other duties not inconsistent with these Bylaws as may be assigned from time to time by the Board.

Section 6.7. Compensation. No compensation, including abatement of mortgage or fees, shall be paid to officers for their services as officers or in any other capacity. Nevertheless, the corporation shall reimburse officers for reasonable out-of-pocket expenses incurred on behalf of the corporation.

Section 6.8. Managing Agent and Independent Contractors and Employees. The Board may appoint and maintain an independent professional management agent to assist the Board in carrying out various management tasks as the Board may determine, including but not limited to, screening applicants for admission, administering and enforcing the Proprietary Leases, and developing annual budgets, and generally assisting with management of the property, on behalf of the Corporation. The Board shall appoint any Managing Agent.

The Board shall as necessary designate a person responsible to oversee and monitor any Management Agent and any other independent contractors and/or employees of the Corporation.

Section 6.9. Committees.

(a) Executive Committee. An Executive Committee shall exist, consisting of the President, the Vice President, the Secretary, the Assistant Secretary, and the Treasurer. The Executive Committee shall meet regularly as determined by the Board and may exercise the powers of the Board. Provided, however, that the Executive Committee, and any other committee, shall not have the authority to:

- (1) Amend, alter or repeal the Bylaws;
- (2) Elect, appoint, or remove any member of any such committee or any director or officer of the Corporation;
- (3) Amend the Articles of Incorporation;
- (4) Adopt a plan of merger or a plan of consolidation with another corporation;
- (5) Authorize the sale, lease, exchange, or mortgage, of all or substantially all of the property and assets of the Corporation;
- (6) Authorize the voluntary dissolution of the Corporation or revoking proceedings therefore; or
- (7) Amend, alter or repeal any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee.

(b) Other Committees. The Board may, by resolution, appoint any such other committees as it may deem appropriate. Each committee shall consist of at least two directors. Such committees shall operate by procedures, and shall exercise such of the powers of the Board in management of the affairs of the Corporation, as may be determined by the authorizing

resolution, insofar as permitted by law. The Board may abolish any committee it establishes at any time.

(c) Minutes. Each committee of the Board shall report to the Board when requested to do so.

ARTICLE VII. CONFLICT OF INTEREST

Section 7.1 Conflict of Interest. No Member, director or officer of the Corporation shall be interested, directly or indirectly, in any contract relating to the operations conducted by the Corporation, nor in any contract for furnishing services or supplies to it, unless (a) such contract shall be authorized by an absolute majority of the Board present and voting at a meeting at which, for purposes of this vote, any interested director's presence may not count for quorum purposes; (b) the facts and nature of such interest have been fully disclosed or shown to the directors present at the Board meeting at which such contract is so authorized, and (c) any interested member, director, or officer has abstained from participating in Board discussions or votes related to such authorization, other than to disclose the facts and nature of the interest.

ARTICLE VIII. GREATER VOTING REQUIREMENTS

Section 8.1. Greater Voting Requirements.

(a) Decisions requiring Majority vote of Board and two-thirds vote of Members. The following decisions shall require a majority vote of the Board and a two-thirds vote of the Members entitled to vote to become a valid act of the Corporation:

- (i) Changing the amount of the Membership Fee;
- (ii) Amending Membership Criteria;
- (iii) Amending Termination of Membership Procedures;
- (vi) Decisions on purchases by the Corporation that cost more than \$10,000, Contracts of the Corporation whose value over the life of the contract may exceed \$10,000 and Loans to the Corporation that exceed \$10,000;
- (vii) Changing the amount of Annual Dues;

(b) Decisions Requiring Unanimous Vote of Board and Two-thirds Vote of Members. The following decisions shall require a unanimous vote of the entire Board and a two-thirds vote of the Members entitled to vote to become a valid act of the Corporation:

- (i) Amending the Articles of Incorporation;
- (ii) Amendments to Article IX of the Bylaws (sections on Dissolution, Sale of Assets and Distribution)

ARTICLE IX. FISCAL MANAGEMENT

Section 9.1. Fiscal Year. The fiscal year of the Corporation shall begin on January 1st and end on December 31st of each year.

Section 9.2. Deposit of Funds. Funds of the Corporation shall be deposited in such banks, trust companies, or other reliable depositories as the Board, from time to time, may determine.

Section 9.3. Signing Checks and Other Documents. Checks, drafts, bills, receipts, acceptances, endorsements, contracts notes, and evidence of indebtedness shall be signed on behalf of the Corporation by such directors, officers or agents of the Corporation as the Board, from time to time, may determine.

Section 9.4. Loans and Contracts. No loans or other advance shall be contracted on behalf of the Corporation, and no note or other evidence of indebtedness shall be issued in its name, and no contract shall be executed on behalf of the Corporation unless and except as authorized by the Board, subject to the requirements under Article VII of the Bylaws.

Section 9.5. Books and Records. The Corporation shall maintain correct and complete books and records of account, all minutes of the Board, Membership, and committee meetings of the Corporation, a list of names and addresses of Members entitled to vote and copies of all other Corporation documents, including but not limited to contracts at its principal office. All such books, records, minutes, lists, documents, and contracts shall be made available for inspection at any reasonable time during usual business hours by any director, any Member, or duly authorized representative thereof, for any proper purpose. In the event the Corporation does not have any official office space, all records shall be in the possession of an appropriate director so designated by the Board. Upon leaving office, each director, officer or agent of the Corporation shall turn over to her/his successor or the President in good order, such Corporation records as have been in the custody of such, director, officer or agent during her/his term of office.

All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board from time to time may determine.

ARTICLE X. DISSOLUTION, SALE OF ASSETS, AND DISTRIBUTIONS

Section 10.1. Dissolution Defined. Dissolution of the Corporation shall be defined as either:

(a) a unanimous vote of the Board and a two-thirds (2/3) vote of the Members entitled to vote to dissolve the Corporation, terminate all of the issued Proprietary Leases and wind up its affairs, or

(b) dissolution of the Corporation in accordance with the laws of the State of Washington.

Section 10.15 Sale or Transfer of the Community

The Community may be sold or otherwise transferred at any time with the result that subsequent owners may close the Community at any time after the required notice. However, such sale or transfer of the Community must be in accordance with the Bylaws,

Section 10.2. Sale of Assets Defined. The sale of assets of the Corporation shall be defined as:

(a) a unanimous vote of the Board and a two-thirds (2/3) vote of the Members entitled to vote to sell all or substantially all of the Corporation's assets.

Section 10.3. Distribution upon Dissolution and Sale of Assets. Upon the dissolution or liquidation of the Corporation, or upon the sale of all or substantially all of the assets of the Corporation, the Corporation's assets, to the extent available, in the case of dissolution, shall be distributed in the following order of priority: (a) payment of the Corporation's debts and liabilities, (b) distribution to each Member in satisfaction of all membership rights in an amount not exceeding the Membership Fee as set forth in the Bylaws, plus accrued interest less: (i) any amounts due to the Corporation from the Member; (ii) any sums incurred by the Corporation to repair damage or waste to the Property caused by Member or his guests; and (iii) legal and other expenses incurred by the Corporation in connection with the termination of the Member's interest; and (c) distribution to a non-profit organization or organizations organized and operated exclusively for charitable purposes and approved as a tax-exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding section of any future United States Internal Revenue law) as the directors shall determine.

Section 10.4. Distribution of Surplus. Except as follows, Members or Other Owners shall not be entitled to receive any distribution of funds from the corporate assets except upon liquidation of the Corporation. The Board may declare a distribution to Members of net annual income, determined at the close of a fiscal year, after first considering whether any such net annual income should be deposited into the Corporation's reserve account and any capital improvement account at such percentages to be determined by the Board. The Board shall have no power to declare such a distribution if it would (1) violate the obligations of the Corporation under Financing Agreements, any loan agreement, or any contract, (2) impair the Corporation's ability to manage and maintain the premises in accordance with best financial and building management practices, (3) render the Corporation insolvent, or (4) materially adversely affect the Corporation's financial condition.

ARTICLE XI. INDEMNIFICATION

Section 11.1. Additional Indemnification. By means of a resolution or of a contract specifically approved by the Board, the Board may, in addition to indemnification provided in the Articles of Incorporation, indemnify an officer, employee, or agent to such additional degree as the Board determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the corporation.

Section 11.2. Interpretation. The rights to indemnification conferred by the Articles shall be interpreted to conform with and shall not create any right that is inconsistent with applicable law.

ARTICLE XII. AMENDMENTS

Section 12.1. Amendments: The power to alter, amend or repeal the Bylaws, or to adopt new Bylaws shall be vested in the Board subject to the requirements of Article VII.

I, _____, President of the Corporation, hereby certify that the foregoing Bylaws consisting of sixteen (16) pages were and are the Bylaws adopted by the Board of Directors of the Corporation on _____, _____, and that they are the whole thereof exactly as adopted, and that I make this certificate to identify the same pursuant to instructions of the Board of Directors.

By: _____
President

Date: _____

By: _____
Secretary

Date: _____