

BYLAWS
OF
THE CONDOMINIUM OWNERS' ASSOCIATION
OF
PARKGATE WEST,
A CONDOMINIUM

TABLE OF CONTENTS

	Page
ARTICLE 1	
MEMBERSHIP; VOTING; MEETINGS AND ADMINISTRATION	<u>1</u>
1.1 Matters Governed by Declaration	<u>1</u>
1.2 Additional Administrative Provisions	<u>1</u>
1.2.1 Membership	<u>1</u>
1.2.2 Persons Under Disability	<u>2</u>
1.2.3 Number of Votes	<u>2</u>
1.2.4 Majority Vote	<u>2</u>
1.2.5 Quorum	<u>2</u>
1.2.6 Multiple Owners	<u>2</u>
1.2.7 Proxies	<u>2</u>
1.2.8 Voting by Mail	<u>3</u>
1.2.9 Place of Meeting	<u>4</u>
1.2.10 Annual Meeting	<u>4</u>
1.2.11 Special Meetings	<u>4</u>
1.2.12 Notice of Meetings	<u>4</u>
1.2.13 Adjournment of Meetings	<u>4</u>
1.2.14 Order of Business	<u>4</u>
1.2.15 Parliamentary Authority	<u>5</u>
ARTICLE 2	
MANAGEMENT OF CONDOMINIUM	<u>5</u>
2.1 General Qualifications	<u>5</u>
2.2 Powers and Duties	<u>5</u>
2.3 Managing Agent	<u>5</u>
2.4 Number of Directors	<u>5</u>
2.5 Election and Term of Office	<u>6</u>
2.5.1 Initial Board	<u>6</u>
2.5.2 Owner Election After Declarant Control (i.e., After Sale of Units	<u>6</u>
2.5.3 Owner Election of Complete Board After Declarant Control	<u>6</u>
2.5.4 Term	<u>6</u>

BENNETT & BENNETT

(ladc\Parkgate\TABLECON-02/04/1997)

ATTORNEYS AT LAW
400 DAYTON, SUITE A
EDMONDS, WASHINGTON 98020

2.6	Vacancies	6
2.7	Removal of Board Members	6
2.8	Compensation	7
2.9	Organization Meeting	7
2.10	Regular Meetings	7
2.11	Special Meetings	7
2.12	Waiver of Notice	7
2.13	Quorum	7
2.14	Open Meeting	8

ARTICLE 3

OFFICERS	8
3.1 Designation	8
3.2 Election of Officers	8
3.3 Removal of Officers	8
3.4 President	8
3.5 Vice-President	8
3.6 Secretary	9
3.7 Treasurer	9
3.8 Other Officers and Employees	9
3.9 Compensation	9
3.10 Committees	9
3.10.1 Committees of the Board	9
3.10.2 Other Committees	9

ARTICLE 4

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS	9
4.1 Indemnification	10

ARTICLE 5

OBLIGATIONS OF OWNERS	10
5.1 In General	10
5.2 Use of Common Elements and Limited Common Elements	10
5.3 Right of Entry	10

ARTICLE 6

AMENDMENTS	10
6.1 Amendments	11

ARTICLE 7

BUDGET, RECORDS AND REPORTS, HANDLING OF FUNDS	11
7.1 Budget	11
7.2 Records and Audits	11
7.3 Fund Commingling	11

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

7.4	Accounts	<u>12</u>
7.5	Working Capital Fund	<u>12</u>
7.6	Reserve Fund for Insurance Premiums	<u>12</u>
7.7	Reserve Fund for Common Elements	<u>12</u>
7.8	Surplus Funds	<u>13</u>

ARTICLE 8

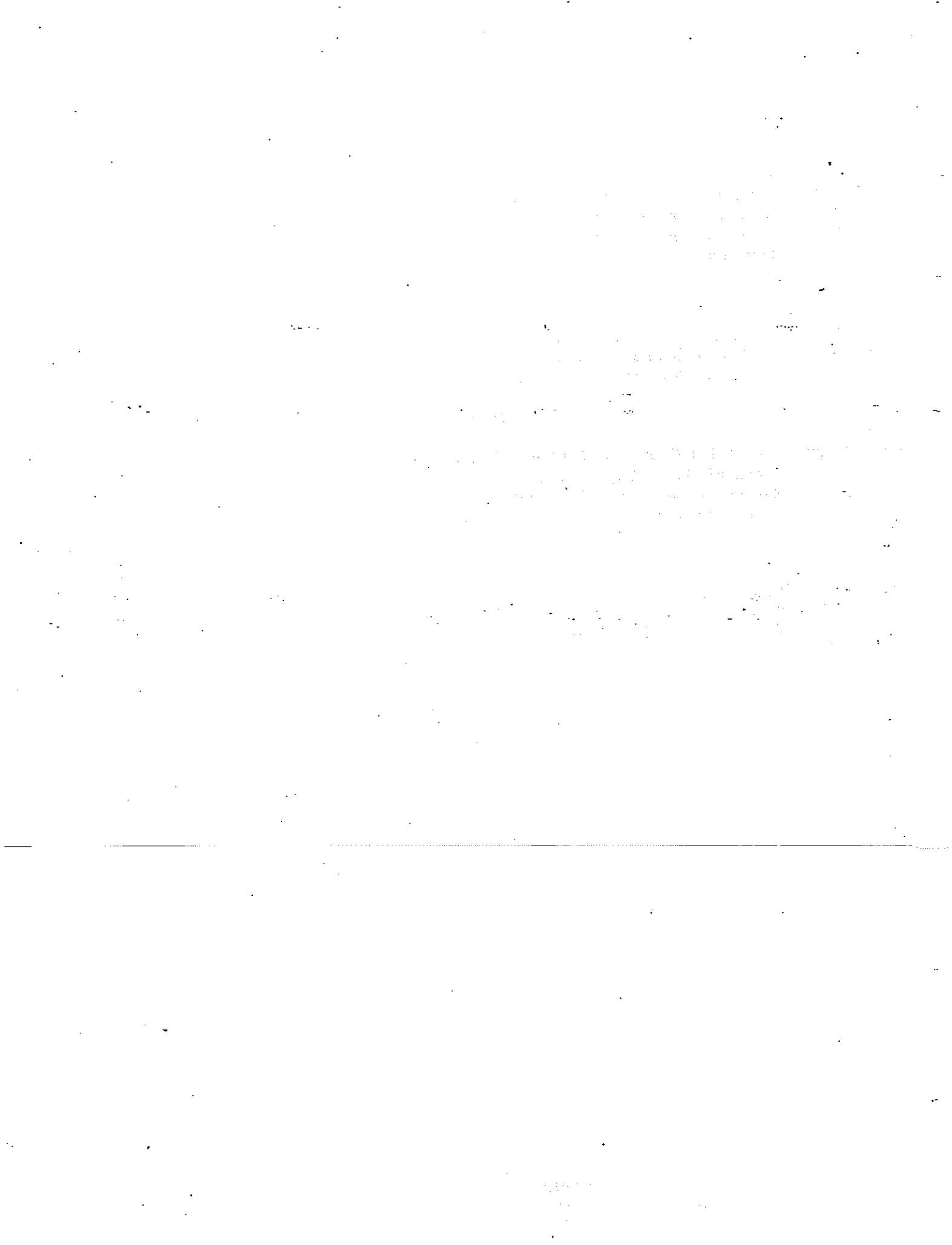
MORTGAGES	<u>13</u>
8.1 Notice to Association	<u>13</u>
8.2 Copies of Notices	<u>13</u>

ARTICLE 9

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS	<u>13</u>
9.1 Proof of Ownership	<u>13</u>
9.2 Registration of Mailing Address	<u>14</u>
9.3 Completed Requirement	<u>14</u>

ARTICLE 10

MISCELLANEOUS	<u>14</u>
10.1 Conflict with Declaration or Law	<u>14</u>
10.2 Notification on Sale of Unit	<u>14</u>



BYLAWS
OF
THE CONDOMINIUM OWNERS' ASSOCIATION
OF
PARKGATE WEST,
a Condominium

The following are the Bylaws of PARKGATE WEST CONDOMINIUM Owners' Association, a nonprofit corporation in the State of Washington. These Bylaws provide for the operation of PARKGATE WEST, a condominium established under the laws of the State of Washington. They apply to the entire condominium, each Unit therein, and all Common and Limited Common Elements. Each Unit Owner automatically, by virtue of such ownership, becomes a member of the Association. All present and future Owners, mortgagees and other encumbrances, lessees, tenants, licensees, and occupants of apartments, and their guests and employees, and any other person who may use the facilities of the condominium are subject to these Bylaws, the Declaration and Covenants, Conditions, Restrictions and Reservations for PARKGATE WEST, a condominium, and the rules and regulations pertaining to the use and operation of the condominium.

Words and phrases that are defined in the Declaration shall have the same meaning in these Bylaws.

ARTICLE 1

MEMBERSHIP; VOTING; MEETINGS AND ADMINISTRATION

1.1 Matters Governed by Declaration. With regard to various matters including membership, voting and meetings, reference is made to Article 9 of the Declaration.

1.2 Additional Administrative Provisions.

1.2.1 Membership. The membership of the Association at all times shall consist exclusively of all the Unit Owners. Each Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned; PROVIDED, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, the Declaration and these Bylaws, unless otherwise limited by said Declaration, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association. Following termination of the condominium, the membership of the Association shall consist of all

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

778-0130

the Unit Owners at the time of termination entitled to distribution of proceeds under RCW 64.34.268, or their heirs, successors or assigns.

1.2.2 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf or, in the case of a minor having no legal guardian of his estate, through a parent having custody of the minor.

1.2.3 Number of Votes. The total voting power of all Owners shall be one hundred (100) votes, and the total number of votes allocated to each Unit shall be that percentage allocated in Article 8 of the Declaration.

1.2.4 Majority Vote. Except as otherwise provided by statute, by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance, shall require the affirmative vote of a least fifty-one percent (51%) of the voting power present.

1.2.5 Quorum. Except as otherwise provided in these Bylaws, a quorum is present throughout any meeting of the Association if the Owners of Units to which fifty-one percent (51%) of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting. Except as otherwise provided in these Bylaws, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting. If, by appropriate affirmative vote, these Bylaws are amended to change the relative percent required to constitute a quorum, said percent shall not be less than twenty-five percent (25%) with respect to any meeting of the Association or less than fifty percent (50%) with respect to any meeting of the Board.

1.2.6 Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association or has delivered a written ballot or proxy to the Association Secretary, the Owner is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners are present or have delivered written ballots or proxies to the Association Secretary, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

1.2.7 Proxies. Votes allocated to a Unit may be cast pursuant to, a proxy duly executed by a Unit Owner. If a Unit is owned by more

stating that they must be sent to the specified address of the principal office of the Association. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the Declaration or Bylaws for the matter in question.

(c) Delivery of a vote in writing to the principal office of the Association shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section 1.2.8.

1.2.9 Place of Meeting. Meetings of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

1.2.10 Annual Meeting. The Annual Meeting of the Association must be held at least once each year during the first quarter of each fiscal year. At such meeting there shall be a financial report, the Owners shall elect members of the Board and such other business as shall properly come before the meeting may be transacted.

1.2.11 Special Meetings. Special Meetings of the Association may be called by the President, a majority of the Board, or by Unit Owners having twenty percent (20%) of the votes in the Association.

1.2.12 Notice of Meetings. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary shall cause notice of said meeting to be hand delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that results in a change in assessment obligations, and any proposal to remove a director or officer.

1.2.13 Adjournment of Meetings. If any meeting of the Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

1.2.14 Order of Business. The order of business at all meetings of the Association shall be as follows, unless dispensed with on motion:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

Page 4

than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance.

1.2.8 Voting by Mail. The Board may decide that voting of the members shall be by mail with respect to any particular election of the Board or with respect to adoption of any proposed amendment to the Declaration or Bylaws, or with respect to any other matter for which approval by Owners is required by the Declaration or Bylaws, in accordance with the following procedure:

(a) In the case of election of Board members by mail, the existing Board members shall advise the Secretary in writing of the names of proposed Board members sufficient to constitute a full Board and of a date at least fifty (50) days after such advice is given by which all votes are to be received. The Secretary within five (5) days after such advice is given shall give written notice of the number of Board members to be elected and of the names of the nominees to all Owners. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by notice in writing to the Secretary at the specified address of the principal office of the Association, to be received on or before a specified date fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after such specified date, the Secretary shall give written notice to all Owners, stating the number of Board members to be elected, stating the names of all persons nominated by the Board members to be elected, stating the names of all persons nominated by the Board and by the members on or before said specified date, stating that each Owner may cast a vote by mail and stating the date established by the Board by which such votes must be received by the Secretary at the address of the principal office of the Association, which shall be specified in the notice. Votes received after that date shall not be effective. All persons elected as Board members pursuant to such an election by mail by receipt of the number of votes required by applicable law shall take office effective on the date specified in the notice for receipt of such votes.

(b) In the case of a vote by mail relating to any other matter, the Secretary shall give written notice to all Owners, which notice shall include a proposed written resolution setting forth a description of the proposed action, and shall state that such persons are entitled to vote by mail for or against such proposal and stating a date not less than twenty (20) days after the date such notice shall have been given on or before which all votes must be received and

- (c) Minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of Board Members (annual meeting or special meeting called for such purpose).
- (g) Unfinished business.
- (h) New Business.
- (i) Adjournment.

1.2.15 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be governed by the most current available edition of Robert's Rules of Order, or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 2

MANAGEMENT OF CONDOMINIUM

- 2.1 General qualifications. Except as otherwise provided by statute, in the Declaration, in these Bylaws, and as stated hereinbelow, the Board members shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Unit Owners; or (b) if elected by the Unit Owners, ordinary and reasonable care. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Section 21.1 of the Declaration, to terminate the condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of members of the Board pursuant to RCW 64.34.308(6).
- 2.2 Powers and Duties. The Board shall have the powers and duties provided for by statute, in the Declaration (including, but not limited to Section 10.4), and in these Bylaws, and all other powers necessary and proper for the governance and operation of the Association which is not prohibited by statute or contrary to law.
- 2.3 Managing Agent. Subject to statute and the provisions of the Declaration, the Board may employ an experienced professional managing agent to assist the Board in the management and operation of the condominium.
- 2.4 Number of Directors. The affairs of the Association shall be governed by a Board which, after the termination of the period of Declarant control, shall be composed of at least five (5) members, at least a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

2.5 Election and Term of Office.

2.5.1 Initial Board. Notwithstanding Section 2.4 above, Declarant may at such time as it deems appropriate, appoint an Initial Board of three (3) members who need not be Unit Owners. The Board (and Declarant, until the Board is appointed) shall exercise the rights, duties and functions of the Board as set forth in the Declaration and these Bylaws until the entire Board is elected by the Unit Owners pursuant to Section 2.5.3 below.

2.5.2 Owner Election During Declarant Control (i.e., After Sale of Units). Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent (33-1/3rd%) of the members of the Board must be elected by Unit Owners other than the Declarant.

2.5.3 Owner Election of Complete Board After Declarant Control. Within thirty (30) days after the termination of any period of Declarant control, the Unit Owners shall elect a Board of at least five (5) members, at least a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

2.5.4 Term. The normal term of office for members of the Board shall be for two (2) years and until their successors are elected, with two (2) members of the Board being elected at each annual meeting during even numbered years, and three (3) members of the Board being elected at each annual meeting during odd numbered years. At a special meeting called for the purpose of electing members of the Board, pursuant to Section 2.5.3 above, the five (5) members of the Board so elected shall, by lot, determine which shall have one (1) or two (2) year terms, to stagger the expiration dates of the terms of the appropriate number of Board members. Any member of the Board may be elected to serve for an additional term or terms. The above staggering term procedure shall be modified accordingly with potential Association adopted increases in future sizes of the Board.

2.6 Vacancies. Vacancies on the Board caused by reasons other than the removal of a member of the Board, as provided below, may be filled by the Board for the unexpired portion of the term.

2.7 Removal of Board Members. At any regular or special meeting called for that purpose, the Unit Owners, by a two-thirds (2/3rds) vote of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

remove any member of the Board with or without cause, other than a member appointed by the Declarant, and a successor may then and there be elected to fill the vacancy thus created. The Declarant may not remove any member of the Board elected by the Unit Owners. Prior to the termination of the period of Declarant control, the Unit Owners, other than the Declarant, may remove by a two-thirds (2/3rds) vote, any Board member elected by the Unit Owners.

- 2.8 Compensation. No compensation shall be paid to members of the Board for their services they may render.
- 2.9 Organization Meeting. The first meeting of the newly elected Board shall be held within ten (10) days of election at a place to be fixed by the Board members at the meeting at which the Board members were elected, and no notice shall be necessary to the newly elected Board members in order legally to call the meeting, providing a quorum of the Board is present at the meeting.
- 2.10 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each member of the Board personally or by mail, telephone, or telegraph, at least three (3) days before the day fixed for the meeting.
- 2.11 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the President or Secretary in like manner and on like notice on the written request of any two (2) Board members.
- 2.12 Waiver of Notice. Before any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.
- 2.13 Quorum. If there be less than a quorum present at any meeting of the Board, as provided in Section 1.2.5 above, the majority of those present may recess the meeting to secure the presence of other members of the Board. Such recessed meeting shall be for not more than five (5) days. If no regular quorum can be obtained, then, in such event, any business which might have been transacted at the meeting as originally called for may be transacted without further notice. No

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

budget increases, nor special assessments may be levied at any meeting without a full quorum.

- 2.14 Open Meeting. Any Unit Owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interest of the Association in such litigation.

ARTICLE 3

OFFICERS

- 3.1 Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board annually.
- 3.2 Election of Officers. The Board shall elect a President of the Association from among members of the Board, who shall hold office for one (1) year, or until his successor is elected, and who shall preside over both the meetings of the Board and those of the Association. The Board shall also elect a Vice-President, a Secretary, and a Treasurer, who shall hold office for one (1) year or until their successors are elected. Any person may hold concurrently any two offices, except that the same person may not concurrently hold the offices of President and Secretary. Any officer of the Association may be reelected by the Board for any number of successive terms.
- 3.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting called for such purpose.
- 3.4 President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Association and of the Board and shall have all powers and duties usually vested in the office of the President.
- 3.5 Vice-President. The Vice-President shall perform the duties of the President when the President is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.
- 3.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the

business records of the Board and the Association, other than financial records kept by the Treasurer. He shall also perform such other duties as may be prescribed by the Board.

3.7 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board.

3.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

3.9 Compensation. The Board may pay reasonable compensation to any officer or Unit Owner who performs substantial services for the condominium in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until sixty (60) days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within sixty (60) days after the notice of the decision was given.

3.10 Committees.

3.10.1 Committees of the Board. The Board may appoint one or more committees that consist of one or more members of the Board. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the condominium.

3.10.2 Other Committees. Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the President or the Board, and such committees may be composed of one or more members of the Association.

ARTICLE 4

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

BENNETT & BENNETT

ATTORNEYS AT LAW

400 DAYTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

- 4.1 Indemnification. The Association shall indemnify every Board member or officer, and his or her heirs, executors and administrators as provided in Article 17 of the Declaration. Nothing contained in said Article 17 shall, however, be deemed to obligate the Association to indemnify any Owner of a condominium Unit who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as an Owner of a Unit covered thereby.

ARTICLE 5

OBLIGATIONS OF OWNERS

- 5.1 In General. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the condominium was built, and each Owner shall comply strictly with all provisions of the Declaration, these Bylaws and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time. Without limiting the generality of the foregoing, particular reference is made to Articles 11, 12 and 16 of the Declaration.
- 5.2 Use of Common Elements and Limited Common Elements. Each Owner shall use the Common Elements and the Limited Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners, and in accordance with the House Rules, if any, promulgated by the Board or Association pursuant to Article 11 of the Declaration.
- 5.3 Right of Entry. The Board and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board paid for as a Common Expense if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board; provided, if the repairs or maintenance were necessitated by or for the unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units and Limited Common Elements.

ARTICLE 6

AMENDMENTS

- 6.1 Amendments. Any Unit Owner or Owners who desire that these Bylaws be amended may propose amendments to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by owners of fifty percent (50%) or more of the Units in the condominium, then irrespective of whether the Board concurs in the proposed amendment it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons entitled to receive notice of a meeting of the Association. All amendments shall be adopted if approved by sixty-seven percent (67%) of the Unit Owners.

ARTICLE 7

BUDGET, RECORDS AND REPORTS, HANDLING OF FUNDS

- 7.1 Budget. Within thirty (30) days after adoption of any proposed budget for the condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of Units to which a majority of the votes in the Association are allocated or any larger percentage specified in the Declaration reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.
- 7.2 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 (regarding Resale Certificates). All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. The financial records of condominiums consisting of fifty (50) or more Units shall be audited at least annually by a certified public accountant. In the case of a condominium consisting of fewer than fifty (50) Units, an annual audit is also required but may be waived annually by Unit Owners other than the Declarant of Units to which sixty percent (60%) of the votes are allocated, excluding the votes allocated to units owned by the Declarant.
- 7.3 Fund Commingling. The funds of an association shall not be commingled with the funds of any other association, nor with the funds of any

BENNETT & BENNETT

(ladc\Parkgate\BYLAWS-02/04/1997)

ATTORNEYS AT LAW

400 DAXTON, SUITE A

EDMONDS, WASHINGTON 98020

776-0139

Page 11

manager of the association or any other person responsible for the custody of such funds. Any reserve funds of an association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two (2) persons who are officers or Board members of the Association.

- 7.4 Accounts. The Association shall establish the necessary accounts to provide for the operation and maintenance of the condominium. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. There shall be at least three (3) separate funds as described in Sections 7.5, 7.6 and 7.7.
- 7.5 Working Capital Fund. There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund." This fund will be used for the normal operation of the condominium and will receive all monthly assessments, first purchasers' initial capital contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the condominium and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Common Elements. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Elements will normally be deposited in the Working Capital Fund and checks immediately issued to the other funds so an overall account of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.
- 7.6 Reserve Fund for Insurance Premiums. The Treasurer shall cause to be established an interest-bearing savings account in a savings bank or savings and loan association, which shall be known as the "Reserve Fund for Insurance Premiums." Any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two (2) persons who are officers or Board members of the Association. Each month the Treasurer shall cause to be deposited into this fund an amount equal to at least one twelfth (1/12th) of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.
- 7.7 Reserve Fund for Common Elements. The Association shall maintain an interest-bearing savings account in a savings bank or savings and loan association, or other account authorized by the Board, which account shall be known as the "Reserve Fund for Common Elements." Any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two (2) persons who are officers or Board members of the Association. The purpose of the reserve account will be to provide for the periodic maintenance, repair and replacement of the Common Elements, as said needs may arise.

- 7.8 Surplus Funds. Unless otherwise provided in the Declaration, any surplus funds of the Association remaining after payment of or provision for common expenses and any prepayment of reserve shall, in the discretion of the Board, either be paid to the Unit Owners in proportion to their common expense liabilities or credited to them to reduce their future common expense assessments.

ARTICLE 8

MORTGAGES

- 8.1 Notice to Association. An Owner who mortgages his Unit shall notify the Association through the Manager, if any, or the President of the Board, giving the name and address of his Mortgagee; provided, an Owner's failure to so notify the Association shall not invalidate or adversely affect an otherwise valid Mortgage. The Association shall maintain such information in a book or list entitled "Mortgagees of Units."
- 8.2 Copies of Notices. A Mortgagee of a Unit (and any insurer or guarantor of such Mortgage) shall be entitled to receive timely written notice: (a) that the Owner/Mortgagor of the Unit has for more than sixty (60) days failed to meet any obligation under the condominium documents; (b) of all meetings of the Association and be permitted to designate a representative to attend all such meetings; (c) of any condemnation loss or casualty loss affecting a material portion of the Property or the Unit on which it holds a Mortgage; (d) of any lapse, cancellation or material modification of insurance policies or fidelity bonds maintained by the Association; and (e) of any proposed action that requires the consent of a specified percentage of Mortgagees. To be entitled to receive notices under this Section, the Mortgagee (or Mortgage insurer or guarantor) must send a written request to the Association stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guaranties) the Mortgage.

ARTICLE 9

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS

- 9.1 Proof of Ownership. Any person on becoming an Owner of a condominium Unit shall furnish to the Manager or Board a photocopy of a copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or at a special meeting of members unless this requirement is first met; provided, that a failure to meet this requirement shall not invalidate an otherwise valid transfer of a Unit.

- 9.2 Registration of Mailing Address. The Owners of each condominium Unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications; and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of a condominium Unit Owner or Owners shall be furnished by such Owners to the Secretary within five (5) days after transfer of title; such registration shall be in written form and signed by all of the Owners of the condominium Unit or by such persons as are authorized by law to represent the interests of the Owners thereof. If no such address is registered or if all of the Owners cannot agree, then the address of the Unit shall be the registered address until another registered address is furnished as permitted under this section. Registered addresses may be changed from time to time by similar designation.
- 9.3 Completed Requirement. The requirements contained in this Article shall be first met before an Owner of a condominium Unit shall be deemed in good standing and entitled to vote at any annual or special meeting of members.

ARTICLE 10

MISCELLANEOUS

- 10.1 Conflict with Declaration or Law. These Bylaws are intended to comply with and supplement the requirements of the Washington Condominium Act (RCW 64.34) and the Declaration. If any of these Bylaws conflict with the provisions of said Act or Declaration, the provisions of the Act and Declaration will apply.
- 10.2 Notification on Sale of Unit. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners under Article 13 of the Declaration of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

The foregoing Bylaws are adopted by Declarant under its authority to act as the Board of the Association, and are effective upon the filing of the Articles of Incorporation of the Condominium Owners' Association with the Secretary of State.

These Bylaws were approved and accepted this 7th day of February,
1997.

DECLARANT(S):

Floyd Freimark
FLOYD FREIMARK