

BY-LAWS OF COLONIAL FOREST HOMEOWNERS' ASSOCIATION

ARTICLE I

Object and Definitions:

1.1 Purpose: These By-Laws are adopted for the administration of the Association and Property described in that certain Condominium Declaration (the "Declaration") recorded on the 19th day of June, 1978, under King County Auditor's file number 7806190622, along with the Survey Maps and Plans for the Property which were filed as of record on the same day under King County Auditor's file number 7806190620, and any and all amendments thereto, which Declaration, 'Survey Maps and Plans, and any amendments thereto, are by reference incorporated herein and made a part hereof.

1.2 Definitions: The terms used in these By-Laws shall have the same meaning as in the Declaration, unless otherwise indicated. The terms "owners" and "members" as used herein shall be synonymous.

1.3 Location: The initial office of the Association shall be located at 103 South 325th Place, Federal Way, Washington 98003.

1.4 Assent: Any person or persons who accept a conveyance, contract for sale, lease, rental agreement or any form of security agreement or instrument, or any privileges of use of enjoyment respecting the property or any apartment or condominium unit in the Horizontal Property Regime created by the Declaration, and all present or future owners, tenants, or any other person using the facilities of the project in any manner are subject to the provisions set forth in these By-Laws. The mere acceptance of a conveyance, contract for sale, lease, rental agreement or any form of security respecting the property or any apartment or condominium unit in the project or the mere act of occupancy or use of any of the said apartments or property shall constitute ratification of these By-Laws.

ARTICLE II

Membership

2.1 Qualification: Each fee owner shall be a member of the Association and shall be entitled to one membership for each apartment so owned; provided, that if an apartment has' been sold on contract, the contract purchaser shall exercise the rights of the apartment owner for purposes of the Association, this Declaration, and the By-Laws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of an apartment shall be the sole qualification for membership in the Association.

2.2 Transfer of Membership: The Association membership of each owner shall be appurtenant to the apartment giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any manner except upon the transfer of title to said apartment and then only to the transferee of title to such apartment. Any attempt to make a prohibited transfer shall be void. Any transfer of title to an apartment shall operate automatically to transfer the membership in the Association appurtenant thereto to the new owner thereof.

ARTICLE III

Voting

3.1 Number of Votes: The total voting power of all owners shall be one hundred (100) votes and total number of votes available to owners of any one apartment shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to such apartment. If a person owns more than one apartment, he shall have the votes for each apartment so owned.

3.2 Voting Owner: There shall be one (1) voting representative of each apartment. Each voting representative shall be designated by the owner or owners of each apartment by written notice to the Board of Directors, and need not be an owner.

The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in an apartment or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the apartment. This power of designation and revocation may be exercised by the guardian of an apartment owner, and the administrators or executors of an owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each apartment shall be the group composed of all of its owners. If an apartment is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community, unless they have specifically designated otherwise by written notice to the Board.

3.3 Pledged Votes: An apartment owner may, but by this subsection shall not be obligated to, pledge his vote on all issues or on certain specific issues to a mortgagee or beneficiary of a Deed of Trust or to a vendor under a duly recorded real estate contract. In the event the record owner or owners have pledged their vote regarding all or certain specific issues to a mortgagee or beneficiary of a Deed of Trust or to a vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary or vendor will be recognized in regard to the issues upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting owners and their respective mortgagees, deed of trust beneficiaries, and vendors, if any.

3.4 Voting by Condominium Mortgagee: The mortgagee of a condominium owner shall be entitled to exercise the vote of such owner as it pertains to the condominium upon which the mortgage or deed of trust is held in the event the mortgagee forecloses upon and takes ownership of the condominium. Mortgagee may, as to any specific matter on which it has a right to vote in place of its mortgagor owner, waive said voting right in writing, in which event the mortgagor owner shall be entitled to exercise its votes as to those matters specifically set forth in the written waiver.

ARTICLE IV

Board of Directors

4.1 Number: The affairs of the Association shall be governed by a Board of Directors. The number of Directors which shall constitute the whole Board shall be seven (7), and shall be elected from among the apartment owners.

4.2 Term: Of the seven (7) Board positions, four (4) positions shall be a two-year term, and three (3) positions shall be a three-year term. The terms of all Board members, whether appointed or elected where terms would not expire at any annual meeting, shall expire at the annual meeting in the year in which they would otherwise have expired. All directors not removed by the membership shall hold office until their successors are selected and accept the position or attend their first Board meeting.

4.3 Powers and Duties: The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Such powers and duties of the Board shall include, but shall not be limited to the following:

- (a) operation, care, upkeep and maintenance of the Common Areas;
- (b) determination of the common expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the Property;
- (c) collection of assessments from the apartment owners;
- (d) employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Areas. The Directors shall have the authority to enter into a contract for professional management of the condominium. If they enter into such contract the maximum term shall not exceed one (1) year, and the contract shall be terminable without cause or payment of a termination fee on thirty (30) days written notice.
- (e) adoption and amendment of rules and regulations covering the details of the operation and use of the Property, subject to a right of the apartment owners to overrule the Board. Rules and regulations may be promulgated and enforced by the Board;
- (f) opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- (g) obtaining of insurance for the Property;
- (h) making of repairs, additions and improvements to, or alterations of, the Property;
- (i) grant or relocate easements.

4.4 Rules and Regulations: The Board is empowered to adopt, amend, and revoke on behalf of the Association, detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of the Declaration and to promote the comfortable use and enjoyment of the property. The rules and regulations of the Association shall be binding upon all apartment owners and occupants and all other persons claiming any interest in the condominium.

4.5 Enforcement: The Board shall have the power and the duty to enforce the provisions of the Declaration, these By-Laws, and the rules and regulations of the Association for the benefit of the Association.

4.6 Nominations: If a Board position is to become vacant at any annual meeting, the President may appoint a nominating committee to select a slate of candidates for the positions to be vacant, which

shall be sent out with notice of meeting. Nominations from the floor shall always be entertained at meetings of the Association at which elections occur.

4.7 Vacancies: Vacancies in the Board of Directors caused by reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so selected shall be a Director until a successor for the remainder of the unexpired term is selected at the next annual meeting of the Association.

4.8 Removal of Directors: At any regular or special meeting duly called, anyone or more of the Directors may be removed with or without cause, by a vote of fifty-one percent (51%) of the voting power of all owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting before removal occurs.

4.9 Organization Meeting: The first meeting of a newly elected Board may be held immediately following the annual meeting and no notice shall be necessary to newly elected Board members in order to legally constitute such meeting, provided a majority of the whole Board shall be present. In any event, such meeting shall be held within ten (10) days of their selection at such place as shall be fixed by agreement of the Directors.

4.10 Compensation: No compensation shall be paid to Directors for their services.

4.11 Regular Meetings: Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board at least three (3) days previously thereto by personal delivery, or by mail, telephone or telegraph. If mailed, such notice shall be deemed delivered when deposited in the United States mail so addressed with postage thereon prepaid. Such notice shall state the time, place, and purpose of the meeting.

4.12 Special Meetings: Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each member of the Board, given in the manner provided for regular meetings, which notice shall state the time, place and purpose of the meeting. A special meeting shall be called by the President or Secretary at the written request of any two (2) Board members.

4.13 Waiver of Notice: Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Attendance of a Director by telephone is acceptable in lieu of personal attendance.

4.14 Action taken without a meeting: The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

4.15 Quorum: At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

4.16 Administering Agreements: The Board shall administer on behalf of the Association any and all agreements, including but not limited to agreements for cable television and electronic gate service, which apply to the property. Copies of any such agreements shall be kept with the Association's books and records and shall be made available for inspection of the members of the Association and any mortgagees.

The Board shall also administer, on behalf of the Association, the Association's compliance with any covenants or conditions, etc., pertaining to the property, including, but not limited to, Covenants and Conditions of West Campus, Campus Park Planned Unit Development, zoning or use restrictions, and other such provisions.

ARTICLE V

Apartment Owners

5.1 Annual Meetings: There shall be an annual meeting of owners in the first quarter of each year at such reasonable place and time as may be designated by the Board. At such meetings there shall be elected by ballot of the apartment owners, a Board of Directors in accordance with the requirements of Article IV of these By-Laws. Further, there shall be presented an audit of the common expenses, charges and assessments and special expenses, charges and assessments, itemizing receipts and disbursements for the preceding calendar year, and the allocation, thereof to each owner, and the estimated common and special expenses, charges and assessments for the coming calendar year. The Board at any time, or by written request of owners having at least sixty-six percent (66%) of the total votes, may require that an audit of the Association and management books be presented at any special meeting. The apartment owners may also transact such other business of the Association as may properly come before them.

5.2 Place of Meetings: Meetings of the apartment owners shall be held at the principal office of the Association, or at such other suitable place convenient to the apartment owners as may be designated by the Board of Directors.

5.3 Special Meetings: Special meetings of the owners may be called at any time for the purpose of considering matters which by the terms of the Declaration or the Act require the approval of all or some of the owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the President of the Association upon the decision of the President, or after request signed by a majority of the Board, or by written request by the owners having at least fifty-one percent (51%) of the total votes.

5.4 Notice of Meetings: It shall be the duty of the Secretary to give notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each apartment owner of record, at least ten (10) days prior to such meeting. The notice shall specify the date, time and place of the meeting, and in general the matters to be considered. Any first mortgagee of any apartment may attend or designate a representative to attend all meetings of the Association.

5.5 Adjournment of Meetings: if any meeting of apartment owners cannot be held because a quorum has not attended, a majority in common interest of the apartment owners who are present at such meeting, either in person or by proxy, shall adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Those who attend such a reconvened adjourned meeting, although holding less than fifty-one percent (51%) of the total vote, shall nevertheless constitute a quorum for the purpose of said meeting, provided at least thirty-nine percent (39%) of the total voting power of all apartments is present, and provided further that no amendment to the recorded Declaration may be adopted except under the conditions prescribed by law and in the Declaration, and no amendment to the By-Laws shall be adopted except in accordance with these By-Laws and Declaration, and no action shall be taken which requires a specific percentage of the voting power in the Declaration except as set forth in the Declaration.

5.6 Majority of Owners: As used in these By-Laws, the term "Majority of Owners" shall mean those owners of at least fifty-one percent (51%) of the total voting power of all owners.

Except as otherwise provided in these By-Laws, or the Declaration, the presence in person or by proxy of a majority of owners as above defined shall constitute a quorum for the transaction of business at any meeting of the members of the association.

5.7 Majority vote: Except as otherwise provided by statute, by the Declaration, or by these By-Laws, passage of any matter submitted to vote at a meeting or adjourned meeting duly called, where a quorum, as defined by these By-Laws, is in attendance, shall require the affirmative vote of at least fifty-one percent (51%) of the voting power present in person or by proxy.

5.8 Proxies: Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed or acknowledged, and are to be filed with the Board or Secretary before the appointed time of each meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided for in the proxy.

5.9 Order of Business: The order of business at meetings of the Association shall be as follows unless dispensed with upon motion:

- (a) Roll call ;
- (b) Statement of Notice of Meeting or Waiver of Notice;
- (c) Announcement of Voting Power Present;
- (d) Reading and Disposition of any Unapproved Minutes;
- (e) Reports of Officers;
- (f) Reports of Committees;
- (g) Election of Directors (if necessary);
- (h) Unfinished Business'
- (i) New Business;

(j) Adjournment.

5.10 Parliamentary Authority: In the event of dispute concerning procedure and order at such meetings, the parliamentary authority for the meeting shall be Roberts Rules of Order.

ARTICLE VI

Officers

6.1 Designation: The principal officers of the Association shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. Each officer shall have all those powers and duties normally associated with his office or specified by resolution of the Board or Association.

6.2 Election of Officers: The officers of the Association shall be elected annually by the Board at the organization meeting of each new board, and shall hold office at the pleasure of the Board and until their successors are elected. Any person may hold concurrently any two offices (and may also concurrently be a Board member), except that the same person may not concurrently hold the offices of President and Secretary. The office of Vice-President need not be filled.

6.3 Removal of Officers: Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

6.4 President: The President shall be the chief executive officer of the Association. He/she shall preside at all meetings of the apartment owners and of the Board of Directors. He/she shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Non-Profit Corporation Law of the State of Washington, including but not limited to the power to appoint committees from among the apartment owners from time to time as he/she may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association.

6.5 Vice-President: The Vice-President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors or by the President.

6.6 Secretary: The Secretary shall keep the minutes of all meetings of the apartment owners and of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; and shall in general, perform all the duties incident to the office of Secretary of a corporation organized under the Non-Profit Corporation Law of the State of Washington. The office of Secretary may be held by the same person holding the office of Treasurer.

6.7 Treasurer: The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the

deposit of all moneys and other valuable effects in the name of the Board of Directors in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Non--Profit Corporation Law of the State of Washington. No payment vouchers shall be paid unless and until approved by the Treasurer.

6.8 Other Officers, Assistants, and Employees: Other officers of the Association, assistants to the officers, or persons employed to assist the officers, shall have such authority and shall perform such duties as the Board of Directors may prescribe within the provisions of the applicable statutes, the Declaration, and the By-Laws. An assistant secretary or treasurer shall have all of the powers of the secretary or treasurer in the absence of such officer.

6.9 Agreements, Contracts, Deeds, Checks, etc.: All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by such other person or persons as may be designated by the Board of Directors.

6.10 Compensation of Officers: No officer shall receive any compensation from the Association for acting as such.

ARTICLE VII

Committees

7.7 Committees of Directors: The Board of Directors may designate one or more committees consisting of one or more Directors. If composed entirely of Board members, such committee shall have, to the extent provided in the resolution establishing the committee, the authority of the Board, but the designation of committee shall not relieve the Board of any responsibility imposed upon it by law, the Declaration or these By-Laws.

7.2 Other Committees: Other committees, with no Board authority, may be designated by the President or the Board, and may be composed of one or more person, but each committee shall have at least one Board member as a Chairman.

ARTICLE VIII

Accounts

8.1 Accounts: Accounts necessary for the operation of the property and common areas shall be established. Supervision of these accounts shall be the responsibility of the Treasurer. The Treasurer shall administer the various accounts in such a way that the funds are secure and that signature cards for the accounts at the various institutions holding the funds are up to date. Initially there shall be three (3) accounts as provided below. The requirements of this section may be superseded by the Treasurer upon advice and instructions of a certified public accountant retained by the Association.

8.2 Insurance Accounts: The Treasurer shall cause to be established an account in a federally insured depository to be known as the insurance account. Each month the Treasurer shall first cause to be

deposited in the insurance account an amount equal to a least one-twelfth (1/12) of the total annual cost of all premiums for the policies of insurance and bonds provided and maintained for the condominium properties.

8.3 Reserve Accounts: The Treasurer shall cause to be established and maintained an account in a federally insured depository to be known as the reserve account. The purpose of the reserve account is to provide for major redecorating of interior and exterior common areas, for replacement of structural or other elements of mechanical equipment of the condominium, for financial stability during periods of special stress, to meet deficiencies in the general funds that may occur from time to time as a result of delinquent payment of assessments or otherwise, and for other contingencies.

8.4 General Account: The Treasurer shall cause to be established a checking account to be known as the general account. This account will be the working account for the current operation of the condominium and will normally receive all monthly assessments, and all other funds received by the Association. Checks shall be issued from this account for all management, maintenance and operation expenditures necessary for the condominium. Funds for the insurance account and reserve account will normally be received and deposited in the general account and checks issued to the other accounts so that the overall accounting records of the general account are maintained.

ARTICLE IX

Mortgagees

9.1 Notice of Unpaid Assessments: The Association shall at the request of the mortgagee of an apartment report any unpaid assessments due from the owner of such apartment.

9.2 List of Mortgagees: Owners are required to notify the Association through the managing agent or the President or Secretary, of the name and address of the mortgagee of his apartment. The Association shall maintain such information in a book or list entitled "Mortgagees of Apartment Units."

ARTICLE X

Conflict with Declaration or Law

10.1 These By-Laws are intended to comply with and supplement the requirements of the Washington Horizontal Property Regimes Act and any amendments thereto, and the Declaration for Colonial Forest (formerly known as Quiet Forest). Should any of these By-Laws conflict with the provisions of said statutes or Declaration, the provision of the statute and Declaration shall superseded and apply. Additionally, the provisions hereof shall be deemed independent and severable, and the invalidity of or partial invalidity or unenforceability of anyone provision or portion hereof shall not affect the validity or enforceability of any other portion or provision.

ARTICLE XI

Rules and Regulations

11.1 The Board is empowered to adopt, amend, and revoke on behalf of the Association, detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of the Declaration and to promote the comfortable use and enjoyment of the Property. The rules and regulations of the Association shall be binding upon all apartment owners and occupants and all other persons claiming any interest in the condominium. The rules and regulations adopted by the Board, shall be done at a regular or special meeting of the Board, with a quorum present, and shall require the affirmative vote of a majority of all directors for adoption. Any and all rules and regulations of the Association shall be kept with the other books and records of the Association and shall be made available for the inspection of all members and mortgagees.

ARTICLE XII

Revoking Prior By-Laws

12.1 All prior By-laws and amendments thereto are hereby revoked in full, and these By-Laws are hereby stated to be the sole and complete By-laws of the Association as of the date of execution.