

SCHEDULE D  
BYLAWS OF  
WESTRIDGE TOWNHOMES  
OWNERS ASSOCIATION

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The following are Bylaws of Westridge Townhomes Owners Association, a Washington nonprofit corporation. These Bylaws provide for operation of Westridge Townhomes, a condominium established under the laws of the state of Washington. They apply to the entire condominium, each unit therein, and all common areas and facilities. Each owner automatically, by virtue of such ownership, becomes a member of the Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees, and occupants of units, 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 Westridge Townhomes, a condominium, and the rules and regulations pertaining to use and operation of the condominium.

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

Until the Transition Date occurs, these Bylaws shall be administered and may be amended (subject to such mortgagee approval as may be required) by Declarant, or by a managing agent appointed by Declarant, or by an interim board of directors designated by Declarant. All references herein to the "Board" shall apply with equal force and effect to Declarant, the managing agent, or the interim board of directors, whichever has the responsibility for administering the condominium.

**ARTICLE 1. MEMBERSHIP; REGISTER; VOTING**

Section 1.1 Membership. The owners of units in the condominium shall constitute the Owners Association. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Owners of a unit as joint tenants, tenants in common, community property, or other ownership involving more than one owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the percentage of interest for voting power appurtenant to the unit owned.

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Section 1.2 Voting. The total voting power of all members shall be 100 votes and the total number of votes available to the owner or owners of any one unit shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to the unit, as set forth in the Declaration. A member who owns more than one unit shall have the votes appertaining to each unit owned.

Section 1.3 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 with no legal guardian of his estate, through a parent having custody of the minor.

Section 1.4 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a unit or any interest therein, and any mortgages thereon.

ARTICLE 2. MEETINGS OF MEMBERS.

Section 2.1 Place. Meetings of the members 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.

Section 2.2 Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each fiscal year, on a date fixed by the Board. At such annual meeting there shall be a financial report, the owners shall elect members to the Board or fill vacancies therein, and such other business as shall properly come before the meeting may be transacted.

Section 2.3 Special Meetings. It shall be the duty of the president to call a special meeting of the Association as directed by resolution of the Board or upon the written request of a majority of the Board or upon the written request of owners having one-third of the total voting power of the Association. A meeting called at the request of the members shall be held at such time as the president may fix, which time shall not be less than 10 nor more than 30 days after the receipt of the written request therefor. No business shall be transacted at a special meeting except as stated in the notice given therefor unless

consented to by four-fifths of the owners present either in person or by proxy.

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Section 2.4 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual and special meeting, stating the purpose thereof and the time and place where it is to be held, to each member of the Association and to each mortgagee that has requested notice, all as provided in Article 15 of the Declaration. Notice shall be given at least ten and not more than 30 days before each meeting. Before any meeting of the Association, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

Section 2.5 Quorum. The presence in person or by proxy of members of the Association or voting representatives holding 50% of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

Section 2.6 Proxies. Any owner or voting representative may vote by proxy. Proxies shall be in writing, signed by the owner, or voting representative, and filed with the Board. Proxies may be revoked at any time by written notice to the Board. Any designation of proxy must be signed by all owners of a unit; but where husband and wife are owners, the proxy need be signed by only one spouse unless the other spouse notifies the Board not to accept the proxy.

Section 2.7 Adjournment of Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners present, in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 2.8 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 at least 51% of the voting power present.

Section 2.9 Order of Business. The order of business at 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;

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- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of inspectors of election;
- (g) Election of directors (annual meeting or special meeting called for such purpose);
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

Section 2.10 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be 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 3. BOARD OF DIRECTORS.

Section 3.1 Number and Qualifications. The affairs of the Association shall be governed by a Board of not fewer than three nor more than seven directors, who shall be elected by ballot from the members of the Association. The members of the Association at any meeting may change the number of directors within those limits, but shall not reduce the number in such a manner to deny an incumbent director (unless removed for cause) a full term of office. If a corporation is a member of the Association, any one of its officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any one partner of such partnership may be elected to the Board.

Section 3.2 Powers and Duties. The Board shall have the powers and duties provided for the administering authority of the condominium in the statutes and in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration required to be done in another manner. No contract made by the Board or any officer for the Association shall have a fixed term longer than one year.

Section 3.3 Managing Agent. Management of the condominium shall initially be carried out by Declarant or a Managing Agent appointed by Declarant or by an interim Board selected by Declarant as provided in Article 16 of the Declaration. The

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interim Board, if one is selected, and the permanent Board after the Transition Date, may employ an experienced professional managing agent to assist the Board in the management and operation of the condominium.

Section 3.4 Election and Term of Office. On the Transition Date or as soon after it as possible there shall be a meeting of the Association to elect a Board of five directors to serve until the first day of the calendar month following the date of adjournment of the first annual meeting. Thereafter, the term of office for directors will begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected. The normal term of office for directors will be for three years and until their successors are elected and take office. However, to provide for staggered terms, at the first annual meeting one-third of the number of directors (or the whole number nearest to one-third) shall be elected for one year, the same number shall be elected for two years, and the remainder shall be elected for three years.

Section 3.5 Vacancies. Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

Section 3.6 Removal of Directors. At any regular or special meeting after the Transition Date, any one or more of the directors may be removed, with or without cause, by the holders of a majority of the total voting power of the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 3.7 Compensation. No compensation shall be paid to directors for their services as directors.

Section 3.8 Organization Meeting. The first meeting of the newly elected Board shall be held within ten days of election at a place to be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to call the meeting, providing a majority of the whole Board shall be present at the meeting.

Section 3.9 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 directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally or by mail, telephone, or telegraph, at least three days before the day fixed for the meeting.

Section 3.10 Special Meetings. Special meetings of the Board may be called by the president on three days' notice to each director, 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 directors.

Section 3.11 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director 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 directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.12 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. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.13 Open Meeting. Any owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. 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 interests of the Association in such litigation.

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ARTICLE 4. OFFICERS.

Section 4.1 Designation. The principal officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 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.

Section 4.4 President. The president shall be the chief executive officer 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.

Section 4.5 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.

Section 4.6 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.

Section 4.7 Treasurer. The treasurer shall have 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.

Section 4.8 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.

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Section 4.9 Compensation. The Board may pay reasonable compensation to any officer or 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 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 60 days after the notice of the decision was given.

Section 4.10 Declarant's Powers. In accordance with the Declaration, the Declarant, Declarant's managing agent, or the interim board of directors may exercise the powers of the officers until the Transition Date.

ARTICLE 5. COMMITTEES.

Section 5.1 Committees of Directors. The Board may appoint one or more committees that consist of one or more directors. 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.

Section 5.2 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 directors, and such committees may be composed of one or more members of the Association.

ARTICLE 6. OBLIGATION OF OWNERS.

Section 6.1 Assessments. All owners are obligated to pay assessments imposed by the Association to meet the common expenses of the condominium as provided in the Declaration.

Section 6.2 Foreclosure of Assessment Lien--Rental Value of Units. From the time of commencement of an action against an owner to foreclose the lien of unpaid assessments, the owner shall pay to the Association the reasonable rental value of the unit. The Association shall be entitled to the appointment of a receiver to collect the rental, who may, if the rental is not paid, obtain possession of the unit, refurbish it to a reasonable standard, and rent the unit or permit its rental to others. Rentals collected therefrom shall be applied: First, to pay the expenses of the receivership (including reasonable



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attorney's fees); second, to reimburse the costs of refurbishing the unit; third, to costs, fees and charges incurred by the Association in the foreclosure action; and fourth, to the payment of the assessments due and any interest accrued thereon. Any judgment rendered against the owner in a foreclosure action or receivership proceeding shall include a reasonable sum for attorney's fees and for all costs and expenses reasonably incurred in preparation for or in the prosecution of the action, in addition to taxable costs permitted by law.

Section 6.3 Damages to Common Areas. Each owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area or facility damaged through that owner's fault.

#### ARTICLE 7. RIGHTS OF ACTION.

Each owner, the Board and the Association shall comply strictly with the Declaration, these Bylaws, and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, the decisions of the Board, and with the covenants, conditions, and restrictions set forth in the deed to his unit. Failure to comply with any of the foregoing shall be ground for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board or the managing agent on behalf of the Association or by an owner.

#### ARTICLE 8. HANDLING OF FUNDS.

Section 8.1 Accounts. The Association shall establish the necessary funds or accounts to provide properly 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 separate funds as described in Sections 8.2, 8.3, and 8.4.

Section 8.2 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 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 Areas and Facilities. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Areas and Facilities will normally be deposited in the Working Capital Fund and checks immediately issued to the other

fund 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.

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Section 8.3 Reserve Fund for Insurance Premiums. The Association shall maintain a fund which shall be known as the 'Reserve Fund for Insurance Premiums.' Each month the treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth 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.

Section 8.4 Reserve Fund for Common Areas and Facilities. The Association shall maintain a fund which shall be known as the 'Reserve Fund for Common Areas and Facilities.' The Treasurer shall deposit to this reserve account amounts reasonably anticipated to be required for the periodic maintenance, repair, and replacement of the common areas and facilities.

Section 8.5 Combination and Deposit or Investment of Funds. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The reserve funds and any portion of the Working Capital Fund not required for current expenditures may be combined in one or more savings accounts, certificates of deposit, or other accounts or deposits.

ARTICLE 9. AMENDMENT OF PERCENTAGE OF INTEREST IN COMMON AREAS AND FACILITIES.

Section 9.1 Appraisal. The condominium and all parts thereof shall be reappraised upon the happening of any event which, in the judgment of the Board, requires a reappraisal and reapportionment of the values of one or more units or appurtenant common areas and facilities. The appraisal shall be made by a competent appraiser selected by the Board. After the appraisal has been made, it shall be considered by the owners at an annual or special meeting. Any owner shall have the right to be heard at the meeting and to introduce evidence if he desires.

Section 9.2 Consent Required. The value of the property and of each unit and the percentage of undivided interest in the common areas and facilities shall be altered only by amending the Declaration in the manner provided in Article 26 thereof.

ARTICLE 10. KEEPING RECORDS AND REPORTS.

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and

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expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the owners, mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

ARTICLE 11. AMENDMENTS.

The procedure and necessary consents required for adoption of amendments to the Bylaws are set forth in Article 28 of the Declaration. An amendment will become effective upon the recording of a certificate of the amendment, executed by two officers of the Association, in the public records.

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

DECLARANT

WESTRIDGE DEVELOPMENT GROUP

By \_\_\_\_\_

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