

BYLAWS OF RICHMOND MANOR CONDOMINIUMS OWNERS ASSOCIATION

The Following are the Bylaws of Richmond Manor Condominiums Owners Association (the "Association"). These Bylaws apply to the entire condominium project, each condominium unit therein and all common elements. Each unit owner is a member of the Association. All present and future owners, mortgagees and other encumbrances, lessees, tenants, licensees and occupants of units, and their guests and employees, and any other person who may use the common elements of the condominium project are subject to these Bylaws, the Declaration and the Rules and Regulations established from time to time by the Association for the use and operation of the project. These Bylaws have been established by the Declarant, and may be amended as provided herein.

ARTICLE I

MEMBERSHIP; VOTING; REGISTER

1. **Membership.** The Association shall be composed of the owners of each unit who may participate through designated representatives, as set forth in the Declaration.
2. **Voting.** The aggregate voting power of all units is one hundred (100) votes. Each unit is entitled to the number of votes equal to its percentage of undivided interest in the common elements as set forth in the recorded Declaration, and Covenants, Conditions and Restrictions for the condominium ("Declaration").
3. **Register of Members.** The Board of Directors of the Association shall maintain a register containing the names and addresses of all owners of units, their designated representatives, any voting rights pledges and any proxies that have been filed With the Association. Owners who sell or convey their interests in a unit shall promptly report to the Board of Directors the name and address of their successor in interest. Persons claiming membership in the Association shall, upon request, furnish the Board of Directors with a copy of any documents under which they assert ownership to a unit, or any interest therein. The Board of Directors may require owners to supply it with copies of any security instrument affecting their interests.

ARTICLE II

MEETINGS OF MEMBERS

1. **Place.** Meetings of the Association shall be held at such a reasonable place as may be designated from time to time by the Board of Directors.
2. **Annual Meeting.** The annual meeting of the Association shall be held in the third quarter of each year, on a date fixed by the Board of Directors. At the annual meeting the owners or their designated

representatives shall elect directors or fill vacancies in the Board of Directors as provided in the Declaration and shall consider such other business as may properly come before the meeting.

3. Special Meeting. The President, a majority of the Board of Directors, or the owners or their designated representatives having twenty (20) or more votes may call a special meeting of the Association.

4. Notice of Meeting. It shall be the duty of the Secretary/Treasurer to send by prepaid United States mail a notice of each annual and special meeting to each owner or his designated representative (and any other person entitled to notice under the Declaration or Bylaws) at such address as the owner or other person shall have furnished in writing to the Boards of Directors, or, if an owner fails to specify such address, the address of the unit owned by the owner. The notice 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 amendments to the declaration or bylaws, changes in the previously approved budget that result in a change in assessment obligations, and any proposal to remove a director or officer. The notice shall be given at least fifteen (15) days prior to an annual or special meeting. Notice of any meeting of the Association may be waived in writing at any time and is waived by actual attendance at such meeting, unless such appearance is limited expressly to object to the legality of the meeting.

Any holder of a mortgage on a unit (or any insurer or guarantor of such mortgage) will, upon written request filed with the Association, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

5. Quorum. The presence in person or by proxy of owners or their designated representatives having fifty-one (51) or more votes shall constitute a quorum for the transaction of business at any meeting of the Association.

6. Adjourned Meetings. If any meeting of the Association cannot be held because a quorum is not in attendance, the owners or their designated representatives present may adjourn the meeting to a later date and give notice thereof to each owner or his designated representative (and each other person entitled to notice) in accordance with the Declaration, and those who attend such an adjourned meeting, although holding less than fifty-one (51) votes but at least twenty-five (25) votes, shall nevertheless constitute a quorum for the purpose of said meeting; provided that no amendment to the Declaration or Bylaws shall be adopted except as prescribed by the Declaration and Bylaws, and further, no amendment to these Bylaws shall be adopted unless owners or their designated representatives holding sixty (60) or more votes vote in favor of such amendment.

7. Proxies. Any owner or his designated representative may vote by proxy. Proxies shall be in writing, signed by the owner or his designated representative, and filed with the Board of Directors. A proxy must be for the voting power of the condominium unit. A unit owner may not revoke a proxy except by actual notice of revocation given to the President (such other person presiding over the meeting). A proxy is void if it is not dated or purports to be revocable without notice. Unless otherwise stated in the proxy, a proxy terminates eleven months after its date of issuance.

8. Majority Vote. Except as otherwise provided by the Declaration or these Bylaws, passage of any matter submitted to vote at a meeting or adjourned meeting duly called, where a quorum is in attendance in person or by proxy, shall require the affirmative vote of fifty- one percent (51%) or more of the total votes present in person or by proxy.

9. Order of Business. The order of business or meetings of the Association shall be as follows unless dispensed with or altered by motion:

(a) Roll call

Proof of notice of meeting or waiver of notice

(c) Minutes of preceding meeting

(d) Reports of officers

(e) Reports of committees

(f) Election of Directors (annual meeting or special meeting called for such purpose)

(g) Unfinished business

(h) New business

(j) Adjournment

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

ARTICLE III

BOARD OF DIRECTORS; SUBMISSION OF OFFICIAL BUSINESS

1. Number: Election Not later than the conveyance of the first unit of the Condominium Units, the affairs of the Association shall be governed by a Board of Directors composed of two (2) persons who shall be appointed by Declarant as provided in the Declaration (the "Interim Board").

2. Management by Declarant/Interim Board. As provided in the Declaration, the duties of the Board of Directors, prior to the election of the Interim Board, shall be carried out by the Declarant. The Declarant shall call a special meeting of the Association to be held no later than sixty (60) days after the conveyance of twenty-five percent (25%) of the units for the purpose of electing one (1) additional member to the Interim Board. Such director shall be elected by the majority vote of the unit other than the Declarant, and shall serve until the five (5) members of Board of Directors are elected pursuant to Section 3 below.

3. Election of Final Board of Directors. The Declarant shall call a special meeting

of the Association for the purpose of electing the -final Board of Directors to be held no later than the earlier of: (a) three (3) years from the first conveyance of record of a unit except as security for a debt; (b) two (2) years from the date of the last conveyance of record of a unit except as security for a debt; or (c) sixty (60) days from the date on which the Declarant shall have closed the sale of seventy-five percent (75%) of the units. Thereafter, the Condominium project's affairs shall be governed by the final Board of Directors. The final Board of Directors elected pursuant to this Section shall consist of five (5) members who shall serve without compensation and a majority of whom shall be unit owners. During its term of office the Interim Board (and the Declarant until the Interim Board is appointed) shall exercise its rights, duties and functions of the elected Board of Directors as set forth in the Declaration and these Bylaws.

The terms of office of the first directors elected to the final Board of Directors pursuant to this Section shall be staggered, with two (2) directors elected for one (1) year terms and three (3) directors elected for two (2) year terms, or until their respective successor is elected, whichever is later, and a director may be elected to serve for an additional term or terms. After the first election of directors to the final Board of Directors, directors will be elected as terms expire, for two (2) year terms.

4. Vacancies. Vacancies in the elected Board of Directors shall be filled by the majority vote of the member of the Association. Vacancies in the Interim Board shall be filled by the Declarant without a meeting of the Association.

5. Removal of Directors. Any director may be removed and a successor elected for the unexpired portion of his or her term by the majority vote of the members of the Association at a meeting duly called for such purpose. Except for directors elected by the Association, the Declarant may remove members of the Interim Board with or without cause, and appoint directors to fill the vacancies thus created without a meeting of the Association.

6. Compensation. No compensation shall be paid to Directors for their services as Directors.

7. Organization Meeting. The first meeting of the Interim Board and the elected Board of Directors shall be held within ten (10) days of their appointment or election at such place as shall be fixed by agreement of the Board members, and no notice shall be necessary to the new Directors in order to legally constitute such meeting, provided a majority of the Board members shall be present.

8. Regular Meeting. 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 and one (1) such meeting shall be held immediately after the annual meeting of owners. Notice of regular meetings of the Board of Directors shall be given to each Director personally, or by mail, telephone or facsimile (with confirmation of receipt), to the address or using such other contact information as has been supplied by each Director for such purpose, at least three (3) days' prior to the day fixed for such meeting, which notice shall state the time and place of the meeting.

9. Special Meeting. Special meetings of the Board of Directors may be called, by the President on three (3) days' prior notice to each Director, given personally, or by mail, telephone, or facsimile (with confirmation of receipt), to the address or using such other contact information as has been supplied by each Director for such purpose, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of the Directors shall be called by the President in like manner and on like notice at the written request of at least one (1) Director.

10. Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed • equivalent to the giving of notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

11. Quorum. At all meetings of the Board of Directors, the attendance of at least sixty percent (60%) of the Directors shall be required for a quorum, 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.

12. Complaints and Official Business. Any complaints and all official business shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President if available, and the Secretary/Treasurer if the President is not available.

ARTICLE IV

OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice President, and a Secretary/Treasurer, all of whom shall be elected by and from the Board of Directors.

2. Election of Officers. The officers of the Association shall be elected annually by the Board at the Board meeting after the annual meeting of the Association and they shall hold office at the pleasure of the Board.

3. Removal of Officers. At any regular meeting of the Board of Directors or at any special meeting called for that purpose, any officer may be removed, with or without cause, and his successor elected, upon an affirmative vote of a majority of the members of the Board of Directors.

4. President. The President shall be the chief executive office of the Association. He shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and duties usually vested in the office of the President.

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 assigned by the Board of Directors.

6. Secretary/Treasurer. The Secretary/Treasurer shall keep the minutes of all meetings of the Board of Directors and of the Association, shall also maintain the register of owners, designated representatives, voting rights pledges and proxies, and shall, in addition, perform all duties usually incident to the office of Secretary/Treasurer of a business corporation. The Secretary/Treasurer further shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate of all receipts and disbursements in books belonging to the Association.

7. Other Officers, Assistants, Employees. Other officers of the Association, assistants to the officers, or person 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 status, the Declaration, and these Bylaws.

8. Compensation. The Board of Directors may authorize payment of 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 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.

ARTICLE V

COMMITTEES AND MANAGER

1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall 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 of Directors in the management of the Association, but the designation of such committees shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or by the Board of Directors, and such committees may be composed of one or more members of the Association other than Board members, but each shall have at least one (1) Director as a member or chairperson.

3. Delegation to Manager. The Board of Directors may arrange and contract for the services of a person or firm to manage the building (hereinafter called the "Manager") to the extent it deems advisable as well as such other personnel as are necessary in its opinion for the proper operation of the Condominium, and may delegate any of its duties, powers or functions to the Manager, provided that any contract for management services and any such delegation shall be subject to all requirements of the Declaration. Any such management contract entered into prior to a transfer of control by Declarant to the Unit Owners must provide that it may be terminated by the Association at any time without cause after such transfer of control. A contract for management may not be for a term in excess of one (1)

year, renewable by agreement of the parties for successive one-year periods. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

ARTICLE VI

OBLIGATION OF UNIT OWNERS

1. **Monthly Assessments.** Unit owners are obligated to pay the maintenance assessments and other assessments imposed by the Association to meet all common expenses of the property as set forth in the Declaration, and the Board of Directors shall act to establish assess, collect and expend such assessments as therein provided.
2. **Rules and Regulations.** The Board of Directors may, from time to time, adopt such rules and regulations (in addition to the restrictions set forth in the Declaration) as may be required for the use, occupancy and maintenance of the Units, Common Elements and when so adopted, such rules and regulations shall be binding upon all of the owners and occupants. Such rules and regulations shall be consistent with the Declaration and Bylaws, and, to the extent they are inconsistent, the rules and regulations shall be invalid. The Board of Directors may from time to time amend any such rules and regulations.

ARTICLE VII

HANDLING OF FUNDS

1. **Accounts.** The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property owned by the Association or for which it is responsible under the Declaration. Overall superintendence of these funds shall be the responsibility of the Secretary/Treasurer of the Association. The Secretary/Treasurer shall administer the Association's accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are current.
2. **Insurance Account.** The Secretary/Treasurer shall establish an interest-bearing savings account at a federally insured financial institution, this account to be known as the Insurance Account. Each month the Secretary/Treasurer shall first cause to be deposited in the Insurance Account an amount equal to at least one-twelfth of the total cost of all premiums for the policy or policies that are provided for the Condominium.
3. **Reserve Account.** The Secretary/Treasurer shall establish an interest-bearing savings account at a federally insured financial institution, this account to be known as the Reserve Account. The purpose of the Reserve Account is to provide for major renovation or replacement of components of the interior and exterior common areas, for replacement of structural elements and mechanical equipment of the Condominium project, for financial stability during periods of special stress, and to meet deficiencies in the general funds that may occur from time to time as a result of delinquent payment of assessments,

and for other contingencies. The Reserve Account shall be funded by monthly payments from the common expense assessments, and not by extraordinary special assessments.

4. General Account. The Secretary/Treasurer shall establish a checking account in a federally insured financial institution to be known as the General Account. This Account will be the working capital account for the current operations of the Condominium and will normally receive all monthly assessments, and all income and 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 Insurance Account and Reserve Account will normally be received and deposited in the General Account and checks issued to the other accounts immediately so that an overall accounting of the funds received and disbursed by the Association is centralized in the check register of the General Account.

ARTICLE VIII

KEEPING RECORDS AND REPORTS

1. General. The Secretary/Treasurer shall keep complete and accurate books and records prepare according to generally accepted accounting principles of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. The Secretary/Treasurer shall keep such additional financial records sufficiently detailed to enable the Association to comply with its duties under RCW 64.34.372 and RCW 64.34.425, and as they may be subsequently amended. Such books and records, authorizations of payment of expenditures, audited financial statements, if any, and all contracts, documents, papers and other records of the Association shall be available for examination, upon request, by any owner or his designated representative, agent or attorney, or by any holders, insurers, and guarantors of first mortgages on any unit, during normal business hours, and under other reasonable circumstances.

2. Financial Reports. Unit owners and holders, insurers, and guarantors of first mortgages on any unit ("Interested Parties") shall be entitled to inspect the books, records, and financial statements of the Association during normal business hours and under other reasonable circumstances.

ARTICLE IX

AMENDMENTS

Except as otherwise provided below, the Bylaws may be amended or repealed by the Board of Directors in the manner herein specified. Owners or their designated representatives having sixty (60) or more votes may amend or repeal the Bylaws at any annual meeting or special meeting duly called for that purpose. The Board of Directors shall not amend or repeal any Bylaws duly adopted by the owners or their designated representatives; and the owners or their designated representatives shall not amend the Bylaws without the Declarant's written consent until the Declarant has closed the sale of seventy-five percent (75%) of the units in the Condominium. Notwithstanding the foregoing, no amendment of

the Bylaws modifying, changing, limiting, altering or otherwise materially affecting the rights conferred upon the mortgagee of the Condominium project or any mortgagee of a condominium unit with respect to any unsatisfied mortgage, duly recorded, shall be effective unless such amendment shall be approved in writing in advance by the holder of such mortgage. Furthermore, any amendment to the Bylaws shall require the prior approval of seventy-five percent (75%) of all first mortgagees of record. Upon any amendment of the Bylaws and for the same to be effective; the Declaration shall be amended in the manner therein required, as necessary to correspond with such amended provisions of the Bylaws.

ARTICLE X

MISCELLANEOUS

1. Notices for all Purposes. Any notice permitted or required to be delivered under the provisions of these Bylaws may be delivered either personally or by mail unless otherwise provided in these Bylaws. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, first-class postage prepaid, addressed as required in Section 21 of the Declaration. Notice to the owner of a unit or his designated representative shall be sufficient if mailed to the unit of such person, if no other mailing address in the State of Washington has been given in writing to the Board by such person. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until a Board of Directors has been appointed or elected and, thereafter, shall be given to the President or Secretary/Treasurer of the Association.

2. Waiver. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of these Bylaws, or any rules and regulations established by the Board of Directors, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of Directors of any assessment from an owner, with knowledge of any such breach, shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

3. Limitation of Liability. To the extent permitted by law, the members of the Board of Directors and the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors or for injury or damage to person or No property caused by the elements, or by another owner or person; or resulting from electricity, natural gas, water, rain, dust, smoke or sand which may lead or flow from outside or from any parts of the property, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other cause or place; or resulting from loss, damage, or theft of articles used or stored by owners on the property or in units. No diminution or abatement of assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common elements, or from any action taken to comply with any law, ordinance, or order of official a governmental authority. This Section shall not limit the liability

of directors appointed by the Declarant for breach of a fiduciary duty owed to the unit owners. This Section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

4. Interpretation. The provisions of the Declaration and these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of this Condominium project. It is intended also that, insofar as it affects the Declaration, these Bylaws and this Condominium project, the provisions of RCW Chapters 64.34 and 24.03 under which the Declaration and these Bylaws are operative, shall be liberally construed to effect the intent of the Declaration and these Bylaws insofar as reasonably possible and consistent with applicable law.

5. Nonprofit Association. This Association is not organized for profit. No member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to or distributed to, or inure to the benefit of any members of the Board of Directors. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any member of the Association or Manager while acting as an agent or employee of the Association for services rendered in effecting one or more purposes of the Association, and (2) any member of the Association or member of the Board of Directors may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

6. Action Without a Meeting. The Owners, the Board of Directors, or a committee thereof, may take any action which could properly be taken at a meeting without such a meeting if a unanimous consent in writing setting forth the action or actions taken is signed by all Owners, all directors, or all committee members, as the case may be, before or after the action is taken, entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote at a meeting duly called, and the original thereof, containing all required signatures, shall be filed in the records of minutes of the Association. Action taken by unanimous written consent of the Owners is effective when all consents are in possession of the Association, unless the consent specifies a later effective date.