

**BYLAWS
OF
BROWNSTONE AT ISSAQUAH HIGHLANDS CONDOMINIUM ASSOCIATION**

The following are Bylaws of BROWNSTONE AT ISSAQUAH HIGHLANDS CONDOMINIUM ASSOCIATION. These Bylaws provide for operation of BROWNSTONE AT ISSAQUAH HIGHLANDS, a Condominium, established under the laws of the state of Washington. They apply to the entire Condominium, each Unit therein, and all Common Elements and facilities. Each Owner of a Unit 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 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 for BROWNSTONE AT ISSAQUAH HIGHLANDS, 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.

"Transition Date" shall mean the earlier of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than Declarant; (b) two (2) years after the last conveyance or transfer of record of a Unit, except for security purposes; or (c) the date on which Declarant records an Amendment to the Declaration in which Declarant voluntarily surrenders the right to appoint and approve officers and members of the Board of Directors. 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 Manager 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 Manager or the interim Board of Directors, whichever has the responsibility for administering the Condominium.

**ARTICLE 1
MEMBERSHIP; REGISTER; VOTING**

1.1 Membership. The Owners of Units in the Condominium shall constitute the Condominium 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.

1.2 Voting. The total voting power of all Owners when all Phases are established shall be one hundred seventy-six (176) votes, provided that the total voting power will be adjusted to match the total number of Units actually included in the Condominium. Until all Phases are established, the total voting power of all Owners shall be equal to the number of Units then part of the Condominium. At all times, each Unit Owner shall have one (1) vote for each Unit owned.

1.3 Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, the Owner is entitled to cast all votes allocated to that Unit. If more than one of the multiple Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of the 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.

1.4 Pledged Votes. If an Owner is in default under a first Mortgage on the Unit for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged their vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters 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, if any.

1.5 Association Owned Units. No votes allocated to a Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to Units owned by the Association shall be disregarded.

1.6 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 their estate, through a parent having custody of the minor.

1.7 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 interests. 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 of any interest therein, and any Mortgages thereon.

ARTICLE 2

MEETING OF MEMBERS

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.

2.2 Annual Meeting. The annual meeting of the Association shall be held 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.

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 at least twenty percent (20%) of the total voting power of the Association. A meeting called at the request of the Owners shall be held at such time as the President may fix, which time shall not be less than ten (10) nor more than sixty (60) days after the receipt of the written request therefor.

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 the Declaration. Notice shall be given at least ten (10) and not more than sixty (60) 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/her of timely and adequate notice unless he/she expressly challenges the notice when the meeting begins.

2.5 Quorum. The presence in person or by proxy of the Members of the Association or voting representatives holding twenty-five percent (25%) of the total voting power shall constitute a quorum for the transaction of business at any meeting of Members of the Association.

2.6 Proxies. Any Owner 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.

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 forty-eight (48) hours from the time the original meeting was called.

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 fifty-one percent (51%) of the voting power present.

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

(a) In case of election of directors by mail, the existing directors shall advise the Secretary in writing of the names of nominees for all directors to be elected and of a date not less than 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 to all Owners of the number of directors to be elected and of the names of the nominees. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to the Secretary at the address specified in the notice, to be received on or before a specified date not less than fifteen (15) days from the date the notice is given by the Secretary. Within five (5) days after the specified date, the Secretary shall give written notice and/or ballot to all Owners stating the number of directors to be elected, the names of all persons nominated by the Board, the names of persons nominated by members, and the date by which votes of the Owners must be received by the Secretary at the address specified in the notice. Votes received after that date will not be effective. All persons elected as directors pursuant to an election by mail shall take office effective on the date specified in the notice for the receipt of votes.

(b) In the case of a vote by mail relating to any other matter, the Secretary shall give written notice and/or ballot to all Owners, which shall include a proposed written resolution setting forth a description of the proposed action and shall state that the Owners are entitled to vote by mail for or against the proposal by delivering the vote on or before a specified date not less than twenty (20) days after the notice to the address specified in the notice. 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 specified address shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section 2.9.

2.10 Written or Electronic Ballots. At the discretion of the Board, any matter which might come before the Association at a meeting, including election of directors, may be determined by written or electronic ballot, rather than at a meeting. Ballots shall be sent to all Owners in the same manner as notice of meeting, with a specified deadline for return of ballots. Ballots must be returned in sufficient quantity to constitute a quorum for a meeting, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. The vote by ballot shall be determined by the Board within forty-eight (48) hours of the deadline for return of ballots. Within ten (10) days after the ballots have been counted, each Owner shall be notified by mail or other delivery of written notice of the results of the ballot or that a quorum of ballots was not returned.

2.11 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 and establishment of a quorum;
- (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.

2.12 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.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Number and Qualifications. The affairs of the Association shall be governed by the Board of five (5) directors, who shall be elected by ballot from the Members of the Association. The Members of the Association at any meeting may change the numbers of directors within those limits, but shall not reduce the number in such a manner to deny any incumbent director (unless removed for cause) a full term of office. If a corporation is a Member of 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.

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 powers necessary for the administration of the affairs of the Association, and may do all such acts and things as 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 (1) year.

3.3 Manager. Notwithstanding Section 3.1 above, management of the Condominium shall initially be carried out by Declarant or a Manager appointed by Declarant or by an interim Board consisting of only three (3) directors, all of whom are selected by Declarant as provided in the Declaration. The 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. The interim Board shall be replaced as described in Section 10.2.2 of the Declaration. The Board shall increase to five (5) members when the second Board member is elected from the Unit Owners.

3.4 Election and Term of Office. 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 Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than Declarant. At that time, at Declarant's option, the Board may be increased to five (5) members, in which case a second member must be elected at the same time by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of Units which may be created to Unit Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board must be elected by Unit Owners other than Declarant. Not later than the earlier of either (a) two (2) months after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than Declarant, or (b) two (2) years after the last conveyance or transfer of record of a Unit, except for security purposes, there will be a meeting of the Association to replace Declarant (or any non-Unit Owner Board member

previously appointed by Declarant). If it has not occurred previously, the Board will be increased to five (5) members at this time. The Association shall then elect the final three (3) directors (in addition to those already elected). All five (5) of said directors shall serve as temporary directors until the first day of the calendar month following the date of adjournment of the first annual meeting. At the first annual meeting, the above temporary directors shall be replaced by the election of five (5) directors (which may include members of the temporary Board). After their election the five (5) Board members shall meet and determine by drawing lots the three (3) directors to have a term of two (2) years. The remaining directors shall have terms of one (1) year, to provide for staggered terms. Thereafter, the term of office for directors will be for two (2) years, or until their successors are elected and take office. 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.

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.

3.6 Removal of Directors. At any regular or special meeting after the Transition Date, any one (1) or more of the directors may be removed, with or without cause, by the holders of two-thirds (2/3) 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.

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

3.8 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 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.

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 (2) 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 facsimile transmission, at least three (3) days before the day fixed for the meeting.

3.10 Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each director, given personally or by mail, telephone, or facsimile transmission, 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) directors.

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 them of timely and adequate notice unless they expressly challenge 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.

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.

3.13 Open Meeting. Any 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 4 **OFFICERS**

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 (2) or more offices may be held by the same person, except that a person may not hold the offices of President and Secretary simultaneously.

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.

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.

4.4 President. The President shall be the chief executive officer of the Association. The President 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.

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.

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. The Secretary shall also perform such other duties as may be prescribed by the Board.

4.7 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.

4.8 Other Officers and Employees. Other officers of the Association and any persons employed to assist an officer 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.

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 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.

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 Transition Date.

ARTICLE 5 **COMMITTEES**

5.1 Committees of Director. The Board may appoint one (1) or more committees that consist of one (1) 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.

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 (1) or more Members of the Association.

ARTICLE 6 **OBLIGATION OF OWNERS**

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.

6.2 Damages to Common Elements. Each Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Element or facility damaged through the Owner's fault.

ARTICLE 7 **RIGHTS OF ACTIONS**

7.1 Compliance. 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 their Unit. Failure to comply with any of the foregoing shall be grounds 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.

7.2 Right to Notice and Opportunity to be Heard. Whenever the Declaration, Bylaws or Rules and Regulations require that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants or occupants of Units whose interest would be specially affected by the proposed action. The notice shall include a general statement of the proposed action

and the date, time and place of the hearing, which shall not be less than five (5) days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

ARTICLE 8

HANDLING OF FUNDS

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 (3) separate funds as described in Sections 8.2, 8.3, and 8.4 herein.

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 Insurance Premiums and the Reserve Fund for Common Element and Facilities. Checks 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.

8.3 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." Each month the Treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth (1/12) 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.

8.4 Reserve Fund for Common Elements and Facilities. 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 and Facilities." The purpose of the reserve account will be to provide for the periodic maintenance, repair and replacement of the Common Elements and facilities.

ARTICLE 9
AMENDMENT OF PERCENTAGE OF INTEREST IN
COMMON ELEMENTS AND FACILITIES

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 (1) or more Units or appurtenant Common Elements 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/she desires.

9.2 Consent Required. The value of the property and of each Unit and the percentage of undivided interest in the Common Elements and facilities shall be altered only by amending the Declaration in the manner provided therein.

ARTICLE 10
KEEPING RECORDS AND REPORTS

The Board shall cause to be kept complete, detailed and accurate books and records of the receipts and 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 by the Bylaws are set forth in the Declaration. An Amendment will become effective upon the execution of a Certificate of Amendment by two (2) officers of the Association.

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.

Dated this 15 day of April, 2014.

DECLARANT:

BROWNSTONE AT ISSAQUAH HIGHLANDS, L.L.C.,
a Washington limited liability company

By: [Signature]
[Print Name] RICHARD RAWLINUS
Its: Authorized Agent