BYLAWS OF HEATHER RIDGE OWNERS' ASSOCIATION

ARTICLE I

GENERAL PROVISIONS

A. The development located in Kent, Washington, known as HEATHER RIDGE, has been declared and constitutes a Horizontal Property Regime, providing for condominium ownership pursuant to the Declaration recorded in the records of King County, Washington.

B. The name of the association of apartment owners formed pursuant to said Declaration and Horizontal Property Regimes Act, RCW Chapter 64.32, is Heather Ridge Owners' Association.

C. The purpose of the association is to provide a means of cooperative management and administration of the Heather Ridge condominium.

D. The association shall have all powers permitted pursuant to the Horizontal Property Regimes Act, RCW Chapter 64.32, and the Declaration, necessary to fulfill the purposes of the association and to provide for the proper functioning of the development as a condominium.

E. Melvin L. Kaufmann, whose address is 1301 Columbia Street, Seattle, Washington, is the person upon whom process may be served as provided for by statute. After organization of the association of owners, service of process may also be made upon the president of the association. The board of the owners' association may at any time designate a new or different person or agency for such purposes by filing an amendment to this declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then president of the association of owners. The declarant may, at any time before the association board is organized, change such designation by amendment to the declaration, signed and acknowledged only by declarant.

ARTICLE II

MEMBERSHIP AND VOTING

A. All of the fee owners of the apartments in Heather Ridge shall constitute the total membership of the association, 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, Declaration, Bylaws, and shall be the voting owner, except as may be provided otherwise.

B. The total voting power of all owners shall be 100 votes, and the total number of votes available to owners of any one apartment shall be equal to the percentage of undivided interests in the common and limited common areas and facilities appertaining to such apartment.

C. There shall be one voting owner for each apartment. The voting owner 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 of an apartment. A designation shall be revocable at any time by written notice to the Board. This power of designation and revocation may be exercised by the guardian, administrators, or executors of an owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting owner of each apartment shall be the group composed of all of its owners. Declarant shall be the voting owner with respect to any apartment or apartments owned by declarant.

D. If a person, partnership, or corporation owns more than one apartment, he or it shall have the votes for each apartment owned. In the event the record owner or owners have pledged their vote regarding special matters to a mortgagee or beneficiary of a deed of trust under a duly recorded mortgage or deed of trust, or to the vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary 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 its pledge has been filed with the Board. Amendments to this specific provision shall be effective upon the written consent of all the voting owners and their respective mortgagees, deed of trust beneficiaries, and vendors, if any.

ARTICLE III

MEETINGS OF OWNERS

A. There shall be an annual meeting of the owners in the first quarter of each year at such reasonable place and time as may be designated by written notice of the Board delivered to the owners no less than 10 days prior to the date fixed for said meeting. At the annual meeting, there shall be presented an accounting of the common expenses, itemizing receipts and disbursements for the preceding calendar year, and the allocation thereof to each owner, and the estimated common expenses for the coming calendar year. At such meeting, there shall be elected by the members a Board of Directors for the ensuing year, and the members may transact such other business as shall properly come before them.

B. Special meetings of the owners may be called any time for the purpose of considering matters which by the terms of the Act, RCW Chapter 64.32, or of the Declaration, 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 or presiding officer of the Board and the Association after request signed by a majority of the Board, or request by the owners having one-third of the total votes and delivered not less than 10 days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and in general the matters to be considered. The Board at any time, or 35% of the owners by written request, may require that an audit of the owners' association and management books be presented at any special meeting. An apartment owner, at his own expense, may at any reasonable time review the books of the board and association.

C. Any notice required or permitted to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered 24 hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice, at the most recent address given in writing by such person to the Board. Notice to the owner or owners of any apartment shall be sufficient if mailed to the apartment or such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. 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 the association and Board have been constituted and thereafter shall be given to the president (chairman) or secretary of the Board. Upon written request therefor, and for a period of 3 years (or such longer time as the Board may set) after such request, a vendor, mortgagee or deed of trust beneficiary of any apartment shall be entitled to be sent a copy of any notices respecting the apartment covered by his security instrument until the request is withdrawn or the security right discharged. Such written request may be renewed an unlimited number of times.

D. A majority of the voting power of the owners, either in person or by proxy, shall constitute a quorum for the transaction of business at any regularly scheduled or specially called meeting of the apartment owners. If a quorum be not present at a meeting of owners, the voting power present may adjourn to such future time as may be agreed upon by them, and notice of such adjournment may be mailed, postage prepaid, to each voting owner at least 3 days before the meeting to be held pursuant to the resolution of adjournment, but if a quorum be present, they may adjourn the meeting from day to day as they see fit, and no notice of such adjournment need be given.

E. All proxies shall be in writing and signed by the voting owner of the particular apartment.

ARTICLE IV

BOARD OF DIRECTORS

A. Administration of the association of apartment owners shall be by a board of 5 directors, elected from among the apartment owners, provided that until a date 3 years from the date of recording this Declaration, the property shall be managed and the association organized as hereafter specified at the discretion of declarant. For the intial 3 years from the date the declaration is recorded, declarant may at its option manage the property and the association may continue to be organized as follows. Declarant may at such times as declarant deems appropriate select as a temporary board 3 to 5 persons who own or are purchasers of apartments or are officers of corporations owning or purchasing such apartments. This board may have the full authority and all rights, responsibilities and duties to manage the condominium under this Declaration and Bylaws and shall be subject to all provisions of the Declaration and Bylaws. All Board positions shall be open for election at the first annual meeting after a period of declarant's authority hereunder ends. Until such time as a temporary Board is selected, declarant or a managing agent selected by declarant shall have the power and authority to exercise all rights, duties and functions of the Board, including but not limited to enacting reasonable administrative rules, contracting for required services, property and insurance, and collecting and expending all assessments and association funds. Any such managing agent or the declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any common or maintenance funds. These requirements are made in order to insure that the property and condominium will be adequately administered in the initial phases of development and to insure an orderly transition to association operations. At the expiration of declarant's management period, all power and authority shall vest in the Board, but the Board may delegate all or any portion of such power to a manager, managing agent, or officer of the association.

B. Only voting owners may be elected to the Board of Directors; provided that an officer or director of a corporation owning or purchasing an apartment may be elected as a director. The term of office for directors shall be for one year or until successors are elected and qualified.

C. Vacancies in the Board of Directors by reason of death, resignation, or other cause, shall be filled by appointment of the Board of Directors. Such appointee shall hold office until his successor is elected at the next annual meeting of the voting stockholders or at any special meeting duly called for that purpose prior thereto.

D. Regular meetings of the Board of Directors shall be held immediately subsequent to the annual meeting of the owners on the same date and at the same place, or at such other time and place as the Board of Directors shall direct. Special meetings may be called by the president or any two directors, giving three days notice to each director. Said notice shall be written and shall be mailed, telegraphed or personally delivered to each director. If all of the directors shall be present at any directors' meeting, regardless of method of call or notice or if a majority of the directors are present and those absent sign a written waiver of notice of such meeting, whether prior to or after the holding of such meeting, and said waiver shall be filed by the secretary of the association entered on the record of such meeting, any business may be transacted at such meeting, and the transactions at such meeting shall be valid. A majority of the directors shall constitute a quorum.

E. The Board (or the declarant or the declarant's managing agent, as the case may be) for the benefit of the condominium and the owner, shall enforce the provisions of the Declaration and of the Bylaws, and shall have all powers and authority granted to the Board under the Horizontal Property Regimes Act, RCW Chapter 64.32, and the Declaration, and shall acquire and shall pay for out of the common expense fund, hereinafter provided for, all goods and services requisite for the proper functioning of the condominium, including, but not limited to, those matters listed in Article 9 of the Declaration. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the maintenance fund. The Board may delegate such powers subject to the limitations contained in the Declaration. The Board shall also be responsible to obtain and maintain at all times hazard and liability insurance pursuant to Article 12 of the Declaration.

F. The Board of Directors of the owners' association is empowered to pass, amend and revoke detailed administrative rules and regulations, or "house rules" necessary or convenient.

ARTICLE V

COMMON EXPENSES AND ASSESSMENT

Prior to the beginning of each calendar year the Board shall fix the amount of the annual assessment against each apartment and may include a reasonable provision for contingencies and replacement and acquisition and operating reserves, provided, that the declarant or initial board may at any suitable time establish the first such annual assessments, which shall commence as to each apartment on the first day of the month following the conveyance of such apartment and shall be adjusted according to the number of months remaining in the calendar year. Should any annual assessment prove inadequate for any reason, including nonpayment of any owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the owners in like proportion.

Each owner may as a matter of convenience pay such annual assessment or special assessment to the treasurer for the association in twelve equal monthly installments on or before the first day of each month during the year, or in such other reasonable manner as the Board shall designate, and any unpaid assessments shall bear interest at the rate of 12% per annum from due date until paid. The budget may be reviewed and revised by the membership at any annual meeting, or any special meeting called for such purpose, but if not so reviewed or if no changes are made, it shall be deemed approved. If more funds are paid in than are required for operation, the Board may effect a refund, not as a dividend or profit but as a return of expense money. In the event of sale by an apartment owner, said owner has no interest in the reserves or funds of the association.

ARTICLE VI

OFFICERS

A. The executive officers of the association shall consist of a president, a secretary and a treasurer and such other officers as may from time to time be chosen or appointed by the Board of Directors. All officers shall likewise be members of the Board of Directors, with the exception of the treasurer, who does not necessarily need to be a member of the Board of Directors.

B. The officers shall be elected at the first meeting of the Board of Directors after the organization of the association and thereafter at the first directors' meeting after the annual election of directors and shall hold office for one year or until their successors are elected and qualified.

C. The president shall be a member of the Board of Directors and shall preside at all meetings of the directors and owners and shall have general charge of and control over the affairs of the association, subject to the Board of Directors.

D. The secretary shall keep a record of the minutes of the meetings of owners and directors and shall give notices as required by the Bylaws, Declaration or by statute. The secretary shall have custody of all books, records, and papers of the corporation, except such as shall be in charge of the treasurer or some other person authorized to have custody and possession thereof by resolution of the Board of Directors.

E. The treasurer shall keep all accounts of all monies of the association received or disbursed, and shall deposit all monies and valuables in the name of and to the credit of the association in such bank or banks or other depository as the Board of Directors shall designate. All checks for the payment of money shall be signed by such officer or officers or employees as may be designated by the Board of Directors. The treasurer shall be responsible for the maintenance of the financial records of the corporation and shall make periodic reports and shall render such statements as the Board of Directors shall require. The treasurer does not necessarily need to be a member of the Board of Directors or an owner of an apartment. If the association hires an accountant or bookkeeper to handle the books and finances of the corporation, the same shall be under the direct supervision of the treasurer.

F. In case of a vacancy occurring in any of the offices of this association, such vacancy may be filled by the Board of Directors at their discretion.

G. The officers and agents of this association may receive compensation for their services as directed by the Board of Directors.

H. Any officer or agent may be removed by the Board of Directors whenever in their judgment the best interests of the association will be served thereby.

ARTICLE VII

AMENDMENT OF BYLAWS

Bylaws for the administration of the association of apartment owners, and the property, and for other purposes not inconsistent with RCW Chapter 64.32 or the

Declaration, shall be adopted by the association of apartment owners by concurrence of those voting owners holding a majority of the voting power at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each apartment owner at least 10 days prior to such meeting. Amendments to the Bylaws may be adopted by the same vote at a regular or special meeting similarly called.

ARTICLE VIII

RENTAL ON FORECLOSURE

In theevent of any lien for assessments for common expenses, as provided for in the Declaration, the apartment owner shall be required to pay a reasonable rental for the apartment, and the plaintiff in such foreclosure action, pursuant to the Declaration and the Act, shall be entitled to the appointment of a receiver to collect the same.

THE UNDERSIGNED, being declarant pursuant to the Declaration on file in the records of King County, Washington, and pursuant to Section 3.5.1 of said Declaration, does hereby certify that the within and foregoing Bylaws are adopted as the initial Bylaws of the above-named association.

MELVIN L. KAUFMANN, Declarant