

BYLAWS OF
QUEEN ANNE SQUARE
OWNERS ASSOCIATION

The following are Bylaws of Queen Anne Square Owners Association, a corporation organized under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"). These Bylaws provide for operation of Queen Anne Square, a condominium (the "Condominium") created pursuant to the Washington Condominium Act (RCW 64.34, the "Condominium Act"). They apply to the entire Condominium, each Unit therein, and all Common Elements. Each Owner automatically, by virtue of such ownership, becomes a member of the Association. All present and future Owners, Mortgagees, lessees, tenants, licensees, and occupants of Units, and their guests, invitees and employees, and any other person who may use the facilities of the Condominium are subject to these Bylaws, the Condominium Declaration for Queen Anne Square, a condominium, as it may from time to time be amended (the "Declaration"), 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.

ARTICLE 1. MEMBERSHIP; VOTING; REGISTER.

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 voting power allocated to the Units owned. The owners association for Queen Anne Square Residential to be created within the Residential Unit, acting through its president or other authorized officer, shall act as the Owner of the Residential Unit for all purposes under these Bylaws, except that the consent of the owners and mortgagees of units in Queen Anne Square Residential is required to amend the Declaration, the Articles or the Bylaws or to terminate the Condominium, as provided in the Declaration for that condominium.

Section 1.2 Number of Votes. The total voting power of all members shall be two votes and the total number of votes available to the Owner or Owners of each Unit shall be equal to one vote for each Unit owned.

Section 1.3 Voting by 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 the 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 a 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. The president or other authorized officer of the owners association for Queen

Anne Square Residential shall vote for the Residential Unit and if a condominium is created within the Office Unit, the president or other authorized officer of the owners association for that condominium shall vote for the Office Unit.

Section 1.4 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Unit, except in cases in which the person designated is a Mortgagee of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in- fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners. If a Unit is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 1.5 Voting by Proxy. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by an Owner. If a Unit is owned by more than one person, each Owner of a Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy a proxy terminates 11 months after its date of issuance.

Section 1.6 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, which date shall not be less than 10 nor more than 60 days after notice of the meeting is given to the members. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting.

Section 2.3 Special Meetings. A special meeting of the Association may be called by the president, by resolution of the Board or upon the written request of any Owner not less than 10 nor more than 60 days in advance of the meeting. No business shall be transacted at a special meeting

except as stated in the notice given therefor unless consented to by all of the Owners present either in person or by proxy at the meeting.

Section 2.4 Notice of Meetings. It shall be the duty of the secretary to give notice of each annual and special meeting such notice shall be hand-delivered or sent prepaid by first-class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner, to each member of the Association and their Mortgagees if required by the Declaration. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members. 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 all members of the Association or their voting representatives is required for a quorum for the transaction of business at any meeting of members of the Association.

Section 2.6 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 2.7 Unanimous Vote; Arbitration. Passage of any matter submitted to vote at a meeting where a quorum is present shall require the affirmative vote of all of the members. Any deadlock on a matter requiring member action or any dispute among members which cannot be resolved shall be determined by arbitration in Seattle, Washington, under the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by this agreement. There shall be one arbitrator selected by the parties within seven days of the arbitration demand or if not, then pursuant to the AAA Rules, who shall be an attorney with at least five years condominium law experience. Any issue about whether a claim must be arbitrated pursuant to this provision shall be determined by the arbitrator. At the request of either party made not later than 30 days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation which shall not delay the arbitration hearing date. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within 60 days of the demand and concluded within two days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages.

Section 2.8 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 two directors designated by the Unit Owners. Each Unit Owner shall designate one

director, who shall serve at the pleasure of that Owner. The members of the Board shall be Owners. Any officer, director, shareholder or employee of a corporation; partner of a partnership; member of a limited liability company; or owner of a condominium unit in a condominium created within a Unit shall be considered as an Owner.

Section 3.2 Powers and Duties. The Board shall have the powers and duties provided for the administering authority of the Condominium in the Condominium Act 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.

Section 3.3 Vacancies. Any vacancy on the Board shall be filled by designation by the Owner of the Unit entitled to vote for the vacant position.

Section 3.4 Removal of Directors. At any time, the Owner may remove the director designated by that Owner, with or without cause.

Section 3.5 Compensation. No compensation shall be paid to directors for their services as directors.

Section 3.6 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the directors, but at least one such meeting 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 or internet transmission, at least three days before the day fixed for the meeting.

Section 3.7 Special Meetings. Special meetings of the Board may be called by the any director on three days' notice to each director, given personally or by mail, telephone, or facsimile or internet transmission, which notice shall state the time, place, and purpose of the meeting.

Section 3.8 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 3.9 Quorum; Unanimous Approval by Directors; Arbitration. At all meetings of the Board, all directors must be present in order to constitute a quorum for the transaction of business. All decisions of the Board shall require the consent or approval of all directors. Any deadlock on a matter requiring Board action or any dispute among Board members which cannot be resolved shall be determined by arbitration in Seattle, Washington, under the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by this agreement. There shall be one arbitrator selected by the parties within seven days of the arbitration demand or if not, then pursuant to the AAA Rules, who shall be an attorney with at least five years condominium law experience. Any issue about whether a claim must be arbitrated pursuant to this provision shall be determined by the arbitrator. At the request of either party made not later than 30 days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation which shall not delay the arbitration hearing date. There shall be no

substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within 60 days of the demand and concluded within two days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. In lieu of appointing an arbitrator, the parties may select, or request a court to select, a third Board member, in which event a quorum would be a majority of Board members and actions of a majority of the Board members would be the actions of the Board.

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.

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.

ARTICLE 5. 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 6. AMENDMENTS.

The procedure and necessary consents required for adoption of amendments to the Bylaws are set forth in the Declaration.

The foregoing Bylaws were adopted on June 15, 2000, at the organizational meeting of the Association.


Secretary