

**BYLAWS OF**

**KIRKLAND VILLAGE CONDOMINIUM ASSOCIATION**

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## BYLAWS OF

### KIRKLAND VILLAGE CONDOMINIUM ASSOCIATION

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

#### ARTICLE I - DEFINITIONS

As used in these Bylaws, unless the context requires otherwise, the definitions given in Section 1 or elsewhere in the Declaration for Kirkland Village, a Condominium, as recorded under King County Recorder's No. 20060118001463, as amended from time to time (the "Declaration"), shall apply.

#### ARTICLE II - MEMBERSHIP - VOTING - REGISTER

1. Membership. The Association shall be composed of the person or persons owning each unit, who shall participate personally or through designated representatives, as set forth in the Declaration.
2. Voting. The total voting power of all units is equal to the total number of units in the condominium. Each unit is entitled to one (1) vote.
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, and any voting rights pledges 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 document under which they assert ownership of a unit, or any interest therein. The Board of Directors may require unit owners to supply it with copies of any mortgage or other security instrument affecting their interests.

#### ARTICLE III - MEETINGS OF THE ASSOCIATION

1. Place. Meetings of the Association shall be held at such 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 first quarter of each year, on a date fixed by the Board of Directors. At the annual meeting the unit owners 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 Meetings. It shall be the duty of the President of the Association to call special meeting of the Association when so directed by resolution of a majority of the Board of Directors, or upon the written request of unit owners having twenty-five percent (25%) or more of the total votes.

4. Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual and special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner (and such other persons as provided in the Declaration) at the address of the unit involved or at such other address as the unit owner shall have furnished in writing to the Board of Directors. Said notice shall be given at least ten (10) 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 be limited expressly to object to the legality of the meeting. A declaration of such limited appearance shall be filed in writing with the Board of Directors at or prior to the meeting attended in such limited capacity.

5. Quorum. The presence in person or by proxy of unit owners having twenty-five percent (25%) or more of the total 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 unit owners or their designated representatives may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, and the unit owners or their designated representatives who attend such an adjourned meeting, although holding less than twenty-five percent (25%) of the votes, in person or by proxy, shall nevertheless constitute a quorum for the purpose of said meeting, provided that they hold at least twenty percent (20%) of the votes; and provided further, that no amendment to the Declaration shall be adopted except as prescribed by the Declaration, and no amendment to these Bylaws shall be adopted unless unit owners holding sixty percent (60%) or more votes are present in person or by proxy.

7. Proxies. Any unit owner may vote by proxy. Proxies shall be in writing, signed by the unit owner, and filed with the Board of Directors prior to the vote in which such proxies are cast. A proxy must be for all the voting power of the unit.

8. Majority Vote. Except as otherwise provided by the Declaration, these Bylaws, or the Act, 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 a majority of the total votes present in person or by proxy.

9. Vote Held Open. At the request of the president or upon a majority vote of the shareholders (members) present, such shareholders (members) may authorize the vote on any issue be held open for up to ten (10) business days from adjournment of the meeting. A shareholder (member) may record his or her vote by written ballot delivered within the authorized period to the secretary or person designated to accept receipt of the votes. The vote shall have the effect, and may be referred to in the minutes, as if the vote had been taken at the meeting.

10. Order of Business for First Meeting. The order of business at the first meeting of the Association (called pursuant to Section 13.4.2 of the Declaration) shall be as follows:

- (a) Roll call
- (b) Review of Bylaws

- (c) Election of Board of Directors
- (d) Adjournment.

11. Order of Business at All Other Meetings. Except for the meeting called pursuant to Section 13.4.2 of the Declaration, the order of business at meetings of the Association shall be as follows unless dispensed with or altered by motion:

- (a) Roll call
- (b) 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) New business
- (h) Unfinished business
- (i) Adjournment

12. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the current available edition of Roberts Rules of Order, Revised.

#### ARTICLE IV - BOARD OF DIRECTORS - SUBMISSION OF OFFICIAL BUSINESS

1. Number - Election. The affairs of the Association shall be governed by a Board of Directors composed of five (5) persons who shall be elected as provided in the Declaration; provided, that the management of the Condominium during its initial stage shall be carried out by the Declarant, or a Temporary Board of Directors composed of three (3) persons appointed by the Declarant, as provided in the Declaration. Declarant (and, if appointed, the Temporary Board of Directors during its term of office) shall exercise the rights, duties and functions of the Board of Directors as set forth in the Declaration and these Bylaws.

2. Removal of Directors - Vacancies. Any Director may be removed and vacancies in the Board of Directors may be filled as provided in the Declaration. A Director elected to fill any vacancy caused by the resignation or removal of a Director shall serve for the unexpired portion of the previous Director's term. The Declarant may remove members of the Temporary Board of Directors with or without cause, and appoint Directors to fill the vacancies thus created without a meeting of the Association.

3. Standard of Care. Except as provided in these Bylaws, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the Directors and officers are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of unit owners; or (b) if elected by the unit owners, ordinary and reasonable care. A Director elected by the unit owners shall be deemed to have used ordinary and reasonable care if the Director acts with good faith and without fraud, dishonesty or incompetence (*i.e.*, failure to exercise proper care, skill and diligence). A Director shall have discretion to act or refrain from acting as such Director determines is in the best interest of the Association as a whole and the unit owners collectively and/or individually.

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

5. Organization Meeting. The first meetings of the Temporary Board of Directors and the elected Board of Directors shall be held within ten (10) days of their appointment or election, respectively, at such place as shall be fixed by agreement of the Board members elected or appointed, and no notice of such

meeting shall be necessary, provided a majority of the elected or appointed Board of Directors shall be present.

6. Regular Meetings. 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. Notice of regular meetings of the Board shall be given to each Director at least three (3) days prior to the day fixed for such meeting, which notice shall state the time and place of the meeting.

7. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' prior notice to each Director, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President in like manner and on like notice at the written request of a majority of the Board of Directors.

8. 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.

9. Quorum. At all meetings of the Board of Directors, 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 of Directors.

10. Official Business. All official business shall be transmitted to the Board of Directors in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President if available, and the Secretary of the Association, if the President is not available.

## ARTICLE V - OFFICERS

1. Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint a Vice President, an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Association shall be elected each year at the annual meeting of the Board of Directors and 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 officer of the Association and shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and shall perform all duties usually incident to the office of President of a business corporation.

5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and shall also maintain the Register of unit owners, designated representatives and voting rights pledges. In addition, the Secretary shall perform all duties usually incident to the office of Secretary of a business corporation.

6. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts 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 persons 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 applicable statutes, the Declaration and these Bylaws. A Vice President, an Assistant Secretary and an Assistant Treasurer, if any are elected, shall also have all powers of the President, Secretary and Treasurer, respectively, in the absence of such officers.

8. Compensation. The Board may pay reasonable compensation to any officer, assistant or unit owner who performs substantial services for the Association in carrying out the management functions.

#### ARTICLE VI - 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 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 non-Director members of the Association, but each committee shall have at least one Director as a member.

3. Delegation to Manager. The Board of Directors may delegate any of its duties, powers or functions to any person or persons, to act as Manager of Kirkland Village, a Condominium, as provided in the Declaration; provided, that the Board shall not delegate its power to elect officers or directors of the Association, to amend these Bylaws, or to adopt rules and regulations.

#### ARTICLE VII - OBLIGATION OF UNIT OWNERS

1. Assessments. All unit owners are obligated to pay the 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. Foreclosure of Assessment Lien. The Board of Directors (or Declarant prior to the appointment or election of the Board), on behalf of the Association, may commence an action to foreclose the lien of any delinquent assessments.

3. Rules and Regulations. The Board of Directors may, from time to time, adopt such Rules and Regulations as may be reasonably required for the use, occupancy and maintenance of the units, common elements and limited common elements and when so adopted, such Rules and Regulations shall be binding upon all of the unit owners and occupants of the property and shall be a part of these Bylaws. The Board of Directors may from time to time amend any such Rules and Regulations.

## ARTICLE VIII - 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, as required by the Declaration. Overall management of these funds shall be the responsibility of the Treasurer of the Association, who shall be authorized to open such accounts and adopt such procedures as may be advisable to properly secure the accounts and funds of the Association.
2. General Account. The Treasurer shall establish a checking account in a commercial bank to be known as the General Account. This account will be the working capital account for the current operations of Kirkland Village, a 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 Kirkland Village, a Condominium. Funds for the 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.
3. Reserve Account. The Treasurer shall establish an interest bearing savings account in a commercial bank, savings bank or savings and loan association, to be known as the Reserve Account. The purpose of the Reserve Account is to provide for major renovating of interior and exterior common elements, for replacement of structural elements and mechanical equipment, 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 payments of assessments, and for other contingencies. A portion of the monthly assessments chargeable to the unit owners shall be allocated to the Reserve Account. The amount of such allocation shall be determined in the discretion of the Board of Directors, and may be adjusted from time to time by the Board of Directors.

## ARTICLE IX - KEEPING RECORDS AND REPORTS

1. General. The Treasurer shall keep complete and accurate books and records of the receipts and expenditures affecting the common elements and facilities, specifying and itemizing the maintenance and repair expenses of the common elements and facilities and any other expenses incurred, as required by the Declaration. Such books and records, and all contracts, documents, papers and other records of the Association, shall be available for examination by the unit owners or their authorized representatives, agents or attorneys, at any reasonable time or times.
2. Financial Reports. The Board of Directors shall cause to be issued and mailed to all unit owners at least one (1) copy of each annual financial statement and report of the Association prepared by the outside auditor, and a statement from the President indicating the general condition of the Association and providing a comparison between the actual expenses of the Condominium and the projected expenses outlined in the current budget upon which the current assessments are based.

## ARTICLE X - AMENDMENTS

These Bylaws may be amended by a majority vote of the Board of Directors or the unit owners, but the Board of Directors shall not amend or repeal any Bylaws adopted by the unit owners; provided, that the unit owners shall not amend these Bylaws without the Declarant's written consent until the election of the first Board of Directors pursuant to Section 13.4.2 of the Declaration. A majority vote of the unit owners may amend the Bylaws at any annual meeting or special meeting called for that purpose.



## ARTICLE XI - MISCELLANEOUS

1. Individual Items. Certain items which would ordinarily be considered common elements, such as, but not limited to, screen doors, window screens, other screens, awnings, storm windows, planter boxes, antennae, and the like may, pursuant to decision of the Board of Directors, be designated as items to be furnished and/or maintained at individual expense in good order according to standards and requirements established by the Board of Directors or by the Rules and Regulations.

2. 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 as provided in Section 29 of the Declaration. 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 Board of Directors has been appointed or elected and, thereafter, shall be given to the President or Secretary of the Board of Directors.

3. 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 contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future as to 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 a unit 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.

4. Limitation of Liability. The Board of Directors of 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 property caused by the elements, or by another unit owner or person; or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any pipes, drains, conduits, appliances, or equipment, or from any other place; or resulting from loss, damage, or theft of articles used or stored by unit owners on the property or in units. No diminution or abatement of assessment 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 a governmental authority. This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

5. 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 Kirkland Village as a condominium. It is intended also that, insofar as it affects the Declaration, these Bylaws and this Condominium, the provisions of the Act shall be liberally construed to effect the intent of the Declaration and these Bylaws insofar as reasonably possible.

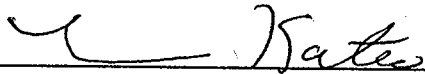
*[Signature page follows.]*

IN WITNESS WHEREOF, Declarant has adopted these Bylaws on this 21 day of  
December, 2005.

**DECLARANT:**

KIRKLAND VILLAGE LLC,  
a Washington limited liability company

By: Kirkland Village Manager Corp., a Nevada corporation,  
its Manager

By:   
Lawrence Kates, President