

**BYLAWS
OF
MAXWELTON CREEK COHOUSING
A Washington Non-Profit Corporation**

**ARTICLE I
DEFINITIONS**

1.1 Name, Location, and Authority. MAXWELTON CREEK COHOUSING, a Washington Non-Profit Corporation is the name of the Community Association which shall manage and control the planned residential development named the "South Whidbey Cohousing Group PRD". The PRD shall be referred to herein as "the Community" or the "Project". The terms "Community" and "Project" as used herein shall include the Common Land and Facilities and developed lots. It shall be located in Island County, State of Washington. The Project exists pursuant to the authority of Island County Planned Residential Development Ordinance, Chapter 16.17 of the Island County Code, and the Non-profit Corporation Act, Chapter 24.03 of the Revised Code of Washington.

1.2 Lot and Lot Ownership. "Lot" means those portions of the Community designated for separate ownership, specifically the plots of land shown as building lots on the SWCG PRD final Site Plan as recorded in the records of Island County. "Lot owner" means the recorded owner, whether one or more persons, firms or corporations, as fee simple owners or contract purchasers, including the Declarations, of any Lot, but excluding all persons, firms or corporations having an interest in any Lot merely as security for the performance of any obligation or payment of debt.

1.3 Residents and Tenants. "Resident" means any person residing in the Community with a Lot Owner, not as a visitor or paid tenant. "Tenant" means any person residing in the Community as a paid tenant, subject to the Washington Residential Landlord Tenant Act.

1.4 The Community Association. The Community Association members shall consist of all Lot Owners and may include tenants and residents who are not Lot Owners. No other persons may become members of the Association.

1.4.1 Voting Members. All Lot Owners shall become members of this corporation, MAXWELTON CREEK COHOUSING, a Washington non-profit corporation, and shall be voting members of the association and agree to be bound by the Declaration of Covenants, the Articles of Incorporation and these Bylaws, and all amendments thereto, as incidents of ownership.

1.4.2 Non-Voting Members. Tenants and other persons legally residing in the SWCG PRD are subject to the provisions in the Declarations of Covenants, the Articles of Incorporation, and these Bylaws, and all amendments thereto, and agree to be bound by them as an incident of residency. Such persons may become non-voting members of the Association.

1.5 Applicability of Bylaws. The provisions of these Bylaws are applicable to the Community. All Lot Owners, all tenants and all officers, agents and employees of any Lot Owner or tenant, present and future, and any other person who might use the facilities of the Community in any manner, are subject to the Articles of Incorporation, these Bylaws and the recorded Declaration. The acquisition or rental of any of the lots referred to herein or the occupancy of any of the lots will signify that these Bylaws and the provisions of the Declaration of the SWCG PRD are accepted, ratified, and will be complied with by the owner or occupant.

1.6 Declaration. The term "Declaration" as used herein means the Declaration of Covenants, Restrictions and Reservations and Dedication of Easements, which was recorded in the records of Island County, and all amendments thereto, and as a result of which this PRD Community was created.

ARTICLE II DECISION MAKING

2.1 Consensus. Except where a vote of Lot Owners (Members) or members of the board of directors is specifically required by law, the Articles of Incorporation, or by these Bylaws, decisions and resolutions of the Association membership or board shall require approval through consensus of the voting members or board members at any duly called meeting. As used in these Bylaws, the term "consensus" shall mean the accepted agreement of all Lot Owners physically present, or represented by proxy, at any duly called meeting.

2.2 Voting. Where a vote of Lot Owners, Members of the Association or members of the board of directors of the Association is specifically required by law or by the Declaration, Articles of Incorporation or Bylaws, the following rules shall apply

2.2.1 There shall be no cumulative voting.

2.2.2 The owner or owners of each Lot may cast a total of TWO (2) VOTES per lot on any issue in which they are entitled to vote.

2.2.3 Each board member may cast a total of TWO (2) VOTES per lot on any issue. However, if there are two board members who are owners of the same lot, each may cast ONE (1) VOTE. The purpose of this provision is to make it possible for the ownership of each lot to have equal weight in decision making. If none of the owners of a Lot is on the board, that Lot ownership will not be represented in decision making.

2.3 Quorum....

2.3.1 Association Meeting Quorum. A quorum is present throughout any meeting if owners representing Four (4) of the Lots (8 VOTES) are present in person at a duly called meeting of the Association to which adequate notice was given, or any continuance thereof.

2.3.2 Board of Director's Meeting Quorum. A quorum is present throughout any meeting of the board of directors if owners representing FOUR (4) of the lots are present at a duly called meeting to which adequate notice was given, or any continuance thereof.

2.4 Action Without A Meeting. Any action permitted or required to be taken at a meeting of members, directors or a committee of directors may be taken without a meeting in accordance with RCW 24.03.465 if a consent in writing setting forth the action so taken shall be signed by all the members, directors or members of the committee, as the case may be.

2.5 Proxies. Votes of Lot Owners at Association meetings may be cast in person or by proxy. A proxy must be written, dated, duly executed, and filed with the Secretary of the Association before the appointed time of each meeting, revocable only upon actual notice of revocation to the person presiding at the meeting. A proxy is void if it is not dated or purports to be revocable without notice. If a lot is owned by more than one person, each owner of the lot may vote or register protest to the casting of votes by the other owners of the lot through a duly executed proxy. Unless stated otherwise in the proxy, a proxy terminates ELEVEN (11) MONTHS after its date of execution. The board of directors may enact more detailed and restrictive rules regarding the use of proxies, and prescribe the form of the proxy to be used, from time to time.

2.6 Notice of Meetings. It shall be the duty of the Secretary to deliver a notice of each annual or special meeting to members of the Association. The notice shall be deemed delivered

when hand delivered to the Lot Owner or deposited in first class U.S. Mail, postage prepaid, addressed to the lot or to such other mailing address as the owner of the lot shall designate in writing. The notice shall state the time and place of the meeting, the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes in the previously approved budget that result in a change in the assessment obligations, and any proposal to remove an officer. Unless otherwise provided in these Bylaws, the notice shall be hand delivered or post marked for mailing at least TEN (10) DAYS but not more than FIFTY (50) DAYS before the date of the meeting.

2.7 Computation of Time. In computation of time periods herein, the day of delivery or deposit in the U.S. Mail shall not be included. The first day of the period shall be the next day after mailing or delivery. The last day of the period shall be the day immediately preceding the meeting or event to which the time period applies.

ARTICLE III THE ASSOCIATION MEMBERS

3.1 Powers and Duties of the Association. The Lot Owners, residents and tenants of the Community constitute the Association. The voting members of the Association shall appoint a board of directors to exercise the responsibility of administering the Project, preparing the annual budget, establishing and collecting monthly assessments, and arranging for the management of the Project by committees. The Association shall have all of the powers and responsibilities set forth in RCW 24.03.035.

3.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Project or such other suitable place convenient to the owners as may be designated by the Board of Directors.

3.3 Annual Meeting. A meeting of the Association must be held at least once each year. The first annual meeting of the Association shall be held on Sunday, December 7 1997. Thereafter, annual meetings shall be held on the 3rd Sunday of October of each succeeding year. At such meetings there shall be appointed a board of directors and officers, in accordance with the requirements of Section 4.2 (APPOINTMENT AND TERM OF OFFICE) of Article IV (BOARD OF DIRECTORS) of these Bylaws. The owners may also transact such other business of the Association as may properly come before them.

3.4 Special Meetings. Special meetings of the Association may be called by the board of directors, or by Lot Owners representing FOUR (4) of the lots. No business shall be transacted at a special meeting except as stated in the notice.

ARTICLE IV BOARD OF DIRECTORS

4.1 Number and Qualifications. The Association affairs shall be governed by a board of directors composed of the owners of lots in the Project, up to a maximum of FOURTEEN (14), with no more than TWO (2) owners per lot serving on the board. With the exception of the first thirty months after the incorporation of the Association, Members of the board must have their primary resident in the Community.

4.2 Appointment and Term of Office. At the first annual meeting of members of the Association, and at the end of each annual meeting thereafter, a board of directors shall be appointed. The Term of office of each director shall be until he or she transfers his or her ownership share in a lot, or until he or she resigns, or is removed, or until a successor is appointed at the next annual meeting.

4.3 Vacancies. Vacancies on the board shall be filled by appointment by the remaining board of directors, even though they may constitute less than a quorum. Each person so appointed shall be a director until he or she resigns or is removed or until a successor is appointed at the Association's next annual meeting.

4.4 Removal of Directors. At any regular or special meeting of the Association duly called at which a quorum is present, any one or more of the director appointed by the Lot Owners may be removed with or without cause by the vote of EIGHTY-FIVE AND SEVEN TENTH PERCENT (85.7%) of the VOTES of all Lot owners present in person or by proxy and entitled to vote.

4.5 Absences. Board members must notify the board Secretary of planned absences. Board members absent for two or more consecutive months without notification and agreement of the board must step off the board until they are able to resume their attendance at board meetings and are re-appointed.

4.6 Standard of Care. Members of the board of directors shall in all instances act on behalf of the Association. In the performance of their duties, the officers and members of the board of directors are required to exercise ordinary and reasonable care.

4.7 Powers and Duties of the Board of Directors. The board of directors shall have exclusive authority to do the following acts on behalf of the Association:

4.7.1 To administer the Association and and the Common Land and Facilities and all other property belonging to the Association, to keep it adequately insured as required in the Articles of Incorporation, and to provide for or perform all work necessary for the care, upkeep and surveillance, maintenance, repair, or replacement of the Common Facilities and the making of any additions or improvements thereto.

4.7.2 To purchase goods and services, hire and dismiss workers or any necessary personnel or employees, enter into contracts for goods, services, or work to be performed, engage architects, engineers or necessary professional or technical help required to carry out the work, obtain bonds and insurance as required under these Bylaws or prudent under the circumstances.

4.7.3 To establish, collect and expend assessments for the expenses of the common Land and Facilities, including the power to carry out collection of delinquent assessments as defined in Article 5.5 of Covenants, Codes, and Restrictions.

4.7.4 To adopt reasonable Rules and Regulations which it deems necessary or advisable to administer the Association, to supplement, interpret, or apply the Declaration, Articles of Incorporation or Bylaws, or to administer the property. The Rules and Regulations may be amended from time to time by the board in the same manner as the bylaws, and shall be deemed part of these Bylaws.

4.7.5 To develop an annual budget upon which assessments to Lot Owners will be based.

4.7.6 To carry out such other duties as are required or authorized under RCW 24.03.127.

4.8 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 the directors, but at least one meeting each month shall be held during each fiscal year. Notice of regular meetings of the board of directors shall be given to each director, personally or by mail, telephone or telegraph, at least FIVE (5) DAYS prior to the day named for such meeting.

4.9 Special Meetings. Special meetings of the board of directors shall be called by the president or Secretary in a manner and upon notice as for regular meeting, upon the written request of at least FIVE (5) directors.

4.10 Waiver of Notice. Before or at 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 shall be a waiver of notice by him or her of the time and place thereof. If all directors are present at any meeting of the board, no notice shall be required any any business may be transacted at such a meeting.

4.11 Reconsideration. Board members not present at any board meeting may object to any decision by notifying the Secretary of the Association verbally or in writing within FIVE (5) WORKING DAYS after the date of the meeting. The decision will be placed on the next meeting's agenda for reconsideration. At the next board meeting the objecting board member must present their objections, and if not, the decision will stand.

4.12 Budget.

4.12.1 Within THIRTY (30) DAYS after board approval and adoption of any proposed budget for the Community, the board of directors shall provide a summary of the budget to all Lot Owners and shall set a date for a meeting of the Lot Owners to consider ratification of the budget. Notice of the meeting shall be given as provided in Article II Section 2.6 (NOTICE) herein.

4.12.2 The budget is ratified, if approved and ratified by consensus of the Lot Owners present in person or by proxy at a duly called meeting of the members, whether or not a quorum is present. In the event that proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the board of directors.

**ARTICLE V
OFFICERS**

5.1 Number, Designations, Qualifications, Terms of Office. The principal officers of the Association and its Board of Directors shall be a President, a Vice-president, a Secretary, and a Treasurer, all of whom shall be appointed by and from the board of directors. Officers shall assume office at the organizational meeting of the new board, which shall occur immediately after the annual meeting, and shall serve until the end of the next annual meeting, unless resigned or removed prior to that date.

5.2 Manner of Appointment of Officers. The officers of the Association shall be appointed annually by the board of directors at the pleasure of the board.

5.3 Removal of Officers. On the affirmative vote of EIGHTY FIVE AND SEVEN TENTH PERCENT (85.7%) of the board of directors, any officer may be removed, and his or her successor appointed at any regular meeting of the board of directors, or at any special meeting of the board called for such a purpose.

5.4 President. The President shall be the chief executive officer to the Association. The powers and duties of the President are limited to facilitating all meetings of the Association and of the board of directors, and having the authority to prepare, execute, certify and record amendments to the Declaration and other legal documents on behalf of the Association and upon instruction of the board.

5.5 Vice-President. The vice-president shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. The Vice-president shall assist the President in the facilitation of all meetings of the Association and of the board of directors. If neither the President nor the Vice-president is able to act, the board of directors shall appoint some other member of the board to do so on an interim basis. The Vice-president shall also perform such other duties as shall from time to time be requested by the board of directors.

5.6 Secretary. The Secretary shall keep the minutes of all meetings of the board of directors and the minutes of all meetings of the Association. The Secretary shall perform all the duties incident to the office of Secretary. The Secretary shall have charge of such books and papers as the board of directors may direct. The Secretary shall keep all records of the Association sufficiently organized and detailed to comply with RCW 24.03.135. The Secretary shall give notice of meetings as required herein.

5.7 Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of, the Association in such depositories as may from time to time be designated by the board of directors. The treasurer shall keep financial records sufficiently detailed, organized and available to comply with RCW 24.03.135.

ARTICLE IV COMMITTEES

6.1 Committee Creation/Appointments. The board of directors may create other advisory committees at its discretion. The board of directors may appoint at its discretion, committee members from the board, and from voting and non-voting members of the Association.

6.2 Committee Authority. The committees shall advise and make recommendations to the board regarding those areas the Association has authority to govern and regulate as set forth in the Articles of Incorporation and the Declaration.

6.2.1 The authority of advisory committees shall be limited to the duties of analyzing problems, reviewing facts, gathering information and alternatives, and submitting their findings, conclusions and recommendations to the board of directors and, at the direction of the board, to carry out and implement the board's decisions. Advisory committees shall have no power to act for the board or to bind the association.

6.3 Standing Advisory Committees. The following standing advisory committees shall be established:

6.3.1 Executive Committee. The Executive Committee shall include the President, Vice-president, Secretary and Treasurer. The Executive Committee shall be responsible for setting the agenda for the meetings of the Association and board of directors.

6.3.2 Finance Committee. The finance Committee shall be responsible for advising and making recommendations to the board of directors regarding the budget, finances, accounting practices, investments, and the collection of assessments of the Association. The treasurer shall be a standing member of the Finance Committee, and shall facilitate the committee meetings.

6.3.3 Facilities Management Committee. The Facilities Management Committee shall be responsible for advising and making recommendations to the board of directors regarding the maintenance, repair, replacement and improvements of all Common Facilities.

6.3.4 Common Land Management Committee. The Common Land Management Committee shall be responsible for advising and making recommendations to the board of directors regarding the regulation of the Common Land including appropriate use of Common Land, forest management, solar rights, and adverse impact on the Common Land as set forth in Article V (COMMON LANDS AND FACILITIES), and Article X (GENERAL COVENANTS) of the Declaration.

6.4 Committee Budgets. On at least an annual basis, the committees shall work with the Finance Committee to develop a recommended plan and budget to be submitted to and approved by the board of directors as part of the overall Association budget.

6.5 Committee Meetings and Minutes.

6.5.1 All committees of the Association are open to the member of the Association. Non-committee members are entitled to observe the meetings and may participate at the request of the committee.

6.5.2 Committees may conduct business when two or more members are present.

6.5.3 Committees shall keep records of meeting dates, member attendance, a summary of committee findings, conclusions and recommendations submitted for board approval, and decisions of the committee for expenditure of approved budget items.

6.5.4 The committee shall use consensus decision making.

6.6 Committee Reports. A summary of the committee's findings, conclusions and recommendations may be brought to the board for consideration and approval. All committee reports received at a meeting of the board of directors or the Association, shall become part of the permanent Association records.

**ARTICLE VII
MAINTENANCE AND ASSESSMENTS**

7.1 Authority to Make Assessments. At least annually the board shall prepare and adopt a budget upon which all common expense assessments shall be based.

7.2 Obligation of Owners for Assessments. All owners are obligated to pay monthly assessments and special assessments imposed by the Association to meet all expenses associated with the operation, maintenance, repair, replacement and reserve for repairs and replacement of Common Land and Facilities which may lawfully be apportioned to each owner, which shall include insurance premiums for liability insurance and property insurance required by the Declaration. The assessments shall be apportioned according to Article VI (ALLOCATED INTERESTS, VOTING RIGHTS AND ASSESSMENTS), Section 6.1 of the Declaration.

**ARTICLE VIII
AMENDMENTS TO THESE BYLAWS**

These Bylaws may be amended by the Association in a meeting called for that purpose and to which proper notice is given and in which a quorum is present. Amendments brought before the Association shall have had prior approval by the board of directors. In conformity with Article XII (AMMENDMENTS) of the Declaration of the affirmative vote of SEVENTY FIVE PERCENT (75%) of the voting power (12 VOTES) as defined in Article II (DECISION MAKING) of these Bylaws.

**ARTICLE IX
DISPUTE RESOLUTION**

9.1 Disputes. In any controversy or dispute arising out of or relating to the Declaration, the Articles of Incorporation, or these Bylaws, the Lot Owners will exercise their best efforts and good faith in attempting to reconcile the dispute on the basis of consensus, as provided below.

9.1.1 The board of directors shall assign the resolution of the dispute to the most appropriate standing committee or advisory committee.

9.1.2 The committee shall analyze the issue, review facts, gather information and alternatives, and submit their findings, conclusions and recommendations to the board of directors.

9.1.3 If the board of directors is not able to reach consensus on accepting the recommendation of the committee, the meeting facilitator may ask if either the minority or majority voice is willing to stand aside and let a decision be acted upon.

9.1.4 If either the minority or majority voice is willing to stand aside, the reason for opposing the decision is to be recorded in the minutes, and the decision is to be acted upon.

9.1.5 If neither the minority nor the majority is willing to stand aside, the issue is returned to the committee for further resolution. At the committee meeting, a representative from each side of the issue will be present to formulate a compromise agreement to be presented at the next board of directors meeting.

9.1.6 If, at the end of the second board meeting an agreement is still not reached, the issue will be returned to the committee, and the above steps will be repeated.

9.1.7 If, at the end of the third board meeting the agreement is still not reached, the board of directors shall decide whether to: a) table the issue to allow more time and research to take place, or b) participate in a mediation process in accordance with the procedures of the Washington Arbitration Services at the expense of the Association. If the board of directors is unable to reach consensus on which action to take, the issue will automatically be tabled to THIRTY (30) DAYS from the date of the third meeting, after which it can be brought to the board again, and be treated as a new issue.

9.2 Arbitration. In the event a dispute shall arise that is referred to arbitration by the board of directors, the dispute shall be referred to the Seattle office of Washington Arbitration Services for arbitration in accordance with the Rules of Washington Arbitration Services, which are incorporated herein as though fully set forth. The arbitrator's decision shall be final and binding and judgment may be entered thereon. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award or fails to comply with the arbitrator's award, the other party is entitled to costs of suit including a reasonable attorney's fee for having to compel arbitration or defend or enforce the award.

ARTICLE X CONFLICTS

These Bylaws are set forth to comply with the requirements of the Non-Profit Corporation Act, Chapter 24.03 of the Revised Code of Washington. In case any of these Bylaws conflict with the provisions of that statute, it is hereby agreed and accepted that the provisions of the statute will apply.

ADOPTED THIS _____ day of _____, 1997.

DECLARANTS:

SOUTH WHIDBEY COHOUSING,
A WASHINGTON GENERAL
PARTNERSHIP

COMMUNITY ASSOCIATION:

MAXWELTON CREEK COHOUSING,
A WASHINGTON NON-PROFIT
CORPORATION

BYLAWS: MAXWELTON CREEK COHOUSING

BY LEA KOUBA
ITS ATTORNEY IN FACT

BY JEANIE McELWAIN
ITS PRESIDENT

BY JEANIE McELWAIN
ITS ATTORNEY IN FACT

BY PAUL McELWAIN
ITS SECRETARY

BY SUSAN MORRIS
ITS ATTORNEY IN FACT