

BYLAWS
OF
BAKERVIEV TOWNHOMES CONDOMINIUM OWNERS ASSOCIATION

ARTICLE I
Name and Object of Corporation

SECTION 1. Name. This corporation shall be known as **BAKERVIEV TOWNHOMES CONDOMINIUM OWNERS ASSOCIATION**, hereinafter called the "Association". The Condominium Declaration, Covenants, Conditions, Restrictions and Reservation was filed under Whatcom County Auditor's File Number 2050606225, hereinafter called the "Declaration". The Declarant was HOMESTEAD NW DEV. CO., hereinafter called the "Declarant".

SECTION 2. Object. The object of the Association shall be to provide for the orderly and prudent management of those affairs of mutual interest to the members of **BAKERVIEV TOWNHOMES CONDOMINIUM OWNERS ASSOCIATION**.

ARTICLE II
Membership

SECTION 1. Qualification. Each owner (including Declarant if Declarant is an owner) shall be a member of the Association and shall be entitled to one membership for each Unit owned; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for the purposes of the Association, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association.

SECTION 2. Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new owner thereof.

SECTION 3. Number of Votes. The total voting power of all Owners shall be twenty-four (24) votes and the total number of votes available to Owners of any one Unit shall be equal and the same in accordance with the Declaration for the Condominium.

SECTION 4. Voting Owner. There shall be one (1) voting representative for each Unit. Declarant shall be considered an "Owner" as that term is used herein, and shall be the voting representative with respect to any Unit or Units owned by Declarant. If a person (including Declarant) owns more than one Unit, he shall have the votes for each Unit owned. The voting representative shall be designated by the Owner or Owners of each Unit by written notice to the Board, and need not be an Owner. The designation shall be revocable at any time by actual notice to the Board from a party having an ownership interest in a Unit, or by incompetence of any party with an ownership interest in the Unit. This power of designation and revocation may be exercised by the guardian of a Unit Owner, and the administrators or executors of an Owner's estate. Where no designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners.

SECTION 5. Joint Owner Disputes. The vote for a Unit must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one (1) vote is cast for a particular Unit, none of said votes shall be counted and said votes shall be deemed void.

SECTION 6. 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 his or her 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 matter 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.

ARTICLE III

Membership Meetings, Audits, Notices of Meetings

SECTION 1. Annual Meetings, Audits. There shall be an annual meeting of the Owners in the first quarter of each calendar year, or such other fiscal year as the Board may by resolution adopt, at such reasonable place and time as may be designated by written notice of the Board delivered to the Owners no less than ten (10) days nor more than sixty (60) days prior to the date fixed for said meeting. At the annual meeting, there shall be presented a review of the Common Expenses itemizing receipts and disbursements for the preceding fiscal year, and the allocation thereof to each Owner, and the estimated Common

Expenses for the coming fiscal year. The President of the Association, the Board at any time, or by written request of Owners having at least twenty (20%) percent of the total votes, may require that an audit of the Association and management books be presented at any special meeting. A Unit Owner, at his own expense, may at any reasonable time make an audit of the books of the Board and Association.

SECTION 2. Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of the Washington Condominium Act or the Declaration or these bylaws 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 of the Association upon the decision of the President, or after request signed by a majority of the Board, or by written request by the Owners having at least twenty (20%) percent of the total votes, which notice shall be delivered not less than ten (10) days, nor more than sixty (60) 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.

SECTION 3. Quorum. At all meetings of the Association, either regular or special, twenty-five (25%) percent of all membership in good standing shall constitute the quorum.

ARTICLE IV Management of Condominium

A. Management

Until the earlier of the following, to wit: (a) Sixty (60) days after conveyance of seventy-five (75%) percent of the Units which may be created to Unit Owners other than a Declarant; (b) two years after the last conveyance or transfer of record of a Unit except as security for a debt; (c) two years after any development right to add new Units was last exercised; or (d) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board of Directors.

The Condominium shall be managed in the sole discretion of the Declarant subject to the following:

1. Not later than sixty (60) days after conveyance of twenty-five (25%) percent of the Units which may be created to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units which may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third (33.3%)

percent of the members of the Board of Directors must be elected by Unit Owners other than the Declarant.

2. Within thirty (30) days after the termination of any period of Declarant control, the Unit Owners shall elect a Board of Directors of at least three members, at least a majority of whom must be Unit Owners. The Board of Directors shall elect the officers. Such members of the Board of Directors must be elected by Unit Owners other than the Declarant.

3. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Unit Owners, by a two-thirds vote of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board of Directors elected by the Unit Owners. The Declarant may not remove any member of the Board of Directors elected by the Unit Owners. Prior to the termination of the period of Declarant control, the Unit Owners, other than the Declarant, may remove by a two-thirds vote, any director elected by the Unit Owners.

B. Management by Board

SECTION 1. General. At the expiration of Declarant's management authority under Article IV A set forth above, administrative power and authority shall vest in a Board of Directors elected from among the Unit Owners. The number of directors as specified hereinafter shall be sufficient to adequately handle the affairs of the Association. The Board may delegate all or any portion of its administrative duties to a Manager or officer of the Association, or in such manner as may be provided by the Bylaws. All Board positions shall be open for election at the first annual meeting, or a special meeting called for that purpose, whichever meeting shall first occur after the period of Declarant's authority under Article IV A above ends. The Board shall elect a president from among its members, who shall preside over meetings of the Board and the meetings of the Association.

SECTION 2. Number: Election. Until the Declarant transfers management authority, the Board may have one (1) member, the number to be determined at the discretion of the Declarant. The final Board of Directors shall be made up of three (3) individuals elected from among the Unit Owners. When Declarant management shall terminate a special meeting of the membership shall be called for the purpose of electing the Board of Directors. At that meeting three (3) directors shall be elected. The three (3) director positions shall continue until the next annual meeting of the Members. At each annual meeting of the Members, election shall be held to elect a new Board of Directors.

SECTION 3. Election of Officers; Their Meetings; Duties; Quorum. The Board of Directors shall elect from among their number, a president, a vice-president, a secretary, and a treasurer. Secretary and treasurer may be the same person. The meeting of the Board

of Directors to elect officers shall be held within one month following the Special meeting initially electing the Board of Directors and any annual meeting of the Members. Meetings of the Board of Directors shall be called by the President on his own initiative whenever in his judgment deemed necessary, or by the Secretary upon request by any two members of the Board of Directors. Five (5) days notice of meetings of the Board of Directors shall be sent by mail to all directors and shall be deemed sufficient notice of such meetings. The quorum for the meeting of the Board of Directors shall be a majority of the Board of Directors.

SECTION 4. Vacancies in Office, Removal of Directors. If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled by the Board of Directors provided that the position for the remaining term shall be subject to election at the next annual meeting of the membership. A member of the Board of Directors may be removed from office at a special or annual meeting of the membership on approval of Seventy-five (75%) percent of the membership present subject to quorum requirements.

SECTION 5. Duties, Powers and Authority of the Board. The Board, or the Manager, or the Declarant for the benefit of the Condominium and the Owners, shall enforce the provisions of the Declaration and of the Bylaws, shall have all powers and authority permitted to the Board under the Washington Condominium Act and the Declaration, and shall acquire and shall pay out of the Common Fund hereinafter provided for, all goods and services requisite for the proper functioning of the Condominium, including but not limited to the following:

(a) Water, sewer, garbage collection, electrical, telephone, gas, and any other necessary utility service, including utility easements, as required for the Common Element. If one or more Units or Common or Limited Common Elements are not separately metered, the utility services may be paid as a Common Expense, and the Board may by reasonable formula allocate a portion of such expense to each such Unit involved as a portion of its Common Expense.

(b) Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury, and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the Bylaws.

(c) The service of persons or firms as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Element, whether such personnel are necessary or proper for the operation of the Common Element, and whether such personnel are employed directly by the Board or are furnished by the Manager.

(d) Legal and accounting services necessary or proper in the operation of the Association affairs, administration of the Common Element, or the enforcement of the Declaration.

(e) Painting, maintenance, repair and all landscaping and gardening work for the Common Element, and such furnishings and equipment for the Common Element as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Element; provided, however, that the interior surfaces of each Unit shall be painted, maintained and repaired by the Owners thereof; all such maintenance to be at the sole cost and expense of the particular Owner.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law, or which in its option shall be necessary or proper for the operation of the Common Element or for the materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular Units or their Owners, the cost thereof shall be specifically charged to the Owner of such Units.

(g) Maintenance and repair of any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Element or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair.

(h) The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any cost and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specifically charged against the Owners and the Unit responsible to the extent of their responsibility.

(i) The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Common Fund a capital addition or improvement (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of Five Thousand (\$5,000.00) Dollars, without first obtaining the affirmative vote of a majority of Owners;

provided that any expenditure of contract for each capital addition or improvement in excess of Twenty-five Thousand (\$25,000.00) Dollars must be approved by Owners having not less than seventy-five (75%) percent of the voting power.

(j) Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all the Owners or any of them.

(k) The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the Common Fund. The Board delegates such powers subject to the terms hereof.

(l) The Board may, from Common Funds of the Association, acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interest therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the Owners (as an appurtenance to and inseparable from the Unit owned by such Owner) in the same proportion as their respective interest in the Common Elements, and such property shall thereafter be held, sold, leased, rented, mortgaged, or otherwise dealt with for the common benefit of the Owners as the Board may direct. The Board shall not, however, in any case acquire by lease or purchase real personal property valued in excess of Five Thousand (\$5,000.00) Dollars except upon consent of a majority vote of the Unit Owners, or valued in excess of Twenty-five Thousand (\$25,000.00) Dollars except upon a seventy-five (75%) percent affirmative vote of the Unit Owners.

(m) The Board and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board out of the Common Fund if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board provided, if the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units and Limited Common Elements.

(n) Each Owner, by the mere act of becoming an Owner or contract purchaser of a Unit, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain,

repair and improve the property, to deal with the Unit upon damage or destruction, and to secure insurance proceeds.

ARTICLE V Duties of Officers

SECTION 1. President. The President shall preside at all meetings of the Association and of the Board of Directors and shall appoint such committees as he or the Association shall consider expedient or necessary.

SECTION 2. Vice President. In the absence of the President, the Vice President shall preside and assume the duties of the President.

SECTION 3. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; shall, if requested, read such minutes at the close of each meeting for approval; and shall mail out all notices for meetings of the Association or the Board of Directors. He shall keep an accurate account and collect all application fees, dues and charges due from members, and perform such other duties as may be required by him by Bylaws, the President, or the Board of Directors.

SECTION 4. Treasurer. The Treasurer shall have charge of all receipts and moneys of the Association, deposit them in the name of the Association in a bank approved by the Board of Directors, and disburse funds as ordered or authorized by the Board of Directors. He shall keep a regular account of his receipts and disbursements, submit his records when requested, and give an itemized statement at regular meetings of the Association. He shall sign checks and withdrawal slips on behalf of the Association upon any and all of its bank accounts, and the same shall be honored on his signature alone.

SECTION 5. Execution of Instruments. The President and the Secretary or the Treasurer shall, on being so directed by the Board, sign all leases, contracts or other instruments in writing.

ARTICLE VI Compensation of Directors and Officers

Neither the officers, directors, nor members serving on committees shall receive any salary or compensation for services rendered to the Association.

ARTICLE VII
Notices

All notices to members shall be mailed to their addresses as given on the books of the Association, and such mailing shall constitute presumptive evidence of service thereof.

ARTICLE VIII
Amendments to Bylaws

These Bylaws may be amended only by a majority vote of the members present at a regular or special meeting of the Association, provided that notice of proposed amendment has been stated in the call for the meeting.

ARTICLE IX
Amendments to Declaration

Amendments to the Declaration shall be accomplished as set forth in the Declaration. After an amendment to the Declaration is properly adopted, the President or in his absence, the Vice President, and the Secretary of the Board of Directors shall prepare, execute, certify and record amendments on behalf of the Association.

ARTICLE X
Rules and Regulations

The Board of Directors may establish and enforce any and all additional rules and regulations deemed advisable and necessary. Further, they are authorized to appoint a manager to carry out any of their duties.

Adopted at a regular meeting of the Board of Directors held the 30th day of November, 2005, Lynden, Washington.

President

Attested to By:

Secretary/Treasurer