BYLAWS
OF
CARRIAGE HOUSE AT VILLAGE GREEN
CONDOMINIUM ASSOCIATION

The following are Bylaws of Carriage House at Village Green Condominium Association, a corporation organized under the Washington Nonprofit Corporation Act (RCW 24.03, the "Nonprofit Corporation Act"). These Bylaws provide for operation of Carriage House at Village Green Condominium (the "Condominium") located in Issaquah, Washington, 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 and other encumbrances, 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 Condominium Declaration for Carriage House at Village Green 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

1.1. Membership. The Owners of Units in the Condominium shall constitute the 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.

1.2. Number of Votes. The total voting power of all Owners equals 100% and the Owner or Owners of each Unit shall have the percentage voting power allocated in the Declaration.

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.

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.

1.5. Voting by Proxy; Pledged Votes to Mortgagee. 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. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If an Owner is in default under a first Mortgage on the Unit for one year or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the 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, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

1.6. Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of his estate, through a parent having custody of the minor.

1.7. 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

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.

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 ten (10) nor more than sixty (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.

2.3. Budget Meeting. Within thirty (30) days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget, which date shall be not less than fourteen (14) nor more than sixty (60) days after mailing the summary. Unless at the meeting members holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present for the meeting. In the event the proposed budget is rejected or the required notice for the meeting is not given, the budget last ratified by the Owners shall be continued until a budget proposed by the Board is ratified.

2.4. 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 a majority of the Board or upon the written request of any Owner on not less than ten (10) nor more than sixty (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 each of the Owners present either in person or by proxy.

2.5. Notice of Meetings. It shall be the duty of the secretary to give notice of each annual, budget 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 to each Eligible Mortgagee, if required by Article 28 of 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, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer. 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.

2.6. Quorum. The presence in person or by proxy of members of the Association or voting representatives holding 33% of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

2.7. 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 forty-eight (48) hours from the time the original meeting was called.

2.8. Majority Vote. Except as otherwise provided by the Condominium Act by the Declaration, or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is present, shall require the affirmative vote of at least 51% of the votes present.

2.9. Written Ballot. At the discretion of the Board, any matter which might come before the Association at a meeting, including election of directors, may be determined by written ballot, rather than at a meeting. Ballots shall be sent to all Unit Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. The vote by ballot shall be determined by the Board within 48 hours of the deadline for return of ballots. Within 10 days after the ballots have been counted, each Unit Owner shall be notified by mail or other delivery of written notice of the results of the ballot or that a quorum of ballots was not returned.

2.10. Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on 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) Unfinished business

(h) New business

(i) Adjournment

2.11. 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

3.1. Number, Term and Qualifications. The affairs of the Association shall be initially governed by a Board of three (3) directors. Until the Transition Date, the Declarant shall elect the members of the Board pursuant to Article 14 of the Declaration, subject to the right of the Owners to elect a member or members, as provided in Section 14.1 of the Declaration. Members of the Board elected by the Declarant need not be Owners. Within thirty (30) days after the Transition Date, the Declarant or the Board shall call a special meeting of the Owners to elect a Board of three (3) directors to serve until the first day of the calendar month following the date of adjournment of the first annual meeting. Thereafter, the term of office for directors will begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected.

The normal term of office for directors will be for two (2) years and until their successors are elected and take office. However, to provide for staggered terms, at the first annual meeting one (1) director shall be elected for one (1) year, and two (2) directors shall be elected for two (2) years. A majority of the directors elected by the Owners after the Transition Date shall be members of the Association and one member shall be elected solely by the Owners of the Residential Units. If a corporation is a member of the Association, any of its employees, officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any partner of such partnership may be elected to the Board.

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.

3.3. Arbitration. Any deadlock on a matter requiring Board action or any dispute among Board members which cannot be resolved shall be determined by arbitration in King County, 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 of 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 seven-five (75) 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 one hundred twenty (120) 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.

3.4. Vacancies. Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

3.5. Removal of Directors. At any regular or special meeting after the Transition Date, any one or more of the directors may be removed, with or without cause, by members holding a majority of the votes in the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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

3.7. Organization Meeting. The first meeting of the newly elected Board shall be held within ten (10) days of election at a place to be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to call the meeting, providing a majority of the whole Board shall be present at the meeting.

3.8. Regular Meetings. Regular meetings of the Board 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 personally or by mail, telephone, or telegraph, at least three (3) days before the day fixed for the meeting.

3.9. Special Meetings. Special meetings of the Board may be called by the president on three (3) days' notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the president or secretary in like manner and on like notice on the written request of any two directors.

3.10. 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.

3.11. Quorum. At all meetings of the Board, 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. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.12. Open Meeting. Any Owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate except with the consent of the Board. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interests of the Association in such litigation.

3.13. Standard of Care. The Board shall act in all instances on behalf of the Association. In performance of their duties, the officers and members of the Board of Directors are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Unit Owners or (b) if elected by the Unit Owners, ordinary and reasonable care.

ARTICLE 4.

OFFICERS

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.

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.

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.

4.4. President. The President shall be the chief executive officer of the Association. The President 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.

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.

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. The Secretary shall also perform such other duties as may be prescribed by the Board.

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.

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.

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. The Board's decision to compensate an officer shall not become final until sixty (60) days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within sixty (60) days after the notice of the decision was given.

ARTICLE 5.

COMMITTEES

5.1. Committees of Directors. The Board may appoint one or more committees that consist of one or more directors. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Condominium.

5.2. Other Committees. Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the president or the directors, and such committees may be composed of one or more members of the Association.

ARTICLE 6.

HANDLING OF FUNDS

6.1. Accounts. The Association shall establish the necessary funds or accounts to provide properly for the operation and maintenance of the Condominium. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. There shall be separate funds as described below.

6.2. Working Capital Funds. There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund." The Working Capital Fund will be used for the normal operation of the Condominium and will receive all monthly Assessments for Common Expenses, Limited Common Expenses, first purchasers' initial contributions to the Association, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the Condominium and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Common Elements. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Elements will normally be deposited in the Working Capital Fund and checks (or credits, if the funds are not kept in separate accounts) immediately issued to the other funds so an overall account of the funds received and disbursed by the Association is centralized in the check register (or records) of the Working Capital Fund account.

6.3. Reserve Fund for Insurance Premiums. Except as may otherwise be provided as a result of the maintenance obligations for the Condominium undertaken by the Issaquah Highlands Community Association pursuant to the Supplemental Declaration for the Crofton Neighborhood, and unless the insurance premiums for the Association are paid on a monthly basis, the Association shall maintain a fund which shall be known as the "Reserve Fund for Insurance Premiums." Each month the Treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.

6.4. Reserve Funds for Common Elements. Except as may otherwise be provided as a result of the maintenance obligations for the Condominium undertaken by the Issaquah Highlands Community Association pursuant to the Supplemental Declaration for the Crofton Neighborhood, the Association shall maintain a fund which shall be known as the "Reserve Fund for Common Elements". The Treasurer shall deposit into the Reserve Fund for Common Elements amounts reasonably anticipated to be required for the periodic maintenance, repair and replacement of the Common

Elements and withdrawals from this fund shall be only for the purposes of maintenance, repair or replacement of the Common Elements.

6.5. Combination and Deposit or Investment of Funds. All funds of the Association shall be kept in accounts or deposits that are insured by agencies of the United States. The funds of the Association shall not be commingled with the funds of any other association or with the funds of any manager of the Association. The reserve funds may be combined in one or more savings accounts, Certificates of Deposit, or other accounts or deposits. Withdrawals of reserve funds from such account shall require the signature of at least two persons who are officers or directors of the Association.

6.6. Reconciliation of Funds. In order that the appropriate Unit be correctly assessed for their share of the actual expenses of the Association, the various funds of the Association shall be reconciled at least annually; and any surplus (or deficit) in the funds shall be credited to the account of or paid to (or charged to the account of or assessed against) the Owners of the Units who paid the surplus (or owe the deficit).

ARTICLE 7.

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 8.

AMENDMENTS

The procedure and necessary consents required for adoption of amendments to the Bylaws are set forth in Article 26 of the Declaration.

The foregoing Bylaws were adopted on 6-17, 2005, at the organizational meeting of the Board of Directors.

Secretary