

**LIMITED LIABILITY COMPANY AGREEMENT
OF WOODARD LANE COHOUSING, LLC**

(a Washington Limited Liability Company)

Dated and Effective as of
February 15, 2005

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THIS LIMITED LIABILITY COMPANY AGREEMENT (the "Agreement") is made and entered into effective as of the date stated on the first page of this Agreement by and among the Persons whose signatures appear on the signature page hereof.

ARTICLE 1: DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

1. "Act" means the Washington Limited Liability Company Act (RCW Ch. 25.15).
2. "Agreement" means this limited liability company agreement, as executed by the Members and as amended according to its terms from time to time.
3. "Associate Member" means a Person or Household that has applied for and has been granted Associate member status by the Company, has paid all Associate Membership fees and has signed an Associate Membership Agreement.
4. "Capital Account" means the capital account determined and maintained for each Membership Unit Holder pursuant to Section 8.3.
5. "Capital Contribution" means any contribution to the capital of the Company in cash or property by a Member whenever made.
6. "Certificate of Formation" means the certificate of formation pursuant to which the Company was formed, as originally filed with the office of the Secretary of State, and as amended from time to time.
7. "Charter Member" and "Charter Membership" mean a Member and the rights of a Member who has been granted Member status by the Company before the date adopted by the Company for the close of Charter Memberships, has made all required Capital Contributions and has signed this Agreement.
8. "Code" means the Internal Revenue Code of 1986, as amended or corresponding provisions of subsequent superseding federal revenue laws.
9. "Company" means the limited liability Company identified on the first page of this Agreement.
10. "Company Minimum Gain" has the same meaning as the phrase "partnership minimum gain" in Regulation Sections 1.704-2(b)(2) and 1.704-2(d).
11. "Condominium" means the buildings and common areas, established by a recorded declaration of condominium pursuant to RCW 64.34 et. seq., constructed at the direction of the Company and administered by the Company.
12. "Condominium Dwelling" means each residential living unit constructed in the Company's Project; however, if the Company elects to distribute land suitable for construction of dwellings to the Members, instead of completed dwellings, this term shall also refer to such subdivided land that is distributed to the Members.
13. "Consensus" means the analysis and decision-making process employed by the Company, used in the circumstances listed in this Agreement, according to the guidelines and procedure set forth in Section 7.7 herein, or as modified by the Company.

14. "Decision Making Procedure" Means the process, quorum and any other requirements for the members' determination of matters that must be decided upon under the terms of this Agreement as adopted by the Company and set forth in the policies and procedures resolutions of the Company. The Decision Making Process may include and is not limited to consensus and voting.
15. "Deficit Capital Account" means, with respect to any Unit Holder, the deficit balance, if any, in such Membership Unit Holder's Capital Account as of the end of the taxable year, after giving effect to the following adjustments:
- (i) credit to such Capital Account any amount that such Membership Unit Holder is obligated to restore to the Company under Regulation Section 1.704-1(b)(2)(ii)(c), as well as any addition thereto pursuant to the next to last sentences of Regulation Sections 1.704-2(g)(1) and (i)(5); and
 - (ii) debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).
- This definition is intended to comply with the provisions of Regulation Sections 1.704-1(b)(2)(ii)(d) and 1.704-2, and will be interpreted consistently with those provisions.
16. "Distributable Cash" means all cash received by the Company, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and other sums paid or payable to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; and (iii) Reserves.
17. "Economic Interest" means a Membership Unit Holder's share of Net Profits, Net Losses and other tax items of the Company and distributions of the Company's assets pursuant to this Agreement and the Act, but shall not include any right to participate in the management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members.
18. "Economic Interest Owner" means the owner of an Economic Interest who is not a Member.
19. "Entity" means any general partnership, limited partnership, limited liability Company, corporation, joint venture, trust, business trust, cooperative or association or any other organization that is not a natural person.
20. "Governing Documents" means the documents related to the administration of the Condominium to be constructed by the Company, as described in RCW 64.34.216, 64.34.304 and 64.34.324.
21. "Household" means any one or more adults and their dependent children as identified by such adults.
22. "Majority Interest" means, at any time, more than fifty percent (50%) of the then outstanding Membership Units held by Members.
23. "Manager" means a Member who is a member of the Managing Board as provided in Article 5.
24. "Managing Board" means the governing body of the Company as described in Article 5.
25. "Member" means each Person who executes a counterpart of this Agreement as a Member, and each Person who may hereafter become a Member as provided in Article 4 Membership.

26. "Membership Interest" means all of a Member's share in the Net Profits, Net Losses and other tax items of the Company and distributions of the Company's assets pursuant to this Agreement and the Act and all of a Member's rights to participate in the management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members.
27. "Member Minimum Gain" has the same meaning as the term "partner nonrecourse debt minimum gain" in Regulation Section 1.704-2(i).
28. "Member Nonrecourse Deductions" has the same meaning as the phrase "partner nonrecourse deductions" in Regulation Sections 1.704-2(i)(1) and (2). The amount of Member Nonrecourse Deductions for a Company fiscal year shall be determined in accordance with Regulation Section 1.704-2(i)(2).
29. "Membership Unit Holder" means a Person who is a Member, or who holds an Economic Interest but is not a Member.
30. "Membership Units" means the ownership interests issued to any Member under this Agreement as reflected in attached Schedule 1, as amended from time to time.
31. "Net Profits" and "Net Losses" shall have the meaning ascribed to those terms in Section 9.5.
32. "Nonrecourse Deductions" has the meaning set forth in Regulation Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a Company fiscal year shall be determined pursuant to Regulation Section 1.704-2(c).
33. "Nonrecourse Liability" has the meaning set forth in Regulation Section 1.704-2(b)(3).
34. "Percentage Interest" means, with respect to any Unit Holder, the percentage determined based upon the ratio that the number of Units held by such Membership Unit Holder bears to the total number of outstanding Membership Units.
35. "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such "Person" where the context so permits.
36. "Project" means any cohousing building development undertaken by the Company.
37. "Property" all real and personal property interests, assets or rights owned or held by or on behalf of the Company
38. "Regulations" includes proposed, temporary and final Treasury regulations promulgated under the Code and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.
39. "Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the manager for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.
40. "Resolutions" means those additional requirements governing the conduct of the Company in matters not otherwise described in the Agreement, that may be adopted by the Members of the Company from time to time.

41. "Voting" means the decision-making process employed by the Company, used in circumstances listed in this Agreement, according to the guidelines and procedure set forth in Section 7.7 herein, or as modified by the Company.

ARTICLE 2: FORMATION OF COMPANY

- 2.1 Formation. The Company was formed when the Certificate of Formation was executed and filed with the office of the Secretary of State in accordance with and pursuant to the Act.
- 2.2 Name. The name of the Company is "Woodard Lane Cohousing, LLC".
- 2.3 Principal Place of Business. The initial principal place of business of the Company shall be 3724 Wesley Loop NW, Olympia, Washington, 98502. The Company may locate its places of business at any other place or places as the Managing Board may from time to time deem advisable.
- 2.4 Registered Office and Registered Agent. The Company's initial registered agent and the address of its initial registered office in the State of Washington are David S. Kerruish, P.S., 7016 - 35th Avenue NE, Seattle, Washington, 98115. The registered office and registered agent may be changed by the Manager from time to time by filing an amendment to the Certificate of Formation.
- 2.5 Term. The term of the Company shall be fifty (50) years, unless the Company is earlier dissolved in accordance with either Article 14 or the Act.

ARTICLE 3: BUSINESS OF COMPANY

- 3.1 Business of the Company. The business of the Company will be to carry on any lawful business or activity which may be conducted by a limited liability company organized under the Act; and to exercise all other powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Act.
- 3.2 Purpose of the Company. The purpose of the Company is to engage in the following activities:
- 3.2.1 To develop and promote community-based housing known as "Cohousing" in Olympia, Washington, in which each Household will own or otherwise have exclusive rights to occupy, their own condominium dwelling, but will share certain common areas and facilities with other Households;
 - 3.2.2 To acquire (on an interim basis until all membership units have been transferred to Members) legal title to the property on which the Project will be located, and to build improvements to the property;
 - 3.2.3 To develop guidelines and principles by which the Project will be developed and operated;
 - 3.2.4 To take necessary steps to convey legal title to the condominium dwellings and to the common areas through the preparation and recording of a condominium declaration and covenants relating to use restrictions governing the Project; and
 - 3.2.5 Upon completion of the Project, to operate and maintain the Project for the benefit of the Members.
- 3.3 Company Not Intended as Profit Making Entity. The Members understand and agree that the Company has been created to develop a cohousing community, with the intent that the

Members will be the first owners of and residents of the cohousing community developed by the Company. The Capital Contributions and other sums paid to the Company by the Members are intended to support these activities. It is not anticipated that the Company will generate profits or other economic benefit to the Members. It is possible that the Company may never develop a cohousing project, but that the Capital Contributions and other sums paid by the Members to the Company will, in whole or in part, be expended by the Company and there will be no assets to distribute to the Members. The Members wish to support the activities of the Company, as described in Sections 3.1 and 3.2, and have no expectation of making any profit or obtaining any economic advantage.

ARTICLE 4: MEMBERSHIP

4.1 Identification of Members. The Members of the Company are identified on Schedule 1, attached, as such Schedule is amended by the Company after a change in membership status, or after an approved transfer of a Membership Unit.

4.2 Household Membership: If two or more persons form a Household that occupies (or will occupy upon completion of the Project) a single Condominium Dwelling, membership in the Company may be granted for the entire Household as a single Member.

4.2.1. All adult members of a Household are entitled to participate in consensus decision-making. If a vote is called for, a Household is entitled to one (1) indivisible membership vote, irrespective of the number of adults and children in the Household.

4.2.2 In the event that the adults in the Household, excluding dependent children of any age, are unable to agree upon the manner in which the Member's vote assigned to the Household is to be cast, no vote shall be made by the Household. The Company is not required to resolve conflicts in the Household, and can disregard any vote that is not cast by agreement of the adults in the Household.

4.3. Limitation on Number of Members. The number of Members will be limited by the number of Condominium Dwellings available in the Project. All adult individuals (natural persons) who are Members (individually or in Housholds) are encouraged to participate in group discussions and concensus decisions. Associate Members may be entitled to participate, according to the policies adopted by the Company.

4.4. Charter Members. The Company shall determine, thorough its Decision Making Procedure, the designation and rights of its Charter Members. The rights of the Charter members, in addition to the rights of Members set forth in this Agreement, may include, if approved by the Members, priority choice for purchase of Condominium Dwellings in the Project and priority repayment of any loans made to the Company for development and construction of the Project.

4.5. Membership Requirements. In order to become a Member, a Person or Entity must first become an Associate Member. The Company shall determine the requirements for admission to Associate Membership status. After acceptance as an Associate Member, an Associate Member may become a Member by meeting all of the requirements of Membership established by the Company, the minimum of which are as follows:

4.5.1. The Associate Member must be able to qualify for a loan, or demonstrate financial ability, to purchase one of the Condoiminium Dwellings;

4.5.2. The Associate Member must complete a mortgage pre-qualification process with a Lender that will loan a sum sufficient for the purchase of a Condominium Dwelling at the Project, or must provide an alternative to such financing acceptable to the Company, and submit the results to the Company for review;

4.5.3. The Associate Member must demonstrate an ability to make current and projected capital contributions required of a Member;

4.5.4. The Associate Member must meet all other membership qualifications that may be adopted by the Company from time to time;

4.5.5. The Associate Member's application for membership must be approved by the Company;

4.5.6. The Associate Member must sign this Agreement, and all other agreements executed by the Company's Members for such loans or contracts in which the Members are personally obligated.

4.5.7. The Associate Member must make payment to the Company of all Capital Contributions that are required by the Company as a condition of the grant of Membership, and such funds must be collected by the Company.

No Person or Entity shall become a Member without satisfying each of the conditions stated above. Membership may not arise by estoppel, implication, partial performance, waiver, or by operation of law. Associate Members are not parties to this Agreement, and hold no rights thereby.

4.6. Independent Legal and Financial Counsel. Each applicant for membership in the Company is responsible for obtaining, and has obtained prior to executing this Agreement, independent legal and financial review of this Agreement and the Member's obligations under the Agreement. Each Member has used such independent counsel to resolve any questions of the Member about the rights, responsibilities, and risks of becoming a Member of the Company.

4.7. Member Rights and Responsibilities. A Member has the following rights and responsibilities, in addition to the rights and responsibilities described in more detail in this Agreement and that may be adopted by the Company from time to time by its Voting Procedure:

4.7.1. A Member may receive as a return of the Member's Capital Contribution (provided that the contribution of the Member qualifies) a Condominium Dwelling built by the Company, provided that the Company constructs the Project, that the Member and the Company agree upon the Capital Contribution required as a prerequisite to such distribution of a Condominium Dwelling, and that the Member successfully completes all steps required by the Company for distribution of the Condominium Dwelling Unit to the Member. In the alternative, and at the Company's election, the Member may receive as a return of the Member's Capital Contribution (provided that the contribution of the Member qualifies) a parcel of land from the Company (either legally divided from other portion of the land owned by the Company, or as an "airspace condominium" within a condominium community established by the Company), provided that the Company develops the Project sufficiently for the Company to qualify for governmental permission to subdivide the Company's land, that the Member and the Company agree upon the Capital Contribution required as a prerequisite to such distribution of a parcel of land, and that the Member successfully completes all steps required by the Company for distribution of the parcel of land to the Member. If a Member receives a distribution of land instead of the distribution of a Condominium Dwelling, the Member agrees to take such distribution subject to the rights of the Company to supervise and regulate the

construction of improvements to the land, and the Member agrees to take diligently all steps determined by the Company as needed to complete the improvement of the land with the construction of a dwelling consistent with the development plan of the Company.

4.7.2. Members will keep the financial information of the Company and its members confidential.

4.8 New Members. New Members may be admitted to the Company in the manner described in Section 4.5, provided there are Memberships available, as determined by the Managing Board. Existing Associate Members will have priority to purchase Units of the Company as they become available, as provided for in the policies and procedures established by the Company.

4.9. Termination of Membership. A Member may be removed from the Company by the Company, and the Membership terminated, in the manner set forth in the policies and procedures adopted by the Company according to its Decision Making Procedure. A Member may be removed by the Company:

4.9.1 If the Member has materially breached the terms of this Agreement, the policies and procedures adopted by the Company, or the Governing Documents of the Condominium administered by the Company;

4.9.2 If the Member's conduct, while not a material breach of the Agreement, the policies and procedures adopted by the Company, or the Governing Documents, is deleterious to the continuing operation of the Company as a cohousing association, and materially interferes with the enjoyment of the pursuit of the Project of the residential occupation of the Condominium for other Members of the Company;

4.9.3 If the Member's Membership Units, or the Member's Condominium Dwelling, becomes the subject of any claim or lien foreclosure process;

4.9.4 If the Member becomes a debtor in any Bankruptcy proceeding, or a receiver is appointed to administer the Member's assets; or

4.9.5 On the conditions that may be adopted by the Company from time to time.

If a Member is removed the Member will become, and hold the rights of, a Economic Interest Holder, and the Condominium Dwelling occupied by the Member shall be sold in the manner described in Sections 12.3-12.7.

4.10. Voluntary Withdrawal by a Member. A Member may withdraw from the Company by written notice to the Company, notifying the Company of the Member's intent to withdraw, the effective date of the intended withdrawal and the Member's intention regarding the disposition of the Condominium Dwelling owned by the Member.

4.10.1. If the withdrawing Member does not elect to sell or transfer the Membership Interest as provided in Section 12.2, the withdrawing Member will no longer have a Membership Interest, but will become an Economic Interest Owner, and the Condominium Dwelling occupied by the withdrawing Member shall be sold in the manner described in Sections 12.3-12.7.

4.10.2. If the Member does elect to sell or transfer the Membership Interest as provided in Section 12.2, the Member shall remain a Membership Unit Holder until the Member proposes to the Company a new Member for purchase of the Membership Units and the Condominium Dwelling owned by the Member. Upon proposing the new Member, the Company shall determine whether the Membership Units and the Condominium Dwelling

may be transferred as proposed by the withdrawing Member. A withdrawing Member must offer for sale the Membership Units and Condominium Dwelling to Associate Members first, according to the priority chosen by the Company in its policies and procedures. A withdrawing Member must propose to the Company a qualified new Member within 30 days of notification of withdrawal, or the withdrawing member shall be deemed to have elected to proceed with withdrawal under Section 4.10.1.

4.10.3 A withdrawing Member may request a transfer to Associate Member status by written notice to the Company. From and after the date upon which withdrawal is completed without default by the withdrawing Member, the withdrawing Member may sign an Associate Member agreement and be granted Associate Member status without further qualification through the Associate Member process. A Member becoming an Associate Member under this provision retains the priority standing for becoming a Member again if Memberships become available, as of the effective date of withdrawal from Membership. As an Associate member, the withdrawing Member shall retain none of the rights of a Member.

4.10.4 Unless otherwise approved by Members, a Member who withdraws shall be entitled to receive only those distributions to which such Person would have been entitled had such Person remained a Member (and only at such times as such distribution would have been made had such Person remained a Member). The remedy for breach of this Section 4.10 may be monetary damages and specific performance of the Company's or Members' right to purchase the Membership Units and the Condominium Dwelling of the withdrawing Member.

4.11. Gift or Devise of a Member's Membership or Economic Interest. In the event that a Member transfers by gift the Member's Membership Units or Economic Interests without the approval of the Company as provided by this Agreement or by the policies and procedures adopted by the Company, the Member shall be treated as having given notice to the Company of a Voluntary Withdrawal from the Company on the date that the transfer of the Member's interest is made, when the Company is notified of the transfer, or when the Member ceases to occupy the Condominium Dwelling, whichever event occurs later.

ARTICLE 5 MANAGEMENT: POWERS AND DUTIES OF MANAGING BOARD

5.1. Management. The Managing Board will manage the Project and the business and affairs of the Company, and implement policies and actions adopted by the Members. The Members are the source of all authority and power delegated to the Managing Board. The Managing Board will have all the rights, powers and obligations of a manager as provided in the Act, this Agreement and as otherwise provided by law. Any action taken by the Managing Board will constitute the action of the Company. The powers of the Managing Board include the following:

5.1.1. To acquire real and personal property;

5.1.2. To borrow money from financial institutions or the Members, and in connection therewith, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

5.1.3. To purchase liability and other insurance to protect the Company's property and business;

5.1.4. Except as provided in Section 6.3, to acquire, improve, manage, charter, operate, sell, transfer, exchange, encumber, pledge or dispose of any real or personal property of the Company;

- 5.1.5. To invest Company funds;
- 5.1.6. To execute all instruments and documents, necessary, to carry on the business of the Company;
- 5.1.7. To employ engineers, architects, contractors, accountants, legal counsel, managing agents or other professionals to perform services for the Company and to compensate them from Company funds;
- 5.1.8. To enter into any and all other agreements with any other Person for any purpose, in such form as approved by the Membership;
- 5.1.9 To open bank accounts in the name of the Company, and the Managing Board will be the sole signatory thereon, unless the Managing Board determines otherwise;
- 5.1.10 To enforce the decisions of the Members and the terms of this Agreement, including but not limited to taking such legal action needed to enforce the decisions and this Agreement;
- 5.1.11 To adopt policies and procedures for the Company on subject mentioned in this Agreement, or subjects not mentioned in this Agreement but related to the Agreement's performance and the operation of the Company, including policies and procedures determining the matters to be decided by the Managing Board, and those to be decided by the Members, as long as the decisions reserved to the managing Board do not conflict with any express provision of this Agreement, the Governing Documents, or the Act; and
- 5.1.12 To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

Any one Managing Board Member may take any action permitted to be taken by the Managing Board, unless the approval of more than one of the Managing Board Members is expressly required by this Agreement, the Act, or the policies and procedures adopted by the Company. Unless authorized to do so by this Agreement or by the Managing Board, no Member, employee or other agent of the Company will have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

5.2 Number and Appointment of Managers. The Managing Board shall be composed of at least three (3) Members. The Members may increase the number of Members on the Managing Board, and will set the length of service and qualifications of Managing Board Members. The Members may set specific policies and actions for the Managing Board to implement. The Managing Board will be selected by a Consensus of the Membership. All Members of the Company who are qualified to make decisions on Company matters are eligible to serve on the Managing Board.

5.3 Employment of Others. The Managing Board will devote such time to Company affairs as it deems necessary to manage and supervise the operations and business of the Company. Nothing contained in this Agreement will preclude the employment by the Managing Board, on behalf of and at the expense of the Company, of themselves or any agent or third party to operate and manage all or any portion of the Project, the Condominium, or to provide any service relating to the Company's business.

5.4 Compensation. The Members on the Managing Board will not be compensated for their services on the Managing Board. The Company, however, will pay all costs and expenses of the Members of the Managing Board arising from or relating to the business of the Company. The

Company may reimburse Managers, or any Member, for reasonable out-of-pocket expenses incurred by them, according to the policies and procedures adopted by the Company.

5.5 Limitation on Liability; Indemnification. The Managing Board, its employees and agents will not be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided that such act or omission did not constitute fraud, misconduct, bad faith or gross negligence. The Company will indemnify and hold harmless each Managing Board Member, and each employee or agent thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the Company or in furtherance of the Company's interests without relieving any such Person of liability for fraud, misconduct, bad faith or negligence. No Member will have any personal liability with respect to the satisfaction of any required indemnification of the above-mentioned Persons.

Any indemnification required to be made by the Company will be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise, in the manner provided in Article 6. In addition, the Company may advance funds to a Person claiming indemnification under this Section 6.3 for legal expenses and other costs incurred as a result of a legal action brought against such Person only if (i) the legal action relates to the performance of duties or services by the Person on behalf of the Company, (ii) the legal action is initiated by a party other than a Member, and (iii) such Person undertakes to repay the advanced funds to the Company if it is determined that such Person is not entitled to indemnification pursuant to the terms of this Agreement.

5.6 Removal or Resignation of a Member of the Managing Board. At a meeting called expressly for that purpose, any Member of the Managing Board may be removed at any time, with or without cause, by a consensus of the Membership. A Managing Board member may resign at any time upon seven (7) days prior written notice to the Company. The removal or resignation of a member of the Managing Board will not affect the Membership rights of the Member and will not constitute a withdrawal of the Member from the Company.

5.7 Vacancies. Any vacancy on the Managing Board occurring for any reason may be filled by consensus of Members.

5.8 Right to Rely on the Managing Board. Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by any two members of the Managing Board as to the identity and authority of any Managing Board Member or other Person to act on behalf of the Company.

5.9 Offices and Committees of Managing Board. The Managing Board may create any offices, teams, or committees necessary to carry out the affairs of the Company, vesting such offices, teams, or committees with any authority that it deems appropriate.

ARTICLE 6: RIGHTS AND OBLIGATIONS OF MEMBERS

6.1 Limitation of Liability. Each Member's liability shall be limited as set forth in this Agreement and the Act.

6.2 Liability for Company Obligations. No member will be personally liable, merely as a Member, for any debts or losses, liabilities of the Company beyond the Member's respective contributions or any obligation of the member under Section 8.1 or 8.2 to make contributions, except as otherwise specifically provided by law. No member shall have liability to the Company or its

Members or Managing Board for monetary damages for conduct merely as a Member, except for (a) acts or omissions that involve intentional misconduct, (b) a knowing violation of the law, (c) conduct violating RCW 25.15.235, (d) conduct that is expressly subject to a fine or forfeiture in this Agreement, the Governing Documents, or in any policies and procedures adopted by the Company, or (e) for any transaction from which the Member has personally received a benefit in money, property or services to which the member was not legally entitled. If the Washington Limited Liability Company Act is hereafter amended to authorize Company action further eliminating or limiting the personal liability of members, then the liability of a member shall be eliminated or limited to the full extent permitted by the Act, as so amended. Any repeal or modification of this section shall not adversely affect any right or protection of a member of the Company existing at the time of such repeal or modification for or with respect to an act or omission of such member occurring prior to such repeal or modification.

6.3. Power to Indemnify. The Company may indemnify and hold harmless to the full extent permitted by applicable law each person who was or is made a party to or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or other proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, she or it is or was a Member, Member of the Managing Board, officer, employee or agent of the Company or, being or having been such a Member, Member of the Managing Board, officer, employee or agent, he, she or it is or was serving at the request of the Company as a member, manager, officer, employee, agent, trustee or in any other capacity of another limited liability Company or of a corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or omission in an official capacity or in any other capacity while serving as member, manager, officer, employee, agent, trustee or in any other capacity, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification may continue as to a person who has ceased to be a member, manager, officer, employee or agent of the Company and shall inure to the benefit of his or her heirs and personal representatives.

6.4. Power to Pay Expenses in Advance of Final Disposition. The Company may pay expenses incurred in defending any such proceeding in advance of the final disposition of any such proceeding; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a Member, Member of the Managing Board, officer, employee or agent only upon delivery to the Company of an undertaking, by or on behalf of such Member, Member of the Managing Board, officer, employee or agent, to repay all amounts so advanced if it shall ultimately be determined that such Member, Member of the Managing Board, officer, employee or agent is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

6.5. Power to Enter Into Contracts. The Company may enter into contracts with any person who is or was a Member, Member of the Managing Board, officer, employee and agent of the Company in furtherance of the provisions of this Article and may create a trust fund, grant a security interest in property of the Company or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

6.6. Limitation on Powers. No indemnification shall be provided under this Article to any such person if the Company is prohibited by the nonexclusive provisions of the Act or other applicable law as then in effect from paying such indemnification. For example, no indemnification shall be provided to any Member or Member of the Managing Board in respect of any proceeding, whether or not involving action in his, her or its official capacity, in which he or she shall have been finally adjudged to be liable on the basis of intentional misconduct or knowing violation of law by the

Member or Member of the Managing Board, or from conduct in violation of RCW 25.15.235, or that the Member or Member of the Managing Board personally received a benefit in money, property or services to which the person was not legally entitled.

6.7. Character of Rights. The rights to indemnification and payment of expenses in advance of final disposition of a proceeding conferred by or pursuant to this Article shall be contract rights.

6.8. Enforcement. A Member, Member of the Managing Board, officer, employee or agent ("claimant") shall be presumed to be entitled to indemnification and/or payment of expenses under this Article upon submission of a written claim (and, in an action brought to enforce claim for expenses incurred in defending any proceeding in advance of its final disposition, where the undertaking in subsection 6.4 above has been delivered to the Company) and thereafter the Company shall have the burden of proof to overcome the presumption that the claimant is so entitled.

If a claim under this Article is not paid in full by the Company within sixty (60) days after a written claim has been received by the Company, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. Neither the failure of the Company (including its Members, Members of the Managing Board or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances nor an actual determination by the Company (including its Members, Members of the Managing Board or independent legal counsel) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

6.9. Rights Not Exclusive. The right to indemnification and payment of expenses in advance of final disposition of a proceeding conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute or provision of the Company's agreement, vote of disinterested Members or otherwise.

6.10. Insurance. The Company may purchase and maintain insurance, at its expense, to protect itself and any Member, Member of the Managing Board, officer, employee, agent or trustee of the Company or another Company, corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Act.

6.11. Survival of Benefits. Any repeal or modification of this Article shall not adversely affect any right of any person existing at the time of such repeal or modification.

6.12. Severability. If any provisions of this Article or any application thereof shall be invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid, unenforceable or contrary to applicable law, shall not be affected thereby and shall continue in full force and effect.

6.13. Applicable Law. For purposes of this Article, "applicable law" shall at all times be construed as the applicable law in effect at the date indemnification may be sought, or the law in effect at the date of the action, omission or other event giving rise to the situation for which indemnification may be sought, whichever is selected by the person seeking indemnification. As of the date hereof, applicable law shall include the Act, RCW 25.15.005 through RCW 25.15.902, as amended.

6.14. Approval of Sale of All Assets. The Company shall not sell, exchange or otherwise dispose of all, or substantially all, of its assets without the affirmative decision of the Members according to the Decision Making Procedure described in Section 7.5.

6.15. Inspection of Records. Upon reasonable request, each Member shall have the right to inspect and copy at such Member's expense, during ordinary business hours, the records required to be maintained by the Company pursuant to Section 11.5.

6.16. No Priority and Return of Capital. Except as expressly provided in Article 9 or 10, no Membership Unit Holder shall have priority over any other Membership Unit Holder, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided, that this Section 6.16 shall not apply to loans made by a Member to the Company.

6.17. Independent Activities of Members of the Managin Board and Members. Any Member of the Managing Board or Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to the ownership, financing, management, employment by, lending to or otherwise participating in businesses which are similar to the business of the Company, and neither the Company nor any of the Members will have any right by virtue of this Agreement in and to such independent ventures or to the income or profits therefrom.

6.18 Right to Due Process. Each Member shall be entitled to a hearing, if requested by the Member and conducted in the manner provided by the Company's policies and procedures, before the termination of the Member's membership in the Company, imposition of any fine or penalty by the Company, or the restriction upon the Member's right to vote.

6.19 Publication of Policies, Procedures, Rules and Regulations. All policies, procedures, rules and regulations adopted by the Company or the Managing Board shall be distributed to the Members, electronically or in written form, as soon after their adoption as is practical.

ARTICLE 7: MEETINGS/DECISION MAKING

7.1. Meetings. The Managing Board shall meet at a time and location agreed upon by the Managing Board at the previous regular meeting, but not less than four times each calendar year. Managing Board meetings may be conducted by telephone, or by written assent, according to guidelines adopted by the Managing Board. Regular Membership meetings will occur on a schedule established by the Membership, but not less than one each calendar year. Minutes shall be taken at all meetings.

7.2. Special Meetings. Special meetings of the Managing Board may be called by any Member of the Managing Board upon two (2) business days written notice. Special meetings of the Members may be called by forty percent (40%) of the Members upon five (5) business days prior written notice to the other Members.

7.3. Notice & Place of Meetings. Notice will be given to each Member entitled to participate in decisions at such meeting, stating time and place of the meeting and including an agenda which lists all topics to be addressed at the meeting. The Managing Board or the Members may designate the place, but it is intended the meeting shall be held at locations convenient to attendees. If no designation is made, the place of the meeting shall be the principal office of the Company specified in Section 2.3. Notice may be given in the manner described in Section 14.1, or by the method described in the policies and procedures adopted by the Company, including electronic transmission.

7.4. Record Date. For the purpose of determining Members entitled to notice of or to participate in decisions at any meeting of Members or any adjournment thereof, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to participate in decisions at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

7.5. Decision Making Procedure. The Decision Making Procedure to be used by the Company on all matters in which the Members must approve proposed action of the Company shall be the as stated in Sections 7.6 through 7.11 herein, unless a different Decision Making Procedure is specified in this Agreement, the Governing Documents or in any policy or procedure adopted by the Company for a specific type of decision. The Company may modify the Decision Making Procedure, including the manner of achieving Consensus and of voting, by adopting policies and procedures for application to specific types of decisions to be made by the Managing Board or the Members.

7.6. Quorum. A majority of the Membership Units represented in person or by proxy will constitute a quorum at any meeting of Members, unless a different Quorum is required under other terms of this Agreement, the Governing Documents or the policies and procedures adopted by the Company for a specific type of decision. The Members present at any properly convened meeting may continue to transact business until adjournment, so long as proxies have been given for decisions remaining on the agenda, notwithstanding the withdrawal during such meeting of that number of Units whose absence would cause less than a quorum. The Company may chose to adopt policies and procedures with quorum requirements different than the requirements stated in this Section, provided that any policies and procedures adopted to change the quorum requirements are adopted under the Decision Making Procedure described herein.

7.7 Manner of Acting. The Managing Board and Members shall attempt to make all decisions by consensus, through a process approved by the Membership and outlined in the policies and procedures adopted by the Company determining the manner in which consensus shall be sought. If consensus cannot be reached on any decision within the time permitted for the establishment of consensus, or an emergency is declared to exist by the Managing Board which precludes use of the consensus process, a vote shall be called for. The affirmative vote of two-thirds (2/3) of the Members present or by proxy shall be the act of the Members, unless the vote of a greater or lesser percentage is required by this Agreement, the Act, the Governing Documents or the policies and procedures adopted by the Company for a specific type of decision.

7.8. Proxies. At all meetings of Members a Member may vote or state their consent, or not, in person or by proxy executed in writing by the Member. Such proxy shall be filed with the Managing Board before or at the time of the meeting. No proxy shall be valid after the vote or call for consent for which it was executed, if the proxy was given only for a single vote, or unless otherwise provided in the proxy. In no case shall a proxy be valid for more than eleven (11) months from the date of its execution.

7.9. Action by Managing Board or Members Without a Meeting. Action required or permitted to be taken at a meeting of the Managing Board or Members may be taken without a meeting if, after notice of the proposed action is given to all Members in the same manner as notice of a special meeting, the action is evidenced by a written consent describing the action taken, executed by Members or Members of the Managing Board entitled to participate in the decision thereon and delivered to the Company for inclusion in the Company's Minutes. Action taken under this Section 7.9 is effective when sufficient parties to constitute a quorum and approve or disapprove the proposed action have executed the consent, unless the consent specifies a different effective date. Action taken under this section must meet the minimum vote requirements of Section 7.7.

7.10. Waiver of Notice. When any notice is required to be given to a Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

7.11 Electronic Decision Making; Decisions by Mail. The Company may adopt policies and procedures for conducting Consensus and determining votes electronically, or by mail.

ARTICLE 8: CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

8.1. Capital Contributions. Each Member will contribute the amount as determined by the Managing Board, as set forth in attached Schedule 1 as such Member's share of the Member's Initial Capital Contribution; provided that the previous capital contributions of Charter Members, as listed in Schedule 2, will be a credit toward the capital contribution, as listed in Schedule 1, of the Charter Members.

8.2. Additional Contributions. Each Member will be required to make the additional Capital Contributions as determined by the Managing Board from time to time to be reasonably necessary to meet the expenses of the Company. The Managing Board will give written notice to each Member of the amount of any required additional Capital Contribution, and each Member will pay to the Company such amount no later than thirty (30) days following the date such notice is given. Nothing contained in this Section 8.2 is or will be deemed to be for the benefit of any Person other than the Members and the Company, and no such Person will under any circumstances have any right to compel any actions or payments by the Members. In the event that a Member fails to make a Capital Contribution when required, the Managing Board may, at its election, permit other Members of the Company to make the contribution on behalf of the noncontributing Member, and treat such contribution as a loan to the noncontributing Member.

8.3. Capital Accounts. A separate Capital Account will be maintained for each Unit Holder throughout the term of the Company in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv).

8.3.1 Each Unit Holder's Capital Account will be increased by (a) the amount of money contributed by such Membership Unit Holder to the Company; (b) allocations to such Membership Unit Holder of Net Profits or Net Losses; and (c) any items in the nature of income and gain that are specially allocated to the Unit Holder pursuant to Sections 9.2 and 9.3. In the event of a permitted sale or exchange of a Membership Interest or an Economic Interest in the Company, the Capital Account of the transferor will become the Capital Account of the transferee to the extent it relates to the transferred Membership Interest or Economic Interest.

8.3.2 The manner in which Capital Accounts are to be maintained pursuant to this Section 8.3 is intended to comply with the requirements of Code Section 704(b) and the Regulations promulgated thereunder. In the opinion of the Company's legal counsel or accountants the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.3 should be modified in order to comply with Code Section 704(b) and the Regulations thereunder, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.3, the method in which Capital Accounts are maintained will be so modified; provided, however, that any change in the manner of maintaining Capital Accounts will not materially alter the economic agreement between or among the Members.

8.4. No Interest On Member's Contributions to Capital. No interest will be paid by the Company on capital contributions or on the balance in any Capital Account.

8.5 Limitations on Withdrawal of Capital Account. A Member will not receive out of the Company's property any part of its Capital Contribution until one of the following occurs:

8.5.1 In the case of a termination and winding up of the Company's business activities, a Member may receive return of the Member's Capital Contribution only after all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to pay them. A Member, irrespective of the nature of its Capital Contribution, has only the right to demand and receive cash in return for its Capital Account in the event of the termination of the Company's business.

8.5.2 In the case of a voluntary withdrawal of a Member prior to termination of the Company's business, a Member may receive a return of the Member's Capital Contribution, in whole or in part, only if:

8.5.2.1 The Capital Account has not been returned to the Member's by distribution of a Condominium Dwelling to the Member. If previously returned to the Member by such distribution, the sole means for the Member to receive a return of cash on account of the Member's Capital Account is through the sale of the Condominium Dwelling. If such sale fails to generate sufficient sums for repayment, the Member shall have no claim for further repayment from the Company;

8.5.2.2 The Company's Managing Board determines that the Company has sufficient funds to make payment, in whole or in part, to the Member, without substantial interference with the Company's ability to continue its business activities;

8.5.2.3 The Company's business activities have produced a surplus sufficient to pay the Member after comparing the liquidation value of the Company's assets to all pending liabilities of the Company; and

8.5.2.4 At the time of the Member's voluntary withdrawal, there are no other Membership terminations pending that have a priority for repayment of Capital Account.

8.5.2.5 If sufficient surplus funds are not available, the Company shall, on a calendar year basis, review its financial status and determine whether repayment of Capital Accounts may be made to withdrawing Members who have not yet received a return of their Capital Accounts. The Company may elect to make payments in installments of portions of the Capital Accounts as the Managing Board may determine are feasible, in light of the Company's financial condition, and according to the priorities provided for in this Agreement.

8.5.3 In the case of the termination of a Membership Interest by default, a Member may receive a return of the Member's Capital Account, in whole or in part, only if the provisions of Section 8.5.2 are met in their entirety. However, if a Membership Interest is terminated for default, the Member shall receive first priority for repayment of any Capital Account that may be due as determined under 8.5.2.

ARTICLE 9: ALLOCATIONS OF NET PROFITS AND LOSSES

9.1 Allocation of Net Profit and Loss - In General. After giving effect to the special allocations set forth in Sections 9.2 and 9.3, the Net Profit or Net Loss for any fiscal year of the Company will be

allocated among the Membership Unit Holders in accordance with their respective Percentage Interests. The Net Loss allocated to each Member for any Company fiscal year pursuant to Section 9.1 will not exceed the maximum amount of Net Loss that can be so allocated without causing such Member to have a Deficit Capital Account at the end of the fiscal year. All Net Losses in excess of the limitation set forth in this Section 9.1 will be allocated to the other Membership Unit Holders who do not have Deficit Capital Accounts in proportion to their respective Percentage Interests.

9.2 Special Allocations. The following special allocations will be made for any fiscal year of the Company in the following order:

9.2.1 Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Company fiscal year, each Membership Unit Holder will be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Membership Unit Holder's share of the net decrease in Company Minimum Gain, determined in accordance with Regulation Sections 1.704-2(f) and 1.704-2(g)(2). The items to be so allocated, and the manner in which those items are to be allocated among the Unit Holders, will be determined in accordance with Regulation Sections 1.704-2(f) and 1.704-2(j)(2). This Section 10.2.1 is intended to satisfy the minimum gain chargeback requirement in Regulation Section 1.704-2(f) and will be interpreted and applied accordingly.

9.2.2 Member Minimum Gain Chargeback. If there is a net decrease in Member Minimum Gain during any Company fiscal year, each Membership Unit Holder who has a share of that Member Minimum Gain, determined in accordance with Regulation Section 1.704-2(i)(5), will be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Unit Holder's share of the net decrease in Member Minimum Gain, determined in accordance with Regulation Sections 1.704-2(i)(4) and 1.704-2(i)(5). The items to be so allocated, and the manner in which those items are to be allocated among the Membership Unit Holders, will be determined in accordance with Regulation Sections 1.704-2(h)(4) and 1.704-2(j)(2). This Section 9.2.2 is intended to satisfy the minimum gain chargeback requirement in Regulation Section 1.704-2(i)(4) and will be interpreted and applied accordingly.

9.2.3 Qualified Income Offset. In the event that any Membership Unit Holder unexpectedly receives any adjustments, allocations or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain will be specially allocated to such Membership Unit Holder in an amount and in a manner sufficient to eliminate as quickly as possible, to the extent required by Regulation Section 1.704-1(b)(2)(d), the Deficit Capital Account of the Membership Unit Holder (which Deficit Capital Account will be determined as if all other allocations provided for in this Article 9 have been tentatively made as if this Section 9.2.3 were not in this Agreement).

9.2.4 Nonrecourse Deductions. Nonrecourse Deductions will be allocated among the Membership Unit Holders in accordance with their respective Percentage Interests.

9.2.5 Member Nonrecourse Deductions. Any Member Nonrecourse Deductions will be specially allocated among the Membership Unit Holders in accordance with Regulation Section 1.704-2(i).

9.3 Corrective Allocations. The allocations set forth in the last sentence of Section 9.1.2 and in Section 9.2 are intended to comply with certain regulatory requirements under Code Section 704(b).

9.3.1 Allocations to Achieve Economic Agreement. The Members intend that, to the extent possible, all allocations made pursuant to such Sections will, over the term of the Company, be offset either with other allocations pursuant to Section 9.2 or with special

allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 9.3.1. Accordingly, the Managing Board is hereby authorized and directed to make offsetting allocations of Company income, gain, loss or deduction under this Section 9.3.1 in whatever manner the Membership determines is appropriate so that, after such offsetting special allocations are made, the Capital Accounts of the Membership Unit Holders are, to the extent possible, equal to the Capital Accounts each would have if the provisions of Section 9.2 were not contained in this Agreement and all income, gain, loss and deduction of the Company were instead allocated pursuant to Section 9.1.1.

9.3.2 Waiver of Application of Minimum Gain Chargeback. The Managing Board will request from the Commissioner of the Internal Revenue Service a waiver, pursuant to Regulation Section 1.704-2(f)(4), of the minimum gain chargeback requirements of Regulation Section 1.704-2(f) if the application of such minimum gain chargeback requirement would cause a permanent distortion of the economic arrangement of the Members, as reflected in Section 9.1.

9.4 Other Allocation Rules. Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for will be divided among the Unit Holders in the same proportions as they share Net Profits or Net Losses, as the case may be, for the year.

9.4.1 Allocation of Recapture Items. In making any allocation among the Membership Unit Holders of income or gain from the sale or other disposition of a Company asset, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions will be allocated among those Membership Unit Holders who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

9.4.2 Allocation of Excess Nonrecourse Liabilities. Solely for purposes of determining a Membership Unit Holder's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulation Section 1.752-3(a)(3), the Membership Unit Holders' interests in the Company's profits will be in the manner determined by the Managing Board.

9.4.3 Allocations in Connection with Varying Interests. If, during a Company fiscal year, there is (i) a permitted transfer of a Membership Interest or Economic Interest under this Agreement during a Company fiscal year or (ii) the admission of a Member or additional Members, Net Profit, Net Loss, each item thereof, and all other tax items of the Company for such period will be divided and allocated among the Membership Unit Holders by taking into account their varying interests during such fiscal year in accordance with Code Section 706(d) and using any conventions permitted by law and selected by the Managing Board.

9.5 Determination of Net Profit or Loss. The Net Profit or Net Loss of the Company, for each fiscal year or other period, will be an amount equal to the Company's taxable income or loss for such period, determined in accordance with Code Section 703(a) (and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1), including income and gain exempt from federal income tax, will be included in taxable income or loss).

9.5.1 Adjustments to Net Profit or Loss. For purposes of computing taxable income or loss on the disposition of an item of Company property or for purposes of determining the cost recovery, depreciation or amortization deduction with respect to any property, the Company will use such property's book value, determined in accordance with Regulation

Section 1.704-1(b). Consequently, each property's book value will be equal to its adjusted basis for federal income tax purposes, except as follows:

9.5.1.1 The initial book value of any property contributed by a Member to the Company will be the gross fair market value of such property at the time of contribution;

9.5.1.2 In the sole discretion of the Managing Board the book value of all Company properties may be adjusted to equal their respective gross fair market values, as determined by the Managing Board as of the following times: (1) in connection with the acquisition of an interest in the Company by a new or existing Member for more than a de minimis capital contribution, (2) in connection with the liquidation of the Company as defined in Regulation Section 1.704-1(b)(2)(ii)(g), or (3) in connection with a more than de minimis distribution to a retiring or a continuing Membership Unit Holder as consideration for all or a portion of his or its interest in the Company. In the event of a revaluation of any Company assets hereunder, the Capital Accounts of the Membership Unit Holders will be adjusted, including continuing adjustments for depreciation, to the extent provided in Regulation Section 1.704-1(b)(2)(iv)(f);

9.5.1.3 If the book value of an item of Company property has been determined pursuant to this Section 9.5.1, such book value will thereafter be used, and will thereafter be adjusted by depreciation or amortization, if any, taken into account with respect to such property, for purposes of computing taxable income or loss.

9.5.2 Items Specially Allocated. Notwithstanding any other provision of this Section 9.5, any items that are specially allocated pursuant to Section 9.1 or 9.2 will not be taken into account in computing Net Profit or Net Loss.

9.6. Mandatory Tax Allocations Under Code Section 704(c). In accordance with Code Section 704(c) and Regulation Section 1.704-3, income, gain, loss and deduction with respect to any property contributed to the capital of the Company will, solely for tax purposes, be allocated among the Membership Unit Holders so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial book value computed in accordance with Paragraph (a) of Section 9.5.2. Prior to the contribution of any property to the Company that has a fair market value that differs from its adjusted tax basis in the hands of the contributing Member on the date of contribution, the contributing Member and the Managing Board (or, if the contributing Member is on the Managing Board, a Majority Interest of the non-contributing Members) will agree upon the allocation method to be applied with respect to that property under Regulation Section 1.704-3, which allocation method will be set forth on attached Schedule 2, as amended from time to time.

9.6.1 If the book value of any Company property is adjusted pursuant to Section 9.5.1.2, subsequent allocations of income, gain, loss and deduction with respect to such property will take account of any variation between the adjusted basis of such property for federal income tax purposes and its book value in the same manner as under Code Section 704(c). The choice of allocation methods under Regulation Section 1.704-3 with respect to such revalued property will be made by the Managing Board and set forth on attached Schedule 2, as amended from time to time.

9.6.2 Allocations pursuant to this Section 9.6 are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing any Unit Holder's Capital Account or share of Net Profit, Net Loss or other items as computed for book purposes or distributions pursuant to any provision of this Agreement.

ARTICLE 10: DISTRIBUTIONS

- 10.1. Distributions Generally. Distributions, if any, will be made by the Company at such time and in such amounts as approved by the Managing Board.
- 10.2. Distributions in Liquidation. Distributions in liquidation of the Company will be made to each Membership Unit Holder in the manner set forth in Section 13.3(c).
- 10.3. Limitation Upon Distributions. No distribution will be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their contributions.

ARTICLE 11: ACCOUNTING, BOOKS, AND RECORDS

- 11.1. Accounting Principles. The Company's books and records will be kept, and its income tax return prepared, under such permissible method of accounting, consistently applied, as the Managing Board determines is in the best interest of the Company and its Members.
- 11.2. Interest on and Return of Capital Contributions. No Member will be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.
- 11.3. Loans to Company. Nothing in this Agreement will prevent any Member from making secured or unsecured loans to the Company.
- 11.4. Accounting Period. The Company's accounting period will be the calendar year.
- 11.5. Records and Reports. At the expense of the Company, the Managing Board will maintain records and account of all operations and expenditures of the Company. At a minimum the Company will keep at its principal place of business the following records:
- 11.5.1 A current list and past list, setting forth the full name and last known mailing address of each Member, Economic Interest Owner and Managing Board;
 - 11.5.2 A copy of the Certificate of Formation and all amendments thereto;
 - 11.5.3 Copies of this Agreement and all amendments hereto;
 - 11.5.4 Copies of the Company's federal, state and local tax returns and reports, if any, for the three most recent years;
 - 11.5.5 Minutes of every meeting of the members and any written consents obtained from Members for actions taken by Members without a meeting;
 - 11.5.6 Copies of the Company's financial statements for the three most recent years; and
 - 11.5.7 Copies of all policies, procedures, rules and regulations adopted by the Company.
- 11.6. Tax Matters Partner. The Member designated by the Managing Board will be the "Tax Matters Partner" of the Company for purposes of Code Section 6221 et seq. and corresponding provisions of any state or local tax law. The Member so selected shall be an officer of the Company, and may hold another office of the Company simultaneously. The Company will indemnify and reimburse the tax matters partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial

proceeding with respect to the tax liability of the Membership Unit Holders attributable to the Company. The payment of all such expenses will be made before any distributions are made to Membership Unit Holders (and such expenses will be taken into consideration for purposes of determining Distributable Cash) or any discretionary Reserves are set aside by the Managing Board. Neither the Tax Matters Partner nor any Member will have any obligation to provide funds for such purpose. The provisions for exculpation and indemnification of the Managing Board set forth in Section 5.5 of this Agreement will be fully applicable to the Member acting as Tax Matters Partner for the Company.

11.7. Returns and Other Elections. The Managing Board will cause the preparation and timely filing of all tax and information returns required to be filed by the Company pursuant to the Code and all other tax and information returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, will be furnished to the Membership Unit Holders within a reasonable time after the end of the Company's fiscal year. Except as otherwise expressly provided to the contrary in this Agreement, all elections permitted to be made by the Company under federal or state laws will be made by the Managing Board in the Managing Board's sole discretion.

ARTICLE 12: TRANSFERABILITY

12.1 General Transfer Prohibition. A Member may only sell or transfer all of the Member's Membership Interest in accordance with the terms of this Agreement, or with the prior written consent of the Company. No partial transfers of a Membership Interest are permitted, except to create a community property interest, a domestic partnership between Members in a Household, or to create a Joint Tenancy with right of survivorship. All transfers of a Membership Interest must be accompanied by a concurrent transfer of the Member's Condominium Dwelling (if a Condominium Dwelling is owned by the transferring Member).

12.1.1. Any sale, gift, donation, pledge, encumbrance, or other transfer of any kind which is not in compliance with the provisions of this Agreement shall be null and void, and shall not be recognized by the Company or the Members, and the transferee shall not be entitled to vote any of the units of the Company, nor have any other rights of a Member of the Company.

12.1.2. During the period prior to the Members' purchase of a Condominium Dwelling, no Member shall encumber or use any of the Member's units for security for any loan or other obligation except upon written consent of the Company. Nothing in this Agreement shall prevent the pledge or encumbrance of Membership Units by the Members with the consent of the Company, to assist the Company to secure a loan or line of credit, nor shall it prevent the pledge or encumbrance of a Condominium Dwelling owned by a Member together with the Membership Units held by the Member.

12.2. Voluntary Transfers of Member's Interest. A Member may sell or transfer all or a portion of the Member's Membership Interest with the sale of the Member's Condominium Dwelling (if a Condominium Dwelling is owned by the Member), only after complying with the following provisions:

12.2.1 The Member shall request, in writing, a list of Associate Members on the list of the Company, for the purpose of making a transfer of the Member's Membership Units. The Company shall supply the list, if there are Associate Members waiting for the opportunity to become Members, and shall describe the order of priority of the Associate Members identified. If no Associate Members are waiting to purchase a Membership Interest, the Managing Board shall notify the Members of the request and the Members

may exercise the Right of First Refusal described in Section 12.4, and the procedures described therein shall apply.

12.2.2 After receipt of the list of Associate Members, the selling Member may negotiate a purchase agreement with an Associate Member. The selling Member shall then submit to the Company a written Offer Notice. The Offer Notice will be a bona fide offer to sell, and will contain the Offer Price and terms of payment, and must be in a form approved by the Managing Board.

12.2.3 If the Associate Member holds the highest priority for purchase of a Member's interest, based upon the records of the Company, or if Associate Members with a higher priority were unable to reach agreement with the selling Member for purchase of the Member's Condominium Dwelling at a price acceptable to the selling Member, the Company will approve the transfers of the Membership Interest and the Condominium Dwelling.

12.2.4 The purchase price of the Condominium Dwelling accompanying the sale of the Membership Units shall be in the sum determined by the selling Member and the purchasing Associate Member.

12.2.5 In the event that the selling Member is unable to reach agreement with any Associate Member for the sale of the Membership Interest and the Condominium Dwelling, the selling Member shall notify the Company. If the selling Member continues to desire to sell, the notice shall state the intent to sell and such notice shall be an election for the selling Member to voluntarily withdraw from the Company, and shall grant the rights of first refusal described in Section 12.4 to the Associate Members, the Members and the Company.

12.3. Gifts and Inheritances of Membership Interests. A Membership Unit Holder may gift, by inter vivos transfer or by death (collectively referred to as "gift"), its Membership Interest and Economic Interest (without regard to the terms and conditions of Section 12.2) to any Natural Person. The donee of such gift shall be an Economic Interest Holder until admitted as a Member of the Company in the manner provided herein. In the event of the gift of all or any portion of a Membership Unit Holder's Membership Interest or Economic Interest to one or more donees who are under 21 years of age, such gift must be made to a trust established to hold the gifted interest for the benefit of such donee until all of the donee reaches the age of at least 21 years. Every donee of a Membership Interest must notify the Company in writing of the donee's receipt of the gift within a reasonable time of the gift's receipt. If written notice of the gift is not given to the Company, the failure to give notice shall be a default under the terms of this Agreement by the Member and the donee.

12.3.1 If the donee is not a Member at the time of the gift, but wishes to become a Member, the donee or the donee's Trustee must meet the requirements of Membership and agree to the terms of this Agreement, in order to be accepted by the Company as a Member.

12.3.2 If the donee does not become a Member, the donee shall remain an Economic Interest Owner, and shall be deemed to have elected to offer for sale the donee's Membership Interest and Condominium Dwelling, triggering the First Right of Refusal provided for in Sections 12.3-12.7 herein, within 30 days after written notice of the gift is given to the Company.

12.4. Right of First Refusal. In the event that (a) a selling Member is unable to complete a sale of a Membership Interest to an Associate Member, (b) a donee fails to become a Member after receipt of the gift of a Membership Interest, or (c) upon the default by a Member, (all three

hereafter referred to as "Selling Member") the following Persons or Entities are automatically granted a First Right of Refusal to purchase the Member's Membership Units and Condominium Dwelling, in the order listed below, and may exercise such right in the manner described in Section 12.5 or 12.6:

12.4.1 Right of First Refusal by Associate Member. If there is an Associate Member who is eligible to become a Member pursuant to this Agreement, that Associate Member shall be given the right of first refusal to acquire the Membership Interest and Condominium Dwelling. This right must be exercised within 45 days from the date of the notice or event that triggered the Right of First Refusal.

12.4.2 Right of First Refusal by Member. If the Membership Interest and Condominium Dwelling are not acquired by an Associate Member, then a Member may acquire the Membership Interest and Condominium Dwelling. This right must be exercised within 60 days from the date of the notice or event that triggered the Right of First Refusal.

12.4.3 Right of First Refusal by Company. If the Membership Interest and Condominium Dwelling are not acquired by a Member, then the Company may acquire the Membership Interest and Condominium Dwelling. This right must be exercised within 75 days from the date of the notice or event that triggered the Right of First Refusal.

12.4.4 Managing Board Approval. Notwithstanding any other provisions of this Section, all proposed transferees must be specifically approved by the Managing Board. The Managing Board shall establish, and may from time to time change, policies to implement the provisions of this Section, including, but not limited to, provisions which establish a priority, based on reasonable criteria, for determining which Associate Member or Member will have the right to acquire the Membership Interest and Condominium Dwelling if more than one such Associate Member or Member wishes to acquire it. The Managing Board may also establish policies which establish maximum number of Membership Units any one Member may acquire. Any such policies or criteria established shall be deemed a part of this Agreement.

12.4.5 A first right of refusal is triggered, and commences (a) upon written notice to the Managing Board that a Member has been unsuccessful in attempts to sell the Membership Units and Condominium Dwelling to an Associate Member, (b) the date described in Section 12.3.2 for donees of a Member's Membership Units and Condominium Dwelling, and (c) thirty (30) days from the date that the Managing Board has notified a Member of the Member's failure to cure a default after all rights of the Member to a hearing on the default have terminated by completion of the hearing or waiver of the hearing requirements by the Member.

12.5 Exercise of Right of First Refusal by Acceptance of Offer. The Selling Member may elect to solicit an offer for purchase of all of the Membership Units and the Condominium Dwelling owned by the Selling Member (the "Offered Units"), and may obtain an unconditional, bona fide written offer from a prospective purchaser that is not a member (the "Offer").

12.5.1 The Selling Member shall offer the Offered Units to the parties in the order described in 12.4 at the same price and on the same terms and conditions as set forth in the Offer. Within three (3) days after receiving the Offer, the Selling Member shall transmit a copy of the Offer, setting forth in reasonable detail all material terms for the contemplated sale, to the Managing Board, which shall promptly give notice thereof (which notice shall include a copy of the Offer and state the date on which the Offer was received by the Managing Board) to all Associate Members and Members other than the Selling Member.

12.5.2 The Associate Members, Members and Company, other than the Selling Member, shall have twenty (20) days following receipt of the Offer by the Managing Board in which to give notice to the Selling Members of an election to purchase all of the Offered Units and the Condominium Dwelling on the terms and conditions stated in the Offer. The Offered Units and the Condominium Dwelling shall be purchased within ninety (90) days after the date on which notice of such election is given, or on such later date as is stated in the Offer, on the same terms and conditions as stated in the Offer. In the event more than one Associate Member or Member gives notice of election to purchase the Offered Units as provided in this Section, the Managing Board shall determine the party entitled to make such election.

12.6 Exercise of Right of First Refusal by Appraisal. In the event that a defaulting Member or a donee of a Member (Selling Member") fails to elect to solicit an Offer from a non-member as provided in Section 12.5, the Selling Member shall be deemed to have offered for sale to the Associate Members, Members and the Company, in the order described in Section 12.4, all of the Membership Units and the Condominium Dwelling then held by the Selling Member (the "Proffered Units"). The remaining Associate Members, Members and the Company shall have ninety (90) days after the date of the determination of the purchase price for the Proffered Units in accordance with Section 12.6.1 within which to accept or reject such offer by giving written notice of its acceptance or rejection to the Selling Member.

12.6.1 The price at which the Proffered Units shall be purchased and sold pursuant to shall be the "fair market value" of such units and the Condominium Dwelling as determined by appraisal by an independent professional appraiser experienced in the valuation of real property such as the Condominium Dwelling. A single appraiser shall be selected by the Selling Member and the Company. The appraiser shall render his or her opinion of the fair market value of the Proffered Shares within sixty (60) days thereafter. The determination of the appraiser shall be final and binding upon the parties and no party shall have the right of appeal from the determination. If the parties are unable to agree upon a single appraiser, a panel of three appraisers shall be appointed, as follows:

12.6.1.1 The Selling Member and the Company shall each select one appraiser who is qualified and experienced in the valuation of stock. Each party agrees that it will not select an appraiser who is related by blood or marriage to, or is or has been employed by, either of the parties. Neither party shall select an appraiser who has any direct or indirect financial interest in the outcome of the appraisal. The two appraisers selected shall, within seven (7) days of their appointment, select a third appraiser who is qualified and has experience in the valuation of real property and who shall be completely independent of all connections, direct and indirect, with any party or their attorneys and shall have no direct or indirect financial interest in the outcome of the appraisal. If the two appraisers selected by the parties cannot agree upon the selection of the third appraiser within the time limit set, or if either party fails to participate in the selection of an appraiser, then either party may by petition request that the selection be made by the Presiding Judge of the Superior Court of King County, Washington, and urge that the selection be made as promptly as possible.

12.6.1.2 In the event a vacancy occurs on the appraisal panel, for whatever reason, the vacancy so created shall be filled as follows: (a) If the appraiser who is unable to act had been selected by one of the parties, that party shall select a substitute appraiser who qualifies under the criteria listed in this section; (b) If the appraiser who is unable to act is the third appraiser, the two appraisers appointed by the parties shall select a substitute third appraiser who qualifies,

and if they are unable to do so the Court may appoint such third appraiser as provided in subsection 6.2 hereof.

12.6.1.3 Any such selections shall, if reasonably practicable, be made within seven (7) days of the occurrence of the vacancy. In the event of any such vacancy, the appraisers may extend time limits contained herein as they deem necessary under the circumstances.

12.6.1.4 The chairperson of the appraisal panel shall be the third appraiser appointed by the appraisers selected by the parties.

12.6.1.5 All decisions of a panel of appraisers must be by majority vote of at least two appraisers out of the three, including the final determination of the fair market value of the Proffered Units and the Condominium Dwelling. The appraisers shall make their determination of such value within thirty (30) days of the appointment of the third appraiser. The majority decision of the appraisers should be presented in the form of a written opinion setting forth the conclusions of the panel and the reasons why the appraisers came to their value determination. The determination of the appraisers shall be final and binding upon the parties and neither party shall have the right of appeal from the determination.

12.6.2 All expenses of the appraisal, including required travel, fees, and other expenses of any appraisers, shall be borne equally by the Selling Member and the party purchasing the Proffered Units, unless otherwise agreed upon between all of the parties hereto.

12.6.3 The purchase price determined in accordance with this section shall be paid to the Selling Member as the parties agree, or, if they cannot agree, in cash, in full, within ninety days of the determination of the purchase price. The sums due on any liens or encumbrances secured by the Condominium Dwelling, and all costs of sale, including the real estate excise tax, escrow fees, owner's title insurance policy premium and all utility charges accruing before the date of closing shall be deducted from the sale proceeds paid to the Selling Member.

12.7. Failure to Exercise Right of First Refusal. In the event that the Persons entitled to exercise the First Right of Refusal fail to give timely notice to the selling Member of the election to exercise such right, the Member may sell the Membership Interest and Condominium Dwelling to any nonmember from whom the Member has the bona fide offer of purchase provided to the Company. The selling Member may not adjust the terms or the price for the sale after the Notice of Offer to a nonmember is given by the selling Member to the Company.

12.8. Default. If a Member fails to pay capital contributions or fails to perform any other material provision of this Agreement, the Managing Board, after a hearing according to the policies and procedures adopted by the Company, the Managing Board may declare the Membership of the delinquent Member terminated unless, within a thirty (30) day period all sums owed to the Company are paid or other payment arrangements, satisfactory to the Managing Board, are made and all other breaches are cured.

12.9. Effect of Termination by Default. If the Membership of a Member is terminated under Section 12.8, the Former Member shall have no further rights to or claim on the Company. The Capital Account of the Former Member will be carried on the books of the Company and the following provisions will apply:

12.9.1 Transfer by Company of Membership and Economic Interest Acquired by Default. The Membership Unit(s) acquired from former Members terminated from Membership under the default provisions shall revert to the Company, which will transfer them under the provisions of Section 12.9.2.

12.9.2 Mandatory Sale of Condominium Dwelling. Upon the determination of the Company that a default has occurred and the membership is terminated, the provisions of Sections 12.3-12.7 shall apply, and the Condominium Dwelling shall be sold. The purchaser of the Condominium Dwelling shall receive the Membership Units of the defaulting Member from the Company.

12.9.3 Redemption at Sole Discretion of Managing Board. In the event that the default is declared for a Member that does not own a Condominium Dwelling, the Managing Board may redeem the Capital Account of the defaulting Member if, and to the extent that the Company has adequate financial resources to meet its longterm and short term financial needs and that such redemption will not, in any material way, harm the Company and/or its Members. Redemption under this paragraph shall be at the sole discretion of the Managing Board, and the defaulting Member shall not have any right, through judicial procedure or otherwise, to force or influence such redemption.

12.9.4 Dissolution. When the Company is dissolved the defaulting Member will, for purposes of distribution from the Company upon winding up of its business, be treated as a Economic Interest Owner, based on the former Capital Account of the defaulting Member to the extent that Capital Account has not been redeemed or transferred. This Section shall not apply in the event that withdrawal of any Membership Unit Holder causes dissolution of the Company, in which case the provisions of Article 14 apply.

12.10. Transfer Upon Death. Upon death of a Member all membership rights are terminated, and the heirs of the deceased Member will be deemed to receive a gift of the membership Interests of the deceased Member. A Capital Account will be maintained, and the donee's interest in the Company will be that of an Economic Interest Owner.

12.11. Indemnification of Former Members. From time to time, the Members may advance money to the Company in the form of loans. Also, from time to time, the Members may have entered and/or will enter into guarantees, sureties or other accommodations whereby they personally obligate themselves to pay the debts of the Company to third parties such as lenders, landlords, suppliers, manufacturers, creditors and the like. Such loans and personal obligations are and may continue to be substantial. Thus, it is important to the Members, their successors, estates, and assigns, that they be assured that in the event their Units are to be transferred as herein provided, that they be protected against any direct or contingent obligations that the former Member may have personally guaranteed on behalf of the Company. Therefore, the parties hereby agree that it shall be a condition of any sale of Membership Units, that the Member shall be repaid any such loans and be indemnified and held harmless from any obligations of the Company to third parties, unless said obligations arise out of the actions or omissions of Member which do not meet the standards for indemnification described in RCW 25.15.040, as amended and/or modified from time to time.

12.12. Specific Performance. The Membership Units of the Company cannot be readily purchased or sold in the open market and for that reason, among others, the Members and the Company will be irreparably damaged in the event that this Agreement is not specifically enforced. If any Member so required under this Agreement fails to give a notice, make an offer, sell units, or obtain written consent or if any Member fails to accurately disclose the terms and conditions of any bona fide offer or the identity of the offeror as required hereunder, then in any such event, any of the Members or the Company may seek to compel the specific performance of

this Agreement by whatever means appropriate hereto. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy at law or in equity which the Members or the Company may have.

12.13 Effect of Prohibited Transfers. Any purported Transfer of a Membership Unit or a Condominium Dwelling that is not a Permitted Transfer shall be null and void and of no effect whatever; provided, however, that if the Company is required to recognize a Transfer that is not a Permitted Transfer, or if the Company, in its sole discretion (by a majority in interest of the Members, excluding any Member making the Transfer), elects to recognize a Transfer that is not a Permitted Transfer, the rights transferred shall be strictly limited to the Transferor's rights to allocations and distributions as provided by this Agreement with respect to the Transferred Units, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the Transferor or Transferee of such Membership Units may have to the Company. In the case of a Transfer or attempted Transfer of a Membership Unit or a Condominium Dwelling that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the Members from all cost, liability, and damage that any of such indemnified Members may incur (including, without limitation, incremental tax liability and attorneys fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

12.14. Rights of Unadmitted Assignees. A Person who acquires one or more Membership Units or Condominiums Dwellings, but who is not admitted as a Member, shall be referred to herein as an "Economic Interest Owner" and shall be entitled only to such rights with respect to such Membership Units in accordance with this Agreement, but shall not have any of the rights or powers of a Member under the Act or the Agreement. Furthermore, such Economic Interest Owner shall be bound by the restrictions on Transfer set forth in this Section 12. Promptly following any sale or gift of a Member's Economic Interest which does not at the same time transfer the balance of the rights associated with such Person's Membership Interest, the Company shall purchase from such Person, and such Person shall sell to the Company for a purchase price of \$1.00, all such remaining rights and interest retained by such Person which immediately prior to such sale or gift were associated with the transferred Economic Interest. The acquisition by the Company of such Person's rights shall not cause dissolution of the Company and such Person shall no longer be a Member.

12.15. Transferee Not Member in Absence of Consent. Notwithstanding anything to the contrary in this Section 12, the Transferee of a Membership Unit shall be admitted as a Member only upon fulfilling the requirements for Membership. Promptly following any Transfer of a Member's Membership Units, the Transferor shall no longer be a Member with respect to such Membership Units.

ARTICLE 13: DISSOLUTION AND TERMINATION

13.1 Dissolution. The Company will be dissolved upon the occurrence of any of the following events: (a) upon expiration of the term specified in Section 2.5; (b) by the decision of the Members, conducted in the manner provided by Section 7.5; or (c) a Person ceases to be a Member upon the occurrence of any of the events specified in RCW 25.15.130 (Section 304 of the Act), unless the business of the Company is continued with the consent of all of the remaining Members within ninety (90) days following the occurrence of such event.

13.2 Allocation of Net Profit and Loss in Liquidation. The allocation of Net Profit, Net Loss and other items of the Company following the date of dissolution, including but not limited to gain or loss upon the sale of all or substantially all of the Company's assets, will be determined in accordance with the provisions of Articles 9 and 10 and will be credited or charged to the Capital Accounts of the

Membership Unit Holders in the same manner as Net Profit, Net Loss and other items of the Company would have been credited or charged if there were no dissolution and liquidation.

13.3 Winding Up, Liquidation and Distribution of Assets. Upon dissolution, the Managing Board will immediately proceed to wind up the affairs of the Company, unless the business of the Company is continued as provided in Paragraph (c) of Section 13.1. The Managing Board will sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managing Board may determine to distribute any assets to the Membership Unit Holders in kind) and will apply the proceeds of such sale and the remaining Company assets in the following order of priority:

(a) Payment of creditors, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company, other than liabilities for distributions to Members;

(b) To establish any reserves that the Managing Board deems reasonably necessary for contingent or unforeseen obligations of the Company and, at the expiration of such period, as the Managing Board will deem advisable, and the balance remaining in the manner provided in Paragraph (c) below;

(c) By the end of the taxable year in which the liquidation occurs (or, if later, within ninety (90) days after the date of such liquidation), to the Membership Unit Holders in proportion to the positive balances of their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year during which the liquidation occurs (other than those made pursuant to this Paragraph (c)).

13.4 No Obligation to Restore Negative Capital Account Balance on Liquidation. Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), if any Unit Holder has a negative Capital Account balance (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Unit Holder will have no obligation to make any Capital Contribution to the Company, and the negative balance of such Unit Holder's Capital Account will not be considered a debt owed by such Unit Holder to the Company or to any other Person for any purpose whatsoever.

13.5 Termination. The Managing Board will comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company will be deemed terminated.

13.6 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Unit Holders, the Managing Board will file a certificate of cancellation as required by RCW 25.15.080 (Section 203 of the Act). Upon filing the certificate of cancellation, the existence of the Company will cease, except as otherwise provided in the Act.

13.7 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution each Unit Holder will look solely to the assets of the Company for the return of its Capital Contribution. If the property remaining after the payment or discharge of liabilities of the Company is insufficient to return the contributions of Members, no Unit Holder will have recourse against any other Unit Holder.

ARTICLE 14: MISCELLANEOUS PROVISIONS

14.1 Notices. Any notice, demand or communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed by registered or certified mail, postage and charges prepaid, addressed (a) if to a Member, to the Member's address specified on attached Schedule 1; (b) if to the Company, to the address specified in Section 2.3; and (c) if to the Managing Board, to the address specified in Section 2.3. Except as otherwise provided herein, any such notice shall be deemed to be given when personally delivered or, if mailed, three (3) business days after the date of mailing. A Member or the Company may change its address for the purposes of notice hereunder by giving notice to the others specifying such changed address in the manner specified in this Section 14.1.

14.2 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington.

14.3 Amendments. This Agreement may not be amended except by a decision of all of the Members, according to the Decision Making Procedure.

14.4 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

14.5 Headings. The headings in this Agreement are inserted for convenience only and shall not affect the interpretations of this Agreement.

14.6 Waivers. The failure of any Person to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

14.7 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

14.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

14.9 Heirs, Successors and Assigns. Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

14.10 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

14.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

14.12 Investment Representations. The Units have not been registered under the Securities Act of 1933, the Securities Act of Washington or any other state securities laws (collectively, the "Securities Acts") because the Company is issuing the Units in reliance upon the exemptions from the registration requirements of the Securities Acts, and the Company is relying upon the

fact that the Units are to be held by each Unit Holder for investment. Accordingly, each Unit Holder hereby confirms the Units have been acquired for such Unit Holder's own account, for investment and not with a view to the resale or distribution thereof and may not be offered or sold to anyone unless there is an effective registration or other qualification relating thereto under all applicable Securities Acts or unless such Unit Holder delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification is not required. The Unit Holders understand that the Company is under no obligation to register the Units or to assist any Unit Holder in complying with any exemption from registration under the Securities Acts.

14.13 Attorney's Fees, Litigation Expenses and Costs. In the event of any controversy, claim or dispute between the parties affecting or relating to the subject matter or performance of this Agreement, the prevailing party shall be entitled to recover from the nonprevailing party all of their reasonable attorneys' fees, litigation expenses and costs, in any state court, bankruptcy court (including issues of the right to relief under bankruptcy law), federal court, or arbitration.

Executed by the undersigned Members in counterparts, effective as of the date first above written.

SCHEDULE 1 – Members and Their Interests

Additional Members who join the company after the formation of the company and the initial execution of this Agreement shall be identified in a supplemental Schedule 1, which shall list the additional, non-charter Members separately.

MEMBER INFORMATION

Charter Members:

Russo, Christopher John & Stiritz, Robin Dianne

Monroe, Liv Vennewitz

Reynolds, Jean

SCHEDULE 2 - Mandatory Tax Allocations Under Code Section 704(c)

To be provided by Company's Accountant, if needed.