

BYLAWS
FOR
BIFROST GATE HOMEOWNERS' ASSOCIATION

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The following are the Bylaws of Bifrost Gate Homeowners' Association, a Washington nonprofit corporation (the "Association"). These Bylaws apply to the entire Plat of Bifrost Gate (the "Property"), each lot therein and all common elements. A Declaration of Covenants, Conditions and Reservations of Bifrost Gate (the "Declaration") to be filed with the King County Auditor. The Association is the "Owners' Association" provided for in Article 4 of the Declaration. Each lot owner is a member of the Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees and occupants of lots, and their guests and employees, and any other person who may use the common elements of the Property are subject to these Bylaws, the Declaration and the rules and regulations established from time to time by the Association for the use and operation of the Property. Capitalized terms not otherwise defined herein shall have the same meaning as in the Declaration. These Bylaws may be amended as provided herein.

**ARTICLE I
MEMBERSHIP; VOTING; REGISTER**

1.1 Membership. The Association shall be composed of the Owners of each Lot. The Owner of each Lot will be referred to herein as a "Member."

1.2 Voting. The voting rights of Members shall be as prescribed in Article 4 of the Declaration and the Articles of Incorporation. Cumulative voting for directors is not allowed.

(a) The votes of Members that are a corporation, domestic or foreign, may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe, or in the absence of such provision, as the board of directors of such corporation may determine. A certified copy of a resolution adopted by such directors shall be conclusive as to their action.

(b) The votes of Members that are a partnership may be voted by any partner.

(c) The votes of Members that are administrators, executors, guardians or conservators may be voted by them, either in person or by proxy, without a transfer of such memberships into their names.

(d) The votes of Members that are trustees may be voted by them either in person or by proxy, but no trustee shall be entitled to so vote without a transfer of such membership into his/her name.

(e) The votes of Members that are receivers may be voted by such receivers, and Members under the control of a receiver may be voted by the receiver without the transfer thereof into the receiver's name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

1.3 Register of Members. The Board of Directors of the Association shall maintain a register containing the names and addresses of all Members and any proxies that have been filed with the Association. Members who sell or convey their interests in a Lot shall promptly report to the Board of Directors the name and address of their successor in interest. Persons claiming membership in the Association shall, upon request, furnish the Board of Directors with a copy of any documents under which they assert ownership to a lot, or any interest therein.

ARTICLE II MEETINGS OF MEMBERS

2.1 Place. Meetings of the Association shall be held at such reasonable place in King County, Washington as may be designated from time to time by the Board of Directors.

2.2 Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each year, on a date fixed by the Board of Directors. At the annual meeting, Members shall elect Directors or fill vacancies in the Board of Directors and shall consider such other business as may properly come before the meeting.

2.3 Special Meetings. Unless otherwise prescribed by statute, special meetings of the Members may be called by the President or by a majority of the Board of Directors, and shall be called by the Secretary at the written request of any Director or of Members holding not less than ten percent (10%) of all the votes of the Members.

2.4 Notice of Meetings. It shall be the duty of the Secretary to send by prepaid first-class United States mail a notice of each annual and special meeting to each Member (and any other person entitled to notice under the Declaration or Bylaws) at such address as the Member or other person shall have furnished in writing to the Board of Directors, or, if a Member fails to specify such address, the address of the Lot owned by the Member. The notice shall state the time and place of the meeting and the items on the agenda to be voted on by the Members, including the general nature of any proposed amendments to the Declaration, Articles of Incorporation, or Bylaws, changes in the

previously approved budget, and any proposal to remove a director or officer. The notice shall be given not less than fourteen (14) days nor more than sixty (60) days prior to an annual meeting or a special meeting. Notice of any meeting of the Association may be waived in writing at any time and is waived by actual attendance at such meeting, unless such appearance is limited expressly to object to the legality of the meeting.

2.5 Quorum. The presence in person or by proxy of Members having ten percent (10%) or more of all votes shall constitute a quorum for the transaction of business at any meeting of the Association.

2.6 Adjourned Meetings. If any meeting of the Association cannot be held because a quorum is not in attendance, a majority of the Members present may adjourn the meeting to a later date and give notice thereof to each Member (and each other person entitled to notice), and those who attend such an adjourned meeting, although holding less than ten percent (10%) of all votes, shall nevertheless constitute a quorum for the sole purpose of adjourning and setting a new date for said meeting.

2.7 Proxies. Any Member may vote by proxy. Proxies shall be in writing, in such form as may be prescribed by the Board of Directors, signed by the Member, and filed with the Secretary. A proxy must be for all the voting power of the Lot. A separate proxy must be filed for each annual or special meeting for which it is to be effective. A Member may not revoke a proxy except by actual notice of revocation given to the President (or such other person presiding over the meeting). A proxy is void if it is not dated or purports to be revocable without notice. Unless otherwise stated in the proxy, a proxy terminates three (3) months after its date of issuance.

2.8 Majority Vote. Except as otherwise provided by statute, the Declaration or these Bylaws, passage of any matter submitted to vote at a meeting duly called, where a quorum is in attendance in person or by proxy, shall require the majority affirmative vote of the total votes present in person or by proxy.

2.9 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with or altered by motion:

- (a) Call to order
- (b) Roll call
- (c) Proof of notice of meeting or waiver of notice
- (d) Minutes of preceding meeting
- (e) Reports of officers
- (f) Reports of committees
- (g) Election of Directors (annual meeting or special meeting called for such purpose)

- (h) Unfinished business
- (i) New business
- (j) Adjournment

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

ARTICLE III BOARD OF DIRECTORS; SUBMISSION OF OFFICIAL BUSINESS

3.1 Number. The affairs of the Association shall be governed by a Board of Directors. The initial Board of Directors shall be composed of three (3) persons who shall be appointed by the Declarant.

3.2 Election of Board of Directors. The members of the initial Board of Directors shall serve for an initial term until the expiration of the Declarant's management authority pursuant to Article 5 of the Declaration. Any vacancy occurring in the initial Board of Directors, regardless of the cause therefor, shall be filled by the action of the remaining Directors on the Board. Upon the expiration of the initial term of the initial Board of Directors, three (3) Directors shall be elected. One (1) Director shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year each. The term of such Directors shall end on the last day of the month in which the annual meeting of Members is held. Thereafter, at the expiration of the term of each of such Directors, a Director shall be elected for a term of two (2) years to fill the vacancy. A person receiving the most votes at an election of directors shall be elected regardless of whether such person receives a majority. If more than one Director is to be elected at a meeting then each Director shall be elected separately so that, for example, the first vacancy shall be filled by election before the nominations are closed and the election is held for the second vacancy. Nominations shall be made separately for each vacancy, may be made by committee appointed by the President and may be made from the floor.

3.3 Change in Number, Tenure and Qualifications. The number of Directors may be increased or decreased consistent with statutory requirements and subject to the provisions of the Articles of Incorporation by amendment to these Bylaws. After the initial term of Directors ends, no person shall thereafter be qualified to be elected as Director of the Association or to continue to hold office as Director of the Association unless such person is a Member of the Association, except that an employee of a corporation which is a Member or a person who is a partner of a partnership which is a Member or an employee of a partnership which is a Member shall be qualified to serve as Director of the Association. This Section 3.3 shall not be amended without the unanimous consent of all Members entitled to vote. Except as provided in the Articles of

Incorporation and unless removed in accordance with the provisions of these Bylaws, each Director shall hold office until the second annual meeting of the members after the meeting at which he/she was elected and until his/her successor shall have been elected and qualified.

3.4 Vacancies. Vacancies in the Board of Directors caused by reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall serve for the unexpired portion of the previous Director's term.

3.5 Removal of Directors. At any annual meeting of the Association or special meeting of the Association called for that purpose, any one or more of the Directors who have been elected by the Members may be removed, with or without cause, by a two-thirds (2/3) vote of the Members present and entitled to vote at any meeting at which a quorum is present, and successors may then be elected to fill the vacancies thus created.

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

3.7 Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given by the President to each Director as provided in Section 3.10.

3.8 Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2) days' prior notice to each Director, given as provided in Section 3.10.

3.9 Open Meetings; Executive Sessions. Except as provided in this Section 3.9, all meetings of the Board of Directors shall be open for observation by all Members and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of a Member to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board of Directors shall restrict the consideration of matters during the closed

portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

3.10 Notice. Written notice of regular and special meetings of the Board of Directors stating the time and place thereof shall be given at least two (2) days prior to the date set for such meeting by the person authorized to call such meeting or the Secretary of the Association either by personal delivery to each Director or by mail addressed to each director or by telegram or by facsimile. If mailed, the notice shall be deemed to be given when deposited in the United States first-class mail, postage prepaid, so addressed to the Director. If notice is given by telegram, the notice shall be deemed given when the telegram is delivered to the telegraph company for transmission. If notice is given by facsimile, the notice shall be deemed given upon confirmation of facsimile transmission. If no place for such meeting is designated in the notice thereof, the meeting shall be held at the registered office of the corporation. Any Director may waive notice of any meeting at any time. The attendance of a Director at a meeting shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.11 Quorum. A majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of any business at any meeting of directors.

3.12 Manner of Acting. The act of the majority of the Directors present at a meeting or adjourned meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by the Articles of Incorporation or these Bylaws. The Board of Directors shall have the right to take any action in the absence of a meeting that the Board could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

3.13 Architectural Control. The Board of Directors or a committee of three (3) or more Members or other persons appointed by the Board (at least two (2) of whom shall be Directors) shall act as the Architectural Control Committee ("ACC") described in Article 6 of the Declaration.

ARTICLE IV OFFICERS

4.1 Designation. The officers of the Association shall be a President, one or more Vice-Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary or appropriate may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

4.2 Election and Term of Office. The officers of the Association to be elected by the Board of Directors may be elected for such term as the Board may deem advisable, not to exceed three (3) years. Officers of the Association shall be elected at the first meeting of Directors following the expiration of the term of office. Each officer shall hold office until his/her successor shall have been duly elected and qualified regardless of his/her term of office, except in the event of his/her prior death or resignation or his/her removal in the manner hereinafter provided.

4.3 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights or rights to compensation.

4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

4.5 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and shall perform all duties usually incident to the office of President of a business corporation.

4.6 Vice-President. The Vice-President shall perform the duties of the President in the absence of the President and such other duties as may be assigned by the Board of Directors.

4.7 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association. The Secretary shall also maintain the register of Members, designated representatives, voting rights pledges and proxies. The Secretary

shall, in addition, perform all duties usually incident to the office of Secretary of a business corporation.

4.8 Treasurer. The Treasurer shall maintain the Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall, in addition, perform all duties usually incident to the office of Treasurer of a business corporation.

4.9 Other Officers, Assistants, Employees. Other officers of the Association, assistants to the officers, or persons employed to assist the officers, shall have such authority and shall perform such duties as the Board of Directors may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

4.10 Compensation. The Board may determine to pay reasonable compensation to any officer, agent, assistant or Member who performs substantial services for the Property in carrying out the management functions.

4.11 Budgets. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of a summary of the budget to all Members. Unless at that meeting the Members of a majority of all the votes in the Association reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors.

ARTICLE V CONTRACTS, LOANS AND HANDLING OF FUNDS

5.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Association, and that authority may be general or confined to specific instances. A Director or officer of the Association shall not be disqualified by his/her office from dealing or contracting with the Association either as a vendor, purchaser, creditor, debtor or otherwise. The fact that any Director or officer, or any firm of which any Director is a member, officer or director, is in any way interested in any transaction or contract shall not make the transaction or contract void or voidable, or require the Director or officer of the Association to account to the Association for any profits therefrom if the transaction or contract is or shall be authorized, ratified or approved by vote of a majority of a quorum of the Board of Directors excluding the interested Director.

5.2 Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. That authority may be general or confined to specific instances. No loans shall be made by the Association to its Members, officers or Directors.

5.3 Handling of Funds. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the officer or officers, agent or agents of the Association and in the manner as shall from time to time be determined by resolution of the Board of Directors. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in the banks, trust companies or other federally insured depositories as the Board of Directors may select. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the Property. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. The Treasurer shall administer the Association's accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are current.

ARTICLE VI COMMITTEES

The Board of Directors may designate one or more committees. Such committees shall be composed of at least two (2) Directors and may include one or more additional Members of the Association.

ARTICLE VII OBLIGATIONS OF MEMBERS

7.1 Annual Assessments. Members are obligated to pay the assessments imposed by the Association to meet all common expenses of the Property as set forth in the Declaration. The Board of Directors shall act to establish, assess, collect and expend such assessments as therein provided.

7.2 Rules and Regulations. The Board of Directors may, from time to time, adopt such rules and regulations (in addition to the restrictions set forth in the Declaration) as may be required for the use, occupancy and maintenance of the Lots and Common Areas, and when so adopted, such rules and regulations shall be binding upon all of the Members and occupants of Lots. Such rules and regulations shall be consistent with the Declaration and Bylaws, and, to the extent they are inconsistent, the rules and regulations shall be invalid. The Board of Directors may from time to time amend any such rules and regulations.

ARTICLE VIII KEEPING RECORDS AND REPORTS

The Treasurer shall keep complete and accurate books and records prepared according to generally accepted accounting principles. Such books and records, authorizations for payment of expenditures, audited financial statements, if any, and all contracts and other financial records of the Association shall be available for examination, upon request, by any Member or his/her designated representative, agent or attorney, during normal business hours, and under other reasonable circumstances. The Secretary shall keep complete and accurate corporate records and files. Such records and files of the Association shall be available for examination, upon request, by any Member or his/her designated representative, agent or attorney, during normal business hours, and under other reasonable circumstances.

ARTICLE IX AMENDMENTS

Except as otherwise provided below, these Bylaws may be modified, amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the Board of Directors at a meeting called for that purpose. These Bylaws may also be modified, amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the Members at an annual meeting or a special meeting called for that purpose. The Board of Directors shall not amend or repeal any modification, amendment or new bylaws adopted by the Members at such a meeting.

ARTICLE X MISCELLANEOUS

10.1 Notices for all Purposes. Any notice permitted or required to be delivered under the provisions of these Bylaws may be delivered either personally or by mail unless otherwise provided in these Bylaws. If delivery is made by mail, any such notice shall be deemed to have been delivered three (3) days after a copy has been deposited in the United States mail, first-class postage prepaid, addressed as set forth in Section 2.4 herein.

10.2 Waiver. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of these Bylaws, or any rules and regulations established by the Board of Directors, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall

remain in full force and effect. The receipt by the Board of Directors of any assessment from a Member, with knowledge of any such breach, shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

10.3 Limitation of Liability. To the extent permitted by law, each Director or Association committee member or officer, or the Declarant exercising the powers of the Board, and their respective heirs and successors, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he/she may be a party, or in which he/she may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misconduct or gross negligence or a knowing violation of law in the performance of his/her duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property or services to which said person is not legally entitled; provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Nothing contained in this Section 10.3 shall, however, be deemed to obligate the Association to indemnify any Member who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him/her under and by virtue of the Declaration as a Member or owner of a Lot covered thereby. This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

10.4 Interpretation:

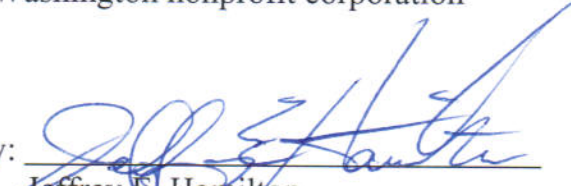
(a) The provisions of the Declaration and these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of this Property. If any conflict arises between the terms of these Bylaws and the Declaration, the terms of the Declaration shall govern.

(b) When interpreting the Declaration and these Bylaws, the term "person" may include natural persons, partnerships, corporations, associations, and personal representatives. The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires.


(c) The Declarant is the original owner of all Lots and will continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described Lots are filed of record.

IN WITNESS WHEREOF, the undersigned has caused these Bylaws to be executed this 20th day of February, 2003.

BIFROST GATE HOMEOWNERS' ASSOCIATION,
a Washington nonprofit corporation

By: 
Jeffrey E. Hamilton
Its: Director

By: 
Kevin O'Brien
Its: Director

By: 
Suzanne Barnes
Its: Director