

**BYLAWS OF THE
WAYFARER CO-OPERATIVE ASSOCIATION, INC.**

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BYLAWS OF THE WAYFARER CO-OPERATIVE ASSOCIATION, INC.

ARTICLE 1. NAME, LOCATION AND PURPOSE OF THE CORPORATION

Section 1.1 Name. The name of the Corporation is the Wayfarer Co-Operative Association, Inc.

Section 1.2 Location. The principal place of business of the Corporation is The Wayfarer Apartments, 4725 15th Avenue NE, Seattle, Washington, 98105; legally described as the Lots 9 and 10 of Block 2, University Heights Addition, according to the plat thereof in Volume 9 of Plats, page 41, records of King County, Washington.

Section 1.3 Purpose. The primary purpose of the Corporation is to provide housing to the Shareholders in the Corporation at the Wayfarer Apartments on a cooperative basis.

ARTICLE 2. FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January and shall end on the thirty-first day of December in each year.

ARTICLE 3. DEFINITIONS

Unless a contrary meaning is clearly indicated from the context, the following definitions shall apply throughout these Bylaws;

The definitions contained in the Proprietary Lease are hereby incorporated by this reference and those definitions shall apply to these Bylaws as though fully set forth herein; provided that no definition in the Proprietary Lease which is inconsistent with a definition in these Bylaws is incorporated, and such inconsistent definition in the Proprietary Lease shall not apply herein:

"APARTMENT" means the following designated apartments in the Wayfarer Apartments, 4725 15th Avenue NE, Seattle, Washington 98105:

Apt. No.	Apt. No.	Apt. No.	Apt. No.
4	11	21	31
5	12	22	32
6	14	24	34
7	15	25	35
	16	26	36
	17	27	37
	18	28	38
	19	29	39

When used in reference to a particular Shareholder, it means the Apartment associated with the Block of Shares owned by that Shareholder.

"BLOCK OF SHARES" means the number of shares associated with each Apartment as established in Section 8.1 of these Bylaws. When used in reference to a particular Shareholder, it means the shares owned by that Shareholder.

"BOARD" means the Board of Directors of the Corporation.

"CORPORATION" means the Wayfarer Co-Operative Association, Inc.

"DEPARTING SHAREHOLDER" means a Shareholder who is proposing to transfer his/her Block of Shares to an Entering Shareholder.

"DISPOSITION OF SHARES" means any sale, transfer, pledge or encumbrance of shares in the Corporation.

"ENTERING SHAREHOLDER" means any person who is acquiring a Block of Shares from a Departing Shareholder.

"MEMBER" means "Shareholder."

"PLURALITY" means the choice which receives the largest number of votes. This may be less than a majority.

"QUORUM" means the presence or representation at a meeting, either personally or by proxy or ballot, of a specified percentage of the Shareholders. Unless otherwise specified in the Articles of Incorporation, these Bylaws or required by law, a quorum is one-half of the Shareholders.

"SHAREHOLDER" means, except as specified in Article 14 of these Bylaws, the individual(s) to whom and in whose name(s) a Block of Shares has been issued.

"SHAREHOLDER'S IMMEDIATE FAMILY MEMBER" means, the spouse, children, grandchildren, siblings, parents and grandparents of the Shareholder.

"SHARE LENDER" means a person, entity, bank, or firm that has made or is making a Share Loan.

"SHARE LOAN" means a loan to a Shareholder, including an Entering Shareholder, by a Share Lender to finance or refinance the purchase by the Shareholder of a Block of Shares in the Corporation in which the Share Lender acquires some assignment, pledge, mortgage, security interest or rights in that Shareholder's Block of Shares and/or Proprietary Lease.

"SIMPLE MAJORITY" means more than half of the votes cast.

"SUBLEASE" means the ability of Shareholder, consistent with these Bylaws, to lease or rent the Apartment to any person, other than a Shareholder's Immediate Family Member.

ARTICLE 4. MEETINGS OF THE SHAREHOLDERS

Section 4.1 Annual Meeting. The annual meeting of the Shareholders shall be in January of each year, or a date determined by the Board, at seven o'clock p.m. at 4725 15th Avenue NE, Seattle, Washington 98105 or such other time and/or place as announced in the notice of the meeting.

Section 4.2 Special Meetings. A special meeting of the shareholders may be called, whenever it is deemed advisable, by the President or by vote of the Board. In addition, a special meeting shall be called upon the written request of not less than twenty percent of the Shareholders.

Section 4.3 Voting. Unless otherwise specified in the Articles of Incorporation or these Bylaws or required by applicable law, all matters and decisions coming before the Shareholders for a vote require a simple majority to pass. Unless otherwise specified in the Articles of Incorporation or these Bylaws or required by applicable law, the determination of whether the Shareholders approve or reject any matter coming before them for a vote shall be based upon the number of shareholders present or represented at the Shareholders' Meeting, either by the personal attendance of the Shareholder or by proxy or mailed ballot.

Section 4.4 Proxies and Mailed Ballots. All proxies and ballots shall be in writing, and shall be filed with the Secretary before the start of the meeting at which the same is intended to be used. No proxy shall be valid after eleven months after the date of its execution, except as allowed by law and/or, as specified in Article 14 of these Bylaws. With each meeting notice under Section 4.5 of these Bylaws, the Corporation shall include a proxy form and ballot that each shareholder may use to vote at the meeting consistent with the provisions of this Section.

Section 4.5 Notice. Written notice of each meeting must contain the time and location of the meeting and, if it is a special meeting, the purpose or purposes of the meeting. Except as otherwise required by applicable law, this written notice must be delivered or mailed to each Shareholder not more than sixty nor fewer than ten (10) days before the date of the meeting. The notice shall be mailed or delivered to the address of each Shareholder as shown in the records of the Corporation. Each Shareholder may, by written instrument, waive the foregoing and other notice requirements. Any such written waiver shall be conclusive proof that all notice requirements have been complied with.

Section 4.6 Action Without a Meeting. Any decision or action which may be taken by the Shareholders at a meeting may be done without a meeting, if a consent in writing setting forth the decision or action is signed by all of the Shareholders. Such consent shall have the same effect as a unanimous vote on the decision or action taken.

ARTICLE 5. BOARD OF DIRECTORS

Section 5.1 Duties. Except for those powers and responsibilities granted or reserved to the Shareholders by the Articles of Incorporation, these Bylaws or applicable law, all business and affairs of the Corporation shall be conducted by the Board of Directors.

Section 5.2 Number and Qualification. The Board shall consist of five (5) members, each of whom must be a Shareholder.

Section 5.3 Election and Term. The Board shall be elected by a plurality vote at the annual meeting of the Shareholders. Each Director shall be elected for a one-year term and shall serve until his or her successor Director is elected and qualified.

Section 5.4 Removal. Any Director may be removed from office, with or without cause, by a simple majority vote of the Shareholders at a special meeting called for that purpose. At that same special meeting a replacement Director may be elected by plurality vote of Shareholders for the remainder of the unexpired term.

Section 5.5 Vacancies. Except for vacancies under Section 5.4 of these Bylaws, if a vacancy occurs on the Board, the remaining Directors shall appoint a Shareholder to serve for the remainder of the unexpired term.

Section 5.6 Meetings. The Board shall meet as often as needed, but at least once during each calendar quarter. Unless otherwise decided by the Directors consistent with applicable law, Shareholders and/or the duly authorized representatives of Shareholders may attend all Board Meetings.

Section 5.7 Call and Notice of Meetings. Meetings of the Board shall be called by the President or by a majority of the Board of Directors. Notice of each meeting shall be given to each Director either in writing or orally. If the notice is given in writing, it must, at least 3 (three) days before the meeting, be mailed to or left at the address of each Director as shown in the records of the Corporation. Oral notice must be given at least three days before the meeting either personally or by telephone.

Section 5.8 Action Without a Meeting. Any decision or action which may be taken by the Board at a meeting may be done without a meeting, if a consent in writing setting forth the decision or action taken is signed by all of the Directors. Such consent shall have the same effect as a unanimous vote on the decision or action taken.

Section 5.9 Voting. Each Director is entitled to one vote on each matter coming before the Board. Unless otherwise specified in the Articles of Incorporation or these Bylaws or required by applicable law, all votes of the Board shall require a simple majority to pass. Unless otherwise specified in the Articles of Incorporation or these Bylaws or required by applicable law, the determination of whether the Directors approve or reject any

matter coming before them for a vote shall be based upon the number of Board members present at the Board of Directors meeting.

Section 5.10 Quorum. A majority of Directors, which is 3 members, constitutes a quorum at any Board meeting. Except as allowed by law or as otherwise specified in these Bylaws, a quorum is necessary for any Board action.

Section 5.11 Insurance and Indemnification. The Corporation may purchase errors and omissions or similar insurance insuring the Corporation and/or the Officers and Directors. The Corporation hereby indemnifies its Directors and Officers for the good faith performance of their duties as such to the full extent allowed by law.

ARTICLE 6. OFFICERS

Section 6.1 General. The officers of the Corporation shall be a President, Vice President, Secretary, and Treasurer. All officers shall be elected by and from the Board of Directors at the Board's first meeting after the annual election of the Board.

Section 6.2 Term of Office. The term for each officer shall be one year and each officer shall serve until his or her successor is elected and qualified.

Section 6.3 Removal. Any officer may be removed from office, with or without cause, by a simple majority vote of the Directors at any meeting of the Directors.

Section 6.4 Vacancies. Vacancies among the officers shall be filled from and by the Board of Directors for the remainder of the term of office.

Section 6.5 Duties of the President. The President shall:

1. Serve as chief executive officer of the Corporation and of the Board.
2. Sign all Certificates of Shares and execute all contracts, agreements, notes and obligations of the Corporation authorized or required by the Board or the Shareholders.

Section 6.6 Duties of the Vice President. The Vice President shall:

1. Assist the President and perform the duties of the President in the absence of the President.
2. Perform such other duties as are directed by the Board.

Section 6.7 Duties of the Secretary. The Secretary shall:

1. Record and make available upon request in a timely manner to all Shareholders and others entitled thereto the minutes of all meetings of Shareholders and of the Board.
2. Countersign all Certificates of Shares.
3. Provide the required notice for all Shareholder and Board meetings.
4. Authenticate the records of the Corporation.
5. Be responsible for such books, records, papers and other things as the Board may authorize or direct, including, but not limited to, the book of minutes for the Corporation and share certificates and transfer books.

Section 6.8 Duties of the Treasurer. The Treasurer shall:

1. Receive and disburse the funds of the Corporation, in a timely manner, as required in the regular course of business or as authorized by the Board or the Shareholder.
2. Have responsibility for all financial records and affairs of the Corporation.
3. Keep full and accurate accounts of receipts and disbursements in books and records belonging to the Corporation.

The Board may hire a bookkeeper for the purpose of keeping the above records.

ARTICLE 7. RIGHTS AND RESPONSIBILITIES OF SHAREHOLDERS

Each Shareholder shall have the following rights and responsibilities, consistent with and as limited by the Articles of Incorporation, these Bylaws, the Proprietary Lease, the House Rules and Regulations issued by the Board and applicable law:

Section 7.1 Proprietary Lease. Each Shareholder shall have the right to a Proprietary Lease for the Apartment associated with the block of shares owned by each Shareholder.

Section 7.2 Management of Corporation. Each Member shall have the right and responsibility to assist in the management of the Corporation and the running of the Wayfarer Apartments on a cooperative basis. Members shall make themselves reasonably available to assist in running and managing the affairs of the Corporation and the Wayfarer Apartments.

Section 7.3 Sale or Encumbrance of Property. Notwithstanding any other provision of these Bylaws, the real property owned by the Corporation may not be sold, transferred or encumbered without the consenting vote of two-thirds of the Shareholders at a special meeting called for that purpose.

ARTICLE 8. SHARES AND BLOCK OF SHARES

Section 8.1 Blocks of Shares Established. The chart below establishes the number of shares associated with each Apartment:

<u>Apartment</u>	<u>Number of Shares</u>	<u>Apartment</u>	<u>Number of Shares</u>
4	40	24	50
5	53	25	67
6	35	26	67
7	40	27	50
11	77	28	67
12	67	29	72
14	50	31	77
15	67	32	67
16	67	34	50
17	50	35	67
18	67	36	67
19	72	37	50
21	77	38	67
22	67	39	72

In addition to the Apartments, the Corporation maintains four (4) other dwelling units: the rooms numbered 1, 2, 3, and 8. A block of ten (10) shares is associated with each of these rooms. These dwelling units are discussed further in Section 10.8.

Section 8.2 Share Certificates. The Corporation shall issue share certificates in a form and containing language established by the Board and consistent with applicable law. Each share certificate shall contain essentially the following language:

"The shares represented by this certificate may not be sold, transferred, pledged or encumbered without the express written approval of the Corporation consistent with the Articles of Incorporation and the Bylaws of the Corporation."

Each share certificate shall be numbered consecutively and the issuance of each certificate shall be noted in the permanent records of the Corporation.

Section 8.3 Blocks of Shares Not To Be Split. Under no circumstances may a Shareholder sell, transfer, pledge or encumber part, but not all, of a Block of Shares.

ARTICLE 9. DISPOSITION OF SHARES

Section 9.1 General. A proposed disposition of shares will only be considered for approval by the Corporation if that proposed disposition is part of a transfer of all of a Departing Shareholder's rights, titles and interests in his or her Block of

Shares and the right to the Proprietary Lease on the Apartment, or it is part of the financing or refinancing by a Shareholder, including an Entering Shareholder, of the acquisition of a Block of Shares.

Section 9.2 Application for Disposition of Shares. The Board shall prepare and issue appropriate forms upon which application may be made for a Disposition of Shares. One form shall apply to a Disposition of shares that involves a sale to an Entering Shareholder and will include questions to determine whether the transaction complies with these Bylaws and whether the proposed Entering Shareholder will be an appropriate Shareholder for the Corporation and resident in the Apartment. The other form will be used in the event of the finance or refinance of the acquisition of a Block of Shares and will document that the transaction and the Lender will comply with these Bylaws. In each case these forms must be signed by the Departing and Entering Shareholders or by the borrowing Shareholder, as the case may be.

Section 9.3 Finance or Refinance of Purchase of Shares. If the Disposition of Shares involves the finance or refinance of the acquiring of a Block of Shares, the application will be approved or denied by the Board within thirty (30) days after receipt by the Corporation of the completed application. The application will be approved if it is duly signed and it appears that the finance or refinance arrangement is consistent with these Bylaws. The approval by the Corporation, if granted, signifies only that the Corporation has approved that finance or refinance arrangement and will comply with these Bylaws, including those provisions establishing the rights of Share Lenders.

Section 9.4 Disposition of Shares Involving a Sale or Transfer. If the Disposition of Shares involves a sale or transfer to an Entering Shareholder, the Board shall conduct a meeting within thirty (30) days after receipt by the Corporation of the completed application. The proposed Entering Shareholder must attend this meeting to answer questions of the Board germane to the proposed Entering Shareholder's fitness to be a Shareholder in the Corporation and resident of the Apartment. The Board shall approve the Disposition of Shares to a proposed Entering Shareholder unless it determines that specific factors or characteristics, including, but not limited to those listed in Section 9.5 of the Bylaws, exist which would make the proposed Entering Shareholder unsuitable as a Shareholder of the Corporation or resident of the Apartment. The Corporation does not discriminate for reasons of religious affiliation, age, gender, sexual orientation, marital status, disabilities, race, or for any reasons prohibited by law. The decision of the Board approving a Disposition of Shares to an proposed Entering Shareholder is final and conclusive. The decision of the Board disapproving the Disposition of Shares to a proposed Entering Shareholder is final and conclusive unless a written appeal is made to the Shareholders by the Departing or proposed Entering Shareholder within seven (7) days after the written disapproval is issued by the Board. In the event of an appeal, a special meeting of the Shareholders shall be called within fifteen (15) days from the date the appeal is received by the Corporation. In the event of an appeal, the Shareholders shall have the same authority and

responsibilities as did the Board to approve or disapprove the application. The decision of the Shareholders on an appeal is final and conclusive.

Section 9.5 Reasons for Disapproval of Applicant. A proposed Entering Shareholder may be disapproved for good cause. Good cause includes, but is not limited to, the following:

1. Failure of the proposed Entering Shareholder to appear at the scheduled interview time and location.
2. Lack of credit worthiness of the proposed Entering Shareholder.
3. The Corporation could not verify references or received negative references regarding the proposed Entering Shareholder.
4. The proposed Entering Shareholder was deemed unable to participate in the governing of the Corporation and/or management of the Wayfarer Apartments.
5. The proposed Entering Shareholder misrepresented him or herself in the interview or application.
6. The proposed Entering Shareholder has a criminal conviction of a nature that would make him or her unsuitable as a Shareholder and/or resident of the Apartment.
7. The proposed Entering Shareholder has inadequate income to meet the financial obligations of a Shareholder considering other debts of the proposed Entering Shareholder.
8. The proposed Entering Shareholder is construed to be purchasing the Block of Shares for reasons other than to use the Apartment as his or her personal residence.
9. The Corporation determines that the proposed Entering Shareholder intends to have more than two persons residing in the Apartment.

Section 9.6 Exception - Deceased Shareholder. The approval and disapproval provision of Sections 9.1, 9.2, 9.4 and 9.5 of these Bylaws do not apply to any transfer of shares either by Will or by the law of descent and distribution upon the death of a Shareholder. In the event of the death of a Shareholder the Corporation shall issue a new share certificate and/or Proprietary Lease to and in the name of the person entitled thereto upon surrender of the prior share certificate and/or Proprietary Lease and upon satisfactory proof that the person claiming the right to a new share certificate and/or Proprietary Lease is entitled thereto. All provisions of these Bylaws apply to a Shareholder who acquires his or her Block of Shares and/or Proprietary Lease under the provisions of this Section; provided, however, that if that Shareholder does not live in the Apartment then he or she may sublet the Apartment for a maximum of two years. At the time the

Corporation approves application for sublease under this Section, the Shareholder must execute a legally binding document by which that Shareholder agrees to consummate the sale of his or her rights in the Corporation to an Entering Shareholder within two years from the date when he or she acquires said rights.

Section 9.7 One Block of Shares Per Shareholder. From and after the adoption of these Bylaws, the Corporation will not, except as provided in this section, consider or approve the sale or transfer of a Block of Shares to a Shareholder who already owns another Block of Shares. If a Shareholder wishes to acquire another Block of Shares, he or she must either sell his or her existing Block of Shares to an Entering Shareholder prior to acquiring the new Block of Shares or must actively be seeking to sell or transfer his or her existing Block of Shares to an Entering Shareholder, in which event the Shareholder must execute a legally binding document by which that Shareholder agrees to consummate the sale of his or her existing Block of Shares to an Entering Shareholder within one year from the date he or she acquired the new Block of Shares.

Section 9.8 Fees. The Board shall establish a reasonable, non-refundable fee that the Shareholder shall pay anytime the Corporation is asked to approve a Disposition of Shares regarding that Shareholder's Block of Shares.

Section 9.9 All Monies To Be Paid. Before the Corporation will issue and deliver a new share certificate or proprietary lease or approve a Disposition of Shares that involves a finance or refinance of the acquisition of a Block of Shares, all unpaid fees, including but not limited to unpaid Monthly Assessments, Special Assessments and Special Charges, must be paid in full to the Corporation, or satisfactory arrangement for their payment must be made. Unless otherwise specified in writing by the Corporation, the issuance and delivery by the Corporation of a new share certificate and/or proprietary lease is conclusive evidence that there are no outstanding sums owed to the Corporation with respect to the Block of Shares and Apartment on the date of issuance.

Section 9.10 Share Certificate and Proprietary Lease. Except as specified in Article 14 of these Bylaws, if the Corporation approves a Disposition of Shares to an Entering Shareholder, the Corporation will execute and deliver a new Share Certificate and Proprietary Lease to and in the name of the Entering Shareholder once the sale is closed.

Section 9.11 Prior Share Certificate Must Be Turned Into the Corporation. Before a new share certificate is issued for a Block of Shares, the prior share certificate representing that Block of Shares must be received by the Corporation. It must be endorsed to the Entering Shareholder and signed by the Departing Shareholder.

Section 9.12 Lost or Missing Share Certificates. Upon the written application of a Shareholder and upon satisfactory proof of the facts alleged in the application, the Board shall issue a replacement share certificate for any lost or missing share certificate. The Board shall require the Shareholder to execute an agreement to defend, hold harmless and indemnify the Corporation for any expense or loss resulting from the issuance by the Corporation of the replacement share certificate. The Board shall establish a reasonable fee for issuing a replacement share certificate.

Section 9.13 Rights Transfer With Share Certificate and Proprietary Lease. Upon the issuance and delivery of a new share certificate and/or proprietary lease, all rights, titles and interest associated with or pertaining to the Block of Shares and the Apartment shall pass to the new Shareholder. Except as established in Article 14 of these Bylaws all rights, titles and interest of the former Shareholder and all persons claiming through or under the former Shareholder with respect to that Block of Shares and the Apartment shall cease.

Section 9.14 Responsibilities Transfer with Share Certificate. Upon the issuance and delivery of a Share Certificate and/or Proprietary Lease to a new Shareholder, all responsibility associated with or pertaining to the Block of Shares and the Apartment shall pass to the new Shareholder.

ARTICLE 10. PROPRIETARY LEASE, OCCUPANCY, SUBLEASING

Section 10.1 General. Each Shareholder is entitled to a Proprietary Lease, in a form established by the Board, for the Apartment associated with the Shareholder's Block of Shares. The Proprietary Lease will be issued to the Shareholder and to no other person. Each Shareholder must comply with the Proprietary Lease in all respects.

Section 10.2 Occupancy. Except as otherwise specifically established in these Bylaws or the Proprietary Lease, no person other than the Shareholder or a Shareholder's Immediate Family Member may be the primary resident in the Apartment.

Section 10.3 Subordination of Lease Rights. The rights of the Lessees under the Proprietary Leases and the rights of the occupants of the Apartments are subordinate to mortgages, deeds of trust and similar encumbrances on the property to which the Proprietary Leases apply whether that mortgage, deed of trust or similar encumbrance was established before or after the execution of the Proprietary Lease.

Section 10.4 Subleases. A Shareholder may sublease the Apartment to a person, other than a Shareholder's Immediate Family Member only if all of the following requirements are met:

1. The Shareholder has owned his or her Block of Shares for at least one year.

2. The Sublease is approved by the Cooperative consistent with the provisions of these Bylaws.
3. The Sublease will not affect the availability of Share Loans to Shareholders.

The Shareholder may sublease the Apartment for a total of twelve (12) months during the entire time the Shareholder owns his or her Block of Shares. A sublessee may not assign or sublease the Apartment or his or her rights thereto.

Section 10.5 Sublease - Application. Any Shareholder who wishes to sublet an Apartment shall submit a written application to the Board upon the form established by the Board. The purpose of the application will be to determine whether the request complies with the requirements and criteria of Sections 10.4 and 10.6 of these Bylaws. The application will be approved or denied by the Board within thirty (30) days after receipt by the Board. The Corporation will issue its decision in written form. The decision of the Board will be final and conclusive, except that if the Board denies an application to sublease an Apartment and has denied a previous application to sublease that Apartment within the prior twenty-four (24) months, then the Shareholder may appeal the decision of the Board to the Shareholders. The time frames and other appeal provisions, as applicable, of Section 9.4 of these Bylaws will apply to any such appeal.

Section 10.6 Sublease - Responsibility of Shareholder. In the event of any sublease, the Shareholder shall make reasonable investigation to determine that the proposed subtenant will be an appropriate resident of the Apartment and will not interfere with the rights of other residents in the Wayfarer Apartments. The Shareholder shall be responsible in all respects for the subtenant and the actions of the subtenant. Without in any way limiting the generality of the immediately preceding sentence, the Shareholder will remain responsible for the subtenant's compliance with the Articles of Incorporation, these Bylaws, the Proprietary Lease and the House Rules and Regulations issued by the Board.

Section 10.7 Sublease - Fee. The Board shall establish a reasonable non-refundable subleasing application fee that must be paid any time the Corporation is asked to approve a sublease.

Section 10.8 Unsold Dwelling Units and Shares. The Wayfarer Apartments contain several dwelling units other than the Apartments, as detailed in Section 8.1. Blocks of Shares associated with these dwelling units have never been sold and the Corporation owns all rights, titles and interests to and associated with these dwelling units. The Corporation may rent or lease these dwelling units to such persons and under such terms as the Board determines to be in the best interests of the Corporation from time to time.

Section 10.9 Carpeting in Apartments. The Shareholder shall provide and maintain carpet pads and carpets covering at least seventy-five percent (75%) of the floor area of each of the following rooms and areas within the Apartments: the entry way,

the living room and the bedroom(s); provided that this requirement does not apply to the following Apartments: 4, 5, 6, 7, 18 and 19.

ARTICLE 11. ASSESSMENTS

Section 11.1 Annual Budget Determined by the Board. The Board shall, prior to the annual meeting of the Shareholders, prepare and approve a budget covering the estimated cost of operating the Corporation and the property of the Corporation for the coming year, including but not limited to, mortgage and similar payments, if any; taxes; insurance; utilities; reserves; administrative, legal and accounting expenses; and anticipated repairs.

Section 11.2 Annual Budget Presented to the Shareholders. At the annual meeting of the Shareholders, the Board shall present the budget it has approved for that year. The annual budget presented by the Board shall, subject to the other provisions of these Bylaws, constitute the annual budget for the Corporation for that year unless another budget is approved by a two-thirds vote of the Shareholders.

Section 11.3 Monthly Assessments. The annual budget of the Corporation shall be divided by the number of outstanding shares in the Corporation and then multiplied by the number of shares owned by each Shareholder to determine the assessments to be charged to each Shareholder. The assessment to be charged to each Shareholder pursuant to this Section will be divided by twelve, and the result will be the Monthly Assessment that the Shareholder shall pay each month on the Apartment until changed by the Corporation.

Section 11.4 Increase in Budget and Monthly Assessments Done Per Share. In the event of unforeseen expenses or increases in the cost of operating the Corporation or its property, the Board may increase the annual budget by up to twenty percent (20%) and may increase the Monthly Assessment owed by each Shareholder by up to twenty percent (20%). Increases over twenty percent (20%) must be submitted to the Shareholders for approval.

Section 11.5 Special Assessments. The Corporation may, from time to time, levy and collect a Special Assessment against each Shareholder to pay for unforeseen expenses and/or capital or major expenses. In the event of an emergency, as determined by the Board in its sole discretion, the Board may approve an expenditure and levy a Special Assessment of up to a total of ten percent (10%) of the then current total annual budget of the Corporation. Special Assessments over ten percent of the total annual budget of the Corporation may not be authorized unless approved by the Shareholders. Except as otherwise approved by a two-thirds vote of the Shareholders, all Special Assessments shall be levied against and collected from the Shareholders in the same proportion as are the Monthly Assessments of the Shareholders.

Section 11.6 Assessments Due - Late Fees. Unless otherwise decided by the Board, all Monthly Assessments shall be due and payable by each Shareholder without notice on the first day of each month. The action of the Board or the Shareholders establishing a Special Assessment shall specify when the Special

Assessments or installments thereon, as applicable, are due. All assessments shall be paid to the Corporation at the Treasurer's home or other site as designated by the Board. Reasonable late fees will be charged for a payment received more than one day after it is due. The Board shall establish and publish the amount of the late fees.

Section 11.7 Other Fees. The Board shall establish fees as necessary to cover expenses or costs for services or goods furnished or supplied to Shareholders and others by request.

ARTICLE 12. CORPORATION'S SECURITY INTEREST/PLEDGE OF SHARES

Section 12.1 Security Interest Created. The Corporation has and hereby declares a security interest in the Block of Shares of each Shareholder for payment of all sums, including but not limited to assessments and late fees, owed to the Corporation by that Shareholder and/or pertaining to the Apartment. Each Shareholder takes his or her Block of Shares subject to this security interest.

Section 12.2 Priority of Security Interest. Unless otherwise agreed to in writing by the Corporation, the security interest created by this Article has priority over and is superior to any other security interest, lien and encumbrance.

Section 12.3 Exercise of Security Interest. If a Shareholder fails to pay in full all sums owing to the Corporation within sixty (60) days after the Corporation has sent notice of the failure to pay to the Shareholder at his or her address as shown in the records of the Corporation, then the Corporation is authorized to exercise its security interest in the Block of Shares of that Shareholder in any way allowed by law, including but not limited to, a private sale of that Block of Shares.

Section 12.4 Pledge of Shares. The shares in the Corporation represented by each Block of Shares are hereby continuously pledged to the Corporation to ensure faithful compliance by each Shareholder and any person or entity claiming by, under or through each Shareholder with the Articles of Incorporation, these Bylaws, the Proprietary Lease and the House Rules and Regulations issued by the Board. In the event of any breach of or failure to comply with any of these documents, and if such breach or failure continues for sixty (60) days after notice specifying the breach or failure is sent by the Corporation to the Shareholder at his or her address as shown in the records of the Corporation, then the Corporation may take possession of said Shareholder's Block of Shares. In this event, the Corporation is authorized to sell these shares as established for enforcing a security interest under Title 62A, Article 9 of the Revised Code of Washington or as otherwise allowed by law.

Section 12.5 Other Rights. In addition to and without limiting any other rights of the Corporation, the Corporation may bring any appropriate action in court to seek possession of the Apartment and/or other appropriate relief in the event of any failure to comply with or breach of the Articles of Incorporation, these Bylaws, the Proprietary Lease or the House Rules and Regulations

issued by the Board. Notwithstanding any of the provisions of these Bylaws, if the Corporation takes possession of an Apartment, it is hereby authorized to lease that Apartment to a non-shareholder for the account of the Shareholder until the block of shares associated with that Apartment is sold to an Entering Shareholder. During any such period, the rent from the Apartment shall first be applied to reimburse the Corporation for any costs it incurred in taking possession of and/or renting the Apartment, then to all past due sums owed to the Corporation, then to any sums presently due and payable to the Corporation, and the balance, if any, shall be paid to the Shareholder.

Section 12.6 Late Fees and Penalties. In addition to, and without limiting any other rights of the Corporation, the Board is authorized to adopt, publish and enforce reasonable late fees and penalties for violations by a Shareholder or any person or entity claiming by, through or under that Shareholder, of the Articles of Incorporation, these Bylaws, the Proprietary Lease and/or the House Rules and Regulations issued by the Board.

ARTICLE 13. RIGHTS OF LENDERS

Section 13.1 Prior Agreements. Any contract entered into by and between a Departing Shareholder and an Entering Shareholder that was approved by the Corporation consistent with prior bylaws of the Corporation prior to the adoption of these Bylaws will be honored by the Corporation pursuant to the terms of that contract, regardless of any inconsistencies with the terms of these Bylaws. These Bylaws will be applied to any such contract to the extent that the terms of these Bylaws are not inconsistent, or can be harmonized with, any such contract.

Section 13.2 Recognition Agreements and Share Lenders. The Board is authorized to enter into agreements with one or more Share Lender to make a Share Loan to Shareholders. The Board is also authorized, in order to make Share Loans available to Shareholders, to execute Recognition Agreements, or similar agreements, with any Share Lender making Share Loans to Shareholders. The provisions of any such Recognition Agreement or other agreement supersedes any conflicting provisions of these Bylaws and the Proprietary Lease; provided however, that the provisions of these Bylaws and the Proprietary Lease which do not conflict with or can be harmonized with any such Recognition Agreement or other agreement shall be fully applicable.

ARTICLE 14. SELLER FINANCING

Notwithstanding any other provisions of these Bylaws or the Proprietary Lease, provisions of this Article apply whenever a Departing Shareholder sells his or her rights in the Corporation, including the Block of Shares and the Proprietary Lease to the Apartment under an arrangement wherein that Shareholder will receive payments over time and wherein that Shareholder wishes to retain his or her existing Stock Certificate as security for said payments over time (such transaction hereinafter referred to as a "Contract Sale"). The Corporation will approve a Contract Sale consistent with the following conditions and requirements:

Section 14.1 Rights of Contract Sale Purchaser. The written documents evidencing the Contract Sale grant to the Contract Sale purchaser all rights as a Shareholder in the Corporation so long as that Contract Sale is not terminated. This includes, but is not limited to, the following:

1. The Contract Sale purchaser shall be given an irrevocable proxy to vote the Block of Shares.
2. The Contract Sale purchaser shall be entitled, rather than the Contract Sale seller, to all Shareholder notices.
3. The Contract Sale purchaser shall be entitled to whatever distribution is available with respect to that Block of Shares in the event of the dissolution of the Corporation, after subtracting whatever sums are still owed to the Contract Sale seller under the Contract Sale.
4. The Contract Sale purchaser, rather than the Contract Sale seller, shall have all rights of management of the Corporation associated with the Block of Shares.

Section 14.2 Rights of the Contract Sale Seller. So long as the Contract Sale has not been fulfilled or terminated, the Contract Sale seller shall have the rights of a secured party (subordinate to the rights of the Corporation), and not the rights of an owner, with respect to the Block of Shares and the Apartment associated with the Block of Shares.

Section 14.3 Use of Term "Shareholder" Under the Contract Sale. In the event of any Contract Sale under this Article, and until such Contract Sale is either fulfilled or terminated, the terms "Shareholder" and "Member" as used in these Bylaws and the Articles of Incorporation, Proprietary Lease and House Rules and Regulations issued by the Board shall apply to the purchaser under the Contract Sale and not to the seller under the Contract Sale.

Section 14.4 Issuance of Proprietary Lease. The Corporation will issue a Proprietary Lease to and in the name of the Contract Sale purchaser upon the execution of the Contract Sale documents.

ARTICLE 15. AMENDMENT

These Bylaws may be altered, amended, repealed or replaced at any meeting of the Shareholders.

ARTICLE 16. TITLES

The titles of the Articles, Sections and provisions of these Bylaws are for convenience only and do not alter, add to or affect these Bylaws.

ARTICLE 17. SEAL

The seal of the Corporation shall consist of a flat-faced circular die with the words: "WAYFARER CO-OPERATIVE ASSOCIATION, INC., WASHINGTON" around the margin and the words and figures: "CORPORATE SEAL 1951" in the center.

ARTICLE 18. PARTIAL INVALIDITY

Should any portion of these Bylaws be adjudicated to be invalid by a court of competent jurisdiction, then only that portion shall be invalid and all other provisions shall remain in full force and effect.

ARTICLE 19. DISSOLUTION

The Corporation may be dissolved as allowed by law. In the event of dissolution, the affairs of the Corporation shall be finalized as quickly as is practicable. The distribution to Shareholders, if any, shall be in proportion to the number of shares each owns in the Corporation.

Adopted by resolution of the Board of Directors on
this ___ day of _____, 2003

Secretary