

PROPRIETARY LEASE FOR  
WAYFARER CO-OPERATIVE ASSOCIATION, INC.

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PROPRIETARY LEASE  
BY AND BETWEEN  
WAYFARER CO-OPERATIVE ASSOCIATION, INC.  
and

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This Proprietary Lease (hereafter "Lease") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Wayfarer Co-Operative Association, Inc. (hereafter the "Corporation") and \_\_\_\_\_ (hereafter "Shareholder"), a Shareholder in the Corporation.

In consideration of the mutual promises and covenants exchanged and contained in this Lease the Corporation and the Shareholder agree as follows:

ARTICLE I

Term of Lease

This Lease shall commence on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ and continue for 99 years until the \_\_\_\_\_ day of \_\_\_\_\_, 21\_\_\_\_, unless sooner terminated pursuant to the provisions of this Lease.

ARTICLE II

Leased Premises

Under the terms, covenants and conditions of this Lease, the Corporation grants to the Shareholder the following:

2.1 The exclusive use and occupancy of Apartment #\_\_\_\_\_ (hereafter the "Apartment") in the Wayfarer Apartments located at 4725 15th Avenue NE, Seattle, Washington 98105 and legally described in Exhibit A attached hereto and incorporated herein by this reference.

2.2 The exclusive use of storage area or locker #\_\_\_\_\_ (hereafter the "Storage Area") in the Building.

2.3 The non-exclusive use of the Areas of Common Use.

ARTICLE III

Definitions

The following definitions apply throughout this Lease unless, from the context, a different meaning is clearly indicated:

3.1 The definitions contained in the Bylaws are hereby incorporated by this reference and those definitions shall apply to this Lease as though fully set forth herein; provided that no

definition in the Bylaws which is inconsistent with a definition in this Lease is incorporated, and such inconsistent definition in the Bylaws shall not apply herein.

3.2 "Areas of Common Use" - The exterior, lobbies, hallways, stairways, landings and all other portions of the Building other than the areas inside the designated Apartments and Storage Lockers in the Building; and all areas of the Property outside the Building.

3.3 "Articles of Incorporation" - the Articles of Incorporation of the Corporation as adopted, amended and/or replaced from time to time by the Corporation.

3.4 "Building" - The apartment building located on the Property described in Exhibit A.

3.5 "Bylaws" - The Bylaws of the Corporation as adopted, amended and/or replaced from time to time by the Corporation.

3.6 "Corporate Operating Documents" - Any Rules and Regulations as issued from time to time by the Corporation, the Articles of Incorporation and the Bylaws.

3.7 "Monthly Assessment" - the sum, established pursuant to the Bylaws, that the Shareholder must pay each month for the regular operations, preservation and maintenance of the Corporation and the property of the Corporation.

3.8 "Premises" - the Apartment, Storage Area and the Areas of Common Use.

3.9 "Property" - all of the property described in Exhibit A and all of the buildings, improvements, components and fixtures located on that property.

3.10 "Special Assessment" - any sum, other than a Monthly Assessment assessed against the Shareholder, pursuant to the Bylaws, for the necessary operation, preservation and maintenance of the Corporation, and/or the property of the Corporation or for other legitimate corporate purposes.

3.11 "Special Charge" - all of the following:

3.11.1 Any late fee, fine or similar penalty assessed against Shareholder pursuant to the Bylaws or this Lease.

3.11.2 Any fee charged to the Shareholder, pursuant to this Lease or the Bylaws, other than Monthly Assessments and Special Assessments.

3.11.3 Any cost incurred by the Corporation for which the Shareholder is liable pursuant to this Lease and/or the Bylaws.

ARTICLE IV

Lease Tied to Block of Shares

The Corporation has entered to this Lease with the Shareholder on the specific condition that the Shareholder is and will at all times while this Lease is in effect remain the owner of the Block of Shares associated with the Apartment.

ARTICLE V

Monthly Assessments

The Bylaws contain the mechanism by which the Corporation establishes the Monthly Assessment on the Apartment. The Shareholder agrees to pay, as rent, all Monthly Assessments and Special Assessments on the Apartment and all Special Charges in the manner, and as otherwise established, in the Bylaws and this Lease. The failure of the Corporation to annually establish a Monthly Assessment does not relieve the Shareholder of the obligation to pay Monthly Assessments, and the last Monthly Assessment established by the Corporation shall remain in effect until a new Monthly Assessment is established by the Corporation. The current Monthly Assessment on the Apartment is \_\_\_\_\_per month.

ARTICLE VI

Articles of Incorporation and Bylaws of the Corporation

The parties agree that the Articles of Incorporation and Bylaws may contain provisions which govern, in part, the land-lord/tenant relationship between the Corporation and the Shareholder established by this Lease. The Shareholder agrees to abide by the Articles of Incorporation and Bylaws in all respects. The Parties agree that if any conflict exists between the provisions of this Lease on the one hand and the provisions of the Articles of Incorporation and/or Bylaws on the other hand, then the provisions of the Articles of Incorporation and/or Bylaws shall govern and the provisions of this Lease that do not conflict with, or can be harmonized with, the Articles of Incorporation and Bylaws shall remain in full force and effect.

ARTICLE VII

Premises Accepted in Their As-Is Condition

The Shareholder hereby accepts the Premises in their as-is condition.

## ARTICLE VIII

### Use of the Premises

8.1 Use of Apartment . The Shareholder agrees to use the Apartment as a private residence and for no other purpose.

8.2 Use of Storage Area . The Shareholder agrees to use the Storage Area to store the Shareholder's personal property and for no other purpose. No volatile, hazardous, toxic or organic substance may be stored or placed in the Storage Area.

8.3 Use of Areas of Common Use . The Shareholder agrees to use the various parts of the Areas of Common Use for the purposes for which they are provided, in common with the other shareholders of the Corporation and residents of the Building, and for no other purpose. The Shareholder may not use any part of the Areas of Common Use for any private purpose.

8.4 No Increase Insurance Costs . The Shareholder may not engage in any activity nor place anything in the Premises, nor suffer or permit any of the foregoing to occur, that will increase the rate or cost of insurance on the Property or its contents or the contents of any other apartment in the Building. If the Shareholder violates the provisions of this Section, in addition to all other rights of the Corporation, the Shareholder shall be liable to the Corporation and/or to the other shareholders of the Corporation for all costs incurred by the Corporation and/or the other shareholders, including, but not limited to, additional insurance premiums which result from the violation of this Section. Any liability of the Shareholder to the Corporation under this Section shall be a Special Charge against the Shareholder.

8.5 Compliance with Applicable Laws . With respect to the Shareholder's use and occupancy of the Premises, the Shareholder agrees to comply, in all respects, with all applicable law.

8.6 No Liens . The Shareholder may not permit or suffer any lien or claim of lien to arise or to be filed against the Property or any part thereof. If a lien or claim of lien arises and/or is filed against the Property or any part thereof - a) for work, materials and/or activities on, for and/or related to the Apartment and/or the Storage Area; b) arising out of or related to the actions or commitments, or claims of the same, by the Shareholder; and/or c) for which the Shareholder is responsible or claimed to be responsible, then, in any of those instances, it is the responsibility of the Shareholder to have the lien or claim of lien removed and fully discharged immediately. If the lien or claim of lien is not removed and fully discharged within ten (10) days after the Shareholder is

notified of the existence of the lien or claim of lien, then the Corporation may cause the lien or claim of lien to be removed and fully discharged without investigating the validity of the lien or claim of lien. If the Shareholder, within ten days after receiving notice of the lien or claim of lien, notifies the Corporation that it contests the lien or claim of lien and provides the Corporation with a bond or other adequate security, in a form and amount determined by the Corporation to be adequate to protect the Corporation's interests and property, the Corporation may forebear exercising its rights under this Section; provided however, that the Corporation reserves the right to discharge and fully remove any lien or claim of lien which the Corporation determines, in its sole discretion, materially interferes with its business, its ownership and/or use of the Property and/or the rights of other shareholders of the Corporation. The Corporation may assess a Special Charge against the Shareholder for all costs incurred by the Corporation pursuant to this Section, including, but not limited to, any sum paid to fully investigate, discharge and/or remove the lien and all incidental costs.

## ARTICLE IX

### Insurance

9.1 Carried by the Corporation . The Corporation shall carry such insurance and in such amounts on and insuring the Property and the Corporation as it deems appropriate, consistent with its legal and contractual obligations. The Corporation will not carry insurance on the contents of the Apartment, the contents of the Storage Area nor on any other property of Shareholder nor for the actions of Shareholder.

9.2 Carried by the Shareholder . The Shareholder may obtain such insurance as the Shareholder determines to be appropriate; provided that the Shareholder may not carry any insurance that would decrease the amount which the Corporation would be entitled to receive under any insurance policy maintained by the Corporation and/or that would adversely affect any insurance coverage maintained by the Corporation.

## ARTICLE X

### Taxes

The Corporation shall pay real estate and similar taxes and assessments levied by any governmental entity upon the Property. The Shareholder shall pay all other taxes, if any, related to the Shareholder's acquisition, ownership, use and/or sale of the Block of Shares and/or this Lease.

ARTICLE XI

Responsibilities of the Corporation

11.1 General . In addition, and without in any way limiting or affecting, the responsibilities of the Corporation under this Lease and the Corporate Operating Documents, the Corporation covenants and agrees as follows:

11.1.1 The Corporation shall maintain the roof, exterior surfaces and structural elements of the Building and the pipes, conduits, wires and other infrastructure in the Areas of Common Use (including, but not limited to below floors, above ceilings and inside walls) and inside walls within the Apartment to provide electrical, water and sewer service and such other utilities and services as the Corporation deems appropriate.

11.1.2 The Corporation shall maintain all aspects of the Areas of Common Use, other than those specified in Section 11.1 of this Lease, in good condition and repair consistent with the age and quality of those improvements and the funds available to the Corporation to maintain the same.

11.1.3 The Corporation shall pay all charges for water, sewer service and garbage service for the Property and electricity and heat for the Areas of Common Use.

11.1.4 The Corporation shall be responsible for the repair of any damage to the Apartment which results from any leaks in the roof of the Building or leaks in pipes within walls, floors and/or ceilings or from the failure of the Corporation to maintain any aspect of the Building which is the responsibility of the Corporation under this Lease; provided that if the Shareholder was aware of, or using reasonable diligence should have been aware of, the leak and/or other cause of the damage and failed to report the same to the Corporation, then the Corporation shall not be liable for the cost of repair.

11.1.5 The Corporation shall provide, during the heating season, heat, in adequate amounts, to the Apartment.

11.1.6 The Corporation shall provide hot water to the Apartment in an amount that the Corporation determines to be adequate.

11.2 Exceptions - Need Created by Shareholder . Notwithstanding any of the obligations of the Corporation under Section 11.1 or elsewhere in this Lease, the Shareholder is responsible for all costs incurred by the Corporation in maintaining, repairing and/or replacing any part of the Property for which the

Corporation is responsible if the need for the maintenance, repair and/or replacement resulted from the acts or omissions of the Shareholder and/or any person for whom the Shareholder is responsible under this Lease.

## ARTICLE XII

### Responsibilities of the Shareholder

In addition, and without in any way limiting or affecting, the responsibilities of the Shareholder under this Lease and the Corporate Operating Documents, the Shareholder covenants and agrees as follows:

12.1 The Shareholder shall fully comply with all provisions of this Lease and the Corporate Operating Documents.

12.2 The Shareholder shall pay to the Corporation all sums that are due, or will become due, under this Lease and/or the Corporate Operating Documents.

12.3 The Shareholder shall keep the Apartment and the Storage Area in a clean and sanitary condition and free of all fire and other hazards at all times.

12.4 The Shareholder shall keep the Apartment and Storage Area in as good condition and repair as existed at the commencement of this Lease and shall keep in good condition and repair all plumbing, heating and electrical fixtures, appurtenances and outlets in the Apartment and the stove, refrigerator and other appliances in the Apartment.

12.5 The Shareholder shall refrain from doing anything and/or allowing any situation to develop that could result in the deterioration of the Building.

12.6 The Shareholder shall respect and not interfere with the rights, including the right to quiet enjoyment, of other shareholders of the Corporation and residents in the Building; shall not annoy the other shareholders of the Corporation and residents of the Building with unreasonable noise; and shall not commit or permit any nuisance on the Property nor waste of the Property.

12.7 The Shareholder shall refrain from damaging the Areas of Common Use and refrain from using such areas in any way that is inconsistent with their intended purpose or the rights of other shareholders of the Corporation and residents of the Building.

12.8 In addition to the foregoing, the Shareholder shall maintain, repair, replace, and in all ways keep in safe and good working order, all walls, floors, ceilings, doors, windows, drains and all other components of the Premises, other than those which are the responsibility of the Corporation under Section 11.1 of this Lease.

12.9 The Shareholder shall promptly inform the Corporation of any situation, condition or defect which, under Article 11 of this Lease, is the responsibility of the Corporation, to correct or which is causing or may cause damage or deterioration to the Property or expense to the Corporation.

12.10 The Shareholder shall pay for any costs and damage incurred by the Corporation and/or other shareholder of the Corporation and/or residents of the Building caused by -- a) any acts of the Shareholder and/or other person for whom the Shareholder is responsible; b) the Shareholder's and/or any such person's failure or refusal to comply with the provisions of this Lease, and/or c) the failure of Shareholder and/or any such person to report any condition or situation requiring repair which is the responsibility of the Corporation, if the Shareholder or said person, as the case may be, knew, or using reasonable diligence should have known, of the need for the repair. All amounts for which the Shareholder is liable to the Corporation under this Section shall be a Special Charge against the Shareholder.

#### ARTICLE XIII

##### Right of Corporation to Affect Repairs in the Premises

If the Shareholder fails or refuses to comply with the Shareholder's responsibilities under this Lease and if that failure or refusal -- a) affects or might affect the structural integrity or appearance of the Building or the rights, personal safety and/or property of other shareholders of the Corporation or residents of the Building; or b) causes or might cause expense to the Corporation, then, in any of these events, the Corporation may, after giving reasonable notice to the Shareholder (except in emergencies where no notice need be given), perform the obligation of Shareholder and the Shareholder will thereafter be liable to the Corporation for all costs incurred by the Corporation under this Article and such amount shall be a Special Charge against the Shareholder.

## ARTICLE XIV

### Shareholder Responsible for Others

The Shareholder shall be responsible for the conduct, actions and failures to act of the Shareholder's family members, invitee, licensees and all other persons occupying or using the Premises and/or entering the Property by, through or under the Shareholder or this Lease. The Shareholder is responsible for the failure or refusal to comply with this Lease by the Shareholder's family members, invitees, licensees and all other persons occupying or using the Premises or entering the Property by, through or under the Shareholder or this Lease. The Shareholder is liable for all costs incurred by the Corporation because of the actions or inactions of any of the foregoing and/or because of the failure or refusal of any of the foregoing to comply with the provisions of this Lease, and all such costs shall be a Special Charge against the Shareholder.

## ARTICLE XV

### Alterations and Additions

The Shareholder may not make any alterations, changes or additions to the Areas of Common Use. The Shareholder must obtain the prior written approval of the Corporation, which approval the Corporation may grant or withhold at its sole discretion, before making any modifications, improvement or change to the Apartment and/or Storage Area that will involve and/or result in one or more of the following:

15.1 Opening of any wall, floor or ceiling.

15.2 Change to any component of the electrical, heating or plumbing system or any wires, pipes, conduits, ducts or drains.

15.3 Any activities, including, but not limited to, noise, vibrations, smoke or odor, which could interfere with the rights, including the right to quiet enjoyment, of other shareholders of the Corporation and/or residents of the Building.

15.4 Any activity which requires a permit or authorization under the Zoning Code, Building Code, Mechanical Code, Fire Code, Housing Code, Health Regulations, or any law generally encompassed within the terms "Zoning Code" or "Building Code", from the City of Seattle or other Government entity.

ARTICLE XVI

Entry and Inspection of Premises

Upon reasonable notice to the Shareholder, except in emergencies where no notice need be given, and for reasonable purposes, the officers, directors, agents and employees of the Corporation may enter the Premises. If after giving reasonable notice (or in the case of emergency where notice can not be given) the Shareholder or other resident of the Apartment is not available to provide entry to the Premises and if the Shareholder has not made other arrangements for such entry, then forcible entry may be gained to the Apartment and/or Storage Area. In the event of forcible entry, or under any circumstance where the Shareholder or other resident of the Apartment is not present at the time of entry, the Corporation acting through its officers, directors, agents and employee shall use reasonable care to preserve and protect the Premises and the property therein, and neither the Corporation nor its officers, directors, agents nor employees shall be liable for any damage to the Premises nor the property therein nor for any damage which results from entry to the Premises.

ARTICLE XVII

Occupancy, Assignment and Subletting

The Bylaws contain provisions regarding occupancy of the Apartment, assignment of this Lease and subletting of the Apartment. The Shareholder agrees to strictly comply with all of these provisions.

ARTICLE XVIII

Default

18.1 General - The Shareholder shall be in default of this Lease upon the occurrence of any of the following:

18.1.1 The failure of the Shareholder for any reason to pay any sum owed to the Corporation, including Monthly Assessment, Special Assessment and/or Special Charge within ten (10) days after it is due.

18.1.2 The failure of the Shareholder to comply with any term, covenant, condition or provision of this Lease.

18.1.3 The failure of the Shareholder to comply with any term, covenant, condition or provision of the Corporate Operating Documents.

18.2 Notice of Default - The Corporation may give notice of default to the Shareholder in any way permitted by applicable law.

18.3 Assignment of Rents - The Shareholder irrevocably assigns any rent from the Apartment to the Corporation and irrevocably appoints the President of the Corporation as the Shareholder's attorney-in-fact for the purpose of collecting such rents. If the Shareholder is in default of this Lease, the Corporation may, but is not required to, collect any rent otherwise due to the Shareholder from subtenants or others in the Apartment and apply that rent to any sums due to the Corporation by the Shareholder. If the Corporation collects any rents pursuant to the provisions of this Section, it assumes no additional liability or responsibility to the Shareholder or any other person by such actions. The Shareholder is liable for any costs incurred by the Corporation acting pursuant to the provisions of this Section and all such costs shall be a Special Charge against the Shareholder. Any sums collected by the Corporation pursuant to this Section in excess of what the Corporation is owed when such sum is collected, shall be promptly turned over to the Shareholder. Nothing in this Section or the Corporation's actions under this Section in any way affects the provisions of the Bylaws regarding subleasing of the Apartment nor constitutes an approval of any sublease.

## ARTICLE XIX

### Termination

19.1 General - This Lease shall terminate upon the occurrence of any of the following:

19.1.1 If the Shareholder ceases to be a shareholder in the Corporation.

19.1.2 If the Shareholder abandons the Premises.

19.1.3 Sixty days after the Shareholder receives notice of default regarding failure of the Shareholder to pay any sum owed to the Corporation, unless all sums owed to the Corporation are paid within that sixty day period.

19.1.4 Sixty days after the Shareholder receives notice of default regarding a failure of the Shareholder to comply with any term, covenant or provision of this Lease, other than as specified in paragraph 19.1.3 of this Lease, unless such default is cured within that sixty day period; provided, however, that if the Corporation determines, in its sole discretion, that the

default has or is likely to cause substantial and irreparable harm to the Corporation and/or to the other shareholders of the Corporation and/or residents of the Building, then the time the Shareholder has to cure such default shall be whatever time the Corporation deems appropriate, consistent with applicable law, and such shorter cure period shall be specified in the notice of default under Article 18 of this Lease.

19.1.5 One Hundred and Twenty Days (or such longer period as contained within the Resolution) after the adoption of a Resolution approved by a two-thirds votes of the share-holders of the Corporation, consistent with the voting requirements of the Corporate Operating Documents, to terminate all leases of shareholders of the Corporation on the apartments in the Building.

19.1.6 Upon the issuance of an order of a court of competent jurisdictions terminating this Lease.

19.1.7 If the Property or a substantial part thereof is taken by condemnation or similar governmental action or deed-in-lieu thereof.

19.1.8 If the Building or a substantial part thereof is damaged or destroyed by fire or other casualty and the Corporation decides not to rebuild. See Article 20 of this Lease.

19.1.9 If this Lease is declared terminated or to be terminated under the provisions of any agreement entered into by and between the Corporation, the Shareholder and a Share Lender; provided that if the Shareholder disputes such termination, the Corporation shall not act under this paragraph, except pursuant to the order of a court of competent jurisdiction.

19.1.10 In the event of a default by the Shareholder in and termination of the Shareholder's rights under a seller financing arrangement consistent with the Bylaws; provided that if the Shareholder disputes such termination, the Corporation shall not act under this paragraph, except pursuant to the order of a court of competent jurisdiction.

19.2 Effect of Termination - Upon termination of this Lease, all rights of the Shareholder pursuant to this Lease shall end and the Shareholder agrees to immediately vacate the Premises and turn over the Apartment and Storage Area to the Corporation.

19.3 Sale of Shares - If this Lease is terminated pursuant to a default by the Shareholder under Article 18 of this Lease, the Corporation may, in its sole discretion, but consistent with other

agreements it has entered into, either immediately exercise its lien and other rights under the Corporate Operating Documents or delay in exercising some or all of said rights for a period of time, not to exceed One Hundred Eighty Days, during which the Shareholder shall sell the Shares associated with the Apartment. If the Corporation delays exercising some or all of its rights and allows the Shareholder to sell the Shares, the Shareholder shall be liable for all sums that would otherwise be due under this Lease for all periods until the time the Shares are sold to a new shareholder and a new lease on the Apartment commences.

19.4 Costs . If this Lease is terminated, pursuant to a default by Shareholder under Article 18 of this Lease, the Shareholder shall be liable for all costs incurred by the Corporation related thereto, including, but not limited to, the costs of terminating this Lease and retaking possession of the Premises.

## ARTICLE XX

### Damage or Destruction to Building

20.1 Partial Damage - Except as stated in Section 20.2 of this Lease, if the Building is damaged by fire or other casualty, the Corporation shall repair the damage as quickly as possible so that the Building will conform as closely as possible to the configuration that existed immediately preceding the damage. In the event that the damage renders the Apartment uninhabitable, Monthly Assessments (but not Special Assessments) shall cease until the damage is repaired and the Apartment is habitable, at which time the Monthly Assessments shall resume.

20.2 Total Destruction - In the event of the total destruction of the Building (including destruction to an extent which makes it financially infeasible to rebuild the same considering available insurance proceeds), this Lease shall terminate unless the Corporation elects to rebuild the Building, in which case this Lease shall continue and the provisions of Section 20.1 of this Lease shall apply.

## ARTICLE XXI

### Miscellaneous

21.1 Complete Agreement - No Oral Representations . This Lease, the documents referred to herein, the Corporate Operating Documents and any other document executed by the Corporation and the Shareholder contains the full understanding of the parties. There are no oral representations or agreements.

21.2 Severability . If any provision of this Lease, or its application to any person or circumstance, is finally held invalid by a court of competent jurisdiction, that provision or its application to the particular person or circumstance shall be excised and the remainder of this Lease, and its application to other persons and circumstances, shall remain in full force and effect.

21.3 Remedies Cumulative . If the Shareholder fails or refuses to comply with his/her obligations under this Lease and/or the Corporate Operating Documents, the Corporation may, in addition to the remedies specified in this Lease and the Corporate Operating Documents pursue any remedy available to it. The remedies of the Corporation are cumulative, and the Corporation may pursue any remedies available to it separately or concurrently. The decision and action of the Corporation to pursue a particular remedy shall not be construed as an election of that remedy to the exclusion of others.

21.4 Rent Not Abated . Except as specifically stated in this Lease, no Monthly Assessment, Special Assessment or Special Charge shall be eliminated, reduced or abated for any reason. Without in any way limiting the generality of the directly preceding sentence, the amount owed to the Corporation by the Shareholder will not be eliminated, reduced or abated by the interruption of utility service, the violation or claims of violation of this Lease and/or the Corporate Operating Documents by the Corporation and/or other shareholders of the Corporation and/or resident of the Building and, except as specifically stated in this Lease, any damage or destruction to the Premises.

21.5 Special Charges Due . Except as specifically stated by the Corporation in making a Special Charge or as otherwise specifically stated in this Lease or the Corporate Operating Documents, all Special Charges charged to a Shareholder are due and payable to the Corporation, in the same place and manner as Monthly Assessments are paid, ten days after notice of the Special Charge is given to the Shareholder.

21.6 Notice . Except as specifically required by applicable law or other provisions of this Lease or the Corporate Operating Documents, all notices which can or may be given under this Lease shall be given to the Shareholder at the Apartment or such other address of which the Shareholder may, from time to time, give notice to the Corporation, and to the Corporation at the address of the Wayfarer Apartments shown in Section 2.1 of this Lease or such other address of which the Corporation may from time to time give notice to the Shareholder.

21.7 No Waiver of Rights . The failure of the Corporation to insist in any one or more instance on strict compliance with this Lease and the Corporate Operating Documents and/or that the Corporation refrains from exercising any rights available to the Corporation shall not be a waiver by the Corporation to insist on strict compliance and to pursue any remedy available regarding future or other failures, and all of said rights and prerogatives of the Corporation are fully preserved. The receipt by the Corporation of payment of any sum from or for the Shareholder after the Corporation has knowledge of the Shareholder's default of this Lease or the Corporate Operating Documents by the Corporation shall not be a waiver of that default. No waiver by the Corporation of a default of this Lease or the Corporate Operating Documents shall be effective unless the same is in writing specifying the default and signed by an officer of the Corporation authorized to waive such default.

21.8 Attorney's Fees and Cost of Collection . The Shareholder shall be liable to the Corporation for all of the following costs and expenses of the Corporation, and the same shall be a Special Charge against the Shareholder:

21.8.1 Any cost incurred by the Corporation, including, but not limited to, attorney's fees, to enforce any of its rights under this Lease or the Corporate Operating Documents against the Shareholder.

21.8.2 Any cost incurred by the Corporation, including, but not limited to, the cost of a collection agency, to collect any amount owed to the Corporation by Shareholder.

21.8.3 Any costs incurred by the Corporation by reason of the default of the Shareholder of this Lease and/or the Corporate Operating Documents.

21.8.4 Any costs incurred by the Corporation, including, but not limited to, attorney fees, accounting fees and expert witness fees in any litigation or other legal proceedings with the Shareholder.

21.9 Time of the Essence . Time is of the essence in this Lease. In the computation of any period of time under this Lease, if the last day of the applicable period falls on a Saturday, Sunday or federal or state holiday, such period shall be extended to the next day that is not a Saturday, Sunday or federal or state holiday.

21.10 Governing Law . This Lease shall be governed by the laws of the State of Washington.

21.11 Binding Effects . This Lease is binding upon and inures to the benefit of the parties hereto and their respective heirs, successors, assigns and personal representatives; provided that nothing in this Section in any way modifies the rights and responsibilities of the parties regarding assignment of this Lease and/or subletting the Apartment.

21.12 Shareholders, Officers, Directors and Others Not Liable . None of the past, present or future shareholder of the Corporation, nor any past, present or future officer, director and/or agent of the Corporation shall be personally liable on any of the covenants, agreements or requirements of the Corporation under this Lease or the Corporate Operating Document.

21.13 Subordination to Mortgages and Deeds of Trust . This Lease is subordinate to all mortgages, deeds of trust and similar encumbrances which encumber the Property, whether such encumbrances presently exist or are subsequently created. Upon demand, the Shareholder shall execute any instrument that may be required by the secured party on any such encumbrance or by the Corporation for the purpose of more formally subordinating this Lease to such encumbrance.

21.14 Rights of Share Lenders . The Shareholder and the Corporation hereby agree that the provisions of any Recognition Agreement or other agreement entered into by the Shareholder, the Corporation and any Share Lender shall supplement this Lease and shall supersede any inconsistent provision of this Lease; provided that the provisions of this Lease which are not inconsistent with, or can be harmonized with, such agreement shall remain in full force and effect.

21.15 Number and Gender . The references in this Lease to Shareholder, although expressed in the singular shall apply to the person or persons actually signing this Lease as the "Shareholder". All references in this Lease to any gender shall apply to all genders, as is appropriate for the actual parties to this Lease.

21.16 Joint and Severable Liability . All persons signing this Lease as Shareholder shall be jointly and severally liable under this Lease.

21.17 Titles . The titles to the Articles, Sections, Paragraphs and other provisions of this Lease are for convention only and do not in any way affect the meaning of this Lease.

21.18 Form of Lease/Modification to this Lease . The Corporation and the Shareholder agree that, as a housing cooperative, all leases to shareholders of the Corporation should use the same

form. The Corporation, therefore, agrees that all leases to shareholders of the Corporation shall use the lease form used in this Lease. The Corporation and the Shareholder also agree that, over time, it may become appropriate to change the terms of the lease form. As a result, the Corporation and the Shareholder agree that in the event that amendments to this lease form or an entirely new form of lease is adopted by a two-thirds vote of the shareholders of the Corporation, consistent with the voting requirements of the Corporate Operating Documents, then from and after such adoption, this Lease shall automatically be modified and/or replaced, as the case may be, consistent with the amendment to this lease form or the new form of lease adopted by the share-holders of the Corporation. The Shareholder agrees to execute any lease amendment or any new lease consistent with this Section and, if the Shareholder fails or refuses to do so for fourteen days after being notified to do so by the Corporation, the President of the Corporation is hereby appointed the Shareholder's attorney-in-fact for the purpose of executing such amended or new lease as well as all other documents necessary to put the amendment or new lease in full force and effect.





Exhibit A  
(legal description)

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.