

BYLAWS OF THE
L'AMOURITA COOPERATIVE, INCORPORATED

ARTICLE 1 – NAME, LOCATION AND PURPOSE OF THE Corporation

Section 1.1 Names

The name of the Corporation is L'Amourita Cooperative, Inc.

Section 1.2 Location

The principal place of business of the Corporation is L'Amourita Cooperative, 2901-2917 Franklin Avenue East, Seattle, Washington 98102.

Section 1.3 Purpose

The purpose of the Corporation is to provide housing to the shareholders in the Corporation of L'Amourita Cooperative on a cooperative basis. In order to carry out this purpose, all of the apartments in the L'Amourita Cooperative will be leased to shareholders, except as otherwise specified in these bylaws. As the Corporation owns the shares associated with Apartment 2917, Apartment 2917 need not be leased to a shareholder and may be leased to a tenant.

ARTICLE 2 -- FISCAL YEAR

The fiscal year of the Corporation shall begin 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.

“APARTMENT”

means the following designated apartments in the L'Amourita Cooperative, 2901-2917 Franklin Avenue East, Seattle, Washington 98102:

2901 A,B,C,D
2903 A,B
2905 A,B,C
2907 A,B
2909 A,B
2911 A,B,C
2913 A,B
2915 A,B
2917

“BLOCK OF SHARES”

means the number of shares associated with an apartment as established in Article 8, Section 1 of these bylaws. When used in reference to a particular shareholder, it

means the shares associated with the apartment for which the shareholder holds a proprietary lease.

“BOARD”

means the Board of Directors of the Corporation.

“Corporation”

means L’Amourita Cooperative, Inc.

“DEPARTING SHAREHOLDER”

means a shareholder who is proposing to dispose of his or her shares in the Corporation.

“DIRECTOR”

means a member of the Board of Directors.

“DISPOSITION OF SHARES”

means any sale, transfer, pledge or encumbrance of shares in the Corporation.

“ENTERING SHAREHOLDER”

means any person who is acquiring shares in the Corporation through the disposition of shares by a departing shareholder.

“LENDER”

means a person or entity that has loaned or is loaning money to a shareholder, including an entering shareholder, to finance or refinance the purchase by that shareholder of a block of shares in the Corporation and, as part of that transaction, has acquired some assignment, pledge, mortgage, security interest or rights in that shareholder’s block of shares in the Corporation.

“PLURALITY”

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

“QUORUM”

means the presence at a meeting, either personally or by proxy, of a specified percentage of the shareholders. Unless otherwise specified in the Articles of Incorporation, these bylaws or required by law, a quorum is a majority of the shareholders. A quorum is required to transact any business, except to adjourn a meeting, or as otherwise allowed by law.

“SHAREHOLDER”

subsequent to the adoption on these revised Bylaws, and prior thereto in the case of stock acquired outright, means the individual to whom and in whose name a block of shares and a proprietary lease for an apartment have been issued. For shares issued prior to the adoption of these revised bylaws, and with regard to stock acquired on an installment

basis, shareholder shall mean the person designated in the proprietary lease, so long as the purchase contract is in good standing.

“SIMPLE MAJORITY”

means more than half of the votes cast. Except as otherwise specified, all votes of the shareholders and Board require a simple majority to pass.

“SUBLEASE”

means the right of a nonshareholder to rent an apartment from a shareholder in accordance with these bylaws.

ARTICLE 4—MEETINGS OF THE SHAREHOLDERS

Section 4.1 Annual Meeting

An annual meeting of the shareholders shall be held no later than the last day of April in each year at L'Amourita Cooperative, 2901-2917 Franklin Avenue East, Seattle, Washington 98102.

Section 4.2 Quorum Not Present

If a quorum is not present at a meeting of the shareholders, a majority of the shareholders present shall have the power to adjourn to a date of their choice.

Section 4.3 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 4.4 Votes

Each shareholder is entitled to one vote for each block of shares he or she owns.

Section 4.5 Proxies

Shareholders may vote by proxy, using forms established by the Board. No proxy is valid for more than 11 months from the date it is signed. To be valid at a meeting, a proxy must be filed with the secretary before the meeting in which it is intended to be used.

Section 4.6 Notice

Written notice of each meeting must contain the time and location of the meeting and, if it is a special meeting, the purpose of the meeting. This written notice must be delivered or mailed to each shareholder not less than 10 days before the day 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 4.7 Action Without a Meeting.

Any decision or action which may be taken by the shareholders at a meeting may be done without meeting, if a consent in writing setting forth the action taken is signed by all of the shareholders. Such consent shall have the same effect as a unanimous vote in the 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 application law, all business and affairs of the Corporation shall be controlled by the Board of Directors.

Section 5.2 Number and Qualification

The Corporation shall have no fewer than three and no more than five directors, each of whom must be a shareholder. The number of directors for each year shall be determined at the annual meeting of the shareholders, prior to the election of directors.

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. A special meeting called for that purpose. At that same special meeting, a replacement director may be elected by plurality vote for the remainder of the unexpired term.

Section 5.5 Vacancies

If a vacancy occurs on the Board, the remaining Board members, at their discretion, may call a special meeting of the shareholders to fill the vacancy; provided, however, that if the vacancy has resulted in there being fewer than three directors, then the president shall call a special meeting of the shareholders to fill the vacancy. This meeting must be held within 30 days of the date the Corporation receives the resignation of the prior director or otherwise becomes aware that the vacancy exists. The replacement director will serve for the remainder of the unexpired term.

Section 5.6 Insurance and Indemnification

The Board may purchase errors and omissions or similar insurance insuring the Corporation and/or the officers and directors against any loss or suit for their good faith performance as directors and/or officers of the Corporation. 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.

Section 5.7 Meetings

The Board shall meet as often as needed, but at least once during each calendar quarter. The first meeting of each newly elected Board shall be held within 60 days after the annual meeting of the shareholders.

Section 5.8 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 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 one day before the meeting either personally or by telephone. If all directors sign a written consent for a meeting, notice is conclusively presumed to have been given consistent with these bylaws and applicable law.

Section 5.9 Action Without a Meeting

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

Section 5.10 Voting

Each director is entitled to one vote. Voting by proxy is not permitted for votes of directors.

Section 5.11 Quorum

A majority of directors constitutes a quorum at any Board meeting. A quorum is necessary for any Board action except to adjourn, whether or not to a time certain.

ARTICLE 6 – OFFICERS

Section 6.1 General

The officers of the Corporation shall be a president, vice president, treasurer and secretary. All officers shall be elected by and from the Board of Directors at their first meeting after the election of the directors.

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. The president may not simultaneously hold any other office.

Section 6.3 Vacancies

Vacancies among the officers shall be filled by the directors for the remainder of the term of office.

Section 6.4 Duties of the President

The president shall:

- 6.4.1 Serve as chief executive officer of the Corporation and of the Board.
- 6.4.2 Sign all certificates of shares and execute all contracts, agreements, notes and obligations of the Corporation authorized or required by the Board.

Section 6.5 Duties of the Vice President

The vice president shall:

- 6.5.1 Assist the president and perform the duties of the president in the absence of the president.
- 6.5.2 Perform such other duties as are directed by the Board.

Section 6.6 Duties of the Secretary

The secretary shall:

- 6.6.1 Record and distribute, in a timely manner, to all shareholders and others entitled thereto, the minutes of all meetings of shareholders and of the Board.
- 6.6.2 Countersign all certificates of shares.
- 6.6.3 Have the responsibility of 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, share certificates and transfer books and the seal of the Corporation.
- 6.6.4 Provide the required notice for all shareholder and Board meetings.

Section 6.7 Duties of the Treasurer

The treasurer shall:

- 6.7.1 Have responsibility for all financial records and affairs of the Corporation.
- 6.7.2 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.
- 6.7.3 Keep full and accurate accounts of receipts and disbursements in books and records belonging to the Corporation.
- 6.7.4 Be bonded by the Corporation.

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/or 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 shareholder shall have the right and responsibility to assist in the management of the Corporation and the running of L'Amourita on a cooperative basis. Shareholders shall make themselves reasonably available to assist in running and managing the affairs of the Corporation and L'Amourita Cooperative.

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 or transferred and the officers and directors may not execute any document which encumbers the real property of the Corporation without the consenting vote of two-thirds of the shareholders. A special meeting shall be called for that purpose.

ARTICLE 8 – SHARE AND BLOCKS OF SHARES

Section 8.1 Block of Shares Established

The chart below establishes the number of shares associated with each apartment:

Apartment	Shares
2901A	70
2901B	70
2901C	60
2901D	24
2903A	65
2903B	60
2905A	65
2905B	60
2905C	40
2907A	65
2907B	65
2909A	65
2909B	65
2911A	65
2911B	60
2911C	40
2913A	65
2913B	60
2915A	55
2915B	50
2917	40
South Storage	1

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.”

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 Registered Owner

Except as otherwise specified in these bylaws or required by law, the Corporation shall, for all purposes, treat the person in whose name the share certificate is issued as the absolute owner of the shares represented by that share certificate, with all rights and responsibilities of a shareholder in the Corporation. Except as otherwise specified in these bylaws or required by law, the Corporation shall not recognize the rights of any person or entity claiming an interest in shares in the Corporation, except the person in whose name the share certificate is issued.

Section 8.4 Blocks of Shares Not to be Split

Under no circumstances shall part, but not all, of a block of shares be sold, transferred, pledged or encumbered.

ARTICLE 9 – DISPOSITION OF SHARES

Section 9.1 General

The 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 associated with that block of shares, 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 the 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 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 purchase of a block of shares and will document that the transaction and the lender will comply with the operative terms of these bylaws and the proprietary lease. In each case, these forms must be signed by the departing and entering shareholders or by the shareholder and lender, as the case may be.

Section 9.3 Approval of Finance or Refinance of Purchase of Shares

If the disposition of shares involves the finance or refinance of the purchase of a block of shares, the application will be approved or denied by the Board within 10 days after the receipt by the Corporation of the 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 and the proprietary lease. The approval by the Corporation, if granted, signifies only that the Corporation has approved the finance or refinance arrangement and will comply with these bylaws, including Article 13 establishing the rights of 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 10 days after receipt by the Corporation of the

application. The entering shareholder must attend this meeting to answer questions of the Board germane to the entering shareholder's fitness to be a shareholder in the Corporation and resident in L'Amourita Cooperative. The Board shall approve the disposition of shares to an entering shareholder, within 10 days, unless it determines that specific factors or characteristics exist which would make the entering shareholder unsuitable as a member of the Corporation or resident of the apartment. Under no circumstances will the Corporation engage in any illegal discrimination. The decision of the Board disapproving a transfer of shares to an entering shareholder is final and conclusive unless a written appeal is made to the shareholders by the departing or entering shareholder within seven 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 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 Exception – Deceased Shareholder

The approval and disapproval provisions, Sections 2 and 4 of this article, 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 shares certificate to and in the name of the person entitled thereto upon surrender of the prior share certificate for that block of shares and upon satisfactory proof that the person claiming the right to a new share certificate is entitled thereto. All provisions of these bylaws apply to a shareholder who acquires his or her block of shares under the provisions of this Section 9.5; provided, however, that if that shareholder does not live in the apartment which is associated with his or her block of shares, then he or she may sublet the apartment for a maximum of one year during which time that shareholder shall sell his or her block of shares. At the time the Corporation approves application for sublease, the shareholder must execute and comply with a legally binding document by which that shareholder agrees to consummate the sale of that block of shares to an entering shareholder within one year from the date when he or she acquires that block of shares.

Section 9.6 Blocks of Shares Per Shareholder

From and after the adoption of these bylaws, the Corporation will limit ownership to two blocks of shares. If a shareholder wished to acquire a third block of shares, he or she must either sell one of his or her existing blocks of shares prior to acquiring the new block of shares or must actively be seeking to sell or transfer one of his or her existing blocks of shares to an entering stockholder, in which event the shareholder must execute and comply with 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 9.7 Fee

The Board may establish, and from time to time change, a reasonable fee that must be paid any time the Corporation is asked to approve a disposition of shares.

Section 9.8 Share Certificate and Proprietary Lease

If the Corporation approves a disposition of shares to an entering shareholder, the Corporation will execute and deliver a new share certificate and propriety lease to and in the name of the entering shareholder once the sale is closed.

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 purchase of shares, all unpaid fees, including but not limited to unpaid assessments for maintenance and operating fees, 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 share certificate and proprietary lease is conclusive evidence that there are no outstanding sums owed to the Corporation with respect to that block of shares on the date of issuance.

Section 9.10 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 9.11 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.

Section 9.12 Rights Transfer With Share Certificate

Upon the issuance and delivery of a new share certificate, all rights, titles and interest associated with or pertaining to that block of shares, the apartment associated with that block of shares and the proprietary lease for that apartment shall pass to the entering shareholder. All rights, titles and interest of the departing shareholder and all persons claiming through or under the departing shareholder with respect to that block of shares, the apartment associated with that block of shares and the proprietary lease on that apartment shall cease.

Section 9.13 Responsibilities Transfer With Share Certificate

Upon the issuance and delivery of a share certificate to an entering shareholder, all responsibility associated with or pertaining to that block of shares shall pass to the entering 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 with which the shareholder's block of shares is associated. Except as otherwise specifically established in these bylaws, the proprietary lease will be issued to and in the name of that shareholder and to no other person. The shareholder agrees to 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 and the immediate family members of the shareholder may reside in the apartment with which that shareholder's block of shares is associated.

Section 10.3 Subordination of Lease Rights

The rights of the lessee under the proprietary lease are subordinate to mortgages, deeds of trust and similar encumbrances on the real property to which the proprietary lease applies whether that mortgage, deed of trust or similar encumbrance was established before or after the execution of the proprietary lease.

Section 10.4 Sublease Under Proprietary Leases

A shareholder who enters into a proprietary lease with the Corporation on or after the execution of these Bylaws agrees to be the primary resident of that apartment. No subletting shall be for more than four years (consecutive or not), unless owner resides in the building (in a unit he or she owns), and sublease shall be on written form approved by the association. Owner must occupy unit for two years before subletting. The shareholders may also consider sublease extensions, given one year at a time, under the following circumstances:

10.4.1 While the shareholder is actively attempting to sell his or her block of shares.

10.4.2 Under unusual circumstances where it is determined by the shareholders at a special meeting called for that purpose that it would be unfair and unreasonable not to grant additional permission to sublease the apartment.

10.4.3 If 70% or more of the units are owner-occupied.

10.4.4 For active participation in the stewardship of the Corporation, either by acting as an Officer of the Corporation or as a member of the Board of Directors, provided that such participation be active, not passive.

A simple majority of those present at a meeting called for that purpose, or a Board of Directors meeting with notification given to shareholders, will be sufficient for approval of extension of sublease. The request for an extension can be made anytime before the four years elapses.

Section 10.5 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 L'Amourita Cooperative. The share holder shall be responsible in all respects for the subtenant and the actions of the subtenant. The shareholder will remain responsible for compliance with the Articles

of Incorporation, these bylaws, the proprietary lease and the House Rules and Regulations issued by the Board.

Section 10.6 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 Section 10.5 and paragraphs 10.4.1 and 10.4.2 of these bylaws. The application will be approved or denied by the Board within 10 days after its receipt by the Board, or by the shareholders within 30 days after receipt by the Board, for application under paragraph 10.4.2 of the bylaws. The Corporation will issue its decision in written form. The decision of the Corporation will be final and conclusive, except that if the Board denies an application to sublease an apartment and has denied a previous sublease application for the apartment within the prior 24 months, then the shareholder may appeal the decision of the Board to the shareholders. The appeal provisions of Section 9.4 of these bylaws will apply to any such appeal.

Section 10.7 Sublease – Fee

The Board may establish, and from time to time change, a reasonable fee that must be paid anytime the Corporation is asked to approve a sublease under this Article 10.

ARTICLE 11 – ASSESSMENTS

Section 11.1 Recommended by the Board

The Board shall, prior to the annual meeting of the shareholders, prepare 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; taxes; insurance; utilities; reserves; administrative, legal and accounting expenses; and anticipated repairs.

Section 11.2 Approval by the Shareholders

At the annual meeting the shareholders shall approve the budget for that year, as well as the assessments to be charged each shareholder. Unless otherwise voted by a two-thirds majority of the shareholders, assessments shall be prorated one-third in proportion to the number of units and two-third proportionate to square footage of the unit. “A”-units holding proprietary leases on adjoining basement areas shall pay an assessment as determined by the shareholders.

Section 11.3 Increase in Budget and Assessments

In the event of unforeseen expenses or increases in the cost of operating the Corporation and its property, the Board may increase the annual budget by up to 10 percent and may increase the monthly maintenance assessment owed by each shareholder up to 10 percent. Increases over 10 percent must be submitted to the shareholders for approval.

Section 11.4 Emergency

In the event of an emergency as determined by the Board in its sole discretion, the Board may increase the budget by up to 10 percent and may levy a special assessment of up to 10 percent of the annual assessment owed by each shareholder. Special assessments over 10 percent must be submitted to the shareholders for approval.

Section 11.5 Assessments Due – Penalties

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 and shall be paid to the Corporation at the treasurer's home or other site as designated by the Board. Reasonable penalties may be charged for payment received after the fifth day of the month in which it is due. The Board shall establish and publish the nature and extent of these penalties.

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 shares owned by a shareholder with respect to all sums, including but not limited to unpaid assessments and penalties, owed to the Corporation by that shareholder.

Section 12.2 Priority of Security Interest

Unless otherwise agreed to by the Corporation, the security interest created by this article has priority over and is superior to any other security interest, lien or encumbrance.

Section 12.3 Exercise of Security Interest

If the shareholder fails to pay in full all sums owing to the Corporation within 60 days after the Corporation has sent notice of the amount owing to the shareholder at his or her address as shown in the records of the Corporation, then the Corporation is authorized to exercise or enforce its security interest in the shares of that shareholder in any way allowed by law, including but not limited to a private sale of those shares.

Section 12.4 Pledge of Shares

The shares in the Corporation 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 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 these 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 by petitioning the King County Superior Court for an order to sell said shares.

Section 12.5 Unlawful Detainer and 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 Articles of Incorporation, these bylaws, the proprietary lease or the House Rules and Regulations issued by the Board. If the Corporation takes possession of an apartment, it is hereby authorized to lease that apartment to a nonshareholder 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 reimbursing 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 the balance, if any, shall be paid to the person or other entity who is entitled to such rent.

Section 12.6 Penalties

In addition to, and without limiting any other rights of the Corporation, the board is authorized to adopt, publish and enforce reasonable penalties of violation 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 General

This article establishes the rights of lenders. Notwithstanding any other provision of these bylaws, all lenders are hereby granted the rights contained in this article, with the limitations stated with each.

Section 13.2 Right to Sublease

If a lender becomes a shareholder in the Corporation and within 60 days after it becomes a shareholder it cannot, on its own, or with the assistance of the Corporation, sell its block of shares to a shareholder who will reside in the apartment associated with that block of shares, then the lender may sublet that apartment for up to one year while the lender is actively attempting to sell the block of shares. The Corporation may propose a subtenant to the lender and the lender will rent to said proposed subtenant if he or she complies with the lender's tenant selection criteria. In the event of any subletting under this section, the provisions of Article 10 Sections 5, 6, and 7 will apply.

Section 13.3 Eviction of Defaulting Shareholder

Upon request of the lender, the Corporation will file an unlawful detainer or other appropriate action to terminate the proprietary lease rights and evict any shareholder who is in default on any obligation owed to the lender with respect to the financing or refinancing of the shareholder's purchase of his or her block of shares. The Corporation shall require the lender to provide satisfactory proof of default and shall require the lender to indemnify, save harmless and/or reimburse the Corporation for all costs, expenses, claims and/or actions related thereto.

Section 13.4 Insurance

The Corporation shall maintain insurance policies that meet the minimum insurance requirements of cooperatives as established by the Federal National Mortgage Association.

Section 13.5 Reserves

The Corporation shall maintain replacement and operating reserves.

Section 13.6 Notice to Lenders

The Corporation shall notify the lender of any of the following changes or occurrences:

13.6.1 Any threatened or actual condemnation, eminent domain proceeding or acquisition or any actual loss, whether or not covered by insurance that affects any portion of the Corporation or apartment finances.

13.6.2 If the Corporation generates – during any taxable year – 80 percent or less of its gross income from “tenant-stockholders” income, as that term is defined in Section 216 of the Internal Revenue Code.

13.6.3 Any 30-day delinquency by the Corporation in payments due under any blanket mortgage or real estate taxes, assessments and charges imposed by a governmental entity or public utility or on any ground lease. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Corporation.

13.6.4 Any proposed action that requires the consent of lenders as established in Section 13.8 of these bylaws.

13.6.5 Any 60-day delinquency in the payment of monthly assessments by the shareholder whose purchase of shares is being financed or refinanced by the lender.

Section 13.7 Right to Cure Defaults

The lender has the right to cure any default by the shareholder in the payment of his or her assessments.

Section 13.8 Lender Approval Required

The approval of each lender is required before the Corporation may consent to any of the following:

13.8.1 Any surrender, cancellation, modification or assignment of any documents evidencing ownership, possession or use of the apartment associated with the block of shares in which the lender has an interest or any sublease of that apartment.

13.8.2 Any further or additional pledge or mortgage of any documents evidencing ownership, possession or use of the shares in which the lender has an interest or the apartment associated with those shares.

13.8.3 The addition of any blanket financing that is superior to the lender’s interest if it would result in an annual increase of more than 10 percent of the monthly assessment charges against the apartment associated with the block of shares in which the lender has an interest.

13.8.4 Any action to change the form of ownership of the Corporation.

13.8.5 Any action to change any provision of these bylaws that expressly benefit the blanket mortgage or lender.

13.8.6 The contraction, expansion or termination of the Corporation.

Section 13.9 Right of First Refusal

The Corporation may exercise an option or right of first refusal to purchase the interest and proprietary rights of a shareholder whose block of shares and proprietary lease have been obtained and sold, assigned or transferred by a lender pursuant to foreclosure or other proceedings related to the enforcement of loan obligations, or any deed or assignment in lieu of such foreclosure or proceedings, provided lender is paid an amount equal to the full amount due under such loan.

Section 13.10 Right to approve a Sale or Transfer of Proprietary Documents (Proprietary Lease and Block of Shares) by a Lender to a Third Person in the Event of a Foreclosure No lender shall have any power or right to transfer, sell or otherwise dispose of the Proprietary Documents (Proprietary Lease and Block of Shares), or to sublease the unit without the approval of the Corporation as represented by adoption of a resolution of the Board, provided however that such an approval may only be withheld on the basis of failure of the transferee or assignee or lessee to meet reasonable standards of credit-worthiness or written cooperative occupancy standards duly adopted by the Corporation, or on the basis of potential noncompliance with any applicable law, regulation, or administrative ruling.

13.11 Corresponding Changes to Proprietary Leases

The Board, by majority vote, is hereby authorized to revise and reissue all presently existing proprietary leases to include in those leases provisions corresponding to paragraphs 13.9 and 13.10 of these ByLaws, and otherwise as the Board may determine to be in the best interests of the Corporation, so long as the effect thereof is not to undermine or diminish any present existing rights of shareholders holding said proprietary leases.

ARTICLE 14 – EXISTING FINANCING ARRANGEMENT

Any contract entered into, by and between a departing shareholder and an entering shareholder and/or a shareholder and any other person or entity for the finance or refinance by a shareholder, including an entering shareholder, of that shareholder's block of shares that was approved by the Corporation prior to the adoption of these bylaws will be honored by the Corporation pursuant to the terms of the 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 contracts.

ARTICLE 15 – AMENDMENT

These bylaws of the Corporation may be altered, amended, repealed or replaced at any meeting of the shareholders by a two-thirds majority vote of the shareholders present.

ARTICLE 16 – TITLES

The titles of the articles and sections 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 “L’Amourita” in the margin, and the words “Corporate Seal” in the center.

ARTICLE 18 – DISSOLUTION

In addition to dissolution of the Corporation as allowed by law, this Corporation may be dissolved upon a vote of two-thirds of the shareholders attending a special meeting called for the purpose of discussing dissolution of the Corporation. In the event of dissolution, the affairs of the Corporation shall be wound up as quickly as is practicable. the distribution to shareholders of assets, if any, shall be in proportion to the number of shares each owns in the Corporation.

Adopted by vote of the membership on this ____ day of _____, 1994.

President

Secretary