

EXHIBIT 2

BYLAWS

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OF
BY-LAWS
OF
THE EDMONDS EBB TIDE

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BY-LAWS
OF
THE ASSOCIATION OF APARTMENT OWNERS
OF
THE EDMONDS EBB TIDE
a Condominium

The following are the By-laws of THE EDMONDS EBB TIDE
_____ Association of Apartment Owners, a nonprofit
corporation in the State of Washington. These By-Laws provide for
operation of the EBB TIDE _____, a condominium
established under the laws of the State of Washington. They apply to the
entire condominium, each apartment therein, and all common areas and
facilities. Each apartment owner automatically, by virtue of such ownership,
becomes a member of the Association. All present and future owners,
mortgagees and other encumbrances, lessees, tenants, licensees, and
occupants of apartments, and their guests and employees, and any other
person who may use the facilities of the condominium are subject to these
By-Laws, the Declaration and Covenants, Conditions, Restrictions and
Reservations for the EBB TIDE _____, a condominium, and
the rules and regulations pertaining to the use and operation of the
condominium.

Words and phrases that are defined in the Declaration shall have
the same meaning in these By-Laws.

Until the Transition Date occurs, these By-Laws shall be administered and may be amended (subject to such mortgagee approval as may be required) by Declarant, or by a managing agent appointed by Declarant, or by an interim board of directors designated by Declarant. All references herein to the "Board" shall apply with equal force and effect to Declarant, the managing agent, or the interim board of directors, whichever has the responsibility for administering the condominium.

ARTICLE 1

MEMBERSHIP; REGISTER; VOTING

1.1 Membership

The owners of apartments in the condominium shall constitute the Association of Apartment Owners. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons may be members of the Association. Owners of an apartment as joint tenants, tenants in common, community property, or other ownership involving more than one owner, shall be joint members of the Association, but the sum total of their vote shall not exceed the percentage of interest for voting power appurtenant to the apartment owned.

1.2 Voting

The total voting power of all members shall be 100 votes and the total number of votes available to the owner or owners of any one apartment shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to the apartment, as set forth in the Declaration. A member who owns more than one apartment shall have the votes appertaining to each apartment owned.

1.3 Persons Under Disability

Minors and persons declared legally incompetent shall be eligible

for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor having no legal guardian of his estate, through a parent having custody of the minor.

1.4 Register of Members

The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in an apartment shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of an apartment or any interest therein, and any mortgages thereon.

ARTICLE 2

MEETING OF MEMBERS

2.1 Place

Meetings of the members of the Association shall be held at such suitable place as may be convenient to the membership and designated from time to time by the Board.

2.2 Annual Meeting

The annual meeting of the Association shall be held in the first quarter of each fiscal year, on a date fixed by the Board. At such annual meeting there shall be a financial report, the owners shall elect members to the Board or fill vacancies therein, and such other business as shall properly come before the meeting may be transacted.

2.3 Special Meetings

It shall be the duty of the president to call a special meeting of the Association as directed by resolution of the Board or upon the written request of a majority of the Board or upon the written request of owners having one-third of the total voting power of the Association. A meeting called at the request of the members shall be held at such time as the president may fix, which time shall not be less than 10 nor more than 30 days after the receipt of the written request therefor. No business shall be transacted at a special meeting except as stated in the notice given therefor unless consented to by seventy-five percent (75%) of the owners present

either in person or by proxy.

2.4 Notice of Meetings

It shall be the duty of the secretary to give notice of each annual and special meeting, stating the purpose thereof and the time and place where it is to be held, to each member of the Association and to each mortgagee that has requested notice, all as provided in Article 15 of the Declaration. Notice shall be given at least ten and not more than 30 days before each meeting. Before any meeting of the Association, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the Association shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins.

2.5 Quorum

The presence in person or by proxy of member of the Association or voting representatives holding 50% of the total voting power shall constitute a quorum for the transaction of business at any meeting of members of the Association.

2.6 Proxies

Any apartment owner or voting representative may vote by proxy. Proxies shall be in writing, signed by the apartment owner, or voting representative, and filed with the Board. Proxies may be revoked at any time by written notice to the Board. Any designation of proxy must be signed

by all owners of an apartment; but where husband and wife are owners, the proxy need be signed by only one spouse unless the other spouse notifies the Board not to accept the proxy.

2.7 Adjournment of Meetings

If any meeting of owners cannot be organized because a quorum has not attended, the owners present, in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

2.8 Majority Vote

Except as otherwise provided by statute, by the Declaration, or by these By-Laws, passage of any matter submitted to vote at a meeting where a quorum is in attendance, shall require the affirmative vote of at least 51% of the voting power present.

2.9 Order of Business

The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of inspectors of election;

- (g) Election of directors (annual meeting or special meeting called for such purpose);
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

2.10 Parliamentary Authority

In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

ARTICLE 3
BOARD OF DIRECTORS

3.1 Number and Qualifications

The affairs of the Association shall be governed by a Board of not fewer than three nor more than seven directors, who shall be elected by ballot from the members of the Association. The members of the Association at any meeting may change the number of directors within those limits, but shall not reduce the number in such a manner to deny an incumbent director (unless removed for cause) a full term of office. If a corporation is a member of the Association, any one of its officers, directors, or shareholders may be elected to the Board; if a partnership is a member, any one partner of such partnership may be elected to the Board.

3.2 Powers and Duties

The Board shall have the powers and duties provided for the administering authority of the condominium in the statutes and in the Declaration, and all other power necessary for the administration of the affairs of the Association, and may do all such acts and things as are not prohibited by statute or by the Declaration required to be done in another manner; this shall include the adoption of an annual budget.

3.3 Managing Agent

Management of the condominium shall initially be carried out by

Declarant or a Managing Agent appointed by Declarant or by an interim Board selected by Declarant as provided in Article 12 of the Declaration. The interim Board, if one is selected, and the permanent Board after the Transition Date, may employ an experienced professional managing agent to assist the Board in the management and operation of the condominium, subject to the provisions in said Declaration.

3.4 Election and Term of Office

On the Transition Date or as soon after it as possible there shall be a meeting of the Association to elect a Board of five (5) directors to serve until the first day of the calendar month following the date of adjournment of the first annual meeting. Thereafter, the term of office for directors will begin on the first day of the calendar month following the date of adjournment of the annual meeting at which they are elected. The normal term of office for directors will be for one (1) year and until their successors are elected and take office.

3.5 Vacancies

Vacancies on the Board caused by reasons other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each person so selected shall be a director until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

3.6 Removal of Directors

At any regular or special meeting after the Transition Date, any one or more of the directors may be removed, with or without cause, by the holders of a majority of the total voting power of the Association and a successor may then and there be elected to fill the vacancy thus created and to serve the balance of the unexpired term. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3.7 Compensation

No compensation shall be paid to directors for their services as directors.

3.8 Organization Meeting

The first meeting of the newly elected Board shall be held within ten (10) days of election at a place to be fixed by the directors at the meeting at which the directors were elected, and no notice shall be necessary to the newly elected directors in order legally to call the meeting, providing a majority of the whole Board shall be present at the meeting.

3.9 Regular Meetings

Regular meeting of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director personally

or by mail, telephone, or telegraph, at least three (3) days before the day fixed for the meeting.

3.10 Special Meetings

Special meetings of the Board may be called by the president on three (3) days' notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by either the president or secretary in like manner and on like notice on the written request of any two directors.

3.11 Waiver of Notice

Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by him of timely and adequate notice unless he expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

3.12 Quorum

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there be less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting

from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.13 Open Meeting

Any apartment owner or voting representative may attend any meeting of the Board, but shall not be entitled to participate. The Board may, however, go into private, executive session to consider the employment or dismissal of the managing agent or other persons employed by the Association, or to hear complaints or charges brought against such person, unless the person requests a public hearing, or to discuss with legal counsel litigation in which the Association is or is likely to become a party if public discussion would adversely affect the interests of the Association in such litigation.

ARTICLE 4

OFFICERS

4.1 Designation

The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board annually.

4.2 Election of Officers

The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Any person may hold concurrently any two offices, except that the same person may not concurrently hold the offices of President and Secretary. The Board may elect officers from among its members, or otherwise.

4.3 Removal of Officers

At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

4.4 President

The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the

Board and shall have all powers and duties usually vested in the office of the president.

4.5 Vice President

The vice president shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

4.6 Secretary

The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. He shall also perform such other duties as may be prescribed by the Board.

4.7 Treasurer

The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

4.8 Other Officers and Employees

Other officers of the Association and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these By-Laws.

4.9 Compensation

The Board may pay reasonable compensation to any officer or

apartment owner who performs substantial services for the condominium in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

4.10 Declarant's Powers

In accordance with the Declaration, the Declarant, Declarant's managing agent, or the interim board of directors may exercise the powers of the officers until the Transition Date.

ARTICLE 5

COMMITTEES

5.1 Committees of Directors

The Board may appoint one or more committees that consist of one or more directors. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board in the management of the Association. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the condominium.

5.2 Other Committees

Other committees, not having or exercising the authority of the Board in the management of the Association, may be appointed by the president or the directors, and such committees may be composed of one or more members of the Association.

ARTICLE 6

OBLIGATION OF APARTMENT OWNERS

6.1 Contribution to Working Capital

The original first purchaser of each apartment from Declarant shall pay to the Association as a contribution to the Association's initial working capital an amount equal to two (2) times the estimated monthly assessment against such apartment.

6.2 Assessments

All owners are obligated to pay assessments imposed by the Association to meet the common expenses of the condominium as provided in the Declaration.

6.3 Damages to Common Areas

Each owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common area or facility damaged through that owner's fault.

6.4 Compliance with Covenants, By-Laws, and Administrative Rules and Regulations

Each apartment owner shall comply strictly with the Declaration, these By-Laws, and with the administrative rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in the deed to his apartment. Failure to comply with any of the foregoing shall be ground for

an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board or the managing agent on behalf of the Association or by a particularly aggrieved apartment owner.

ARTICLE 7

HANDLING OF FUNDS

7.1 Accounts

The Association shall establish the necessary funds or accounts to provide for the operation and maintenance of the condominium. Overall superintendence of these funds shall be the responsibility of the treasurer of the Association. There shall be at least three (3) separate funds as described in Sections 7.2, 7.3, and 7.4.

7.2 Working Capital Fund

There shall be established a checking account in a commercial bank to be known as the "Working Capital Fund." This fund will be used for the normal operation of the condominium and will receive all monthly assessments, first purchasers' initial contributions to the fund, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the condominium and maintenance expenses of a routine or minor nature that do not require resort to the Reserve Fund for Common Areas and Facilities. Funds for the Reserve Fund for Insurance Premiums and the Reserve Fund for Common Areas and Facilities will normally be deposited in the Working Capital Fund and checks immediately issued to the other fund so an overall account of the funds received and disbursed by the Association is centralized in the check register of the Working Capital Fund account.

7.3 Reserve Fund for Insurance Premiums

The treasurer shall cause to be established an interest-bearing savings account in a savings bank or savings and loan association, which shall be known as the "Reserve Fund for Insurance Premiums." Each month the treasurer shall cause to be deposited into this fund an amount equal to at least one-twelfth of the total cost of all premiums for the policy or policies and bonds the Association is required by the Declaration to purchase. Such premiums shall be paid out of this fund.

7.4 Reserve Fund for Common Areas and Facilities

The Association shall maintain an interest-bearing savings account in a savings bank or savings and loan association, or other account authorized by the Board, which account shall be known as the "Reserve Fund for Common Areas and Facilities." The purpose of the reserve account will be to provide for the periodic maintenance, repair and replacement of the common areas and facilities.

ARTICLE 8

AMENDMENT OF PERCENTAGE OF INTEREST IN COMMON AREAS AND FACILITIES

8.1 Appraisal

The condominium and all parts thereof shall be reappraised upon the happening of any event which, in the judgment of the Board, requires a reappraisal and reapportionment of the values of one or more apartments or appurtenant common areas and facilities. The appraisal shall be made by a competent appraiser selected by the Board. After the appraisal has been made, it shall be considered by the apartment owners at an annual or special meeting. Any apartment owner shall have the right to be heard at the meeting and to introduce evidence if he desires.

8.2 Consent Required

The value of the property and of each apartment and the percentage of undivided interest in the common areas and facilities shall not be altered without first amending the Declaration, and any such amendment shall require the unanimous consent of the apartment owners and prior written approval of institutions holding 75% of the first mortgages that are held on apartments, and require the unanimous consent and approval of the mortgagee(s) of the apartment for which the percentage(s) would be changed.

ARTICLE 9

KEEPING RECORDS AND REPORTS

9.1 General

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the apartment owners, apartment mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

9.2 Financial Reports

The Board shall cause to be issued and mailed to all members of the Association and to all apartment mortgagees that request them, within 90 days following the end of each fiscal year of the condominium, an audited financial statement for that fiscal year, which shall include a balance sheet and a statement of operations and a comparison between the actual expenses of operation and the expenses that had been projected for that year. Holders of first mortgages on apartments may require the submission of additional financial data of the condominium as is reasonably required by prudent mortgage loan management.

ARTICLE 10

RESTRICTIVE PROVISIONS RELATING TO CHILDREN AND PETS

The Ebb Tide Condominium is essentially an adult community. Therefore, occupancy by young persons fifteen (15) years of age and under is prohibited. Guests of owners or tenants, fifteen (15) years of age and younger, shall not be permitted to remain in said units for more than thirty (30) days in any one (1) calendar year.

ARTICLE 11

AMENDMENTS

Any apartment owner or owners who desire that these By-Laws be amended may propose amendments to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by owners of 20% or more of the apartments in the condominium, then irrespective of whether the Board concurs in the proposed amendment it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including mortgagees) entitled to receive notice of a meeting of the Association. The unanimous vote of all apartment owners shall be required for adoption of either an amendment altering the value of the property and of each apartment or the percentages of undivided interest in the common areas and facilities, or an amendment of this Article 11. All other amendments shall be adopted if approved by 60% of the apartment owners. No material amendment of the Declaration or of these By-Laws may be made without the prior written approval of institutions holding 75% of the

first mortgages that are held on apartments by institutional holders.

ARTICLE 12

A BANDONMENT OR TERMINATION OF CONDOMINIUM STATUS

Except in cases of substantial damage to the property as provided in Article 16 of the Declaration, the condominium status of the property shall not be abandoned or terminated by reason of any act or omission by the owners of the Association except with the consent of all apartment owners by an instrument to that effect duly recorded, and then only if the mortgagees and holders of all liens affecting any of the apartments consent thereto or agree, in either case by an instrument duly recorded, that their mortgages and liens be transferred to the percentage of the undivided interest of the apartment owner in the property.

The foregoing By-Laws are adopted by Declarant under its authority to act as the Board of the Association before the Transition Date and effective upon the filing of the Articles of Incorporation of the Association of Apartment Owners with the Secretary of State.

These By-Laws were approved and accepted this 17th day of October, 19 83.

DECLARANT

OLYMPIC PROPERTIES, INC.

By:


JAMES R. BRAUN, President

By:


WAYNE C. MEYERS, Secretary