

OPERATING AGREEMENT OF EVERGREEN STATE SUSTAINABLE COMMUNITIES, LLC

This Operating Agreement of EVERGREEN STATE SUSTAINABLE COMMUNITIES, LLC is entered into as of the date this Operating Agreement is executed by all Persons named on Exhibit B of this agreement by and among the Persons whose names are set forth in Exhibit B of this Agreement, who are referred to individually as a Member and collectively as the Members.

A. The Members have formed a limited liability company (the "Company") under the Washington Limited Liability Company Act, RCW 25.15. The Articles of Incorporation of the Company filed with the Washington Secretary of State on December 28, 2017, which are attached hereto and incorporated herein as Exhibit A, are hereby adopted and approved by the Members. The name of the Company has been changed to Evergreen State Sustainable Communities, LLC.

B. The Members enter into this Agreement to provide for the governance of the Company and the conduct of its business, and to specify their relative rights and obligations.

NOW THEREFORE, the Members hereby agree as follows:

1. DEFINITIONS

1.1. Definitions.

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement:

(a) "Act" means the Washington Limited Liability Company Act (RCW ch. 25.15).

(b) "Agreement" means this operating agreement, as originally executed and as amended from time to time.

(c) "Certificate of Formation" is defined in the Act, RCW 25.15.071(1).

(d) "Assignee" means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

(e) "Assigning Member" means a Member who by means of a Transfer has transferred an Economic Interest in the Company to an Assignee.

(f) "Available Cash" means all net revenues from the Company's operations, including net proceeds from all sales, refinancings, and other dispositions of Company property that the Members, in the Members' discretion, deem in excess of the amount reasonably

necessary for the operating requirements of the Company, including debt reduction and Reserves.

(g) "Capital Account" means, with respect to any Member, the account reflecting the capital interest of the Member in the Company, consisting of the Member's initial Capital Contribution maintained and adjusted in accordance with Article 3-

(h) "Capital Contribution" means, with respect to any Member, the amount of the money and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under International Revenue Code section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan.

(i) "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

(j) "Code" or "IRC" means the Internal Revenue Code, as amended, and any successor provision.

(k) "Company" means EVERGREEN STATE SUSTAINABLE COMMUNITIES, LLC, a Washington limited liability company, as named in Article 2, Section 2.2 of this Agreement.

(l) "Consent" means that all Members present at a duly-held meeting have had the opportunity to express their opinion (regardless of whether an actual opinion was expressed) and that a decision is reached to which all Members present consent.

(m) "Economic Interest" means a Member's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.

(n) "Encumber" means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

(o) "Encumbrance" means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

(p) "Fair Market Value" means, with respect to any item of property of the Company, the item's adjusted basis for federal income tax purposes, except as follows:

(1) The Fair Market Value of any property contributed by a Member to the Company shall be the value of such property, as mutually agreed by the contributing Member and the Company; and

(2) The Fair Market Value of any item of Company property distributed to any Member shall be the value of such item of property on the date of distribution, as mutually agreed by the distributee Member and the Company.

(q) "Household" or "Member Household" means a Member that is composed of one or more persons who will own a Membership Interest (as sole, community, partnership, joint tenancy, tenancy-in-common, or other jointly owned property) with the intent of purchasing a single dwelling unit in the cohousing development. If a Household is composed of more than one person, each person within a Household shall be jointly and severally liable for the Household's obligations as a Member. A Household, regardless of the number of natural persons within that Household shall only have the rights and responsibilities of a single Member.

(r) "Initial Member" or "Initial Members" means those Persons whose names are set forth in Exhibit B to this Agreement. A reference to an "Initial Member" means any of the Initial Members.

(s) "Involuntary Transfer" means, with respect to any Membership Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

(t) Omitted.

(u) Omitted.

(v) "Member" means an Initial Member, Household, or a Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who has not ceased to be a Member under Article 7 or for any other reason. "Member Household" is defined in Article 1, Section 1.1, subsection (q) above.

(w) "Membership Interest" means the entire interest and rights of a Member in the Company at a particular time, including the Member's Economic Interest, the right to vote on or participate in the management of the Company and the right to receive information concerning the business and affairs of the Company.

(x) "Notice" means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited by certified mail or for overnight delivery, postage and fees prepaid, in the United States mails; when sent by Federal Express, United Parcel Service, DHL WorldWide Express, or Airborne Express, for overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the

recipient with a delivery receipt; when delivered to the home or office of a recipient with a delivery receipt in the care of a person whom the sender has reason to believe will promptly communicate the notice to the recipient; or when transmitted by electronic means and such transmission is electronically confirmed as having been successfully transmitted. The delivery receipt shall be evidence of receipt of the notice, and notice shall be deemed to have been received on the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. The addresses including email address for use as of March 2018 are set forth on Exhibit B.

(y) "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members.

(z) "Person" means an individual, Household, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

(aa) "Profits and Losses" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

(bb) "Proxy" means a written authorization given by one Member to a Person authorizing such person to exercise Voting rights for the Member. Proxies may only be held by Members of the Company. Proxies may be limited to a specific matter or a general Proxy may be given where all Voting is delegated to another Member until such time as such Proxy is terminated. A Proxy may not be transmitted orally.

(cc) "Regulations" means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

(dd) "Substituted Member" is defined in Article 7, Section 7.3.

(ee) "Successor in Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

(ff) "Tax Matters Member. The same meaning as ascribed to the term "Tax Matters Partner" in section 6231(a)(7) of the IRC. The Tax Matters Member shall be designated by the Members in accordance with the Consent or voting procedures set forth in Article 5, Section 5.3.

(gg) "Transfer" means, any sale, assignment, gift, Involuntary Transfer, Encumbrance, or other disposition of a Membership Interest or any element of such a

Membership Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

(hh) "Vote" means a written consent or approval including written consent by electronic mail, a ballot cast at a Meeting, or a voice vote.

2. ARTICLES OF INCORPORATION

2.1. Formation of Company.

The Certificate of Formation was filed with the Washington Secretary of State on December 28, 2017, UBI Number 604 205 283. A copy of the Certificate of Formation as filed is attached to this Agreement as Exhibit A. This document is approved by the persons identified as Members in Exhibit B. The Members also approve of the change of name to EVERGREEN STATE SUSTAINABLE COMMUNITIES, LLC.

2.2. Company Name.

The name of the Company is EVERGREEN STATE SUSTAINABLE COMMUNITIES. The business of the Company may be conducted under that name, or, in compliance with applicable laws, any other name that the Members deem appropriate.

2.3. Principal Office.

The principal executive office of the Company shall be at 3007 Federal Avenue, Everett, WA 98201, or such other place or places as may be determined by the Members.

2.4. Agent Name.

The initial agent for service of process on the Company shall be William Dean Smith, whose street address is 3007 Federal Avenue, Everett, WA 98201. The Members may from time to time change the Company's agent for service of process. If the agent ceases to act as such for any reason, the Members shall promptly designate a replacement agent and notify the Secretary of State of the change.

2.5. Purpose and Business of the Company.

The Company will be formed for the purposes of engaging in the business of development of real property with housing and related improvements with the intent of developing a cohousing community. In addition, the Company may undertake any lawful business which limited liability companies may undertake pursuant to the Act.

2.6. Term.

The term of existence of the Company shall commence on the date that the Articles of Incorporation were filed with the Washington Secretary of State, and shall continue until terminated by the provisions of this Agreement or as provided by law.

2.7. Initial Members.

The names and addresses of the Initial Members are as set forth in Exhibit B attached hereto and incorporated herein.

3. CAPITALIZATION

3.1. Initial Capital Contributions.

Each Initial Member has contributed to the capital of the Company as the Member's Capital Contribution.

3.2. Additional Capital Contributions.

Except as otherwise set forth herein, no Member shall be required to make additional Capital Contributions. If additional Capital Contributions are voluntarily made, the respective Percentage Interests of the Members in the Company shall be adjusted to reflect the total respective contributions of the Members. The Company may borrow from its Members as well as from investors, banks or other lending institutions to finance its working capital or the acquisition of assets upon such terms and conditions as shall be approved by the Members in accordance with the Consent or Voting procedures set forth in Section 5.3. Any loans from Members shall not be considered Capital Contributions or reflected in the Capital Accounts.

3.3. Capital Accounts.

An individual Capital Account shall be maintained for each Member in accordance with the requirements of Treasury regulation Section 1.704-1(b)(2)(iv) and shall consist of that Member's Capital Contribution and shall be adjusted as follows: (1) the Capital Account shall be increased by that Member's share of Profits; (2) shall be decreased by that Member's share of Losses and Company expenses; and (3) shall be adjusted as required in accordance with applicable provisions of the Code and Regulations.

3.4. Limitation of Capital.

A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property from the Company except as provided in this Agreement.

3.5. No Interest.

No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.6. Member Loans or Services.

Services by any Member to the Company may not be considered to be contributions to the capital of the Company, and loans by any Member of the Company shall not be treated as Capital Contributions to the Company. Any compensation that the Company pays to a Member for services, and any payment made by the Company to a Member on that Member's loan to the Company, shall not be treated as payment made to that Member acting in his, her, or its capacity as a Member under Code Section 707.

3.7. Limited Liability.

A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement. No Member of the Company shall be personally liable for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Member of the Company.

3.8. No Priority.

No Member shall have priority over any other Member, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

3.9. No Member Responsible for Other Member's Commitment.

In the event that a Member has incurred any indebtedness or obligation before the date of this Agreement that relates to or otherwise affects the Company, neither the Company nor any other Member has any liability or responsibility with respect to the indebtedness or obligation unless the indebtedness or obligation is assumed by the Company pursuant to a written instrument signed by all Members. Furthermore, neither the Company nor any Member is responsible or liable for any indebtedness or obligation that is subsequently incurred by any other Member. In the event that a Member (the "Liable Member"), whether before or after the date of this Agreement, incurs (or has incurred) any debt or obligation that neither the Company nor any of the other Members is to have any responsibility or liability for, the Liable Member must indemnify and hold harmless the Company and the other Members from any liability or obligation they may incur in respect of the debt or obligation.

3.10. Admission of Additional Members.

The Members may admit to the Company additional Members to participate in the profits, losses, available cash flow, and ownership of the assets of the Company on such terms as are determined by all of the Members. Additional Members shall be required to make an Initial Capital Contribution in an amount determined by the Members in accordance with the Consensus or voting procedures set forth in Section 5.3. No additional Member shall be refused Membership unless an existing Member objects to the admission of the additional Member and the Members by Consensus agree to refuse Membership to the additional Member. Any additional Members are allocated gain, loss income, or expense by the method provided in this Agreement.

4. TAXES AND DISTRIBUTIONS

4.1. Taxation as C-Corporation.

For tax purposes only, the Company hereby elects to be classified as a C-Corporation under the Code. The Profits and Losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, to the Company.

4.2. Available Cash Distributions.

All Available Cash, other than revenues or proceeds from the dissolution of the Company, shall be distributed among the Members in proportion to their respective Percentage Interests. The

parties intend that Available Cash shall be distributed as soon as practicable following a determination that such cash is available for distribution. The parties acknowledge that no assurances can be given with respect to when or whether said cash will be available for distributions to the Members.

4.3. Noncash Distributions.

If the proceeds from a sale or other disposition of an item of Company property consist of property other than cash, the value of such property shall be as determined by the Members. Such non-cash proceeds shall then be allocated among all the Members in proportion to their respective Percentage Interests. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Member in accordance with Section 4.2.

4.4. Transfer of Economic Interest.

In the case of a Transfer of an Economic Interest during any fiscal year, the Assigning Member and Assignee shall each be allocated their share of Profits or Losses based on the number of days each held the Economic Interest during that fiscal year.

4.5. Limitation on Final Distribution.

Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first shall be allocated to the Members' Capital Accounts under this Article 4, and other credits and deductions to the Members' Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall be made to the Members to the extent of and in proportion to their positive Capital Account balances.

5. MANAGEMENT AND MEMBERS

5.1. Management.

The business of the Company shall be managed by all the Members. All decisions concerning the management of the Company's business shall be made by Consent consistent with the Consent or Voting Policy and procedure set forth in Article 5, Section 5.3 of this Agreement. The Members may appoint committees composed of Members to manage aspects of the Company. The decision to appoint committees shall be made by Consent consistent with the Consent or Voting Policy and procedure set forth in Article 5, Section 5.3 of this Agreement.

5.2. Execution of Documents.

The Members, in accordance with the Consent or voting procedures set forth in Article 5, Section 5.3, shall designate those Members who are authorized to execute any instrument on behalf of the Company, including any deed, note or other evidence of indebtedness, lease, security agreement, contract for sale or other instrument purporting to convey or encumber any or all assets of the Company. No Members other than those designated by the Members pursuant to this Section 5.2 shall be authorized to execute instruments on behalf of the Company or otherwise bind the Company.

5.3. Consent Policy/Voting.

Decisions will be made by the Community by seeking Consent using the N Street Consensus model. If Consent cannot be achieved during two consecutive meetings of the Members separated by a minimum of 12 hours, and if requested by any Member present at both meetings, any Decision to be made by the Members shall require the affirmative Vote of three-quarters of the entire Membership.

In each matter requiring a Vote, each Member Household shall be afforded one vote even if that Member consists of a Household of two or more natural Persons. The Vote or Consent of a Household may be cast at any meeting, by any individual natural Person residing within the Household. If the individual Persons within a Household cannot decide how the Membership's vote is to be cast or Consent is to be exercised at the time a vote or Consent is to be taken, the Household shall abstain from such vote or Consent.

5.4. Amendment of Agreement.

This Agreement may be modified or amended by a Consent or Voting procedure pursuant to Section 5.3 of this Agreement. In the event that unanimous Consent cannot be achieved per this Agreement, this Agreement may be modified or amended by an affirmative Vote of three-quarters of the entire Membership. The amendment or modification shall be reduced to a written instrument and shall be executed by all Members, including those who may have voted in opposition to the amendment or modification.

5.5. Proxies.

A Member may designate a Proxy from within the Membership to Vote on their behalf. The Proxy must be made in writing and shall be filed with the Members before or at the time of the meeting.

5.6. Meetings by Members.

A meeting of the Members may be called at any time by any Member upon a minimum of seven (7) days' notice to the other Members (or less time if necessary to deal with immediate or emergency situations) specifying the time, place and purpose of the meeting, or in any other manner consented to by the Members pursuant to the Consent or Voting procedures set forth in Section 5.3. A quorum of at least fifty percent plus one of the Members must be represented at any meeting in order to conduct business. The annual meeting of the Members shall be held on the first Monday of December of each year unless rescheduled to another date.

5.7. Action Without a Meeting.

There is no requirement that the Members hold a meeting in order to take action on any matter. Any action required or permitted to be taken by the Member Households may be taken without a meeting if all the Members consent in writing to such action. If not all of the Members consent in writing the action must be considered at a meeting in accordance with the Consent and Voting procedures set forth in Section 5.3.

5.8. Participation in Meetings by Electronic Means.

A meeting of the Members may be conducted, in whole or in part, by electronic transmission by and to the Company or by electronic video communication if (1) the Company implements

reasonable measures to provide Members (in person or by Proxy) a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and if (2) any Member Consents or Votes or takes other action at the meeting by means of electronic transmission to the Company or electronic video communication, a record of that vote or action is maintained by the Company.

5.9. Admission of Additional Members.

The Members may admit to the Company additional Members to participate in the profits, losses, available cash flow, and ownership of the assets of the Company on such terms as are determined by all of the Members. Additional Members shall be required to make an Initial Capital Contribution in an amount determined by the Members in accordance with the Consent or Voting procedures set forth in Section 5.3.

6. ACCOUNTS AND RECORDS

6.1. Complete Books.

Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept by the Members and shall be open to inspection on reasonable Notice by any Member or the Member's authorized representatives during normal business hours. The costs of such inspection and copying shall be borne by the requesting Member.

Accounting. Financial books and records of the Company shall be kept on the cash method of accounting, which shall be the method of accounting followed by the Company for federal income tax purposes. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

6.2. Records.

At all times during the term of existence of the Company, and beyond that term if the Members deem it necessary in accordance with the Consent or Voting procedures set forth in Section 5.3, the Members shall keep or cause to be kept the following:

- (a) A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution of each Member;
- (b) A copy of the Certificate of Formation, as amended;
- (c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the seven most recent taxable years;
- (d) Executed counterparts of this Agreement, as amended;

- (e) Any powers of attorney under which the Articles of Incorporation or any amendments thereto were executed;
- (f) Financial statements of the Company for the seven most recent fiscal years;
- (g) A record of the Capital account for each Member;
- (h) The books and records of the Company, including minutes of meetings, as they relate to the Company's internal affairs for the current and past seven (7) fiscal years.

If the Members decide in accordance with the Consent or Voting procedures set forth in Article 5 that any of the foregoing items shall be kept beyond the term of existence of the Company, the repository of said items shall be as designated by the Members as part of the decision to keep the records.

The maintenance of these records is for the sole benefit of the Members. The failure of the Company to maintain any such records shall not confirm upon any third party, taxing authority, or governmental entity any rights or recourse against the Company or its Members. Failure of the Company to maintain any of the records required in this section shall not affect the existence of the Company or its authority to conduct its business.

6.3. Tax Matters for the Company Handled by the Tax Matters Member.

The Members, in accordance with the Consent or voting procedures set forth in Article 5, Section 5.3, shall designate the Tax Matters Member, who shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including any judicial or administrative proceeding. The Tax Matters Member may enter into settlement agreements with such tax authorities, which settlement agreements shall be binding on the Members. The Tax Matters Member shall oversee the Company's tax affairs in the overall best interests of the Company but shall not have the right to agree to extend any statute of limitations without the approval of Consent of the Members. At the election of the Members, or if for any reason the Tax Matters Member can no longer serve in that capacity or ceases to be a Member, the Members may designate another to be the Tax Matters Member. The Tax Matters Member must be a Member of the LLC.

7. TRANSFERS OF MEMBERSHIP INTERESTS

7.1. Member Withdrawal.

A Member may withdraw from the Company at any time by giving written Notice of Withdrawal to all Members at least sixty (60) days before the effective date of withdrawal. Withdrawal shall not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. A withdrawing Member shall divest the Member's entire Membership Interest before the effective date of withdrawal in accordance with the transfer restrictions set forth below. A Withdrawing Member shall not be entitled to return of its Capital Contribution until the Company makes a determination to return all Capital Contributions to all

Members, unless the remaining Members decide in accordance with the Consent and Voting procedures of Section 5.3 to return the Withdrawing Member's Capital Contribution.

7.2. Restrictions on Member Transfer.

Except as expressly provided in this Agreement, a Member shall not Transfer any part of the Member's Membership Interest in the Company, whether now owned or hereafter acquired, unless (1) no existing Member objects to the transferee's admission to the Company as a Member upon such Transfer, and (2) the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding twelve (12) months, will not cause the termination of the Company under the Code. No Member may Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless such Encumbrance has been approved by the Members in accordance with the Consent or Voting procedures set forth in Section 5.3. Any Transfer or Encumbrance of a Membership Interest without such approval shall be void. Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's issue; provided that the Member retains a beneficial interest in the trust and the Member retains all rights to participate in Consent decision making as set forth in Section 5.3.

7.3. Substituted Member.

Except as expressly permitted under Section 7.2, a prospective transferee of a Membership Interest may be admitted as a Member with respect to such Membership Interest (the "Substituted Member") only on such prospective transferee's executing a counterpart of this Agreement as a party hereto and only if no Member objects to the admission of the Substituted Member. Any prospective transferee of a Membership Interest shall be deemed an Assignee, and, therefore, the owner of only an Economic Interest until such prospective transferee has been admitted as a Substituted Member.

7.4. Duties of Substituted Member.

Any person admitted to the Company as a Substituted Member shall be subject to all provisions of this Agreement.

7.5. Expulsion of a Member.

The Members, either by Consent of a Vote conducted in accordance with the procedures set forth in the Section 5.3, may expel a Member from the Company. Possible conditions for expulsion might be if said member cannot keep up with expected financial contributions or time commitments and responsibilities required in the membership agreement, or if their actions are clearly in opposition to the success of the community, such as (but not limited to) intentional damage of the group's property or illegal or criminal activity. Upon expulsion of a Member, the expelled Member shall have no further rights as a Member of the Company, any Capital Contributions, distributions due to the expelled Member, or loans shall be returned to the Member if and only if sufficient funds remain for same after the Company has successfully concluded the development and construction of the cohousing project, has completed the sale of the last unit, and after all expenses in connection with the cohousing project have been paid. All or a portion

of any such Capital Contributions, distributions or loans may be returned at an earlier date by the Company in its sole discretion.

7.6. Securities Laws.

The initial sale of Membership Interests in the Company to the initial Members has not been qualified or registered under the securities laws of any state, or registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 in reliance upon exemptions from the registration provisions of those laws. No attempt has been made to qualify the offering and sale of Membership Interests to Members under the Securities Act of Washington (RCW ch. 21.20) as amended, in reliance upon an exemption from the requirement that a permit for issuance of securities be procured. Because of the lack of registration under any State or Federal Act, each member is aware that she or he or they must bear the economic risk of the investment in the Company for an indefinite period. Notwithstanding any other provision of this Agreement, Membership Interests may not be Transferred or Encumbered unless registered or qualified under applicable state and federal securities law or unless, in the opinion of legal counsel satisfactory to the Company, such qualification or registration is not required. The Member who desires to transfer a Membership Interest shall be responsible for all legal fees incurred in connection with said opinion.

7.7. Investment Representations. Each Member represents and warrants:

(a) His or her interest is being acquired solely for his or her own account as an investment and not with the view to or for resale or distribution.

(b) He or she has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the Company and protecting his or her own interest in connection with the acquisition of his or her interest.

(c) His or her overall commitment to investments that are not readily marketable is not disproportionate to his or her net worth, and he or she is able to bear the economic loss of his or her investment in the Company.

(d) The Company has made available to him or her, or to his or her attorney, accountant, or representative, all documents and information, including financial information, that he or she requested and believes to be necessary to evaluate the investment in the Company and to enable him or her to make an informed decision concerning that investment.

(e) He or she has carefully considered and, if necessary, discussed with his or her professional legal, tax, and financial advisors the suitability of this investment.

8. DISSOLUTION AND WINDING UP

8.1. Dissolution.

The Company shall be dissolved on the first to occur of the following events:

(a) The death, incapacity, withdrawal, bankruptcy or corporate dissolution of a Member; provided, however, that the remaining Members may, decide in accordance with the Consent or Voting provisions of Section 5.3 within ninety (90) days of the happening of that event to continue the Company, in which case the Company shall not dissolve. If the remaining Members fail to approve continuance of the Company, the remaining Members shall wind up the Company. For purposes of this Paragraph (a) and for the purposes of deciding whether to continue the Company, the Percentage Interest of the Member who has died, become incapacitated, withdrawn, or who has become bankrupt or dissolved shall not be taken into account.

(b) The agreement of all Members pursuant to the Consent or Voting provisions of Section 5.3 to dissolve the Company.

(c) The sale or other disposition of substantially all of the Company assets.

(d) Entry of a decree of judicial dissolution pursuant to section 25.15.274 of the Act.

8.2. Winding Up of Affairs.

On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The Members shall wind up the affairs of the Company. The Members winding up the affairs of the Company shall give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

(a) To pay the expenses of liquidation.

(b) To repay outstanding loans made by current Members to the Company. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to accrued and unpaid interest due and the remainder shall be credited to principal.

(c) To repay outstanding loans made by withdrawn Members to the Company. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to

the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to accrued and unpaid interest due and the remainder shall be credited to principal.

(d) Among the Members in accordance with the provisions of Article 4.

8.3. Deficits.

Each Member shall look solely to the assets of the Company for the return of the Member's investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against any other Members for indemnification, contribution, or reimbursement.

9. ARBITRATION AND INDEMNIFICATION

9.1. Arbitration.

Any action to enforce or interpret this Agreement or to resolve disputes between the Members or by or against any Member shall be settled by arbitration in accordance with the rules of the American Arbitration Association. Any party may commence arbitration by sending a written demand for arbitration to the other parties. Such demand shall set forth the nature of the matter to be resolved by arbitration. The substantive law of the State of Washington shall be applied by the arbitrator to the resolution of the dispute. The parties shall share equally all initial costs of arbitration. The substantially prevailing party shall be entitled to reimbursement of attorney fees, costs, and expenses incurred in connection with the arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction thereof. Venue of any action shall lie in Snohomish County. If the parties cannot agree on an arbitrator, then either party may petition the Snohomish County Superior Court to appoint an arbitrator on twenty (20) days notice to all other Members.

9.2. Indemnification.

The Company shall have the power to indemnify any Person who was or is a party, or who is threatened to be made a party, to any Proceeding by reason of the fact that the Person was or is a Member, employee, or other agent of the Company, or was or is serving at the request of the Company against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by that Person in connection with the proceeding, if that Person acted in good faith and in a manner that the Person reasonably believed to be in the best interests of the Company, and, in the case of a criminal proceeding, the person had no reasonable cause to believe that the Person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner that the Person reasonably believed to be in the best interests of the Company, or that the Person had reasonable cause to believe that the Person's conduct was unlawful.

In all cases, indemnification shall be provided by the Company only if authorized in the specific case by the Members.

Expenses of each Person indemnified under this Agreement actually and reasonably incurred in connection with the defense or settlement of a proceeding may be paid by the Company in advance of the final disposition of the proceeding, as authorized by the Members, on receipt of an undertaking by that Person to repay that amount unless it shall ultimately be determined that the Person is entitled to be indemnified by the Company.

10. GENERAL PROVISIONS

10.1. Complete Agreement.

This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Agreement replaces and supersedes all prior written and oral agreements by and among the Members or any of them.

10.2. Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.3. Governing Law; Severability.

This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

10.4. Successors and Assigns.

This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

10.5. Meaning of Words.

Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male, female and non-binary as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

10.6. Prompt Performance.

The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties.

10.7. Other Activities.

Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Members in the carrying on of their own respective businesses or activities.

10.8. Agent.

Except as provided in this Agreement, no provision of this Agreement shall be construed to constitute a Member, in the Member's capacity as such, the agent of any other Member.

10.9. Authority.

Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

10.10. References.

The article, section, and paragraph titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The table of contents is included as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

10.11. Modifications.

This Agreement may be altered, amended, or repealed only by a writing signed by all of the Members.

10.12. Time of Essence.

Time is of the essence of every provision of this Agreement that specifies a time for performance.

10.13. No Third Party Beneficiary.

This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

10.14. Intent of Members.

The Members intend the Company to be a limited liability company under the Act. No Member shall take any action inconsistent with the express intent of the parties to this agreement.

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