

ARTICLES OF INCORPORATION  
OF  
MELROSE TERRACE, INC.

Pursuant to the provisions of RCW 23.86.360 and RCW 23B.10.070, the following Restated Articles of Incorporation of Melrose Terrace, Inc. are submitted for filing.

ARTICLE I

Name

The name of this cooperative association is MELROSE TERRACE, INC.

ARTICLE II

Purpose

1. This cooperative is organized to operate and maintain an apartment house for its shareholders on a cooperative basis; and
2. To engage in any other lawful business for which associations may be incorporated under the Washington Cooperative Association Act, RCW 23.86.

ARTICLE III

Place of Business

The principal place of business of this cooperative is located at 308 East Republican Street, Seattle, Washington.

ARTICLE IV

Term of Existence

This cooperative shall have perpetual existence.

ARTICLE V

Capital Stock

There shall be Ten Thousand (10,000) shares of common stock having a par value of One Dollar (\$1.00) each.

ARTICLE VI

Entitlement To Lease

Shares may be issued or transferred only to persons approved by the Board of Directors of the Corporation, in the manner provided in the Bylaws. The holder of a certificate of shares shall have the right to lease and occupy an apartment in the apartment house to be operated by the corporation, under the terms and conditions provided for in the Bylaws and in a lease executed between the corporation and the shareholder. No shareholder may have an interest in more than one unit, except that this prohibition shall not apply to Lenders, who hold certificates as security interests, with whom the Corporation has executed a recognition agreement.

ARTICLE VII

Voting

Each shareholder shall have one and only one vote, irrespective of the number of shares that he or she owns or holds, except that any Lender with whom the Cooperative has executed a recognition agreement shall be entitled to one

vote for each repossessed but unsold unit owned by the Lender. A shareholder may vote by mailed ballot or proxy only on proposals to amend the Articles of Incorporation, the Bylaws and/or the Proprietary Lease and for election of members of the Board of Directors. A shareholder may not vote by mailed ballot or proxy on any other matter. Notwithstanding the foregoing, in the event that a shareholder is absent from a meeting of shareholders, the spouse or other adult person in the absent shareholder's immediate family who lives in the apartment with the shareholder may be designated in writing by the shareholder to vote for him or her at a given meeting

## ARTICLE VIII

### Distributions upon Dissolution

Upon dissolution or final winding up of this cooperative under the laws of the State of Washington, all of its assets remaining after payment of creditors will be distributed, or sold and the sales proceeds distributed, to the shareholders of this cooperative in equal shares according to the number of shares owned by the shareholder.

## ARTICLE IX

### Limitation on Dissenter's Rights

If, as permitted under applicable law, any shareholder of this cooperative dissents from (a) any plan of merger or consolidation to which this cooperative is a party, (b) any plan of conversion of this cooperative to an ordinary business corporation, or (c) any sale or exchange of all (or substantially all) of the property and assets of this cooperative not made in the usual and regular course of its business, then such shareholder shall be entitled only to a return of the lesser of the consideration paid to or retained by this cooperative for such shareholder's equity interest in the cooperative, or the then-current fair market value of that interest.

## ARTICLE X

### Registered Office and Agent

A. The street address of this cooperative's initial registered office is 615 Second Avenue, Suite 360, Seattle, Washington 98104.

B. Samuel M. Jacobs is the cooperative's initial registered agent at such office.

## ARTICLE XI

### Initial Directors

The initial board of directors of this cooperative consists of five (5) directors. The names and addresses of the current directors are:

Name	Address
David Loveland	308 East Republican Street, #212, Seattle, WA 98102
Elizabeth Kister	308 East Republican Street, #606, Seattle, WA 98102
Richard Thomas	308 East Republican Street, #704, Seattle, WA 98102
Penny Matthews	308 East Republican Street, #814, Seattle, WA 98102
David Carlson	308 East Republican Street, #813, Seattle, WA 98102

The number of directors constituting the Board of Directors of this cooperative may be increased or decreased from time to time in the manner specified in the Bylaws of this cooperative, but not less than five (5) nor more than nine (9).

## ARTICLE XII

### Incorporator

The names and addresses of the original incorporators of this cooperative were as follows:

Name	Address
Dr. John A. Kahl	500 Melrose East, Seattle, WA
John Nordmark	500 Melrose East, Seattle, WA
William Jordan	500 Melrose East, Seattle, WA
George Bolotin	500 Melrose East, Seattle, WA
Jack R. Cluck	500 Melrose East, Seattle, WA

## ARTICLE XIII

### Director Liability

A director of the cooperative shall not be personally liable to the cooperative or its shareholders for monetary damages for conduct as a director, except for liability of the director for (i) acts or omissions that involve intentional misconduct or a knowing violation of law by the director, or (ii) any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. If applicable law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the cooperative shall be eliminated or limited to the fullest extent permitted by law, as so amended. Any repeal or modification of the foregoing paragraph by the shareholders of the cooperative shall not adversely affect any right or protection of a director of the cooperative existing at the time of such repeal or modification.

## ARTICLE XIV

### Indemnification

The cooperative shall indemnify its directors against all liability, damage, or expense resulting from the fact that such person is or was a director, to the maximum extent and under all circumstances permitted by law.

## ARTICLE XV

### Amendment

This cooperative reserves the right to amend or repeal any provisions contained in these Articles of Incorporation by majority vote of the shareholders at any regular meeting or special meeting called for that purpose; provided, that notice of any such meeting shall be given in the manner required by law and by the Bylaws, and that there is included in the notice of the meeting a statement to the effect that amendment of Articles of Incorporation will be considered in any manner now or hereafter permitted by statute. All rights of shareholders of the cooperative and all powers of directors of the cooperative are granted subject to this reservation.

ARTICLE XVI

The Restated Articles containing amendments were adopted on \_\_\_\_\_.

These amendments were duly approved by the shareholders of the Corporation in accordance with RCW 23B.10.030 and RCW 23B.10.040. These Restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN WITNESS WHEREOF, the Corporation has caused these Restated Articles of Incorporation to be executed on this \_\_\_\_\_ day of \_\_\_\_\_, 1994.

MELROSE TERRACE, INC.

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_