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After Recording, Return To:  
Dan Filler  
2428 Sundown Court #A-101  
Anacortes, WA 98221  
(360) 840-5965

CONDOMINIUM DECLARATION  
CONTAINING COVENANTS, CONDITIONS, RESTRICTIONS AND  
RESERVATIONS FOR THE GARDENS AT SUNSET COVE CONDOMINIUM

TITLE OF DOCUMENT:

CONDIMINIUM DECLARATION FOR  
THE GARDENS AT SUNSET COVE CONDOMINIUM

GRANTOR:  
GRANTEE:

GT SUNSET GARDENS LLC  
THE GARDENS AT SUNSET COVE  
ABBREV. LEGAL DESCRIPTION  
TRACT G, PLAT OF SUNSET COVE CONDOMINIUM  
ESTATES AF#200011290070

TAX PARCEL NO.

P117686

**DECLARATION  
AND  
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS  
FOR THE GARDENS AT SUNSET COVE CONDOMINIUM**

Pursuant to the provisions of the Washington Condominium Act ("the Condominium Act", i.e., Chapter 64.34 of the Revised Code of Washington) and for the purpose of submitting the Property hereinafter described to the provisions of said Condominium Act, the undersigned, being sole owner(s), lessee(s) or possessor(s) of said Property ("Declarant"), make the following Declaration. By acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security created by the Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and the covenants, conditions, restrictions, reservations and plan are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein without requirement of further specific reference or inclusion in deeds, contracts or security instruments and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments.

The name of this Condominium is The Gardens at Sunset Cove Condominium ("Condominium").

**Article 1  
INTERPRETATION**

1.1 Liberal Construction. The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Washington law.

1.2 Consistent with the Condominium Act. The terms used herein are intended to have the same meaning given in the Condominium Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Condominium Act.

1.4 Percentage of Owners or Mortgagees. For purposes of determining the percentage of Owners or Mortgagees, or percentage of voting power for, approving a proposed decision or course of action in cases where an Owner owns, or a Mortgagee holds Mortgages on, more than one Unit, such Owner shall be deemed a separate Owner for each such Unit so owned and such Mortgagee shall be deemed a separate Mortgagee for each such first Mortgage so held.

1.5 Declarant is Original Owner. Declarant is the original Owner of all Units and Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are recorded.

1.6 Captions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.7 Inflationary Increase of Dollar Limits. Any dollar amounts specified in the Declaration in connection with any proposed action or decision of the Board or Association may, in the discretion of the Board, be increased or



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decreased proportionately by the increase/decrease in the consumer price index for the city of Seattle, Washington for All Urban Consumers, prepared by the United States Department of Labor for the base period, January 1 of the calendar year following the year in which the Declaration was recorded.

1.8 Definitions. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply:

1.8.1 "Condominium Act" means the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34) as amended.

1.8.2 "Allocated Interests" means those undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit more particularly provided for in Article 8 and as shown in Exhibit B.

1.8.3 "Assessment" means all sums chargeable by the Association against a unit including, without limitation: (a) regular and special Assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

1.8.4 "Association" means THE GARDENS AT SUNSET COVE CONDOMINIUM ASSOCIATION more particularly provided for in Article 9.

1.8.5 "Board" means the board of directors of the Association provided for in Section 10.2.

1.8.6 "Books and Records of the Association" shall be given the broadest possible meaning and shall include, without limitation, exception or qualification, the following:

(a) Declaration, Survey Map and Plans, Articles of Incorporation, Bylaws and other rules and regulations governing the Condominium (or any part thereof), and all amendments thereto;

(b) minute books, including all minutes, of all Owner, Board, Officer, Committee or other meetings relating to the Condominium (or any part thereof), including all reports, documents, communications or written instruments attached thereto or referenced therein;

(c) all financial records, including without limitation canceled checks, bank statements, and financial statements of the Association and source documents from the time of incorporation of the Association through the current date;

(d) all reports, documents, communications or written instruments pertaining to the personal property of the Association or the Condominium (or any part thereof);

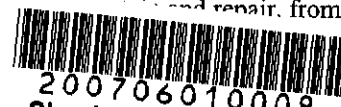
(e) if in the possession of the Association (and its Board, Officers or agents), all reports, documents, communications, written instruments, plans, and specifications pertaining to the construction, remodeling, maintenance, repair, replacement or condition of the Condominium (or any part thereof);

(f) all Insurance policies or copies thereof for the Condominium (or any part thereof) and Association;

(g) copies of any certificates of occupancy that may have been issued for the Condominium (or any part thereof);

(h) any other permits or notices issued by governmental bodies applicable to the Condominium (or any part thereof) in force or issued;

(i) all written warranties that are still in effect for the Condominium (or any part thereof), or any other areas or facilities which the Association has the right to maintain and repair, from the



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Declarant, contractor, subcontractors, suppliers, and manufacturers, together with all owners; manuals or instruction furnished with respect to installed equipment or building systems;

(j) a roster of Owners, Officers and Board members and eligible mortgagees and their addresses and telephone numbers, if known;

(k) any leases of the Common Elements or areas and other leases to which the Association is a party; any employment, service, consultation, professional or other contracts in which the Association, Board or Officer is one of the contracting parties, or in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge, or which in any way relate to the Condominium (or any part thereof);

(l) all reports, documents, communications or written instruments pertaining to any litigation or other legal or mediation/arbitration proceeding (whether pending, threatened, or under consideration) to which the Association (or Board, Officer or Owner) is or may be a party, or which may relate to or affect the Condominium (or any part thereof); and

(m) all other reports, documents, communications or written instruments in any way relating to or affecting the Association, Board, Officers, Owners or the Condominium (or any part thereof).

1.8.7 "Building" means the building or buildings containing the Units and comprising a part of the Property.

1.8.8 "Bylaws" shall mean the bylaws of the Association provided for in Article 9, as they may be amended from time to time.

1.8.9 "Common Elements" means all portions of the Condominium other than the Units, including the Limited Common Elements.

1.8.10 "Common Expenses" means expenditures made by or financial liabilities of the Association, including those expenses related to maintenance, repair, and replacement of the Common Elements, together with any allocation to reserves.

1.8.11 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to Article 8.

1.8.12 "Condominium" means the condominium created by this Declaration and the Survey Map and Plans pursuant to the Condominium Act.

1.8.13 "Declarant" means GT Sunset Gardens, LLC, a Washington limited liability company and its representatives, successors, and assigns.

1.8.14 "Declaration" means this Declaration and any amendments thereto.

1.8.15 "Development Rights" means any right reserved to the Declarant in this Declaration to: (a) complete or add real property or improvements to the Condominium; (b) complete or create Units, Common Elements, or Limited Common Elements within real property included or added to the Condominium; (c) subdivide Units or Convert Units into Common Elements; (d) withdraw real property from the Condominium; or (e) reallocate limited common elements with respect to units that have not been conveyed by the Declarant.

1.8.16 "Eligible Mortgagee" means a Mortgagee of a Unit or the Mortgagee of the Condominium that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

1.8.17 "Foreclosure" means a forfeiture or judicial or non-judicial foreclosure of a Mortgage or a deed in lieu thereof.



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1.8.18 "Identifying Number" means the designation of each Unit in a Condominium, as listed in Exhibit B and shown on the Survey Map and Plans

1.8.19 "Interior Surfaces" (where that phrase is used in defining the boundaries of Units or Limited Common Elements) shall not include paint, wallpaper, paneling, carpeting, tiles, finished flooring, and other such decorative or finished surface coverings. Said decorative and finished coverings, along with fixtures and other tangible personal property (including furniture, planters, mirrors, and the like) located in and used in connection with said Unit or Limited Common Element, shall be deemed a part of said Unit or Limited Common Element.

1.8.20 "Limited Common Element" means a portion of the Common Elements allocated by the Declaration (or by subsequent amendments thereto) or by operation of law for the exclusive use of one or more but fewer than all of the Units, as allocated in Article 7.

1.8.21 "Manager" means the person retained by the Board to perform such management and administrative functions and duties with respect to the Condominium as are delegated to such person and as are provided in a written agreement between such person and the Association.

1.8.22 "Mortgage" means a mortgage or deed of trust that creates a lien against a Unit and also means a real estate contract for the sale of a Unit.

1.8.23 "Mortgagee" means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit created by Mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit. A mortgagee of the Condominium and a Mortgagee of a Unit are included within the definition of Mortgagee.

1.8.24 "Mortgagee of a Unit" means the holder of a Mortgage on a Unit, which mortgage was recorded simultaneous with or after the recordation of the Declaration. Unless the context requires otherwise, the term "Mortgagee of a Unit" shall also be deemed to include the Mortgagee of the Condominium.

1.8.25 "Mortgagee of the Condominium" means the holder of a Mortgage on the property which this Declaration affects, which Mortgage was either: recorded prior to the recordation of this declaration; or was recorded against all Units after the recordation of this Declaration but prior to the recorded conveyance of any Unit. The term "Mortgagee of the Condominium" does not include Mortgagees of the individual Units.

1.8.26 "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entities.

1.8.27 "Phase 1" means the first phase of the condominium, consisting of all of the land described in Exhibit A and the 4 Units in Building A, all as shown on the Survey Map and Plans.

1.8.28 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Exhibit A, including Buildings, structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water, and all personalty intended for use in connection therewith.

1.8.29 "Purchaser" means any person, other than Declarant, who by means of a Disposition acquires a legal or equitable interest in a Unit other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the Unit, or (b) as security for an obligation.

1.8.30 "Renting or Leasing" an Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.



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1.8.31 "Special Declarant Rights" means rights, if expressly reserved in this Declaration for the benefit of Declarant:

- (a) exercise any Development Right;
- (b) maintain sales offices, management offices, signs advertising the Condominium, and models.
- (c) use easements through the Units, Limited Common Element and Common Elements for the purpose of making improvements within the Condominium or within real property which may be added to the Condominium or which may be adjacent to the Condominium;
- (d) make the Condominium part of a larger Condominium or a development under RCW 64.34.280.
- (e) make the Condominium subject to a master association under RCW 64.34.276
- (f) appoint or remove any officer of the Association or any member of the Board, or to veto or approve a proposed action of the Board or Association, during any period of Declarant control.

1.8.32 "Subsequent Phases" means the creation by the Declarant of additional Units and associated Limited Common Elements on all or a portion of the Subsequent Phase Property pursuant to Article 2.

1.8.33 "Subsequent Phase Amendments" means an amendment to this Declaration recorded by the Declarant creating Units and Limited Common Elements on the Subsequent Phase Property pursuant to Article 2.

1.8.34 "Subsequent Phase Property" Means the portion of the Real Property initially included in the Condominium upon which the Declarant has the right to create Units and assign Limited Common Elements or withdraw, as described in Exhibit A and shown on the Survey Map and Plans, as it may be amended upon the creation of Units in a Subsequent Phase.

1.8.35 "Survey Map and Plans" means the survey map and the plans recorded simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently recorded.

1.8.36 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to Article 4 and shown on the Survey map & Plans.

1.8.37 "Unit Owner" means a Declarant or other person who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation; or is merely "renting" or "leasing" a Unit as defined in Section 1.8.33. "Unit Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

## 1.9 Construction and Validity

1.9.1 All provisions of the Declaration and Bylaws are severable.

1.9.2 The rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws, rules, or regulations adopted pursuant to RCW 64.34.304(1)(a).

1.9.3 In the event of a conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails except to the extent the Declaration is inconsistent with the Condominium Act.

1.9.4 The creation of the Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of the Declaration or Survey Map and Plans or any amendment thereto to comply with the Condominium Act.



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Article 2  
DESCRIPTION OF REAL PROPERTY; DEVELOPMENT IN PHASES

2.1 Description of Real Property. The real property included in the Condominium is described in Exhibit A, Section 1 attached hereto.

2.2 Development in Phases. The Declarant intends to develop the Condominium in phases on the land described in Exhibit A, Section 2 and 3. The first phase (Phase 1) consists of four (4) units located in Building A, as listed in Exhibit B and as shown on the Survey Map and Plans and is on the land legally described in Exhibit A, Section 2. The Declarant may create up to an additional 20 units in one or more Subsequent Phases on the land described in Exhibit A, Section 3 by (a) recording an amendment to Exhibit A to remove that portion of the real property upon which the units being created are located from the Subsequent Phase Property; (b) recording an amendment to Exhibit B listing all of the Units in the Condominium, including those being created, together with all of the information called for by that Exhibit; (c) recording an amendment to Exhibit B reallocating the Allocated Interests among all of the Units in accordance with Article 8 and Exhibit B; and (d) filing an amendment to the Survey Map and Plans showing the Units created by that phase and the Limited Common Elements assigned thereto and any remaining Subsequent Phase Property.

2.3 Improvements in Subsequent Phases. The improvements added to the Property in a Subsequent Phase shall be consistent with the improvements in Phase 1 in terms of structure type and quality of construction. All Units in each phase shall be substantially completed before they are added to the Condominium. The Declarant shall be the beneficial owner of all improvements of the Subsequent Phase Property until Units have been created thereon, and the Declarant shall be the Owner of the Units thereby created until they are conveyed by the Declarant.

2.4 Liens. Any liens that arise in connection with the Declarant's ownership of or construction of improvements on the Subsequent Phase Property shall attach only to the Declarant's interests in any Units owned by the Declarant or against the Declarant's Development Rights and Special Declarant Rights and shall not adversely affect the rights of other Unit Owners or the priority of mortgages on the Units. All taxes and costs relating to improvements on Subsequent Phase Property before the Units therein have been created shall be paid by or allocated to the Declarant.

2.5 Right to Withdraw. The Declarant reserves the right to withdraw from the Condominium all or a portion of the Subsequent Phase Property. In that connection, the Declarant reserves the right to execute, on behalf of the Unit Owners and the Association, any applications to governmental agencies or other documents or instruments necessary to establish the subsequent phase property, or portion thereof that the Declarant desires to withdraw as a legal lot.

2.6 Election to Withdraw Land. The Declarant may at any time or times elect to withdraw from the Condominium all or a portion of the Subsequent Phase Property, as it may be described in Exhibit A, at that time, by (a) recording a notice of withdrawal signed only by the Declarant which describes the land withdrawn; (b) recording an amendment to Exhibit A describing the land remaining in the Condominium; (c) recording an amendment to Exhibit A describing the remaining land subject to Development Rights; and (d) filing an amendment to the Survey Map and Plans showing the land remaining in the Condominium. The Declarant shall be the owner of any property withdrawn from the Condominium and the Unit Owners will have no beneficial or legal interest in the withdrawn property. Any liens that arise in connection with the Declarant's ownership of or construction of improvements on any property withdrawn from the Condominium shall attach only to the Declarant's interest in the withdrawn property and shall not adversely affect the rights of Unit Owners or the priority of Mortgages on the Units. All taxes and costs relating to the withdrawn property after it is withdrawn shall be paid by or allocated to the Declarant.

2.7 Expiration of Development Rights. The Development Rights specified herein shall terminate on the earlier of (a) the tenth (10<sup>th</sup>) anniversary of the recording of this Declaration, or (b) the recording of a notice signed by the Declarant that it no longer wishes to exercise any of the Development rights.



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Article 3  
DESCRIPTION OF UNITS

3.1 Number of Units. The Declaration creates four (4) Units in Phase 1 of the Condominium. Pursuant to Article 2 and 22, the Declarant reserves the Development Rights for the Declarant to create an additional twenty (20) Units in one or more Subsequent Phases on the Subsequent Phase Property. The total number of Units that may be created is twenty-four (24) if all Subsequent Phases are constructed.

3.2 Identifying Number. The Identifying Number of each Unit in Phase I is set forth in Exhibit "B". The location of the Phase I Units as so identified is set forth in the Survey Map and Plans.

3.3 Unit Description: With respect to each existing Units in Exhibit B attached hereto sets forth the following:

- (a) The approximate square footage.
- (b) The number of bathrooms, whole or partial.
- (d) The number of rooms designated primarily as bedrooms.
- (e) Votes
- (f) The number of built-in fireplaces.
- (g) The level or levels on which each Unit is located.
- (h) Limited Common Elements
- (i) Allocated Interest

3.4 Access to Common Ways and Public Streets. Each Unit has direct access to a portion of the Common Elements and all of the Common Elements have access to public right of way and Unit Owners shall have access to and across from their respective Units.

Article 4  
BOUNDARIES

4.1 Unit Boundaries, consistent with RCW 64.34.204:

4.1.1 Interior Surfaces. The Interior Surfaces of perimeter walls, floors, and ceilings are the boundaries of a Unit. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, paint, wallpaper finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.

4.1.2 Ducts, Wires, Etc. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to the Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

4.1.3 Partitions, Etc. Subject to the provisions of Section 4.1.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

4.1.4 Doors, Windows, Etc. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, railings and all doors and windows located along the Unit perimeter boundary or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit



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#### 4.2 Monuments as Boundaries

The physical boundaries of a Unit constructed in substantial accordance with the original Survey Map and Plans thereof become its boundaries rather than the metes and bounds expressed in the Survey Map and Plans, regardless of selling or lateral movements of the Building or minor variances between boundaries shown on the Survey Map and Plans and those of the Building.

#### 4.3 Relocation of Boundaries; Adjoining Units

4.3.1 In General. Subject to the provisions of the Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to the Declaration upon application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines within thirty days that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The reasonable costs incurred in preparing and recording the amendments, including Survey Map and Plans, shall be paid by the Unit Owner(s) requesting the relocation prior to recordation of such amendments.

4.3.2 Survey Map and Plans. The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and Identifying Numbers.

### Article 5

#### DESCRIPTION OF OTHER IMPROVEMENTS

5.1 There are no Recreational Facilities or Moorage Slips.

5.2 Each Unit has a garage with two parking spaces as indicated on the Survey Map and Plans and allocated pursuant to Article 7. There are no other covered, uncovered or enclosed parking spaces included in the Condominium except the eight (8) enclosed garage parking spaces.

### Article 6

#### DESCRIPTION OF COMMON ELEMENTS

Except as otherwise specifically allocated as a Limited Common Element by the provisions of Section 4.1, Article 7 or other provisions of this Declaration or amendments hereto, the Common Elements consist of all portions of the Condominium except the Units and include the following:

6.1 The Real Property described in Exhibit A

6.2 The windows, including skylights, if any; doors, roofs, foundations, columns, girders, studding, joists, beams, supports, walls (excluding non-bearing interior partitions of Units), chimneys, and all other structural parts of the Buildings, to the boundaries of the Units as the boundaries are defined in Section 4.1, and any replacements thereto.

6.3 Installations of central services such as: power, light, gas, hot and cold water, heating, refrigeration, air conditioning, garbage chutes and incinerating; pipes, conduits, and wires; elevator shafts, tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use; but excluding plumbing, electrical and similar fixtures, which fixtures are located within a Unit for the exclusive use of that Unit.

6.4 The driving areas (not allocated as Limited Common Elements by this Declaration or amendments thereto) which provide access to the Limited Common Element garage of each Unit.



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6.5 The yards, gardens, landscaped areas and walkways (not assigned as Limited Common Elements by this Declaration or amendments thereto) which surround and provide access to the Buildings or are used for recreational purposes.

6.6 The lobbies, halls and corridors not within individual Units, storage areas not allocated to Units, stairways and stairs, entrances and exits of the Building or Buildings, and not assigned as Limited Common Elements by this Declaration or amendments thereto.

6.7 All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

#### Article 7

#### DESCRIPTION OF LIMITED COMMON ELEMENTS

7.1 Limited Common Elements. The Limited Common Elements are allocated for the exclusive use of the Owner or Owners of the Unit or Units to which they are allocated and, in addition to any Limited Common Elements provided by law or other provisions of the Declaration, including Article 4, or amendments thereto, consist of:

7.1.1 All portions of the Real Property designated as Limited Common Elements by the Act.

7.1.2 Patio/Decks/, Etc. The patio area, deck or lanai, if any, which is adjacent to each Unit as more particularly shown on the Survey Map and Plans, or as constructed or expanded by the Declarant or Association in accordance with this Declaration. The second floor Unit decks also include stairs used for ingress/egress.

7.1.3 Garages. The two car parking garages which are allocated to a Unit are shown on the Survey Map and Plans.

7.1.4 Lobby. The Building within Phase I includes a common lobby, as indicated on the Survey Map and Plans, for the benefit of the second floor Units.

7.1.5 Elevators. The Building within Phase I contains two elevators, each individually assigned to a specific Unit as indicated on the Survey Map and Plans. Subsequent Phases of development may or may not include elevators.

7.1.6 Miscellaneous. Such other Limited Common Elements, if any, depicted and labeled on the Survey Map and Plans.

#### 7.2 Transfer of Limited Common Elements

7.2.1 Renting. There shall be no renting of Limited Common Elements except as provided elsewhere in this Declaration.

7.2.2 Reallocation Between Units. Except in the case of a reallocation being made by the Declarant pursuant to a Development Right reserved in this Declaration, a Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to the Declaration executed by the Owners of, and approved in writing by the Mortgagees holding Mortgages against, the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this section within thirty days unless the proposed reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such a period shall be deemed approval thereof. The reasonable costs incurred in preparing and recording amendments shall be paid by the Unit Owner(s) of the adjoining Units prior to recordation of such amendments.



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7.2.3 Common to Limited Common, Etc. Owners of Units to which at least sixty-seven percent of the votes are allocated, including the Owner of the Unit to which the Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Common Element or a Limited Common Element into an existing Unit.

7.3 Fireplaces. Notwithstanding anything provided in the Declaration to the contrary, the following shall govern fireplaces located within Units:

7.3.1 Each Unit has an installed fireplace inside the perimeter wall constituting boundaries of the Unit and therefore the fireplace shall be a part of the Unit and not a Limited Common Element.

7.3.2 Flues, pipes, chimneys and other equipment and apparatus associated with the use of a fireplace are a part of the Unit in which the fireplace is located; provided, if the flues, pipes, chimneys and other equipment and apparatus are utilized in common by two or more Units, then those flues, pipes, chimneys and other equipment and apparatus are Limited Common Elements for the Units for which they are being utilized.

7.3.3 Maintenance, repair and replacement of fireplaces, flues, pipes, chimneys and other equipment and apparatus associated with the use of a fireplace shall be governed by the provisions of Sections 10.10, 11.4 and 11.9 of the Declaration

7.3.4 All use of the fireplaces will be in accordance with the rules which the Board may from time to time adopt.

7.4 Boundary: The boundaries of Limited Common Elements shall be defined by the interior surfaces of improvements enclosing the Limited Common Element (including without limitation, walls, floors, ceiling, doors, windows, ground, railings, fencing or striping); but if there are no such interior surfaces, then the boundaries as delineated on the Survey Map and Plans; but if no such boundaries are so delineated, then the perimeter edge of such Limited Common Element as actually constructed or expanded by Declarant or Association in accordance with this Declaration.

#### Article 8 ALLOCATED INTEREST

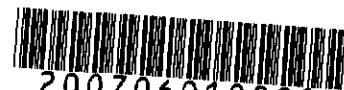
8.1 The Allocated Interests of each Unit (that is, the undivided interest in the Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit) are set forth in Exhibit B attached hereto. The Allocated Interest appertaining to each Unit cannot be changed except as provided in this Declaration. The Allocated Interest and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Condominium Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the Unit to which that Interest is allocated is void.

8.2 The formula for determining Allocated Interest is as follows. The Allocated Interest for the purposes of Common Expense Liability and undivided interest in the Common Elements of each Unit shall be the floor area of each Unit as compared to the total floor area of all of the Units expressed as a decimal or percentage. The Allocated Interest for purposes of voting interests is equal among all Units with each Unit receiving one (1) vote.

#### Article 9 OWNER'S ASSOCIATION

9.1 Form of Association. The Association shall be organized as a non-profit corporation under the laws of the State of Washington and shall be known as **The Gardens at Sunset Cove Condominium Owners Association**.

9.2 Membership



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9.2.1 Qualification. Each Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association.

9.2.2 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

### 9.3 Voting

9.3.1 Number of votes per Unit is one (1)

9.3.2 Voting Rights. The manner of voting shall be as prescribed in the Articles of Incorporation and Bylaws.

### 9.4 Meetings, Notices and Quorums

9.4.1 Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or by Unit owners having twenty percent of the votes in the Association. Not less than ten nor more than sixty days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer.

#### 9.4.2 Quorums

(a) Unless the Bylaws specify a larger percentage, a quorum is present throughout any meeting of the Association if the owners of Units to which twenty-five percent of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.

(b) Unless the Bylaws specify a larger percentage, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent of the votes on the Board are present at the beginning of the meeting.

### 9.5 Bylaws of Association

9.5.1 Adoption of Bylaws. Bylaws (and amendments thereto) for the administration of the Association and the Property, and for other purposes not inconsistent with the Condominium Act or with the intent of this Declaration shall be adopted by the Association upon concurrence of those voting Owners holding a majority of the total voting power. Amendments to the Bylaws may be adopted at any regular or special meeting. Declarant may adopt initial Bylaws.

9.5.2 Bylaws Provisions. The Bylaws may contain supplementary, not inconsistent, provisions regarding the operation and administration of the Condominium.

### 9.6 Master Association.



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9.6.1 This Condominium is a part of a Master Subdivision known as the Plat at Sunset Cove Estates recorded among the records of Skagit County, Washington, at Auditor's File No. 200011290070 (hereinafter, "Sunset Cove Estates"), and is subject to the terms and conditions of certain covenants affecting all property and property owners within Sunset Cove Estates. Said covenants are hereinafter referred to, collectively, as the Master Association Covenants. Since the land included within this Condominium is included within the boundaries of the Master Subdivision, all Units and Unit Owners in this Condominium are bound by the terms and covenants of the Master Association Covenants.

9.6.2 Of particular interest in the Master Association Covenants is the requirement that all Parcels located within Sunset Cove Estates, including the parcel in which this Condominium is constructed, must pay dues and assessments to the Sunset Cove Development Homeowners Association ("Master Association"), which is the governing body of the Master Subdivision. Such dues and assessments defray the costs of maintaining, repairing, replacing, managing and insuring the private road and drainage system, common landscaping and other features of the Master Subdivision. The Gardens at Sunset Cove Condominium Association may include within its budget its proportionate share of such annual dues for the Master Association. Reference should be made to the Master Subdivision Covenants for further details.

#### Article 10 MANAGEMENT OF CONDOMINIUM

10.1 Administration of the Condominium. The Unit Owners covenant and agree that the administration of the Condominium shall be in accordance with the provisions, this Declaration and the Articles of Incorporation and Bylaws of the Association which are incorporated herein by reference and made part hereof.

##### 10.2 Election and removal of Board and Officers.

10.2.1 Election By Owners, In General (subject to 10.2.2 below). The Unit Owners (including Declarant to the extent Units are owned by Declarant or any such Affiliate) shall elect a Board of at least three members, at least a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

##### 10.2.2 Election by Owners, Other Than Declarant.

(a) The affairs of the Association shall initially be governed by a Board composed of at least one (1) but not more than five (5) members as determined by Declarant.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board may be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent of the members of the Board may be elected by Unit Owners other than the Declarant.

(c) Commencing with the first Association meeting at which the Unit Owners are to elect the entire Board (other than a meeting held when Declarant still owned all of the units), and unless the Bylaws are amended at that meeting, the Board shall be composed of a minimum of three (3) and a maximum of five (5) Members (not including a Board member designated by Declarant), a majority of whom must be Owners of Units in the Condominium; provided, the Declarant (or representative of Declarant) shall have the right (which may not be terminated by amendment to the Declaration or Bylaws, and which shall continue so long as any Special Declarant Rights or Developments remain in effect or Declarant has any obligation or liability of any express or implied warranty) to serve as a full non-voting member of the Association Board (with all of the rights and powers of a Board member except for the right to vote).

##### 10.3 Management by Board.



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10.3.1 On Behalf of Association. Except as otherwise provided in the Declaration, the Bylaws Section 10.3.2 hereof or the Condominium Act, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise ordinary and reasonable care.

- (a) If appointed by the Declarant the care required of fiduciaries of the Unit Owners; or
- (b) If elected by the Unit Owners ordinary and reasonable care.

10.3.2 Not on Behalf of Association. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Section 21.1, to terminate the Condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board pursuant to section 10; but the Board may fill vacancies in its membership for the unexpired portion of any term.

10.3.3 Budget Approval. Within thirty days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Units to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

#### 10.4 Authority of the Association

10.4.1 The Association acting by and through the Board, or a Manager appointed by the Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under the Condominium Act (specifically RCW 64.34.304) and this Declaration, including without limitation:

(a) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Element or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair; and

(b) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Units responsible to the extent of their responsibility.

10.4.2 The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of Ten Thousand Dollars (\$10,000), without first obtaining the affirmative vote of a majority of Owners at a meeting called for such purpose, or if no such meeting is held, then the written consent of a majority of Owners; provided that any expenditure or contract for each capital addition or improvement in excess of Twenty-Five Thousand Dollars (\$25,000) must be approved by Owners having not less than sixty seven percent (67%) of the voting power.

10.4.3 Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of any or all of the Owners.



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10.4.4 The Board and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board paid for as a Common Expense if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board; provided, if the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units and Limited Common Elements.

10.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in Section 10.4.1, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that the Owner of a Unit may remove said lien and the Allocated Interest in the Common Elements appurtenant to such Unit from the lien by such payment, discharge, or satisfaction. The Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lien or from proceeding to enforce his right against any Unit and the Allocated Interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.

#### 10.6 Association Records and Funds

10.6.1 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All Books and Records of the Association (as defined in Section 1.8) shall be made reasonably available (at reasonable hours of weekdays or under other reasonable circumstance) for examination by Declarant, and any Owner, Mortgagee, insurer and guarantor of any Mortgage on any Unit, or their agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. Since this Condominium consists of fewer than fifty Units, an annual audit of the financial statements of the condominium is required by a certified Public Accountant, but such audit may be waived annually by Owners (other than Declarant) of Units to which sixty percent of the votes are allocated, excluding votes allocated to units owned by the Declarant.

10.6.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any Manager of the Association or any other person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the Association.

10.7 Association as Trustee. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their power exercised by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

#### 10.8 Common Elements, conveyance, Encumbrance.

10.8.1 In General. Portions of the Common or Limited Common Elements which are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association if the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant or an Affiliate of Declarant, agree to that action; but all the Owners of Units to which any Limited Common Element is affected must agree in order to



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convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing are an asset of the Association.

10.8.2 Agreement. An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in Skagit County and is effective only upon recording.

10.8.3 Conditions Precedent. The Association, on behalf on the Unit Owners, may contract to convey Common Elements or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Sections 10.8.1 and 10.8.2. Thereafter, the Association has all powers necessary and appropriate to effectuate the conveyance or encumbrance, including the power to execute deeds or other instruments.

10.8.4 Void Transactions. Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section, is void.

10.8.5 Support Right. A conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of access and support.

10.8.6 Prior Encumbrances. A conveyance or encumbrance of Common Elements pursuant to this section shall not affect the priority or validity of preexisting encumbrances either on Units (and their Allocate Interest in Common Elements) or on Common Elements.

10.9 Termination of Contracts and Leases. If entered into before the Board elected by the Unit Owners pursuant to Section 10.2 and RCW 64.34.320 takes office, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and a Declarant or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners pursuant to Section 10.2 takes office upon not less than ninety days' notice to the other party or within such lesser notice period provided for without penalty in the contract or lease. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

10.10 Schedules for Preventative Maintenance, Other Routine Maintenance and Reserves.

10.10.1 The Board, with the assistance of the Association's Manager and/or other competent professionals, shall develop a schedule of routine Preventative Maintenance for all components of the Common Elements which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to conduct such inspections and Preventative Maintenance. The Board should take particular care to inspect and properly maintain the exterior weather-proofing elements of the buildings, including at a minimum the roof, roof drains, gutters, down-spouts, siding, flashing systems, caulking, deck membranes, exterior windows and doors, and all major building systems including the plumbing, storm and sanitary sewer lines, ventilation systems, electrical systems, and any other areas of the buildings which are susceptible to premature structural failure as a result of water intrusion or other factors, and to regularly inspect and re-caulk, re-seal or otherwise appropriately maintain such areas. The Board should also periodically undertake an analysis of the adequacy of the Association's reserve fund; such analysis should (a) ascertain the probable remaining useful life of each component of the Common Elements which will require replacement or major repairs, (b) estimate the probable cost of such replacement or repair for each such component, (c) establish an annual reserve budget which would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.



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10.10.2 Declarant to Receive Inspection Reports and Maintenance Logs. The Association shall promptly provide Declarant with copies of all inspection reports obtained by the association in 10.10.1, identifying any inspections which have been performed and what items of maintenance have been performed, for a period of five years following the sale of the last Unit in the Condominium. The Declarant reserves the right, but not the obligation, to undertake such inspection(s), maintenance and/or repair(s) should the Association fail to do so.

10.11 Governmentally Required Maintenance, Etc. Any insurance, maintenance, repair, replacement, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi-governmental entity or agency), and regardless of whether such requirement is now or hereafter established, and whether imposed in connection with a building permit or other governmental approval or requirement, and whether involving land within public rights of way or subject to ownership or exclusive use of one owner, shall be the sole and exclusive responsibility of the Association (not the Declarant, unless required by law) and any cost incurred in connection therewith shall be a Common Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include: maintenance of any grass-lined swales and proper disposal of clippings; maintenance of wetland plantings; replacement of wetland and landscape plantings that die during any required maintenance period; maintenance of public and private storm sewer and retention systems. Declarant shall have the right, but not the obligation, to perform any such work if the Association fails to do so. The Association shall: defend, indemnify and hold Declarant harmless from any expense or claim arising from or relating to any Association's breach of this provision; and promptly upon demand reimburse Declarant for any costs directly or indirectly incurred by Declarant as a result of the Declarant performing, or the Association's failure to perform, such work (including any work necessary to obtain a release, or avoid a forfeiture, of any cash deposit or other bond made by Declarant).

#### 10.12 Association Litigation.

10.12.1 The term "Legal Proceedings" as used herein shall include litigation, administrative, mediation, arbitration or other proceedings in the name of the Association on behalf of itself or two or more Unit Owners on matters affecting the Condominium.

10.12.2 The provisions of this Section 10.12 shall not apply to Legal Proceedings, as a result of which the Association could not be held responsible for costs of suit (including fees for attorneys, experts, witnesses, investigations and other costs of suit) in an aggregate amount of not more than \$10,000, and which involve:

(a) collection of delinquent regular or special Assessments, the enforcement of any Assessment lien, and interest and penalties in connection therewith;

(b) collection of monies owed to the Association, or recovery of damages caused to the Association or Condominium (or any part thereof), when the principal amount to be recovered involves less than \$25,000;

(c) enforcement of the provisions of the Declaration, Articles, Bylaws or rules and regulations of the Association;

(d) defense of a claim against the Association, when the principal amount to be recovered involves less than \$25,000; or

(e) the filing of a complaint, answer or other pleading for the limited purpose satisfying a statute of limitation deadline, avoiding entry of a default order or judgment, or preventing personal injury or serious harm to the Condominium (if such purpose is certified in good faith by the Association's attorney), but except for this limited purpose the other conditions of Section 10.12 must be satisfied.

10.12.3 In order for the Association (or the Board acting on behalf of the Association) to institute, defend, or intervene in Legal Proceedings, and in order for the Association to become obligated in the aggregate



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sum in excess of \$10,000, to professionals, consultants or other experts in connection with Legal Proceedings, the following conditions must first be satisfied:

(a) the Board has received a detailed written summary ("Litigation Summary") concerning the substance of the proceeding, including: (i) agreements with lawyers, experts and consultants; issues involved; (ii) legal and factual basis of anticipated allegations on behalf of and against the Association; (iii) remedies to be sought on behalf of and against the Association; (iv) estimated amount to be sought on behalf of (and that could be sought from) the Association; (v) Association's estimated costs of suit (including fees for attorneys, experts, witnesses, investigations and other costs of suit) and any third-party costs of suit that the Association would pay if the Association does not prevail; (vi) reports and recommendation by any professionals or consultants retained by the Association (and by any opposing party, if available); (vii) any written demands or settlements offers made by an opposing party (the Board shall request that an opposing party make such demand and settlement offer); and (viii) any negative consequences that the Association, Condominium or Owners could suffer during such proceedings including required disclosures to prospective purchasers, impediments to Unit refinancing, or diminishment of Unit value.

(b) A copy of the Litigation Summary shall be transmitted to all Owners, together with a written notice of the Owner's right of access to the Books and Records of the Association as provided in Section 10.6.1, and a written notice of a special Owners' meeting to be convened as provided in this Declaration, the Owners holding sixty-seven percent (67%) of the total Association voting power must grant approval for the Association (or the Board acting on behalf of the Association) to institute, defend, or intervene in legal proceedings.

#### Article 11

#### USE; REGULATION OF USES; ARCHITECTURAL UNIFORMITY

11.1 Residential Units. The Units shall be used:

11.1.1 for Residential Purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling, without regard to whether the Unit Owner or occupant resides in the Unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis;

11.1.2 For such other reasonable ancillary purposes commonly associated with residential dwellings and otherwise in compliance with the Declaration and applicable law in residential dwellings (including without limitation a home/professional business office not involving use by nonresident employees or regular visits by customers or clients).

11.1.3 for the common social, recreational or other reasonable uses normally incident to such purposes; and

11.1.4 for purposes of operating the Association and managing the Condominium.

11.2 Vehicle Parking Restrictions. Parking spaces (except fully enclosed garages) are restricted to use for parking of operable, properly registered automobiles, light trucks, SUVs, and family vans. Vehicle repairs other than ordinary light maintenance are not permitted on the Property. The Board may require removal of any inoperative or unregistered vehicle, and any other equipment or item improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by the Bylaws. Any designated visitors parking areas shall be left open for use by visitors, guests, invitees and licensees of Unit Owners and their tenants.

11.3 Common Drive and Walks. Common drives, walks corridors, stairways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.



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#### 11.4 Interior Unit Maintenance

11.4.1 Owner Responsibility. Neither this section nor Section 11.5 shall be construed as permitting any violation of any other provision of this Declaration or any interference with or damage to the structural integrity of the Building or interference with the use and enjoyment of the Common or Limited Common Elements or of the other Units, nor shall it be construed to limit the powers or obligations of the Association or Board hereunder. Furthermore, a Unit Owner shall not permit nor commit waste of his Unit or the Common Elements.

11.4.2 Standard of Condition. Each Unit Owner shall, at his sole expense, have the right and the duty to keep the interior of his Unit and its equipment, appliances, and appurtenances in good order, condition and repair. Each Owner shall be responsible for the construction, alteration, maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which are used solely in connection with his Unit.

11.4.3 Each Unit Owner shall, at the Owner's sole expense be responsible for replacement of any broken or damaged glass (including fogged glass or glass with broken seals) in the windows, skylights (if any) or exterior doors of the Unit.

11.5 Alterations of Units. Without limiting the generality of Section 11.4, each Owner shall have the right, at his sole cost and expense:

11.5.1 Non-Structural. May make any improvements or alterations to the interior of the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium, including the right to construct, alter, maintain, repair, paint, paper, panel, plaster, tile, and finish: interior non-load bearing partitions; and the interior surfaces of the ceilings, floors, the surfaces of the bearing and non-bearing walls located within his Unit; provided that the Owner or his agents or representatives shall not paint or in any manner cover the original sprinkler heads installed anywhere in a Unit.

11.5.2 Finished Surfaces. Substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls; provided that, hard surface flooring shall only be installed in Units in accordance with the following: (a) By the Declarant at any time, either before, during, or after purchase and occupancy by the Owner; (b) As part of original construction of the Unit; or (c) By the Owner of the Unit only after securing prior written consent of the Unit Owner below, if any (but such consent will not be required to merely replace existing hard surface flooring with substantially identical flooring). In the event that an Owner is given permission to install hard surface flooring, including but not limited to hardwood, marble, granite, slate or other like surface, the design, construction and installation of such hard surface flooring shall meet the impact sound transmission and insulation Class II C standards as measured according to ASTM designation E492-77, Standard Method of Laboratory Measurement of Impact Sound Transmission through floor/ceiling assemblies using a "tapping machine" or other equivalent standard and measurement device as of the date of the proposed installation.

11.6 Common Element. Unit Owner may not change the appearance of the Common Elements or the exterior appearance of a Unit without permission of the Association.

11.7 Adjoining Unit. After acquiring an adjoining Unit or an adjoining part of an adjoining Unit may, with approval of the Board, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this section is not a relocation of boundaries.

11.8 Board Decisions. With respect to any alteration or other action requiring the Board's approval, the Board shall be allowed 30 days (after receiving all information reasonable requested by the Board) for decisions. The failure of the Board to act upon a request within such period shall be deemed approval thereof. Unless the proposed alteration does not comply with the Condominium Act or the Declaration or impairs the structural integrity or mechanical or electrical systems in the Condominium, the Board shall approve a Unit Owner's request. All requests for additions and alterations shall be made in writing and the Board shall respond in written form; provided



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that the Board may require Owner to submit plans and specifications as needed to facilitate its decision. Except as otherwise provided herein, no work of any kind shall be conducted without the express written approval of the Board.

#### 11.9 Limited Common Element Maintenance

11.9.1 Decisions by Board. Decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting, redecorating or replacing Limited Common Elements ("Maintenance Work") herein shall be made by the Board.

11.9.2 Performance of Work. Performance of such Maintenance Work shall be carried out by the Board on behalf of the Owner or Owners of Units to which the Limited Common Element in question is assigned or reserved; provided, that by written notice, the Board may require such Owner or Owners to perform such Maintenance Work themselves;

11.9.3 Board Approval. Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Elements without prior written approval of the Board;

11.9.4 Owner Pays Cost. Unit Owners will be responsible for the cost of such Maintenance Work for the Limited Common Elements, reserved for or assigned to their Units.

11.9.5 Multiple Owners. With respect to a Limited Common Element reserved for or assigned to more than one Unit for the mutual and joint use thereof, the cost of such Maintenance Work for such Limited Common Element may be divided in equal shares among the Units for which such Limited Common Elements is reserved

11.9.6 Cost as Special Charge. With respect to any such Maintenance Work performed by the Board, the cost thereof (or the appropriate share thereof if the Limited Common Element in question has been assigned or reserved jointly to more than one Unit) may be levied as a special charge against the Unit or Units (and the Owner or Owners thereof) to which such Limited Common Element is assigned or reserved.

11.10 Exterior Appearance. In order to preserve a uniform exterior appearance to the Building, and the Common and Limited Common Elements visible to the public, the Board shall required and provide for the painting and other decorative finish of the Buildings, decks or patio/yard areas or other Common or Limited Common elements under taken or proposed by any Unit Owner. This power of the Board extends to screens, doors awnings, rails, or other visible portions of each Unit and Building. The Board may also require use of a Unit or color and kind of Unit window covering (including draperies, blinds, shades, etc.) visible around the exterior or from the Common Elements.

11.11 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common or Limited Common Element which will increase the rate of insurance on the Common Elements or Units without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common or Limited Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Elements, or which would be in violation of any laws.

11.12 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or Common or Limited Common Element without the prior consent of the Board; provided, that the Board may, subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a Unit is for sale or lease; and provided, that this section shall not apply to Declarant or Declarant's agents in exercising any Special Declarant Right reserved by Declarant under this Declaration.

11.13 Pets, Domestic household pets, such as dogs and cats, may be kept by Unit Owners; provided that the keeping of pets shall be subject to such reasonable rules and regulations as the Board may from time to time adopt. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds



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disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain.

Pets will not be allowed on any Common Elements (or Limited Common Elements allocated for the use of more than one Unit) unless they are on a leash or being carried and are being walked to or from the Unit to a public walk or street. At all times the Common Elements shall be free of any pet debris, including food and feces matter. No livestock, poultry, rabbits nor other animals whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose. Any outside facility for pets must be kept clean on a daily basis and no waste products or food left in either the facility or on the Property.

11.14 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit or Common or Limited Common Element, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners. Owners shall not permit any condition to exist that will induce, breed, or harbor infectious plant diseases or noxious insects or vermin.

11.15 Common Element Alterations. Nothing shall be altered or constructed in, or (except for an Owner's personal property) removed from the Common elements except upon the prior written consent of the Board and after procedures required herein or by law.

11.16 Noise. All occupants shall avoid making noises, and using musical instruments, radios, and amplifiers in such manner as may disturb other occupants. Owner shall also control their pets so that they do not disturb other occupants.

Although sound transmission reduction methods may have been employed in construction of the condominium, all Owners must understand: that sound transmission is inherently greater in wood frame buildings than in concrete buildings; and that some sound transmission will occur between Units and from exterior sources, including open windows and doors.

11.17 House Rules. The Board or the Association membership is empowered to pass, amend and revoke detailed, reasonable administrative rules and regulations, or "House Rules," necessary or convenient from time to time to insure compliance with the general guidelines of the Declaration and Bylaws. Such House Rules shall be binding on all Unit Owners, lessees, guests and invitees upon adoption by the Board or Association.

11.18 Rental Units. The leasing or renting of a Unit by its Owner shall be governed by the provisions of the Declaration and Bylaws:

11.18.1 Not more than one (1) Unit in Phase 1 of the Condominium may be leased or rented at any given time. The Board shall have the right to adopt Rules to supervise and enforce such restrictions.

11.18.2 No Transient Purposes. With the exception of a lender in possession of a Unit following a default in a Mortgage, a Foreclosure proceeding or any deed or other arrangement in lieu of a Foreclosure, no Unit Owner shall be permitted to Lease his Unit for hotel or transient purposes which shall be defined as Renting for any period less than ninety (90) days. The Association may by resolution of the Board establish a minimum leasing period less than or in excess of ninety (90) days.

11.18.3 Entire Unit. No Unit Owner may Lease less than the entire Unit.

11.18.4 Written Leases. All Leasing or Rental agreements shall be in writing and be subject to this Declaration, Bylaws and Association Rules and Regulations (with a default by the tenant in complying with this Declaration and/or Bylaws constituting a default under the Lease or Rental agreement). The Board shall be notified in advance of an Owner's intentions to rent or lease a Unit. The Board shall also be notified of the names of all occupants of the Unit being rented or leased.

11.18.5 Rent to Association. If a Unit is Rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or



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lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner or purchaser and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner; nor in derogation of any right, which a Mortgagee of such Unit may have with respect to such rents.

11.19 Each Owner shall not permit any Hazardous Substances to be generated, processed, stored, transported, handled, or disposed of on, under, in or through the Owner's Unit, Limited Common Element or Common Element. Each Owner shall indemnify, defend, and hold harmless the other Owner or Owners and the Association from all fines, suits, procedures, claims, and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or Limited Common Elements by the Owner, tenants, or invitees of the Unit. As used herein, the term "Hazardous Substances" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under federal, state, or local statute, ordinance, rule, regulation, or other law now or hereafter in effect pertaining to the environmental protection, contamination or cleanup, including without limitation any substance, waste, or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 USC section 9601 et. Seq.), or under any local or state rule or regulation. Without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, and/or genetic abnormalities.

11.20 Timesharing. Timesharing, as defined in the Washington Timeshare Act, is prohibited.

11.21 Television, Cable, Etc. Subject to applicable law and the enforceable provisions of contracts, no television cables, no aerial, satellite dish or antennae shall be placed or erected up on any Unit, Common or Limited Common Element or affixed in any manner to the exterior of any building or structure on the property unless expressly authorized by the Board.

## Article 12 COMMON EXPENSES AND ASSESSMENTS

12.1 Estimated Expenses. Sixty (60) days prior to the beginning of each calendar year, or such other fiscal year as the Board may adopt, the Board: shall estimate the charges including Common Expenses, and any special charges for particular Units to be paid during such year; shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations, as well as for maintenance, repair, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular monthly Assessments a reserve fund for replacement of those Common Elements which can reasonably be expected to require replacement or a major repair prior to the end of the useful life of the Buildings. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace, or perform such major repair, to each Common Element covered by the fund at the end of the estimated useful life of each time establish the first estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment, which shall be assessed to the Owners according to Section 12.4. Similarly, if the sum estimated and budgeted, and being collected and/or already collected, at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.

12.2 Payment by Owners. Each Owner shall be obligated to pay its share of Common Expenses and special charges made pursuant to this Article to the treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board shall designate. No Owner may exempt himself from liability for payment of assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the Owner's Unit.



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12.3 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making Assessments; provided, that in all events Assessments shall commence on a date within 60 days of the date on which seventy-five percent (75%) of the Units which may be created have been conveyed to Owners (other than Declarant or an Affiliate of Declarant). Until the Association makes an Assessment, the Declarant shall pay all Common Expenses. After any Assessment has been made by the Association, Assessments must be made against all Units within completed Phases.

(a) the Board (whether elected by Declarant or elected by Unit Owners) may elect not to collect monthly assessments calculated as provided in Section 12.1 and instead elect to collect and expend monthly assessments based on the actual costs of maintaining, repairing, operating and insuring the Common Areas; or

(b) The budget shall be based on the completed Phases and all Units within said Phases.

12.4 Allocated Liability. Except for Assessments under Sections 12.5, 12.6, 12.7 and 12.8, all Common Expenses must be assessed against all the Units in accordance with the Allocated Interests set forth in Article 8 and Exhibit B. Any past due Common Expense Assessment or installment thereof bears interest at the rate established by the Association pursuant to Section 12.12.12.

12.5 Limited Common Element. Any Common Expense associated with the operation, maintenance, repair, or replacement of a Limited Common Element shall be paid by the Unit Owner of or assessed against the Units to which the Limited Common Element is assigned, equally.

12.6 Only Some Units Benefited. The Board may elect that any Common/Limited Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited. A separate budget of these expenses will be provided to the Unit Owners.

12.7 Insurance Costs. The Board may elect that the costs of insurance must be assessed in proportion to risk.

12.8 Utility Costs. The Board may elect that the costs of utilities must be assessed in proportion to usage. Any utilities separately metered shall be paid by the Units responsible for them.

12.9 Assessments for Judgment. Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium and their interests in the Common Elements in proportion to their Allocated Common Expense Liabilities at the time the judgment was entered.

12.10 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Unit Owner or their invitees, guests, tenants, etc., the Association shall assess that expense against the Owner's Unit.

12.11 Reallocation. If Common Expense Liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

#### 12.12 Lien for Assessments

12.12.1 Lien. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due.

12.12.2 Priority. A lien under Section 12.12 shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of the Declaration; (b) a Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Unit.

12.12.3 Mortgage Priority. Except as provided in Section 12.12.4, the lien shall also be prior to the Mortgages described in Section 12.12.2(b) to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association pursuant to Section



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12.1, which would have become due during the six months immediately preceding the date of the sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, the date of a trustee's sale in a non-judicial foreclosure by a Mortgagee, or the date of recording of the Declaration of forfeiture in a proceeding by the vendor under a real estate contract.

12.12.4 Mortgagee Notice. The priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Mortgagee or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that the lien priority under Section 12.12.3 includes delinquencies which relate to a period after which such holder becomes an Eligible Mortgagee or has given such request for notice and before the Association gives the holder a written notice of the delinquency. This Section does not affect the priority of mechanics' or material men's liens, or the priority of liens, for other Assessments made by the Association.

12.12.5 Recording as Notice. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessment under this section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this Section in the real property records of Skagit County. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to in Section 12.12.4.

12.12.6 Limitation on Action. A lien for unpaid Assessments and the personal liability for payment of assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

12.12.7 Foreclosure. A lien arising under Section 12.12 may be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit an Association from taking a deed in lieu of foreclosure.

12.12.8 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this section, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing right shall not affect the priority of preexisting liens on the Unit.

12.12.9 Mortgagee Liability. Except as provided in Section 12.12.3, the holder of a Mortgage or other Purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for Assessments or installments thereof that become due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the unit prior to the date of such sale as provided in this Section.

12.12.10 Lien Survives Sale. The lien arising under Section 12.12 shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure, as provided in Section 12.12.9

12.12.11 Owner Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligations of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Suit to recover a personal



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judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

12.12.12 Late Charges. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established non usurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

12.12.13 Attorney's Fees. The prevailing party shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

12.12.14 Assessment Certificate. The Association, upon written request, shall furnish to a Unit Owner or a Mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against the Unit. The statement shall be furnished within fifteen days after receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

12.13 Acceleration of Assessment. In the event any monthly Assessment or special charge attributable to a particular unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days written notice to the Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the board determines, of the monthly assessments and special charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Unit.

#### 12.14 Delinquent Assessment Deposit; Working Capital

##### 12.14.1 Delinquent Assessment Deposit.

(a) A Unit Owner may be required by the Board or by the Manager, from time to time, to make, and maintain a deposit of not less than one (1) month's nor in excess of three (3) month's estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent Assessments.

(b) Deposit funds may be used at any time when such Owner is ten (10) days or more delinquent in paying his monthly or other Assessments and charges. Said deposits shall not be considered as payments or advance payments of regular Assessments. In the event the Board should draw upon said deposit as a result of a Unit Owner's delinquency in payment of any Assessments, said Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by the Declaration and by law.

(c) Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, and the Unit Purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the Purchaser appropriate compensation therefore.

12.14.2 Working Capital Contribution. The first Purchaser of any Unit shall pay to the Association, in addition to other amounts due, an amount equal to two (2) months of monthly Assessments as a contribution to the Association's working capital. Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction of the Condominium, to pay Declarant's contributions to Association reserves or to make up any deficits in the budget of the Association. Upon the election of the first



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Board by Unit Owners other than Declarant, Declarant shall pay to the Association as a working capital contribution an amount equal to two (2) months of monthly Assessments for each of the Units then owned by Declarant. When a Unit owned by Declarant is sold, Declarant may apply funds collected at closing from the Purchaser to reimburse itself for funds paid to the Association for such contribution with respect to that Unit.

12.15 Costs relating to Portion of Condominiums Subject to Development Rights. In addition to the Declarant's obligation to pay Assessments as a Unit Owner as provided above, the Declarant shall pay all actually expenses associated with the development, construction, operation, maintenance, repair, replacement and insurance of the Property and Buildings subject to the Development Right to create Units. The Declarant shall pay the actual expenses associated with the improvements on the Subsequent Phase Property until Assessments have commenced with respect to Units created on that Property pursuant to Article 2.

### Article 13 INSURANCE

13.1 In General. Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

13.1.1 Property insurance on the Condominium, which may, but need not, include equipment, improvements, and betterments in a Unit installed by the Declarant, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent of the actual replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of and, excavations, foundations, and other items normally excluded from property policies; and

13.1.2 Liability insurance, including medical payments insurance, in an amount determined by the Board but not less than One Million Dollars, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

13.1.3 Workmen's compensation insurance to the extent required by applicable laws.

13.1.4 Fidelity bonds naming the members of the Board, the Manager and its employees and such other persons as may be designated by the Board as principals and the Association obligation, in at least an amount equal to three months aggregate Assessments for all Units plus reserves, if Assessments have begun to be collected, in the custody of the Association or Manager at any given time during the term of each bond. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression.

13.1.5 Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

13.1.6 Such other insurance (including directors and officers liability) as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee or Owner of a Unit within the project, except to the extent such coverage is not available or has been waived in writing by such agency.

13.2 Coverage Not Available. If the insurance described in Section 13.1 is not reasonably available, or is modified, canceled, or not renewed, the Association promptly shall cause notice of the fact to be hand delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. The



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Association in any event may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

**13.3 Required Provisions.** Insurance policies carried pursuant to the Article shall:

13.3.1 Provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

13.3.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the uninsured;

13.3.3 Provide that no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy;

13.3.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer there under shall not be affected by, and the insurer shall not claim any right of set-off, counterclaims, apportionment proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee;

13.3.5 Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provision of any insurance trust agreement to which the Association is a party, or any requirement of law;

13.3.6 Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and

13.3.7 Contain, if available and the Board elects, an agreed amount and Inflation Guard Endorsement.

**13.4 Claims Adjustment.** Any loss covered by the property insurance under this Article must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lien holders as their interest may appear. Subject to the provisions of Article 14, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated.

**13.5 Owner's Additional Insurance.** An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for the Owner's own benefit and Owner's are advised to obtain insurance for their personal property and liability risks

**13.6 Certificate.** An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a Mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Condominium Act.



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13.7 Notification on Sale of Unit. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners under Article 13 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

Article 14  
DAMAGE OR DESTRUCTION; RECONSTRUCTION

14.1 Definitions; significant Damage; Repair; Emergency Work.

14.1.1 As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property which the Board is responsible to maintain or repair; (a) for which funds are not available in the maintenance and repair or contingency budget of the Association to make timely repairs; and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the Property or any significant portion of the Property for its intended purpose.

14.1.2 As used in this Article, the term "Repair" means to repair, reconstruct, rebuild or restore the Buildings or improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

14.1.3 As used in this Article, the term "Emergency Work" shall mean the work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the Property.

14.2 Initial Board Determinations. In the event of Significant Damage to any part of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the Board deems advisable:

14.2.1 The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby.

14.2.2 Obtain a reasonably reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor.

14.2.3 The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

14.2.4 The amount, if any, that the estimated cost of Repair exceeds the anticipated insurance proceeds therefore and the amount of the Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interest in the Common Elements.

14.2.5 The Board's recommendation as to whether such Significant Damage should be repaired.

14.3 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Owner and each first Mortgagee with a written notice summarizing the initial Board determination made under Section 14.2. If the Board fails to do so within said thirty (30) days, then any Owner or Mortgagee may make the determination required under Section 14.2 and give the notice required under this Section.



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#### 14.4 General Provisions.

14.4.1 Duty to Restore. Any portion of the Condominium for which insurance is required under this Article which is Significantly Damaged shall be Repaired promptly by the Association unless: (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be Repaired, vote not to Repair. Even if the Significant Damage is not being repaired, the Board shall still have authority to perform Emergency Work. The cost of Repair in excess of insurance proceeds and reserves is a Common Expense.

14.4.2 Damage not Restored. If all or any portion of the damaged portions of the Condominium are not Repaired (regardless of whether such damage is Significant): (a) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units and Limited Common Elements which are not Repaired shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lien holders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owner or lien holders, as their interest may appear, in proportion to the Common Element interests of all the Units.

#### 14.5 Restoration by Board

If the damage (regardless of whether such damage is Significant) is to be repaired pursuant to Section 14.4, then:

14.5.1 Contract and Contractors. The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the Repair and Restoration. Contracts for such Repair and restoration shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with Repair upon satisfaction of the Board that such work will be appropriately carried out.

14.5.2 Insurance Trustee. The Board may enter into a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000), or for such firm or institution to collect the insurance proceeds and carry out the provisions of the Article.

14.6 Decision to Terminate. In the even of a decision to terminate the Condominium and not to Repair and Restore damage and destruction, the Board may nevertheless expend such of the insurance proceeds and funds of the Association as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged or destroyed buildings and clearing, filling and grading the real property), and the remaining funds, if any, and Property shall thereafter be held and distributed as provided in RCW 64.34.268.

### Article 15 CONDEMNATION

15.1 In General. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Unit Owner for the Owner's Unit and its Allocated Interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element.



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15.2 Partial Unit Condemnation. Except as provided in Section 15.1, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its Allocated Interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) the Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit, and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

15.3 Common Element Condemnation. If part of the Common Elements is acquired by condemnation the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective interest in the Common Elements. Any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

15.4 Recording of Judgment. The court judgment shall be recorded in Skagit County.

15.5 Association to Represent Owners. The Association shall represent the Unit Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Condominium, and any condemnation proceeds shall be payable to the Association for the benefit of the Owners of affected Units and their Mortgagees. Should the Association not act on the Owners' behalf in a condemnation process, the affected Owners may individually or jointly act of their own behalf.

#### Article 16 COMPLIANCE WITH DECLARATION

16.1 Enforcement. Each Unit Owner shall comply strictly with the provisions of, this Declaration, the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration, the Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Owners), or by the aggrieved Owner on his own against the party failing to comply.

16.2 No Waiver of Strict Performance. The failure of the Board in any one or more instances to require strict performance of this Declaration, or the Bylaws, or to exercise any right or option contained in such documents, or to serve notice or institute action, shall not be construed as a waiver or a relinquishment of the Board and/or Association to enforce such term, covenant, restriction or rule in the future. A waiver is only deemed to have been made if expressed in writing and signed by the Board.

#### Article 17 LIMITATION OF LIABILITY

17.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to Article 13, neither the Association nor the Board nor the Manager shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust or sand which may leak or flow from outside or from any parts of the units, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

17.2 No Personal Liability. So long as a Board member, Association committee member, or Association officer has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person and such person's evaluation of such information, no such person (and no Association manager acting pursuant to the directions of the Board) shall be personally liable to any Owner, or other party,



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including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence, including any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity. Without limiting the generality of the foregoing, the term "discretionary decisions" shall include evaluating and deciding whether or not to act in response to reports, investigations or recommendations received by such person, and shall include deciding whether or not to commence, defend, continue, or settle lawsuits or arbitration/mediation or other legal proceedings involving the Association or Condominium (or any part thereof). Provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 13.

17.3 Indemnification of Board Members. Each Board member or Association committee member, or Association officer, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful or intentional misconduct, a knowing violation of the law in the performance of his duties and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property or services to which said person is not legally entitled. Provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The Association and each Owner shall defend, indemnify and hold Declarant harmless from any claim, expense or liability based on the failure of the Association or such Owner to comply with applicable duties and obligations under: the Condominium Act, the Declaration, Association Articles or Bylaws, or Association rules and regulations; or under any warranty obtained or issued by Declarant; or under applicable law.

#### Article 18 MORTGAGEE PROTECTION

18.1 Change in Manager. In the event that professional management is employed by the Association, at least thirty (30) days' notice of any contemplated change in the professional manager shall be given to any Eligible Mortgagee. The Association shall not elect to terminate professional management and assume self-management without the prior written approval of sixty-seven percent (67%) of the Owners and fifty-one percent (51%) of all Eligible Mortgagees; provided that such prior consent shall not be required to change from one professional manager to another professional manager.

18.2 Abandonment of Condominium Status. Except when acting pursuant to the provisions of the Condominium Act involving damage, destruction, or condemnation, the Association shall not: without prior written approval of sixty-seven percent (67%) of Owners of record of the Units, seek by act or omission to: abandon or terminate the condominium status of the project; or abandon, encumber, sell or transfer any of the Common Elements.

18.3 Partitions and Subdivision. The Association shall not combine nor subdivide any Unit or the appurtenant Limited Common Elements, nor abandon, partition, subdivide, encumber or sell any Common Elements, or accept any proposal so to do, without the prior written approval of fifty-one percent (51%) of all Eligible Mortgagees and sixty-seven percent (67%) of Owners of record of the Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of the Unit(s), so affected.

18.4 Change in Percentages. The Association shall not make any Material Amendment (as defined in Section 21.8) to the Declaration or Bylaws (including changes in the percentages of interest in the Common Elements) without the prior written approval of fifty-one percent (51%) of all Eligible Mortgagees and sixty-seven percent (67%) of all Owners of record of the Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of the Unit(s) for which the percentage(s) would be changed.

18.5 Copies of Notices. A Mortgagee of a Unit (and any insurer or guarantor of such Mortgage) shall be entitled to receive timely written notice: (a) that the Owner/Mortgagor of the Unit has for more than sixty (60) days failed to meet any obligation under the Condominium documents; (b) of all meetings of the Association and be permitted to designate a representative to attend all such meetings; (c) of any condemnation loss or casualty loss affecting a material portion of the Property or the Unit on which it holds a Mortgage; (d) of any lapse, cancellation



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or material modification of insurance policies or fidelity bonds maintained by the Association; and (e) of any proposed action that requires the consent of a specified percentage of Mortgagees. To be entitled to receive notices under this Section 18.5, the Mortgagee (or Mortgage insurer or guarantor) must send a written request to the Association stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guaranties) to Mortgage.

18.6 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such Mortgage.

#### 18.7 Insurance

18.7.1 Board Duties. With respect to a first Mortgagee of a Unit, the Board shall:

(a) Cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any mortgagee who makes written request to the Board to be so named;

(b) Furnish any such Mortgagee with a copy of any insurance policy or evidence thereof, which is intended to cover the Unit on which such Mortgagee has a lien;

(c) Require any insurance carrier to give the Board and any and all insured (including such Mortgagees) at least thirty (30) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium non-payment);

(d) Not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Element exceeding Five Thousand Dollars (5,000) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of Article 14;

(e) Give such Mortgagee written notice of any loss or taking affecting Common Elements, if such loss or taking exceeds Ten Thousand Dollars (\$10,000);

18.7.2 Additional Policy Provisions. In addition, the insurance policy acquired shall:

(a) Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Unit Owners or any persons claiming under any of them;

(c) Waive any provision invalidating such Mortgage clause by reason of: the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy; any requirement that the Mortgagee pay any premium thereon; and any contribution clause.

18.8 Inspection of Books. Declarant (and Declarant's agents), Owners, Mortgagees, insurers and guarantors or any Mortgage on any Unit shall be entitled: to inspect at all reasonable business hours of weekdays (or under other reasonable circumstances) all of the Books and Records of the Association (as defined in Section 1.8), within a reasonable time following request; and, upon written request of any holder, insurer or guarantor of a first Mortgage, upon the written request of the holders of fifty-one percent (51%) or more of first Mortgages at their expense if an audited statement is not otherwise available), to receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association.



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Article 19  
EASEMENTS

19.1 General. It is intended that in addition to rights under the Condominium Act, each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan. Without limiting the generality of the foregoing, each Unit and all Common and Limited Common Elements are specifically subject to an easement for the benefit of each of the other Units in the Condominium for all duct work for the several Units, and for heating, ventilation, air conditioning and fireplaces and associated flues or chimneys. In addition, each Unit and all the Common and Limited Common Elements are specifically subject to easements as required for the intercom, security and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each Unit, for the vacuum system roughed-in each Unit, if any, and for the master antenna cable system, if any. Finally, each Unit as it is constructed is granted an easement to each other Unit and all Common and Limited Common Element is subject to the location of all the original equipment and facilities and utilities for such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

19.2 Utility, Etc., Easements. The Board, on behalf of the Association and all members thereof, shall have authority to grant utility, road and similar easements, licenses and permits under, through or over the Common Elements, which easements the Board determines are reasonably necessary to the ongoing development and operation of the Property.

19.3 Association Functions. There is hereby reserved to the Association, or their duly authorized agents and representatives, such easements and rights of access over, across, under or into the Condominium (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights duties and obligations of the Association as are set forth, provided for or authorized in: this Declaration; or in the Articles, Bylaws or Association Rules.

19.4 Easements Reserved for Declarant. The Declarant reserves an easement over, across, and through the Common Elements of the Condominium for the purposes of completing any unfinished Units or other improvements, exhibiting and preparing Units for sale, make any repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Development Rights or Special Declarant Rights. The Declarant further reserves no exclusive easements over, across, and through the Common Elements of the Condominium (i.e., the land described in Exhibit A as it may from time to time be amended by the Declarant) for the benefit of itself and its successors and assigns as present and future owners of the Subsequent Phase Property and withdrawable property, as it may from time to time be amended by the Declarant, for ingress and egress over the roadways and pathways of the Condominium and the right to have access to and to tie into and utilize any water, sanitary sewer, storm sewer, electricity, gas, telephone, cable television, and other utility lines now or here after established in the Condominium. With respect to the Property, the easements may be exercised whether or not such Property is developed as part of the Condominium. The easements reserved hereby shall not be exercised in a manner that will overload or materially impair the use and enjoyment of the roadways, pathways, and utilities by the Owners of Units in the Condominium. This section may not be altered or amended without the written consent of the Declarant or the then owner of the land which may be withdrawn from the Condominium if that land has been sold or transferred by Declarant.

19.5 Easements to be granted by the Declarant. The Declarant reserves the right to grant to any company or municipality providing utilities services to the Condominium or to the owners of units in the Condominium an easement for the installation, construction, maintenance, repair, and reconstruction of all utilities serving the Condominium or the owners, including, without limitation, such utilities services as gas, water, sanitary sewer, storm sewer, electricity, cable television, and telephone.

19.6 Declarant Functions. There is hereby reserved to the Declarant (and its duly authorized agents, employees, contractors and representatives), such easements and rights of access over, across, under or into the Condominium (and part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Declarant as are set forth, provided for or authorized in: this Declaration; Survey



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Map and Plans; Articles, Bylaws, or Association Rules; building or their governmental permits or approvals; and Purchase and Sale Agreement between Declarant and a Unit Purchaser; any express or implied warranty under which Declarant is obligated; or otherwise authorized or otherwise required by law.

19.7 Encroachments. Each Unit and each Common and Limited Common Element is hereby declared to have an easement over all adjoining Units and Common and Limited Common Elements, for the purpose of accommodating any encroachment due to engineering errors, or errors in original construction, reconstruction, repair of any portion of the Building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the right and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common or Limited Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit. The provisions of this Section 19.4 are intended to supplement RCW 64.34.252 and, in the event of any conflict, the provisions of RCW 64.34.252 shall control.

## Article 20 PROCEDURES FOR SUBDIVIDING OR COMBINING

20.1 Procedure. Subdivision and/or combining of any Unit or Units, are authorized as follows:

20.1.1 Owner Proposal. Any Owner of any Unit or Units may propose any subdividing or combining of any Unit or Units, and appurtenant Common Elements or Limited Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to this Declaration, the Survey Map and Plans covering such subdividing or combining, to the Board, which shall then notify all other Unit Owners of the requested subdivision or combination.

20.1.2 Owner/Mortgagee Approval. Upon written approval of such proposal by sixty-seven percent (67%) of the Owners and fifty-one percent (51%) of the Eligible Mortgagees, and of all Eligible Mortgagee(s) and Owner(s) of the Unit(s) to be combined or subdivided, the Owner(s) making the proposal may proceed according to such plans and specifications; provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for the protection of other Units or Common Elements or reasonable deadlines for completion of the work be inserted in the contracts for the work.

20.1.3 Survey Map and Plans. The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of Article 21.

20.1.4 Allocated Interests. The Allocated Interests formerly allocated to the subdivided Unit shall be reallocated to the new Units in any reasonable and equitable manner prescribed by that Owner of the subdivided Unit. The Allocated Interests of the new Unit resulting from a combination of Units shall be the aggregate of the Allocated Interests formerly allocated to the Units being combined.

20.1.5 The reasonable costs incurred in preparing and recording amendments to the Declaration and /or Survey Map and Plans necessary to effectuate a Subdivision or combining of Units pursuant to their Article shall be paid by the Unit Owner(s) requesting the subdivision or combining prior to recordation of such amendments.



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Article 21  
AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

21.1 In General. Except in cases of amendments that may be executed by a Declarant (in the exercise of any Development Right and 21.2), The Association (in connection with Sections 4.3 or 7.2, Articles 15 or 20, or termination of the Condominium), and except as limited by Section 21.5, the Declaration, including the Survey Maps and Plans, may be amended only by vote or agreement of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

21.2 Amendments by Declarant. The Declarant may unilaterally adopt and file amendments to the Declaration and to the Survey Map and Plans for so long as the Declarant is the Owner of any Unit in the Condominium or until the expiration of the time limit for the exercise of any Development Rights reserved by the Declarant, in order to:

- (a) conform them to the actual location or any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas;
- (b) exercise any Development Right reserved by Declarant under Article 2 and Article 22 of this Declaration;
- (c) correct any nonmaterial technical errors contained in the Declaration, Survey Map and Plans, or Bylaws or clarify provisions of same;
- (d) conform them to requirements of applicable law, requirements of City and County, or of bona fide title insurance companies, secondary mortgage market entities or loan guarantors.

21.3 Challenge to Validity. No action to challenge the validity of an amendment adopted by the Association pursuant to the Declaration or Bylaws may be brought more than one year after the amendment is recorded.

21.4 Recording. Every amendment to the Declaration must be recorded in Skagit County and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. All amendments adding Units shall contain a cross-reference by recording number to the Survey Map and Plans relating to the added Units and set forth all information required by RCW 64.34.216(1).

21.5 General Limitations. Except to the extent expressly permitted or required by other provisions of the Condominium Act, no amendment may increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and the Owners of Units to which at least ninety percent of the votes in the Association are allocated other than the Declarant.

21.6 Execution. Amendments to the Declaration required by the Condominium Act to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

21.7 Special Declarant/Development Rights. No amendment may restrict, eliminate, or otherwise modify any Special Declarant or Development Right, or any other right, power, benefit provided in the Condominium Act or the Declaration to Declarant (nor otherwise hinder the business activities or expectations of, or benefits provided hereunder to, the Declarant) without the consent of the Declarant and any Mortgagee of record (excluding Mortgagees of Units owned by persons other than the Declarant) with a security interest in the Special Declarant or development Right or in any real property subject thereto.

21.8 Material Amendments. Any amendment (other than an amendment necessary to exercise a Special Declarant right or to comply with applicable Law) to a provision of this Declaration establishing, providing for, governing or regulating the following (all of which shall be deemed "Material Amendments") shall require the



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consent of fifty-one percent (51%) of the Eligible Mortgagees; voting rights; Assessments, Assessment liens, or the priority of Assessment liens; reserves for maintenance, repair, and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the Common or Limited common Elements, or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium; insurance or fidelity bond; leasing of Units; imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit; a decision by the Association to establish self-management when professional management had been required previously by the Condominium's documents or by an Eligible Mortgage holder; restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration; any action to terminate the legal status of the holders, insurers, or guarantors. A Mortgagee who fails to respond within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request if such request was delivered by certified of registered mail with a return receipt requested.

21.9 Survey Map and Plans Amendment. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans should be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in Skagit County in conjunction with the Declaration amendment.

21.10 Lender Requirements. All Unit Owners covenant and agree, for themselves and their heirs, successors and assigns to vote in favor of and implement any amendments hereto which may be requested and necessary to satisfy the requirements of Fannie Mae, The Federal National Mortgage Association, Veterans Administration and Federal Housing Administration.

## Article 22 SPECIAL DECLARANT RIGHTS DEVELOPMENT RIGHTS

22.1 Special Declarant Rights. As more particularly provided in this Article, Declarant, for itself and any successor Declarant, has reserved the following Special Declarant Rights:

22.1.1 Completion of Improvements. Declarant, its agents, employees, contractors and representatives shall have the right to complete, repair, replace or correct improvements and otherwise perform work as set forth, provided for or authorized in: this Declaration; Survey Map and Plans; Articles, Bylaws, or Association Rules; building or other governmental permits or approvals, and Purchase and Sale Agreement between Declarant and a Unit Purchaser; any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law. This Special Declarant Right shall continue so long as any right, duty or obligation of the Declarant continues under any express or implied warranty, agreement or law.

22.1.2 Sales Facilities of Declarant. Declarant, its agents, employees, and contractors shall be permitted to establish and maintain in any Unit still owned by Declarant and in any of the Common Elements (other than Limited Common Elements assigned to Units not owned by Declarant), such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Units and appurtenant interests, including but not limited to business offices; management offices; sales offices; construction offices; storage areas; signs; model units; and parking areas for all agents, employees, contractors, prospective tenants or purchasers of Declarant. Any such facilities not designated a Unit by the Declaration is a Common Element and, if Declarant ceases to be a Unit Owner, the Declarant ceases to have any rights with regard thereto unless it is removed promptly from the Condominium, which Declarant shall have the right to do. Declarant may maintain signs on the Common Elements advertising the Condominium. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; provided, that the maintenance and use of such facilities shall not unreasonably interfere with a Unit Owner's use and enjoyment of the Unit and appurtenant Limited Common Elements; and those port necessary to use and enjoy such Unit and Limited Common Elements.



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22.1.3 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights under this Declaration and the Condominium Act. Declarant shall comply with RCW 64.34.232 RCW 64.34.236.

22.1.4 Combination with Larger Project. Declarant shall have the right to make the Condominium part of a larger condominium or development under RCW 64.34.276, and the Allocated Interests of Units shall be reallocated using the same formula as provided in Article 8 and Exhibit B.

22.1.5 Subject to Master Association. Declarant shall have right to make the Condominium subject to any Master Association under RCW 64.34.276.

22.1.6 Termination of Declarant Rights. The Special Declarant Rights specified herein shall terminate on the earlier of (a) the tenth (10<sup>th</sup>) anniversary of the recording of this Declaration or (b) the recording of a notice signed by the Declarant that it no longer wishes to exercise any of the Special Declarant Rights.

22.1.7 Board of Directors and Officers. The Declarant has the right to (i) appoint and remove the officers and members of the board of directors; and to (ii) veto or approve a proposed action of the Board or the Association.

22.2 Development Rights. Pursuant to Article 2, the Declarant reserves the development right to create up to twenty (20) additional Units and associated Limited Common Elements on the Subsequent Phase Property or to withdraw all or a portion of the Subsequent Phase Property. The Declarant shall bear all expenses associated with, and be entitled to, all income from the subsequent phase Property until Units have been created thereon and conveyed. As more particularly provided in this Article, the Declarant, for itself and any successor Declarant, has also reserved the following Development Rights:

22.2.1 Subdivision and Combination. Declarant shall have the right to subdivide or combine Units (owned by Declarant) or convert Units (owned by Declarant) into Common Elements. Whenever Declarant exercises a Development Right to subdivide, combine or convert a Unit previously created into additional Units, Common Elements, or both:

(a) If Declarant converts the Unit entirely to Common Elements, the amendment to the Declaration must reallocate all the Allocated Interests of that Unit among the other Units as if that Unit has been taken by condemnation under Article 15.

(b) If Declarant subdivides the Unit into two or more Units, whether or not any part of the Unit is converted into Common Elements, the amendment to the Declaration must reallocate all the Allocated Interests of the Unit among the Units created by the subdivision in any reasonable and equitable manner prescribed by the Declarant.

(c) If Declarant combines two or more Units, the amendment to the Declaration must reallocate to the new Unit all of the Allocated Interests formerly allocated to the Units so combined.

22.2.3 Boundaries of Limited Common Elements. Declarant shall have the right to establish, expand, contract or otherwise modify the boundaries of any Limited Common Element allocated to a Unit; provided, the prior consent will be required from the Owner of the Unit.

22.2.4 Different Parcels; Different Times

(a) Any Development Right may be exercised with respect to different parcels of Real Property at different times;

(b) No assurances are made as to final boundaries of such parcels or as to the order in which those parcels may be subjected to the exercise of each Development Right; and



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(c) Even though the Development Right is exercised in any portion of the Real Property subject to the right, that right need not be exercised in all or in any other portion of the remainder of that Real Property.

22.2.5 Exercise of Development Right. To exercise any Development Right reserved under Section 22.2, the Declarant shall prepare, execute, and record an amendment to the Declaration under Article 21 and comply with RCW 64;34;232.

22.2.6 The Development Rights specified herein shall terminate on the earlier of (a) the tenth (10<sup>th</sup>) anniversary of the recording of this Declaration or (b) the recording of a notice signed by the Declarant that its no longer wishes to exercise any of the Development Rights.

Article 23  
MISCELLANEOUS

23.1 Notices for All Purposes

23.1.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board, in writing, for the purpose of service of such notice, or to the most recent address known to the Board. Notice to the Owner or Owners of any Unit shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until the Board has been constituted and thereafter shall be given to the President or Secretary of the Board.

23.1.2 Mortgagee Notice. Upon written request, therefore, and for a period specified in such notice, the Mortgagee of any Unit shall be entitled to be sent a copy of any notice respecting the Unit covered by its security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

23.2 Mortgagee's Acceptance

23.2.1 Priority of Mortgage. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said Mortgage.

23.2.2 Acceptance Upon First Conveyance. Unless otherwise expressly approved by the Purchaser of a Unit, Declarant shall not consummate the conveyance of the title of such Unit until the Mortgagee referred to in 23.2.1 shall have accepted the provision of this Declaration and made appropriate arrangements, in accordance with The Condominium Act, for partial release of Units with their appurtenant Limited Common Elements and Allocated Interest in Common Elements from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provision of this Declaration and the Condominium status of the Units remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Units have been made; provided, that, except as to the Units (and their Allocated Interests in Common Elements) so released, said Mortgage shall remain in full effect as to the entire Property.

23.3 Severability. The provisions hereof shall be deemed independent and severable, and the validity or partial invalidity or enforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof if the remainder complies with the Condominium Act or as covenants effect the common plan.



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23.4 Conveyances; Notice Required. The rights of a Unit Owner to sell, transfer, or otherwise convey the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An owner intending to sell a Unit shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Unit to be sold; the name and address of the Purchaser, of the closing agent, and of the title insurance company insuring the Purchaser's interest; and the estimated closing date. The Board shall have the right to notify the Purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that a violation of this Section shall not invalidate a sale, transfer or other conveyance of a Unit that is otherwise valid under applicable law.

23.5 Transfer of Declarant's Powers. It is understood that Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, all of Declarant's rights, powers, privileges and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges and authority are in addition to those arising from Declarant's ownership of one or more Units and include Development Rights and Special Declarant Rights).

23.6 Effective Date. This Declaration shall take effect upon recording.

23.7 Reference to survey Map and Plans. The Survey Map and Plans of the Condominium referred to herein consist of five (5) sheets as prepared by Semrau Engineering & Surveying, and were filed with the Auditor of Skagit County, Washington, simultaneously with the recording of the Declaration under File No.

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**CERTIFICATE OF COMPLETION**

DECLARANT HEREBY CERTIFIES, PURSUANT TO RCW 64.34.200(2), THAT ALL STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS OF THE BUILDINGS CONTAINING OR COMPRISING ANY UNITS IN THE CONDOMINIUM AS INDICATED ON THE SURVEY MAP AND PLANS ARE SUBSTANTIALLY COMPLETED.

DATED AS OF: 6-01-07

DECLARANT: GT Sunset Gardens LLC  
A Washington Corporation

By: Dan Filler  
Dan Filler, Manager

ACKNOWLEDGED  
STATE OF WASHINGTON  
COUNTY OF SKAGIT

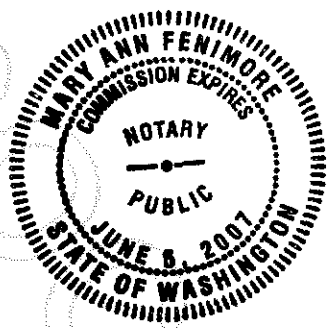
I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT TED FILLER SIGNED THIS INSTRUMENT, ON OATH STATE THAT HE IS AUTHORIZED TO EXECUTE THE INSTRUMENT AND ACKNOWLEDGED IT AS THE VICE PRESIDENT OF GT DEVELOPMENT, INC. TO BE THE FREE AND VOLUNTARY ACT OF SUCH PARTY FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT.

DATED 6/1/07

SIGNATURE Mary Ann Fenimore

TITLE Notary Public

MY APPOINTMENT EXPIRES 06/05/07



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EXHIBIT A  
TO DECLARATION FOR THE GARDENS AT SUNSET COVE  
CONDOMINIUM

The legal description of the Real Property included in the Gardens at Sunset Cove Condominium, is as follows:

**1. LEGAL DESCRIPTION OF LAND WITHIN CONDOMINIUM**

TRACT G, PLAT OF SUNSET COVE ESTATES, ACCORDING TO THE PLAT THEREOF, RECORDED NOVEMBER 29, 2000, UNDER AUDITOR'S FILE NO. 200011290070, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATED IN SKAGIT COUNTY, WASHINGTON

Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances, and other matters of record.

**2. LEGAL DESCRIPTION OF PHASE 1 PROPERTY**

THAT PORTION OF TRACT G, PLAT OF SUNSET COVE ESTATES, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 29, 2000, UNDER AUDITOR'S FILE NO. 200011290070, RECORDS OF SKAGIT COUNTY, WASHINGTON, SAID PORTION LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID TRACT G; THENCE NORTH 89°40'16" EAST 163.66 FEET ALONG THE SOUTH LINE OF SAID TRACT G TO A POINT THAT IS 178.88 FEET FROM THE SOUTHEASTERLY CORNER OF SAID TRACT G, SAID POINT ALSO BEING THE **TRUE POINT OF BEGINNING** OF SAID LINE;  
THENCE NORTH 00°47'04" WEST 140.88 FEET TO THE SOUTHERLY MARGIN OF SUNDOWN COURT AND THE TERMINUS OF SAID LINE.

SITUATED IN SKAGIT COUNTY, WASHINGTON

**3. LEGAL DESCRIPTION OF SUBSEQUENT PHASE PROPERTY**

TRACT G, PLAT OF SUNSET COVE ESTATES, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 29, 2000, UNDER AUDITOR'S FILE NO. 200011290070, RECORDS OF SKAGIT COUNTY, WASHINGTON. **EXCEPT** THAT PORTION THEREOF LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID TRACT G; THENCE NORTH 89°40'16" EAST 163.66 FEET ALONG THE SOUTH LINE OF SAID TRACT G TO A POINT THAT IS 178.88 FEET FROM THE SOUTHEASTERLY CORNER OF SAID TRACT G, SAID POINT ALSO BEING THE **TRUE POINT OF BEGINNING** OF SAID LINE;  
THENCE NORTH 00°47'04" WEST 140.88 FEET TO THE SOUTHERLY MARGIN OF SUNDOWN COURT AND THE TERMINUS OF SAID LINE.

SITUATED IN SKAGIT COUNTY, WASHINGTON



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**4. LEGAL DESCRIPTION OF WITHDRAWABLE PROPERTY**

All of the property in Paragraph 1 above, less the Phase 1 property in paragraph 2 above.

**5. LEGAL DESCRIPTION OF REAL PROPERTY TO WHICH ANY SPECIAL DECLARANT RIGHTS OR DEVELOPMENT RIGHTS APPLY**

All of the property in Paragraph 1 above.

**6. Legal description of any real property which may be allocated subsequently as Limited Common Elements (other than Limited Common Elements specified in RCW 64.34.204 (2) and (4)).**

All of the property in Paragraph 1 above.



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**EXHIBIT B**  
**TO DECLARATION FOR THE**  
**GARDENS AT SUNSET COVE CONDOMINIUM**

**Phase I**

Building	Address	Square Footage <sup>(1)</sup>	Number of Bed-rooms	Number of Bath-rooms	Votes	Number of Fire Places	Level in Bldg	Limited Common Element(s) <sup>(2)</sup>	Allocated Interest <sup>(3)</sup> (Phase I)
A	2421 Sundown Court	2092	2	2	1	1	1	Patios (2)/Garage	23 %
A	2423 Sundown Court	2459	2	2.5	1	1	2	Decks (2)/Elevator/Garage	27 %
A	2425 Sundown Court	2470	2	2.5	1	1	2	Decks (2)/Elevator/Garage	27 %
A	2427 Sundown Court	2089	2	2	1	1	1	Patios (2)/Garage	23 %

- (1) Square footages are (a) determined by surveyors "as-built"; (b) based on interior surface dimensions, measured drywall to drywall; and (c) exclude wall thickness
- (2) Items listed are Limited Common Elements permanently assigned to their respective Units as identified above, pursuant to the Declaration.
- (3) Allocated interests are the percentages of undivided interests in the Common Elements and Common Expense Liabilities. Percentages are determined based on livable square footage and rounded to the nearest whole percent. The Allocated Interest for purposes of voting interests is equal among all Units with each Unit receiving one (1) vote. ALL ALLOCATED INTERESTS ARE SUBJECT TO CHANGE UPON AN EXERCISE OF DEVELOPMENT RIGHTS, as described in Section 2 and 22.2 of the Declaration.



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