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Document Title: Fifth Amendment to Declaration For North Hill Townhomes, A Condominium
Reference No. of Affected Docs.: 200706260089, 200812220036, 200901050117, 201312300088, 201507280086
Grantor: North Hill Townhomes Owners Association
Grantee: General Public

FIFTH AMENDMENT TO DECLARATION FOR NORTH HILL TOWNHOMES, A CONDOMINIUM

PURPOSE: To Limit The Number of Units Which May Be Leased By Their Owners and Further Define Parking, Pets, Insurance and Master Association Provisions, and Amend and Restate the Third Amendment to Exhibit "B."

THIS AMENDMENT is made this 2 day of March, 2018, by the North Hill Townhomes Owners Association, a Washington non-profit corporation ("Association")

WITNESSETH:

WHEREAS, The Condominium Declaration containing Covenants, Conditions, Restrictions and Reservations for North Hill Townhomes, A Condominium was recorded on June 6, 2007, under Skagit County Auditor's File No. 200706260089 ("Declaration"), along with a Survey Map and Plans, which were contemporaneously recorded under Skagit County Auditor's File No. 200706260088. The Declaration has been previously amended by instruments recorded at Auditor's File No. 200812220036, 200901050117, 201312300088 and 201507280086; the Survey Map has been previously amended by instruments recorded at Auditor's File No. 200812220037, 200812310105 and 201507280085.

WHEREAS, pursuant to RCW 64.34.264 and Article 21 of the Declaration, the Declaration of this Condominium may be amended to change the use to which any unit is restricted by the vote or agreement of unit owners of units to which at least ninety (90%) of the votes of the Association are allocated;

WHEREAS, the Association has determined that it is necessary or desirable to amend Section 11.2 of the Declaration dealing with parking restriction; amend Section 11.10 of the Declaration dealing with pet restrictions; amend Section 11.14 of the Declaration, dealing with Lease Restrictions; amend Article 13 of the Declaration dealing with insurance provisions; amend Section 14.4 of the Declaration further defining duty to reconstruct provisions; and amend Section 23.1.5 of the Declaration defining requirements of the Master Association in the manner hereinafter specified, and has obtained the necessary consent of the requisite percentage of Unit Owners prior to the date of this Amendment.

NOW, THEREFORE, pursuant to and in compliance with Sections 21.1 and 21.7 of the Declaration and RCW 64.34.264, the Association hereby amends Sections 11.2, 11.10, 11.14, Article 13, Section 14.4 and Section 23.1.5 of the Declaration as follows:

11.2 Vehicle Parking Restrictions. [Revised] Common Elements and Limited Common Element parking spaces are restricted to use for parking of operable, properly licensed automobiles, motorcycles, light trucks and family vans; other items and equipment may be parked or kept therein only if expressly permitted by Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. Boats, motor homes, trailers, campers or other recreational vehicles may not be stored in parking spaces or other limited common areas. Garage parking areas within Units are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles, and for storage of such other items that pose no unreasonable health, safety or fire risks to persons or property. Vehicles shall be operated in a safe and responsible manner while on Condominium Property. 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 Rules and Regulations adopted by the Board. Any designated visitors parking areas shall be left open for use by visitors, guests, invitees and licensees of Unit Owners and their tenants. On-street parking in front of the Units is restricted to use by visitors and for delivery purposes. Overnight on-street parking by any vehicle is prohibited. Any handicapped spaces shall remain open for use by vehicles properly designated for handicapped use. The Board may adopt Rules and Regulations governing other aspects of vehicle use within the Common Elements of the project, including restrictions on vehicle speed.

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11.10 Pets [Revised]

11.10.1 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 disturbing other Unit

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

11.10.2 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 or 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 may be left in either the facility or on the Property. The Board may adopt Rules and Regulations governing other aspects of pet access to Common and Limited Common Elements.

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11.14 Lease Requirements [Amended & Restated in Entirety]

11.14.1 Assignment or Subletting - No Timesharing.

The assignment of a Unit shall be subject to the same limitations as are applicable to the leasing or renting thereof. Subleasing is not permitted. No Owner or tenant may exempt himself or herself from any liability under the Governing Documents (i.e., Declaration, Bylaws, Policies and Rules and Regulations of the Association) by assigning or subleasing the occupancy rights to his or her Unit. Timesharing is not permitted in this Condominium, and no Unit in the Condominium may be conveyed or held pursuant to any timeshare plan.

11.14.2 General Lease Restrictions.

The Owner of a Unit, including a mortgagee in possession, or any successor in interest, may lease or rent a Unit, subject to the provisions of this Section 11.14. Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of the Condominium Governing Documents, and that any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. All leases shall be in writing, and the Association is entitled to receive copies of all leases. A lease, as defined herein, shall be a minimum of 365 contiguous days, after which the tenancy may continue on a month-to-month basis (as long as it is the same tenant of the 365 contiguous day lease), but neither subleasing nor transient occupancy of less than what is provided herein, are permitted. Any tenant or subtenant of any portion of a Unit shall be deemed to have assumed all the responsibilities of an Owner under Article 11 of the Declaration. See Sections 11.14.3 – 11.14.7 hereof for limitations on the numbers of Units which may be rented in this Condominium.

11.14.3 Limitation on Number of Units Which May Be Leased By Their Owners.

(a) Number Of Residential Units Which May be Leased By Investor-Owners and Owners.

Subject to the conditions and exceptions appearing below, the total number of Units in the Condominium which may be leased to third parties at any one time by Owner-Occupants (i.e., an Owner who has occupied his/her Unit for at least one consecutive year) shall be limited to a total of twenty percent (20%) of the units in the Condominium (five total Units), such Units shall be known herein as "Rental Units". Investor-Owners (i.e. persons who have never occupied their Unit or who have not occupied their Unit for a period of at least 12 consecutive months before entering into a lease for the Unit) shall not be entitled to lease their Unit.

(b) Circumstances Justifying Temporary Increase in Number of Rental Units.

To avoid undue hardship on an Owner-Occupant who experiences a need to move temporarily from his or her Unit for health-related reasons, an employment-related relocation or military orders for a period not exceeding one (1) year in duration, such Owner may lease the Unit following the written approval of the Board of Directors, which approval shall not be unreasonably withheld. Upon good cause shown in writing by such an Owner, such a lease may be extended or renewed for an additional period of up to one year, provided that such Owner first demonstrates to the reasonable satisfaction of the Board that the Owner truly intends to resume use of the Unit as a personal residence following the conclusion of the lease term. The Board may, by resolution, establish a policy or rules and regulations to accommodate requests by Owner-Occupants desiring to change their Units to Rental Units when the maximum number of Rental Units permitted under Section 11.14.3(a) hereof has been attained.

11.14.4 Recognition of Existing Rentals ("Grandfathering").

If, as of the date of recordation of this Amendment, the total number of Rental Units shall exceed the number permitted in Section 11.14.3(a) hereof, then all such Units shall be permitted to remain as Rental Units until they are conveyed to a new Owner, at which time the limitations of Section 11.14.3(a) hereof shall apply.

11.14.5 Rental Incident to Bona Fide Sale of Unit.

A Unit may be rented by its Owner in conjunction with a *bona fide* sale of such Unit for a period of not more than three months. The foregoing includes rental to a purchaser of the Unit prior to closing, and a "lease-back" of the Unit following closing.

11.14.6 Exemption for Institutional Lenders, Family Members and Association.

The restrictions of this Section 11.14.1 shall not apply to the Association following a foreclosure of its lien for assessments, or to an institutional lender in possession of a Unit following a default under a first mortgage, a foreclosure proceeding or any deed or other

arrangement in lieu of foreclosure. Units leased by their Owners to Immediate Family Members shall not be considered Rental Units; in such cases, it shall be the responsibility of the Owner to notify the Board of the commencement and termination of the family tenancy, and this exemption shall cease when occupancy of the Unit by a family member ceases. A Unit which is owned by a family trust, family limited partnership, or similar entity for estate planning or similar purposes shall be considered exempt as a family tenancy for so long as the family member who established the entity, or an Immediate Family Member of such person, continues to occupy the Unit.

11.14.7 House-Sitter or Caretakers.

An Owner (or approved lessee) may retain a house-sitter or caretaker to maintain the Unit during periods of their absence for periods not exceeding ninety (90) consecutive days. A house-sitter or caretaker is defined as a person or single family residing in the Unit and responsible for maintaining the Unit during the temporary absence of the Owner(s) of less than ninety (90) consecutive days. The house-sitter or caretaker shall be subject to the provisions of the Condominium Governing Documents (Declaration, Bylaws, Rules and Regulations, Resolutions, etc.) of the Association. It shall be the Owner's responsibility (or approved lessee's responsibility) to ensure that the house-sitter or caretaker is familiar with the Condominium Governing Documents. Nothing herein shall preclude a Unit Owner from retaining a live-in health care provider.

11.14.8 Selling Owner Responsible for Compliance with Rental Restrictions.

Each Owner shall be responsible for advising any purchaser of the Unit of the existence of these restrictions on rental units, and may be held liable to the Association for any damages, costs and/or expenses incurred by the Association as a result of such failure. The Owner shall provide any lessee with copies of the Condominium Governing Documents. All leases shall specify that the lessees shall comply with all provisions of the Condominium Governing Documents. Leases shall also include a signed statement from each occupant certifying that they have read and agree to abide by the Condominium Governing Documents (responsible parties may sign for minors). The Association is not responsible for leases negotiated by any Unit Owner. Along with complying with the provisions of this Section 11.14, Unit Owners must comply with all applicable local, state and federal laws relative to leasing their Unit.

11.14.9 Rent Payable to Association Upon Owner's Default. If the Owner of a Rental Unit becomes delinquent in the payment of assessments for more than 90 days, the Association may collect the delinquent amount from the tenant in the Unit, who shall pay over to the Association so much of the rent for such Unit as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a notice jointly to the Owner and the Tenant by First Class U.S. Mail, advising both parties (a) of the Owner's delinquency in assessments (b) of the tenant's obligations under this Subsection of the Declaration, and (c) notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the

tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenants' duty to pay rent to the Unit Owner and the Unit Owner's obligation to pay assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided in Section 12.12.8 of the Declaration.

11.14.10 Justification and Enforcement.

The restrictions in this Section are necessary to maintain the primarily owner-occupied status of the Condominium, so as to enhance the market value of the Units therein, to preserve the ability of Owner-occupants to obtain favorable, owner-occupied mortgage financing for their Units, and to maintain the sense of community which can suffer when a disproportionate percentage of Units become occupied by tenants. All leasing of Units shall be conducted in accordance with the provisions of Article 11, Section 11.14 of this Declaration. No Owner shall enter into or permit nor shall the Board consent to, any lease, sublease or rental agreement, the effect of which would result in noncompliance with this Section. The Board may resort to any and all remedies contained in the Condominium Governing Documents, in addition to unlawful detainer proceedings, as may be necessary to fully implement the terms hereof.

Article 13 [Amended & Restated in Entirety]
INSURANCE

13.1 Authority, Name of Insured.

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors. Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. Unless not reasonably available, such coverage shall follow the terms, conditions and amounts required by Section 13.2 hereof. The name of the insured under each required policy shall be stated as follows: "North Hill Townhomes Owners Association." Having the Association named as an "additional insured" or "additional named insured" in a pooled insurance agreement does not satisfy this requirement.

13.2 Insurance Policies and Coverage.

It is intended that insurance coverage obtained by the Board be the most comprehensive insurance that is currently available for projects similar in age and size to this Condominium project.

13.2.1 Master Policy.

The Condominium shall be insured under a "master", "blanket" or "single-entity" type of policy, against casualty or physical damage in an amount equal to the maximum insurable replacement value thereof (i.e., 100% of replacement costs based upon the value of replacing all buildings and all improvements of the Condominium exclusive of land, excavations and foundations, utilizing contemporary building materials and technology, subject to a deductible and also subject to any Agreed Amount Endorsements or similar insuring feature. Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. If reasonably available, such coverage shall afford protection against:

(a) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard "broad form" and/or "special" extended coverage endorsements or their equivalent, together with Common Expense assessments coverage with respect to the Units during any period of repair or reconstruction; and such other perils customarily covered by insurance for similar condominium projects. Such coverage shall insure all buildings and other General and Limited Common Elements that are normally included in coverage. The policy shall also cover all of the Units and their bathroom, laundry and kitchen equipment, fixtures and cabinets, together with all included electrical and plumbing fixtures and equipment, any heating and ventilating and other equipment supplied or installed at any time by the Declarant or by Unit Owners. The policy shall also cover other Condominium property including fixtures, building service equipment and common personal property and supplies owned by the Owners Association or included in the Common Elements. An insurance policy that includes either of the following endorsements will assure full insurable value replacement cost coverage:

(i) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance); or

(ii) a Replacement Cost Endorsement (under which the insurer agrees to pay up to 100% of the Property's insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance).

(b) the following Special Endorsements, or their functional equivalent:

(i) an Inflation Guard Endorsement, when it can be obtained;

(ii) Building Ordinance or Law Endorsement, if the enforcement of any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction.); and

(c) liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Elements. The insurance should also cover any commercial spaces that are owned by the Association, even if they are leased to others. Coverage should be afforded under a commercial general liability policy for the entire project, including all areas under the supervision of the Association. Limits of liability shall in no event be less than \$1,000,000 with respect to any single occurrence; and

(d) medical payments coverage, in such amounts as are customarily provided in such policies.

13.2.2 Flood Insurance.

If any part of the Condominium's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM), the Association must maintain a "master" or "blanket" policy of flood insurance which should cover buildings and any other improvements constituting Common Elements. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program. The contents coverage must include 100% of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned by the Association for its members. The maximum deductible amount for policies covering the Common Elements or for those covering each building in a high-rise or vertical condominium project, is the lesser of \$5,000 or 1% of the policy's face amount. Funds to cover this deductible amount may be included in the Association's operating reserve account.

13.2.3 Earthquake and Landslide, Mudslide & Mudflow Insurance.

If desirable and reasonably available, earthquake and landslide, mudslide & mudflow insurance may be obtained. Funds to cover any deductible applying to such coverage may be included in the Association's operating reserve account.

13.2.4 Directors' and Officers' Insurance.

If reasonably available, the Board shall acquire Directors' and Officers' errors and omissions insurance to underwrite the Association's indemnification responsibilities under the Bylaws of the Condominium.

13.2.5 Fidelity Insurance - Managers' Coverage.

The Association shall obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services. The policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association and all Eligible Mortgagees before the policy can be canceled or substantially modified for any reason, in the manner provided in Section 18.5 hereof. The policy should cover the maximum

funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association may be named as an additional insured under the Association's policy, or may be covered by its own fidelity insurance policy, which should provide the same coverage required of the Association.

13.2.6 Additional Insurance.

The Board shall also acquire such additional insurance coverage as it may deem advisable and appropriate, including Workmen's Compensation insurance, where necessary to meet the requirements of law. Further, and notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity insurance 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, guarantor or Owner of a Unit within the Condominium; in the event that such additional coverage is not reasonably available, the procedures described in Section 13.6 shall be followed.

13.2.7 General Policy Provisions and Limitations.

Insurance obtained pursuant to the requirements of this Article 13 shall be subject to the following provisions:

(a) Each policy shall be written with a company or companies which are licensed to do business in the State of Washington and which hold a B general policyholder's rating or a financial performance index of 6 or better in the latest edition of Best's Key Rating Guide, or an A or better rating from Demotech, Inc., or such other rating(s) by such other entities as may be acceptable to or required 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, guarantor or Owner of a Unit within the Condominium.

(b) The master policy will be primary, even if a Unit Owner has other insurance [other than automobile liability insurance] that covers the same loss, and no insurance coverage obtained and maintained pursuant to the requirements of this Article 13 shall be brought into contribution with insurance purchased individually by any of the Unit Owners or their Mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Section shall exclude such policies from consideration.

(c) Each policy shall provide that it may not be canceled, substantially modified or reduced without at least 30 days' prior written notice to all insureds named thereon, including all named Mortgagees.

(d) Each policy of casualty insurance shall contain a waiver of any right of the carrier to elect to restore, or repair damage or reconstruct in lieu of making a cash settlement if a decision is made pursuant to this Declaration not to do so.

(e) Each policy shall contain a waiver of subrogation by the insurer as to any and all claims against the Unit Owners, the Association, the Board of Directors, the Manager, and their respective agents, arising from the acts of any Unit Owner, member of the Owner's household, or lessee of the Owner.

(f) Policy contracts shall 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.

(g) Each policy shall provide that (i) the policy's coverage shall not be prejudiced by any act or neglect of any Occupants or Unit Owners of the Condominium or their agents, employees, tenants, Mortgagees or invitees when such act or neglect is not within the control of the insured or the Unit Owners collectively; and (ii) the policy shall not be prejudiced by failure of the insured or the Unit Owners collectively to comply with any warranty or condition with regard to any portion of the Condominium over which the insured or the Unit Owners collectively have no control.

(h) Each policy must contain a standard mortgage clause and must name as covered Mortgagees each such covered Mortgagee, followed by the phrase "its successors and assigns."

(i) 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 nonrenewal 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 RCW 64.34.352.

(j) No policy shall refuse to recognize any Insurance Trust Agreement.

13.3 Deductible.

13.3.1 General Provisions.

Except as otherwise provided herein, the deductible under any policy of insurance purchased by the Board of Directors shall be paid by the Association as a Common Expense. Funds to cover the amount of the deductible under the Association's master policy may be included in the Association's reserve account, at the Board's discretion. The deductible should be established at a level that is sufficiently high to eliminate minor "nuisance" claims which could cause cancellation of the Association's master policy, but not so high that Unit Owners

will have difficulty obtaining their own owners' insurance coverage to cover their potential liability under Section 13.3.2 hereof.

13.3.2 Owner Responsible for Uninsured Amounts.

Where damage is limited to a single Unit, the Owner shall be held responsible and specially assessed for any uninsured amount up to the level of the deductible under the Master Insurance Policy maintained by the Association and/or for any loss for which the Owner's or Occupant's insurance may provide primary coverage. In cases where damage affects more than one Unit, or a Unit and the Common Elements, responsibility for the uninsured amount shall be pro-rated among the affected parties, including the Association.

13.4 Notice of Insurance Coverage or Termination Thereof.

13.4.1 The Board of Directors shall promptly furnish to each Unit Owner and each Eligible Mortgagee written notice of the procurement, subsequent changes, or termination of each insurance policy or fidelity bond obtained on behalf of the Association.

13.4.2 An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a mortgage.

13.5 Individual Owners' Policies.

13.5.1 Each Unit Owner should obtain, at such owner's expense, a "Condominium Unit Owner's Policy," or equivalent, to insure against loss or damage to any upgrades, improvements or betterments to the Unit not covered by the Association's master policy, or to personal property used in or incidental to the occupancy of the Unit, additional living expense, loss of rent, vandalism or malicious mischief, theft, personal liability, loss assessment coverage or coverage to help the Owner pay a special assessment due to casualty losses which exceed the amount of coverage under the master policy, any loss arising from the application of Section 13.3.2 hereof, and the like. The Association is under no obligation to acquire such insurance for the benefit of any of the Unit Owners, or to monitor whether Unit Owners have obtained such coverage. When the Board obtains insurance covering upgrades, improvements or betterments supplied or installed by or on behalf of Owners within their Units, the Board may also require that all the Owners notify the Board of all improvements made to their respective Units having a value in excess of \$5,000.

13.5.2 In the event that any Unit Owner obtains permission from the Board of Directors to construct or maintain any improvements within the Common Elements for the exclusive use of such Owner, the Board may require that such Owner acquire liability and property insurance with respect to such improvements, in such form and amount as may be required by the Board from

time to time, which policy shall name the Association as an additional insured, and such Owner shall then be solely responsible for all costs of insurance, maintenance, replacement and repair of such improvements.

13.5.3 The Board of Directors is not obligated to monitor the existence or nonexistence of any insurance required under this Section 13.5; such responsibility, and the risks to the Owner of a failure to have proper insurance, are to be borne solely by the Unit Owner. A failure by the Owner to maintain insurance, which failure results in any harm or damage to the Association shall constitute misconduct on the Owner's part.

13.6 Unavailability, Cancellation or Nonrenewal.

If the insurance described in Section 13.2 hereof is not reasonably available, or is modified, canceled or not renewed, the Association promptly shall cause notice of that 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.

13.7 Adjustment and Payment of Loss Proceeds.

All policies obtained by the Association shall provide that adjustment of loss shall be made by the Board of Directors, and that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee, to be held in trust for Unit Owners and all lienholders as their interests may appear. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Unit Owners and Mortgagees entitled thereto, after first paying or making provisions for the payment of the expenses of the Insurance Trustee, in the following manner:

(a) Proceeds are to be paid first to repair or restore damage or destruction. After completely defraying the cost of the repair or restoration, any surplus proceeds shall be payable jointly to the Unit Owners and Mortgagees, if any, entitled thereto.

(b) If, pursuant to the provisions of Article 14 hereof, not all of the damaged or destroyed portions of the Condominium are to be repaired or replaced, insurance proceeds shall be payable as provided in that Section.

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14.4 Reconstruction Following Casualty Loss. [Revised]

14.1.1 Duty to Reconstruct.

Any portion of the Condominium for which insurance is required under Article 13 and for which the Board of Directors has the responsibility of maintenance and repair which is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (a) the

Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, along with any Mortgagees whose approval must be sought under applicable provisions of the Declaration, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense.

14.4.2 Decision Not To Reconstruct.

If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) 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; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt 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 lienholders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interest may appear, in proportion to the Common Element interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under RCW 64.34.060(1), and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Subsection, RCW 64.34.268 governs the distribution of insurance proceeds if the Condominium is terminated.

14.4.3 Manner of Reconstruction.

If destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall be accomplished as nearly as practicable to the character of the building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with then prevailing Building Code requirements and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

14.4.4 Payment of and Procedure for Reconstruction.

The proceeds of insurance collected on account of casualty, and funds received by the Board of Directors from collections of Assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(a) If the damages exist only to parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Board of Directors and the Owner may agree that the Owner shall be responsible for reconstruction and repair after casualty and shall be entitled, with the assistance of the Board of Directors, to apply for and use any applicable insurance proceeds; the deductible under the Master Policy shall be apportioned

under Section 13.3.2 of the Declaration. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.

(b) If the amount of the estimated costs of reconstruction and repair is \$50,000 or less, (as estimated by the Board of Directors) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in Subsection (c) hereof;

(c) If the estimated costs of reconstruction and repair of the buildings or other improvement is more than \$50,000, then costs and expenses so incurred from the construction fund shall be disbursed from time to time as the work progresses upon approval by an engineer or architect (hereinafter referred to as the "Reconstruction Supervisor") licensed to practice in the State of Washington and employed by the Board of Directors to supervise such work. The Reconstruction Supervisor shall be required to furnish a certificate giving a brief description of the services rendered and materials furnished by various contractors, subcontractors, materialmen, the Reconstruction Supervisor, or other persons who have rendered services or furnished materials in connection with the work, and stating that: (a) the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to the Reconstruction Supervisor for the services and materials described; and (c) the cost as estimated by the Reconstruction Supervisor for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

14.6 Assessments if Insurance is Inadequate. [new]

Immediately after a casualty causing damage to property for which the Board of Directors of the Condominium Association has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires or as may be required. If the proceeds of insurance, coupled with any available reserve funds and/or any payments from Owners under Section 13.3.2 hereof, are not sufficient to defray such estimated costs, the Board shall present to the Owners a Budget containing a Special Assessment to be made against all the Units as provided in Section 12.1 hereof, in sufficient amounts to provide funds to pay the shortfall. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, the Board shall present a further Budget to the Owners containing a Special Assessment, in sufficient amounts to provide funds for the payment of such costs.

14.7 Notice to Mortgagees. [new]

The Board of Directors shall give written notice to: (a) an Eligible Mortgagee of the Unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all Eligible Mortgagees whenever damage to the Common Elements exceeds \$10,000.

14.8 Miscellaneous. [new]

The provisions of this Article 14 shall constitute the procedure by which a determination is made by the Unit Owners to repair, restore, reconstruct or rebuild the Condominium following casualty thereto. The purpose of this Article 14 shall be to provide a fair and equitable method of allocating the costs of repair and restoration and making a determination for repair and restoration if all or a portion of the improvements are damaged or destroyed. The provisions of this Article 14 shall be liberally construed to accomplish such purpose.

23.1.5 Subject to North Hill PUD - Covenants - Association. [Revised]

23.1.5.1 North Hill PUD Master Covenants.

This Condominium is also part of a Master PUD known as "North Hill PUD," located in Mount Vernon, Washington. All property within the Master PUD is subject to the terms and conditions of certain recorded covenants affecting all property and property Owners within said Master PUD, including this Condominium and all Unit Owners therein. A Declaration of Covenants for the Master PUD, entitled "Declaration and Covenants, Conditions, Restrictions, Easements and Reservations for The North Hill PUD," was recorded at Auditor's File Number 200505050093, Records of Skagit County, Washington. Said recorded Covenants are hereinafter referred to as the "Master PUD Covenants."

23.1.5.2 Master PUD Association - Assessment Authority.

Since the land included within this Condominium is included within the boundaries of the Master PUD, all Units and Unit Owners in this Condominium are bound by the terms and conditions of the Master PUD Covenants. Of particular interest in the Master PUD Covenants is the requirement that all Lots located within the Master PUD, including the Lots in which this Condominium is constructed, must pay dues to the Master PUD Association (North Hill Homeowners Association), which is the governing body of the Master PUD. Under Section 1.1.12 of the Master PUD Covenants, the "owner" of the Lots (26, 27, 28) in which this Condominium is constructed is the Condominium Association described in Section 9.1 hereof. To satisfy this obligation, the Condominium Association shall include within its budget its proportionate share of such annual dues for the Master PUD Association. Reference should be made to the Master PUD Covenants for further details.

23.1.5.3 Condominium Association's Responsibility.

The Association of this Condominium shall pay assessments owing by Unit Owners in the Condominium to the Master PUD Association under the Master PUD Covenants

on behalf of the Unit Owners in the Condominium. To do so, the Condominium Association shall maintain a line item in its budget for dues and assessments owing to the Master PUD Association by the Unit Owners, to protect the interests of the Unit Owners. The Master PUD Association retains the right to directly bill each Unit Owner for his or her individual share of monthly or other periodic assessments.

Exhibits.

Attached hereto is the Amended and Restated Third Amendment to Exhibit "B" to the Declaration which corrects the math errors contained in the Allocated Interest percentages and the Units' unique descriptions of Limited Common Elements.

EXCEPT as modified by this Amendment, all of the terms and provisions of the Declaration are hereby expressly ratified and confirmed and shall remain in full force and effect.

This Fifth Amendment to the Declaration shall take effect upon recording.

IN WITNESS WHEREOF, the Association has caused this Amendment to be executed as of the date first written above, by its President.

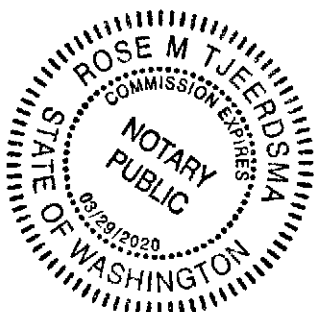
NORTH HILL TOWNHOMES OWNERS
ASSOCIATION, a Washington Nonprofit Corporation

By [Signature]
_____, President

STATE OF WASHINGTON)
) ss
COUNTY OF SKAGIT)

On this day, personally appeared before me, Don L. Mitchell, to me known to be the President of the North Hill Townhomes Owners Association, the association that executed the foregoing instrument, acknowledged the said instrument to be the free and voluntary act and deed of said association, that the foregoing was properly adopted by the association for the uses and purposes therein mentioned, and all stated that was authorized to execute the said instrument.

GIVEN under my hand and official seal this 22 day of Feb, 2018.



[Signature]
Notary Public in and for the State of
Washington residing at Burlington
My commission expires: 3/29/2020

**AMENDED AND RESTATED THIRD AMENDMENT TO EXHIBIT "B"
TO DECLARATION FOR NORTH HILL TOWNHOMES, A CONDOMINIUM**

Unit No.	Unit Type	Address	Square Footage†	Square Footage From Old Survey‡	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interest, Votes & Assessment	Allocated Interest, C. E. *
31A	Residential	2610 River Vista Lane	1731	1612	2	3	1	Deck, railing & stairs, patio, walkway, driveway, attached 3-car garage, storage off deck	4.65%	3.84615%
32A	Residential	2612 River Vista Lane	1731	1612	2	3	1	Deck, railing & stairs, patio, walkway, driveway, attached 3-car garage, storage off deck	4.65%	3.84615%
33A	Residential	2616 River Vista Lane	2437	2195	3	3.5	2	Deck, patio, porch, railings, walkway, driveway, crawl space, attached 2-car garage	4.65%	3.84615%
33B	Residential	2616 River Vista Lane	2437	2195	3	3.5	2	Deck, patio, porch, railings, walkway, driveway, crawl space, attached 2-car garage	4.65%	3.84615%
34A	Residential	2614 River Vista Lane	2343	2239	3	2.5	1	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
34B	Residential	2614 River Vista Lane	2343	2240	3	2.5	1	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
35A	Residential	2511 River Vista Place	2343	2172	3	2.5	1	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
35B	Residential	2511 River Vista Place	2343	2192	3	2.5	1	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%

Unit No.	Unit Type v	Address	Square Footage†	Square Footage From Old Survey†	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interest, Votes & Assessment	Allocated Interest, C. L. *
36A	Residential	2507 River Vista Place	2437	2474	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, storage, attached 2-car garage	4.65%	3.84615%
36B	Residential	2507 River Vista Place	2437	2473	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, storage, attached 2-car garage	4.65%	3.84615%
37A	Residential	2503 River Vista Place	2437	2203	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, crawl space, attached 2-car garage	4.65%	3.84615%
37B	Residential	2503 River Vista Place	2437	2203	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, crawl space, attached 2-car garage	4.65%	3.84615%
38A	Development	2521 River Vista Court							2.325%	3.84620%
38B	Development	2521 River Vista Court							2.325%	3.84620%
39A	Residential	2519 River Vista Court	2437	2280	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
39B	Residential	2519 River Vista Court	2437	2157	3	3.5	2	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
40A	Residential	2515 River Vista Court	1980	n/a	2	2.5	1	2 Decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%

Unit No.	Unit Type *	Address	Square Footage†	Square Footage From Old Survey†	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interest, Votes & Assessment	Allocated Interest, C. E. *
40B	Residential	2515 River Vista Court	1466	n/a	2	2.5	1	2 decks, stairs, porch, railings, walkway, driveway, attached 1-car garage	4.65%	3.84615%
40C	Residential	2515 River Vista Court	1980	n/a	3	2.5	1	2 decks, stairs, porch, railings, walkway, driveway, attached 2-car garage	4.65%	3.84615%
41A	Development	2509 River Vista Court							2.325%	3.84620%
41B	Development	2509 River Vista Court							2.325%	3.84620%
41C	Development	2509 River Vista Court							2.325%	3.84620%
42A	Development	2505 River Vista Court							2.325%	3.84620%
42B	Development	2505 River Vista Court							2.325%	3.84620%
43A	Development	2501 River Vista Court							2.325%	3.84620%
43B	Development	2501 River Vista Court							2.325%	3.84620%
Totals									100%	100%

* Allocated interests are the percentages of undivided interests in the Common Elements, fractional liability for the Common Expenses of the Association, and portions of the votes in the Association, allocated to each Unit pursuant to RCW 64.34.224(1). Pursuant to Section 23.2.2(e) of the Declaration, as amended above, the Development Units are assessed at lower rates than Residential Units, and have correspondingly lower Votes in the Association as a result. Development Units may be converted to Residential Units under Development Rights described in Section 23.2.2(1), as amended above.

** Items listed are Limited Common Elements permanently assigned to their respective Units as identified above, pursuant to Section 7.1 of the Declaration. Parking spaces, if any, assigned or assignable as Limited Common Elements, are separately described on Exhibit C to this Declaration.

v Units with substantially completed dwelling improvements are "Residential" units which are suitable for sale to residential purchasers; Units lacking substantially completed dwelling structures are "Development" units which are subject to Development Rights described in Section 23.2.2(f) of the Declaration, as amended above.

† Proper Square footages of Residential Units are calculated with reference to the provisions of Section 4.1 of the Declaration for the Condominium, in which the Unit Boundaries are defined to be "an envelope of space...[that] include all structures, improvements, and fixtures ...located within said space..." Stated square footages of the Units described in the original Survey Map and Plans for the Condominium, and in the First and Second Amendments thereto, were incorrect, having used interior dimensions of the completed improvements within the Units as the basis for such measurements. The "Proper Square Footages" described in this Amended Exhibit A are designed to harmonize all such size measurements by using measurements of the exterior walls of the dwelling structures within the Units as the predicate for square footage calculations, consistent with Section 4.1 of the Declaration.