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**AMENDED AND RESTATED DECLARATION
FOR THE NORTH HILL TOWNHOMES, A CONDOMINIUM**

GRANTOR: NORTH HILL TOWNHOMES OWNERS ASSOCIATION

GRANTEE: NORTH HILL TOWNHOMES OWNERS CONDOMINIUM
ASSOCIATION

LEGAL DESCRIPTION: THE NORTH HILL TOWNHOMES, A CONDOMINIUM,
ACCORDING TO THE DECLARATION THEREOF
RECORDED UNDER SKAGIT COUNTY RECORDING
NUMBER 200706260089 AND THE SURVEY MAP AND
PLANS RECORDED UNDER SKAGIT COUNTY
RECORDING NUMBER 200706260088.

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P132768, P134946, P134947

REFERENCE #: 200706260089

**AMENDED AND RESTATED DECLARATION OF CONDOMINIUM
FOR THE NORTH HILL TOWNHOMES, A CONDOMINIUM**

This Amended and Restated Declaration for the NORTH HILL TOWNHOMES, A CONDOMINIUM is made as of the date of its recording.

RECITALS

A condominium declaration submitting real estate to the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW 64.34) as amended, entitled Declaration and Covenants, Conditions, Restrictions and Reservations for North Hill Townhomes, a Condominium, was recorded on June 26, 2007, under Recording No. 200706260089 in Skagit County, Washington (the "Original Declaration"). The Survey Map and Plans were recorded on June 26, 2007, in Skagit County, Washington under Recording No. 200706260088.

The Original Declaration has been previously amended by instruments recorded under the following recording numbers in Skagit County, Washington: 200812220036, 200812310101, 200901050117, 201312300088, 201507280086, 201803020016, and 201908280031.

The Survey Map and Plans have been previously amended by instruments recorded under the following recording numbers in Skagit County, Washington: 200812220037, 200812310105, 201507280085, 201701050050, and 201908280030.

Pursuant to Article 21 of the Original Declaration, not less than sixty-seven percent (67%) of the Owners in the Association approved this Amended and Restated Declaration. Pursuant to Article 21, the Declarant has approved the changes (or preservation) of those sections called out in the Original Section 21.1 which require Declarant approval.

Pursuant to Section 21.7 of the Original Declaration, there are no material amendments to the Declaration that require approval of mortgagees, and there are no eligible mortgagees.

To accomplish the foregoing purpose, the undersigned President and Secretary, respectively, of the North Hill Townhomes Owners Association, the Association duly authorized to govern the North Hill Townhomes, a Condominium, do hereby certify that the requirements of the Declaration have been complied with and therefore declare and adopt the following Amended and Restated Declaration:

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ARTICLE 1: INTERPRETATION

1.1 Remedies to Be Liberally Administered.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of this Condominium under the provisions of Washington law. It is intended and covenanted that the provisions of applicable Washington statutes be liberally construed so as to effectuate the intent of this Declaration. The remedies provided under the Act must be liberally administered to the end that the aggrieved party is put in as good a position as if the other party had fully performed. However, consequential, special, or punitive damages may not be awarded except as specifically provided in the Act or by other rule of law.

1.2 Supplemental General Principles of Law Applicable. The principles of law and equity, including the law of corporations, the law of real estate, and the law relative to the capacity to contract, principal and agent, eminent domain, estoppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause supplement this Declaration, except to the extent inconsistent with the Act or this Declaration.

1.3 Obligation of Good Faith. Every contract or duty governed under this chapter imposes an obligation of good faith in its performance or enforcement.

1.4 Construction and Validity of Governing Documents. (1) All provisions of the governing documents are severable. If any provision of a governing document, or its application to any person or circumstances, is held invalid, the remainder of the governing document or application to other persons or circumstances is not affected. (2) If a conflict exists between the Declaration and the organizational documents, the Declaration prevails except to the extent the Declaration is inconsistent with law.

1.5 Consistent with Act. The terms used herein are intended to have the same meaning as given in the Condominium Act (RCW 64.34) unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.6 Covenant Running with Land. This Declaration shall operate as a set of covenants running with the land, or equitable servitudes, binding on all Owners of the Property or a Unit, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Act, and operating independently of the Act, should the Act or any part thereof be, in any respect, inapplicable.

1.7 Captions and Exhibits. Captions given to the various sections and section herein are for convenience only and are not intended to modify or affect the meaning of any substantive provisions of this Declaration. The various Exhibits referred to and attached shall be deemed incorporated herein.

1.8 Inflationary Increase in Dollar Limits. Any dollar amounts specified in the Declaration in connection with any proposed action or decision of the Board or Association shall be increased proportionately by the increase in the Consumer Price Index for the City of Seattle, Washington for All Urban Consumers ("Index"), prepared by the United States Department of Labor over the base Index of January 1 of the calendar year in which the Restated Declaration is recorded, to adjust for any change in the value of the dollar. In the event the Index is discontinued, the Board shall select a comparable Index for this purpose.

1.9 Form of Words. Each use of the masculine, neuter or feminine gender herein will be deemed to include the other genders, and each use of the plural will include the singular, and vice versa, in each case as the context requires.

1.10 Definitions

The definitions in this section apply throughout this Declaration unless the context clearly requires otherwise.

"The Act" or **"Act"** means the Washington Condominium Act (Chapter 64.34 RCW), as amended from time to time.

"Allocated interests" means the following interests allocated to each Unit: the undivided interest in the Common Elements, the common expense liability, and votes in the Association;

"Assessment" means all sums chargeable by the Association against a Unit, including any Assessments levied or imposed through the budget process; specially allocated expenses or any expense chargeable to an Owner or Unit as provided by the Declaration or law; fines or fees levied or imposed by the Association pursuant to the governing documents; interest and late charges on any delinquent account, and all costs of collection incurred by the Association in connection with the collection of a delinquent Owner's account, including reasonable attorneys' fees.

"Association" means the Unit Owners Association organized under this Declaration, known as the North Hill Townhomes Owners Association.

"Ballot" means a Record designed to cast or register a vote or consent in a form provided or accepted by the Association.

"Board" or **"Board of Directors"** means the body designated in the Declaration with primary authority to manage the affairs of the Association, as further described in the Bylaws.

"Business" and **"Trade"** have their ordinary generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services for which the provider receives a fee, compensation or other form of consideration, regardless of whether (a) the activity is engaged in full-time or part-time; (b) the activity is intended to or does generate a profit; or (c) a license is required to engage in the activity.

"Bylaws" mean the Bylaws of the Association as they may from time to time be amended.

"Capital Addition or Improvement" means additions to the existing Condominium Property. This shall not include maintenance, repair or replacement of existing structures and Buildings, even if there are changes to or replacement of an existing material with different material. These do not include making, in the ordinary course of management, repairs to Common Elements or replacements of the Common Elements with substantially similar items, subject to: (A) Availability of materials and products, (B) prevailing law, or (C) sound engineering and construction standards then prevailing.

"Common Elements" means all portions of the Condominium other than the Units;

"Common Expense" means any expense of the Association, including allocations to reserves, allocated to all of the Unit Owners in accordance with common expense liability.

"Common Expense Liability" means the liability for common expenses allocated to each Unit pursuant to Exhibit B, which equals the Allocated Common Interest for each Unit.

"Declarant" means the person who executed the Original Declaration, or who succeeds to any Special Declarant Right under the Declaration.

"Declaration" means this Amended and Restated Declaration for the North Hill Townhomes, a Condominium, as it may be amended from time to time.

"Dispute" means a conflict or a controversy arising out of or related to the provisions of the Governing Documents and duly authorized decisions of the Board. "Dispute" does not include enforcement by the Board of any Violation of the Governing Documents, though enforcement of a Violation may evolve into a Dispute if the final decision of the Board regarding a Violation is challenged. "Dispute" does not include the collection of unpaid Assessments as provided in Article 12.

"Electronic Transmission" or "Electronically Transmitted" means any electronic communication (a) not directly involving the physical transfer of a record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.

"Eligible Mortgagee" means the holder of a security interest on a Unit 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.

"Governing Documents" means the organizational documents, Bylaws, Survey Maps and Plans, Declaration, rules and regulations, or other written instruments by which the Association has the authority to exercise any of the powers provided for in the Act or to manage, maintain, or otherwise affect the property under its jurisdiction. In the event of, and only to the extent of a conflict between the following, applicable statutes control over the Declaration, the Declaration controls over the Bylaws, and the Bylaws control over the Rules, Regulations and policies adopted by the Board.

"Limited Common Element" means a portion of the Common Elements allocated by the Declaration or by operation of law for the exclusive use of one or more, but fewer than all, of the Unit Owners, the boundaries of which are described in Article 6.

"Organizational Documents" means the instruments filed with the secretary of state to create an entity and the instruments governing the internal affairs of the entity including, but not limited to, any articles of incorporation, certificate of formation, and Bylaws (which need not be filed or recorded).

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

"Record," when used as a noun, means information inscribed on a tangible medium or contained in an electronic transmission, as further defined in Section 10.4.

"Related Party" means a person who has been certified in a written document filed by a Unit Owner with the Association to be (a) the Owner's spouse, domestic partner, parent, parent-in-law, sibling, sibling-in-law, step parent, step sibling, parent's sibling, or

lineal descendant or ancestor of any of the foregoing persons; (b) an officer or director of any Unit Owner that is a corporation; (c) a member of any Unit Owner that is a limited liability company; (d) the trustee or beneficiary of any Unit Owner that is a trust; or (e) a partner of any Unit Owner that is a partnership.

"Rule" or **"Regulation"** means a policy, guideline, restriction, procedure, or regulation of an Association, however denominated, that is not set forth in the Declaration or organizational documents and governs the conduct of persons or the use or appearance of property.

"Specially Allocated Expense" means any expense of the Association, including allocations to reserves, allocated to some or all of the Unit Owners pursuant to Section 12.3.

"Survey Map and Plans" means those certain Survey Map and Plans of the Condominium recorded in Skagit County, Washington, under recording number 200706260088, as they may from time to time be amended.

"Tangible Medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

"Unit" means a physical portion of the condominium designated for separate Ownership or occupancy, the boundaries of which are described in Article 4.

"Unit Owner" or **"Owner"** means a person that owns a Unit, but does not include a person having an interest in a Unit solely as security for an obligation. It also means the vendee, not the vendor, of a Unit under a recorded real estate contract.

"Violation" means an infraction or breach of the Governing Documents, any duly authorized, lawful decision of the Board, or applicable local, state, or federal law and **"Violate"** means to commit such an infraction or breach.

"Voting Power" means the weight of a Unit Owner's vote and is equal to the Unit Owner's percentage of undivided Ownership interest in the Common Elements set forth in Exhibit B.

"Written" means embodied in a tangible medium. It includes communications by electronic transmission 1) only for persons who have agreed to accept notice by electronic transmission, and 2) which can be printed by both the sender and recipient.

ARTICLE 2: DESCRIPTION OF LAND AND MASTER PUD

2.1 Legal Description

The land on which the Buildings and improvements provided for in this Declaration is located as described in Exhibit A.

2.2 Subject to North Hill PUD – Covenants – Association.

2.2.1 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."

2.2.2 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 assessments (also known as "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 North Hill Townhomes Owners Association. To satisfy this obligation, the Condominium Association shall include within its budget its proportionate share of such annual assessments for the Master PUD Association. Reference should be made to the Master PUD Covenants for further details.

2.2.3 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 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 their individual share of monthly or other periodic assessments.

ARTICLE 3: DESCRIPTION OF BUILDINGS AND IMPROVEMENTS

3.1 Description of Buildings. The buildings are single family, duplex and triplex townhomes, of wood frame construction built on concrete foundations. The buildings are further described on the Survey Map and Plans.

3.2 Description of Improvements. The improvements which are a part of the Property include landscaping on the Common Elements around the buildings, driveways and private roads.

ARTICLE 4: DESCRIPTION OF UNITS

4.1 Number and Location. Each Unit is identified in this Declaration by a number. The Unit number of each Unit, its location, approximate area, and number of rooms are described in Exhibit B and the Survey Map and Plans.

4.2 Unit Boundaries. Units shall consist of an envelope of space, the perimeter boundaries of which on the surface of the land as located and depicted on the Survey Map and Plans and which boundaries extend below and above the ground elevation for each Unit as shown on the Survey Map and Plans. A Unit shall include all structures, improvements, and fixtures now or hereafter located within said space.

4.3 Items Included in the Units. Each Unit includes everything inside the boundary of the Unit. Maintenance, repair and replacement of portions of the Unit are performed and paid for by the Association as further described in Exhibit C.

4.4 Monuments as Boundaries.

(1) The physical boundaries of a Unit located in the building as constructed or reconstructed in substantial accordance with the Survey Maps and Plans are its boundaries rather than any boundaries shown on the maps and plans, regardless of settling or lateral movement of the Unit or of any building containing or comprising the Unit, or of any minor variance between boundaries of the Unit as constructed and as shown on the map.

(2) This section does not relieve a Unit Owner from liability in case of the Unit Owner's willful conduct, or relieve any other person from liability for failure to adhere to the map, if the Owner modifies the boundary of the Unit.

4.5 Development Units have the same Boundaries as other Units. At the time of recording of this Declaration, they contain only foundations. See Article 23.

ARTICLE 5: DESCRIPTION OF COMMON ELEMENTS

5.1 Common Elements and Facilities.

5.1.1 The land above described.

5.1.2 Private roads, landscaping, and all parts of the Condominium outside of the Units. Some parts of the Common Elements are assigned as Limited Common Elements for the exclusive use of individual owners.

5.1.3 Installations of central services such as power, water, fire sprinkler systems and in general all apparatus and installations existing for common use. To the extent that these central services support only one Unit, the Unit Owner of said Unit is responsible for the maintenance of the central services providing for their Unit. In instances where central services provide for only two or three Units, such as for a water shutoff valve, or sewer pipe, the Unit Owners possessing those two or three Units shall share joint responsibility for the maintenance requirements of the central service. See Exhibit C also.

5.1.4 The driving areas which provide access to the Limited Common Elements for parking and any guest parking or other parking areas not assigned to Units.

5.1.5 The yard, gardens or landscaped areas and walkways which surround and provide access to the Building or are used for recreational purposes.

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

5.2 Conveyance or Encumbrance of Common Elements.

5.2.1 Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if Unit Owners entitled to cast at least eighty percent (80%) of the votes in the Association, agree to that action; but all Unit Owners of Units to which any Limited Common Element is allocated must agree to convey that Limited Common Element or subject it to a security interest.

5.2.2 Proceeds of the sale or a loan are an asset of the Association, but the proceeds of the sale of Limited Common Elements must be distributed equitably among the Unit Owners of Units to which the Limited Common Elements were allocated. This subsection (1) does not apply to the incorporation of Common Elements into Units as a result of relocating Unit boundaries, to subdividing or combining Units, or to eminent domain proceedings.

5.2.3 An agreement to convey Common Elements must be evidenced by the execution of an agreement, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must be recorded with the county and is effective only upon recordation.

5.2.4 The Association, on behalf of the Unit Owners, may contract to convey or dedicate an interest in the condominium, but the contract is not enforceable against the Association until approved pursuant to subsection (5.2.1), (5.2.2), or (5.2.3) of this section. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

5.2.5 Unless made pursuant to this section, any purported conveyance, encumbrance, judicial sale, or other voluntary transfer of Common Elements or of any other part of a cooperative is void.

5.3 Incorporation into Limited Common Elements or Units. Unless otherwise provided in the Declaration, the Owners of Units to which at least sixty-seven percent (67%) 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. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans. The amendment must be executed and recorded by the Association and be recorded in the name of the Condominium. All costs, including reasonable attorneys' fees, incurred by the Association for preparing and recording amendments to the Declaration and map under this section must be assessed to the Units affected.

ARTICLE 6: DESCRIPTION OF LIMITED COMMON ELEMENTS

6.1 Limited Common Elements. These include the Decks or patios as shown on the maps and plans, sidewalks, walkways, porches, stairs, landings and the driveways immediately in front of each garage, or as constructed by Owners.

6.2 Reallocation of Limited Common Elements. Limited Common Elements may not be reallocated between units.

6.3 Decks and patios.

6.3.1 The boundaries of Decks are shown on the Survey Maps and Plans. The boundaries extend above and below the surface of the ground, and include every part of the structure of the deck and any adjacent stairs, even if they encroach on Common Elements.

6.4 Driveways.

6.4.1 Driveways are Limited Common Elements from the boundary of the Unit up to the edge of the private road to which it connects. They extend above and below the surface of the ground, and include all pavement within them.

6.4.2 Vehicle Parking Restrictions. 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 purposes 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. Garages may not be converted for use as living space, studios, shops or any other use that limits the ability to park cars in the garage. 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 may prohibited by rules adopted by the Board. 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.

6.5 Fire Safety Systems. Some triplexes have fire safety systems, which may include a fire sprinkler closet, which are a Limited Common Element shared by the Owners of the connected Units. All expenses for testing, service, repairs and monitoring shall be assessed only to the units within the triplex which is serviced. The Board may permit or require the Owners of the benefitted Units to perform maintenance, repairs and replacement of the Limited Common Element closet (interior or exterior) and all fire safety equipment.

6.6 Heat Pumps. Some Units have heat pumps and HVAC equipment installed outside their Unit Boundaries. All such equipment shall be considered part of the Unit, or a Limited Common Element allocated to the Unit, and shall be the responsibility of the Owner for all maintenance, repair and replacement.

ARTICLE 7: VALUE AND PERCENTAGE INTEREST

7.1 Percentage Interest of Each Unit. The schedule attached hereto as Exhibit B sets forth the percentage of undivided interest in the Common Elements appertaining to each Unit and its Owner for all purposes, including voting and sharing of Common Expenses. When completed, all units will have an equal share of Allocated Interest. Until

completion, Development Units have one half the share of Allocated Interest. In the event of discrepancy between an allocated interest in Exhibit B and the result derived from application of the pertinent formula, the allocated interest in Exhibit B prevails. The percentage interest will be adjusted as Development Units are completed as provided in Article 23.

7.2 Percentage of Unit Owners or Mortgagees. For purposes of determining the percentage Ownership interest herein, where a Unit Owner owns, or a Mortgagee holds a first mortgage on, more than one Unit, they shall be deemed a separate Unit Owner or Mortgagee for each Unit.

ARTICLE 8: EASEMENTS

8.1 In General. Unit Owners have an easement in the Common Elements for access to their Units. Subject to the Declaration and rules, the Unit Owners have a right to use the Common Elements, that are not Limited Common Elements, for the purposes for which the Common Elements were intended.

8.2 Right of Entry for Maintenance, Repairs, Emergencies or Improvements. The Association shall have the right to have access to each Unit from time to time as may reasonably be necessary for inspection, routine maintenance, repair, or replacement or improvement which the Association is responsible for which is accessible therefrom, or for making repairs necessary to prevent damage to the Common Elements or to other Units, or for any emergency situations.

8.3 Easement through Units and Limited Common Elements. The Association, its vendors and agents, have easements through all Units and Limited Common Elements to allow for the inspection, maintenance and repair of the property.

8.4 Easements Benefitting Owners. In addition to the rights and easements reserved or provided for by law, each Unit is granted easements as required through Common Elements and other Units for the location and maintenance of all pipes, wiring and plumbing and for all structural or service elements necessary or convenient for the occupation of the Unit for its intended use. The easements here created are intended for implementing and maintaining the original buildings as built, but not to authorize features not contemplated in the original Plans unless such new features are authorized by Board action and do not materially and adversely affect the Common Elements or any Unit, or affect future maintenance obligations of the Association.

8.5 Utility Easements. The Board, on behalf of the Association and all members thereof, shall have the authority to grant utility, road and similar easements, licenses and permits under, through or over the Common Elements, the roadways and the areas shown as easements on the Survey Map and Plans, which easements the Board determines are reasonably necessary to the ongoing development and operation of the property and which would not materially interfere with the use and enjoyment of the easements.

8.6 Encroachments. Each Unit and all Common and Limited Common Elements are 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 rights 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.

ARTICLE 9: OWNERS ASSOCIATION

9.1 Form of Association. The Condominium shall be administered by the North Hill Townhomes Owners Association, a non-profit corporation formed pursuant to those certain Articles of Incorporation of the North Hill Townhomes Owners Association, filed for record with the Office of the Secretary of State, State of Washington. The rights and duties of the members of such corporation shall be governed by the provisions of this Declaration, the other Governing Documents and applicable Washington statutes.

9.2 Membership Qualification. The membership of the Association at all times consists exclusively of all Unit Owners or, following termination of the common interest community, of all former Unit Owners entitled to distributions of proceeds under the Act, or their heirs, successors, or assigns.

9.3 Bylaws. The governance of the Association shall be as provided in the organizational documents, including the Bylaws, to deal with meetings, voting and election and removal of Board Members.

9.4 Meetings. Meetings of the Association and the Board shall be held at the time and in the manner provided in the Bylaws.

ARTICLE 10: MANAGEMENT / POWERS OF THE ASSOCIATION

10.1 Management by Board. The Association shall be administered and managed by a Board of Directors as provided in the Bylaws. Except as provided otherwise in the Governing Documents or law, the Board acts on behalf of the Association.

10.2 Authority of the Association

10.2.1 Powers: The Board (or the Managing Agent to the extent delegated by the Board) shall exercise all powers of the Association except as restricted by the Act, the Declaration or the Bylaws; shall enforce the provisions of this Declaration and of the Bylaws; and shall have all powers and authority permitted to the Board under applicable Washington statutes and the Declaration. Without limiting the generality of the foregoing, the Association shall have the following powers and duties:

- (a) To adopt and amend Rules and Regulations;
- (b) To propose and adopt budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners, pursuant to ratification in accordance with the Bylaws;
- (c) To obtain and maintain water, sewer, garbage collection, electrical, telephone, gas and any other utility service as required or desirable for the Common Elements;

(d) To obtain and maintain policies of insurance or bonds providing coverage for (i) fire and other hazard, (ii) liability for personal injury and property damage, (iii) fidelity coverage for the of Association officers and other employees, and (iv) directors and officers liability, and such other insurance as the Board deems appropriate to protect and maintain the Property and its value;

(e) To obtain the services of Persons as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Elements, regardless whether such personnel are employed directly by the Board or are furnished by the Managing Agent;

(f) To employ legal and accounting services as may be reasonably necessary or proper in the operation of the Association affairs, administration of the Common Elements, or the enforcement of this Declaration and other Governing Documents;

(g) To contract for all goods and services, including painting, maintenance, repair and all landscaping and gardening work, for the Common Elements and such furnishings and equipment for the Common Elements as the Board shall determine are necessary or proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Elements;

(h) To regulate the use, maintenance, repair, replacement, and modification of the Common Elements, including the Limited Common Elements;

(i) To cause additional improvements to be made as a part of the Common Elements (except as limited below);

(j) To obtain any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or Assessments which the Board is required to secure by law, or which in its opinion shall be necessary or proper for the operation of the Common Elements or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or Assessments are provided for one or more particular Units or their Owners, the cost thereof shall be specially charged to the Owners of such Units;

(k) To perform maintenance and repair of any Unit, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements 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 to the Owner, and provided that the Board shall levy a special charge against the Unit of such Owner or Owners for the cost of such maintenance or repair;

(l) To grant easements, leases, licenses, and concessions through or over the Common Elements;

(m) To pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof that 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 of particular Owners;

(n) To impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, and for services provided to Unit Owners. This may include move-in fees to recover expenses associated with changes in occupancy, and one time, or monthly fees to recover expenses associated with Units rented by their Owners;

(o) To impose and collect charges for late payments of Assessments and, after Notice and an Opportunity to be Heard in compliance with Article 16, to levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for Violations of the Governing Documents;

(p) To impose and collect charges for the preparation and recording of amendments to the Declaration, resale certificates as required by RCW 64.34.425 and statements of unpaid Assessments;

(q) To assign the Association's right to future income, including the right to receive Common Expense Assessments;

(r) To join in a petition for the establishment of a parking and business improvement area, participate in the ratepayers' Board or other advisory body set up by the legislative authority for operation of a parking and business improvement area encompassing the Property for activities and projects that benefit the Condominium directly;

(s) To establish and administer a reserve account as described in RCW 64.34.380;

(t) To prepare a reserve study as described in RCW 64.90.545;

(u) To provide for the indemnification of its officers and Board members, to the extent permitted under RCW 23B.17.030;

(v) To require that disputes between the Association and Unit Owners, or between two or more Unit Owners, regarding the Condominium be submitted to nonbinding alternative dispute resolution as a prerequisite to commencement of a judicial proceeding or arbitration;

(w) To suspend any right or privilege of a Unit Owner who fails to pay an Assessment, but may not (i) deny a Unit Owner or other Occupant access to the Owner's Unit; (ii) suspend a Unit Owner's right to vote; or (iii) withhold services provided to a Unit or a Unit Owner by the Association if the effect of withholding the service would be to endanger the health, safety, or property of any person;

(x) To exercise any powers conferred by the Act, this Declaration or the Bylaws;

(y) To exercise all powers that may be exercised by Washington corporations of the same type as the Association; and

(z) To exercise any other powers necessary and proper for the governance and operation of the Association and enforcement of this Declaration.

10.2.2 Litigation. Except as limited by Article 16 or Article 24, Institute, defend, or intervene in litigation or in arbitration, mediation, or administrative proceedings or any other legal proceeding in its own name on behalf of itself or two or more Unit Owners on

matters affecting the Condominium or the Association, provided, that on matters affecting a Unit, the Association must obtain the prior written consent of the Owner of the Unit affected.

10.2.3 Board Exercises Control. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be a Common Expense. The Board may delegate such powers to the Managing Agent or others, subject to the terms hereof.

10.2.4 Acquisition of Property. The Board may acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the Owners in the same proportion as their respective interests in the Common Elements, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct.

10.2.5 High Risk Components. The Board may by rule designate physical components of the property for which a Unit Owner is otherwise responsible that present a heightened risk of damage or harm to persons or property if the physical components fail. The Association may require that specific measures be taken by the Unit Owner or the Association to diminish that risk of harm. If a Unit Owner fails to accomplish any necessary maintenance, repair, or replacement to those components, or fails to take any other measures required of the Unit Owner under this subsection, the Association may, after notice to a Unit Owner and an opportunity to be heard, enter the Unit to perform such maintenance, repair, replacement, or measure at the expense of that Unit Owner. High risk components include, but are not limited to, toilets, showers, sinks, dishwashers, washing machines, hot water heaters, ice makers, and smoke detectors.

10.2.6 Entry for Repairs. Upon prior notice, except in case of an emergency, each Unit Owner must afford to the Association, and to its agents or employees, access into and through that Owner's Unit and Limited Common Elements reasonably necessary for maintenance and repair of the property, including necessary inspections by the Association. The Board and its agents may enter any Unit or Limited Common Elements appurtenant thereto when the Board deems necessary in connection with any inspection, maintenance, repair, landscaping or construction carried out by the Board, in the event of an emergency, or in connection with any maintenance or other necessary repairs, replacement, construction, or other activity for which the Unit Owner is responsible but has failed to perform.

a) Such entry shall be made with as little inconvenience to the Owner and/or Occupant as practicable. Except in emergencies, Notice shall be provided at least five (5) days in advance, and shall be posted on the door to the Unit at least forty-eight (48) hours in advance of entry.

b) Each Owner shall provide the Association access into their Unit for compliance with this Section. Common expenses incurred due to an Owner's failure to provide access will be assessed to the Unit.

c) That if an Owner needs to move or store any contents of their Unit (personal belongings) in order for the Association to perform repairs for which the Association is responsible (whether to Common Elements or to the Unit), the Owner must do so within a reasonable time of request by the Association, and any costs incurred shall be borne by the Owner.

d) If an Owner or other occupant is displaced due to fire, damage, or necessary repairs to the condominium, the Association has no liability for the cost of moving, storage, or alternative housing. Each owner can insure themselves for these risks. If an Owner refuses to remove the occupants or contents of a Unit when necessary for the Association to perform its work, any costs incurred by the Association for the removal or protection of persons or contents shall be assessed against the Owner and the Unit.

e) If, after notice and an opportunity to be heard, an owner refuses or fails to cooperate with the Association to accommodate repairs to a Unit, the Association's obligation to restore or repair the Unit shall be waived by the Owner.

f) If damage is inflicted on the Common Elements or on any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible, is liable for the prompt repair of the damage.

10.2.7 Association as Attorney-in-Fact. Each Owner, by the mere act of becoming an Owner or contract purchaser of a Unit, shall irrevocably appoint the Association as their attorney-in-fact, with full power of substitution, to take such action as is reasonably necessary to promptly perform the duties of the Association and the Board hereunder, including but not limited to the duties to maintain, repair, or improve the Property, to deal with the Owner's Unit upon condemnation, damage, or destruction, and to secure any and all insurance proceeds.

10.3 Specific Limitations on Association's Authority

10.3.1 Loan Ratification. Any borrowing by an Association that is to be secured by an assignment of the Association's right to receive future income requires ratification by the Unit Owners as provided in this subsection. Ratification of a loan and associated budget may be combined into a single meeting.

(a) The Board must provide notice of the intent to borrow to all Unit Owners. The notice must include the purpose and maximum amount of the loan, the estimated amount and term of any Assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan.

(b) In the notice, the Board must set a date for a meeting of the Unit Owners, which must not be less than fourteen (14) and no more than fifty (50) days after mailing of the notice, to consider ratification of the borrowing.

(c) Unless at that meeting, whether or not a quorum is present, Unit Owners holding a majority of the votes in the Association reject the proposal to borrow funds, the Association may proceed to borrow the funds in substantial accordance with the terms contained in the notice.

10.3.2 Flags. Unit Owners may display the flag of the United States, or the flag of Washington State, on or within a Unit or a Limited Common Element, subject to reasonable restrictions adopted by the Board pertaining to the time, place, or manner of displaying the flag of the United States necessary to protect a substantial interest of the Association. For purposes of this section, "flag of the United States" means the flag of the United States as described in 4 U.S.C. Sec. 1 et seq. that is made of fabric, cloth, or paper. All other flags may be regulated by Rules adopted by the Board.

10.3.3 Signs. Owners may display signs regarding candidates for public or Association office, or ballot issues, on or within a Unit or Limited Common Element, subject to rules adopted by the Board governing the time, place, size, number, and manner of those displays.

10.3.4 Capital Additions and Improvements. The Board of Directors may not undertake any capital additions or improvements to the Common Elements in any one year costing in excess of \$5,000.00, unless such expenses are approved by a majority of the total voting power in the Association. Any additions, alterations, or improvements costing \$5,000.00 or less, in any one year, may be made by the Board of Directors without approval of the Unit Owners, and the cost thereof shall constitute a common expense. Repair and replacement of existing building components do not count as Capital Additions or Improvements.

10.3.5 Operating a Business. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

10.3.6 Management Contracts. Any agreement for professional management shall provide for termination by the Condominium Association without cause or payment of a termination fee on ninety (90) days' written notice and shall have a maximum duration of one year, but may be renewed each year;

10.4 Association Records.

10.4.1 Records to be Kept. The Association must retain the following records:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the Association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its Unit Owners and Board, other than executive sessions, a record of all actions taken by the Unit Owners or Board without a meeting, and a record of all actions taken by a committee in place of the Board on behalf of the Association;

(c) The names of current Unit Owners, mailing addresses used by the Association to communicate with them;

(d) The Declaration, organizational documents, all amendments to the Declaration and organizational documents, and all rules and regulations currently in effect;

(e) All financial statements and tax returns of the Association for the past seven years;

- (f) A list of the names and mailing addresses of its current Board members and officers;
- (g) Its most recent annual report delivered to the secretary of state, if any;
- (h) Financial and other records sufficiently detailed to enable the Association to prepare a resale certificate as required by law;
- (i) Copies of contracts to which it is or was a party within the last seven years;
- (j) Materials relied upon by the Board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;
- (k) Materials relied upon by the Board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;
- (l) Copies of insurance policies under which the Association is a named insured;
- (m) Any current warranties provided to the Association;
- (n) Copies of all notices provided to Unit Owners or the Association in accordance with the Act or the governing documents for a period of one year; and
- (o) Ballots, proxies, absentee ballots, and other records related to voting by Unit Owners for one year after the election, action, or vote to which they relate.
- (p) Board Members' emails are not Association records. Emails between Board Members, or between Board Members and managers are not Association records, unless they are the written authorization to take Board action outside of a Board meeting.

10.4.2 Owners Right to Review Records. Subject to Subsections 10.4.3 and 10.4.4, all records required to be retained by an Association must be made reasonably available for examination and copying by all Unit Owners, holders of mortgages on the Units, and their respective authorized agents as follows, unless agreed otherwise:

- (a) During reasonable business hours or at a mutually convenient time and location; and
- (b) At the offices of the Association or other reasonable location.

10.4.3 Protected Records. Records retained by an Association may be withheld from inspection and copying to the extent that they concern:

- (a) Personnel and medical records relating to specific individuals;
- (b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;
- (c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;
- (d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the Association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the Board;

(h) Individual Unit files other than those of the requesting Unit Owner;

(i) Unlisted telephone number or electronic address of any Unit Owner or resident;

(j) Security access information provided to the Association for emergency purposes; or

(k) Agreements that for good cause prohibit disclosure to the members.

10.4.4 Costs of Records Review. An Association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the Unit Owner's inspection.

10.4.5 Right to Copies of Records. A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available, upon request by the Unit Owner. Any costs incurred by the Association to provide such copies shall be assessed to the Unit Owner.

10.4.6 Records as Kept in the Course of Business. An Association is not obligated to compile or synthesize information. Records need only be made available as kept by the Association.

10.4.7 No Commercial Use. Information provided pursuant to this section may not be used for commercial purposes.

10.5 Security. The Association does not have a duty to provide for the safety or security of persons or property at the condominium.

ARTICLE 11: USE OF UNITS

11.1 Residential Use. The Buildings and Units shall be used for and restricted to use as single family residences only, on an Ownership, rental or lease basis, and for social, recreational, or other reasonable activities normally incident to such use not inconsistent with the provisions of this Declaration nor applicable zoning and for the purposes of operating the Association and managing the Condominium if required. The foregoing restrictions as to residence shall not, however, be construed in such a manner as to prohibit a Unit Owner from maintaining their personal professional library therein; keeping their personal business and professional records or accounts therein; or handling their personal business or professional telephone calls or correspondence therefrom. Use of a Unit for hotel or transient purposes is not consistent with residential use. Use of a Unit for short term guests, such as through services like Airbnb, are prohibited, even if the Unit is concurrently occupied by the Owner.

11.2 Trade or Business Use. No Trade or Business of any kind may be conducted in or from any Unit or any portion of the Property, except that an Owner or Occupant may conduct a Business activity within the Unit only if:

- (a) the existence or operation of the Business activity within the Unit is not apparent or detectable by sight, sound, or smell from the exterior of the Unit;
- (b) the Business activity conforms to all zoning and land-use requirements for the Property;
- (c) the Business activity does not involve persons who do not reside in the Condominium coming onto the Property;
- (d) the Business activity does not increase the liability or casualty insurance obligation or premium of the Association; and
- (e) in the sole discretion of the Board, the Business activity is consistent with the residential character of the Association and does not constitute a nuisance or hazardous or offensive use.

11.3 Restrictions on Occupancy.

- (a) Convicted sex offenders are not permitted to reside in any Unit.

11.4 Leasing of Units

11.4.1 Leasing Defined and Regulated.

(1) Leasing or renting is defined as occupancy of a Unit by someone other than the Owner or a Related Party, whether or not money is paid to the Owner. Leasing does not include occupancy of a Unit, whether or not rent is paid, by occupants residing in a Unit with the Unit Owner.

(2) The Leasing of a Unit shall be governed by the provisions of this Declaration. Notwithstanding anything herein to the contrary, this Section shall not be applicable to (a) the Lease of a residential Unit acquired by the Association following a Foreclosure of the Association's lien for Assessments; (b) the Lease of a residential Unit by a receiver appointed on the motion of the Association in connection with a lien Foreclosure action filed by the Association; or (c) a Mortgagee, institutional holder or loan servicer in possession of a residential Unit following default on a mortgage or deed of trust (or Foreclosure of the same).

(3) Prohibition on Leasing Portions of Units. No lease or rental of a Unit may be of less than the entire Unit. Provided, however, that this section shall not apply, whether or not rent is paid, to occupants residing in the Unit with the Unit Owner.

(4) 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 one hundred eighty (180) 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 one hundred eighty (180) consecutive days. The Board may in writing grant extensions of time for house-sitting. 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.

(5) Timesharing (as defined in RCW 64.36.010(11)) is prohibited.

11.4.2 Minimum and Maximum Lease Terms Required. Every Lease Agreement shall be for a fixed term of not less than twelve (12) months after which the same tenancy may continue month to month for up to 12 months with Board approval. No Owner or Tenant shall cause or allow the overnight accommodation of employees or business invitees in any Unit on a temporary or transient basis, which shall be defined as the lease, rental occupancy or use by a Tenant or other non-Owner Occupant for an occupancy period of less than twelve (12) months.

11.4.3 Owner-Occupancy Required. No Owner shall Lease a Unit until the Owner or a Related Party has continuously occupied the Unit as a primary residence for at least one year after the Unit Owner has taken ownership.

11.4.4 Rental Ceiling Set. Subject to the conditions and exceptions below, the total number of Units that may be Leased at any one time shall be five (5) Units in the Condominium (the "Rental Ceiling").

11.4.4.1 Rental Ceiling Compliance. Prior to Leasing a Unit, the Unit Owner shall submit a request to the Board for consent to Lease the Owner's Unit, which consent shall not be unreasonably withheld if the Owner has complied with all requirements of this Section and all other requirements of this Declaration, and the Lease of such Unit would not cause the aggregate number of Leased Units to exceed the Rental Ceiling. The request shall be in writing and signed by the Unit Owner and shall include the name(s) of the Tenant(s) and the term of the Lease Agreement, including any options to renew, and shall certify that the Lease Agreement to be entered into is subject in all respects to and complies with the provisions of the Governing Documents, and that any failure of the Tenant(s) to comply with such provisions shall be a default under the Lease Agreement, entitling the Association to enforce such provisions as a real party in interest.

If the Unit has not been Leased within ninety (90) days of the Board's consent, such consent is deemed to be withdrawn, and the Owner must submit a new request to Lease the Unit.

11.4.4.2 Effect of Rental Ceiling. If an Owner wishes to Lease a Unit, but is prohibited from doing so because of the Rental Ceiling, the Association shall place the Owner's name on the Rental Waiting List as provided below.

11.4.4.3 Rental Waiting List. The Board shall maintain a list of Owners, on a first come, first served basis, who desire to Lease their Unit (the "Rental Waiting List"). The Rental Waiting List shall include all of the Units whose Owners have applied for approval from the Association to Lease their Units at a time when the number of applications is equal to or exceeds the Rental Ceiling. A Unit Owner is not permitted to put their name on the Rental Waiting List while a Unit they own is currently a Leased Unit. The Board shall approve the Leasing of Units (that meet the requirements of this Section) in the order listed on the Rental Waiting List, which shall be in priority order of date of application by the Unit Owner, and in the number such that the total number of Leased Units following such approvals (taking into account those Units then currently Leased) is equal to the Rental Ceiling.

11.4.4.4 **Hardship Exemption.** Where, on written application from an Owner, the Board determines in its discretion that a hardship exists whereby that Owner would suffer serious and substantial harm by virtue of the Rental Ceiling contained herein, the Board may, in its discretion, grant an Owner a waiver of the Leasing restriction contained herein for a period of time determined by the Board, not to exceed one year, with the possibility of renewal upon application by the Unit Owner.

11.4.4.5 **Renewal of Leases.** If the Owner of a Leased Unit and the existing Tenant(s) wish to extend their Lease Agreement for a specified term, the Association shall not withhold consent merely because the number of non-Owner occupied Units is equal to or greater than the Rental Ceiling, provided the Association has previously approved the Leasing of the Unit in the manner provided in this Section. This exception does not apply if there is any change in the Tenant(s) or Occupants of such Leased Unit.

11.4.4.6 **Tenant Leaves.** Each Owner who has a Leased Unit shall give written notice to the Association of any expiration and non-renewal or other termination of the Lease Agreement within ten (10) days of the date that the Owner learns of the expiration, non-renewal or other termination of the Lease Agreement. If a Lease Agreement is not renewed by the Tenant occupying the Unit or otherwise expires or is terminated by either party thereto, the Owner shall request the Association's consent to once again Lease the Unit prior to any execution of a subsequent Lease Agreement with any new Tenant. The name of the Owner seeking the Association's consent to Lease their Unit again will be placed at the end of the Rental Waiting List at that time, and no Leasing of that Unit shall be approved until all other Owners whose names had previously been added to the Rental Waiting List have been given the opportunity to Lease their Units. If the number of Leased Units is less than the Rental Ceiling as a result of the non-renewal or other termination of a Lease Agreement or otherwise, the Board shall notify in writing the first Unit Owner on the Rental Waiting List of its position on the Rental Waiting List and that Owner shall have the opportunity to Lease their Unit pursuant to this Section.

11.4.4.7 **Effect of Conveyance by Deceased Owner.** Units conveyed through probate or the operation of intestacy laws shall be treated as a continuation of the prior ownership. The inheriting Owner may rent without regard for length of ownership, and will be granted a hardship exception to allow rental if the rental cap for the community has already been met.

11.4.4.8 **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.

11.4.5 **Written Leases.** No Lease of a Unit shall be valid or enforceable unless it shall be by means of a written Lease Agreement between the Owner of the Unit and the Tenant(s). A copy of each Lease Agreement shall be provided by the Owner to the Board or its designated agent promptly after execution by the parties thereto, and before the tenancy commences.

11.4.6 **Lease Requirements.** Any lease or rental agreement must provide that:

- (a) its terms shall be subject in all respects to the provisions of the Declaration and Bylaws and the Rules and Regulations of the Association;
- (b) any failure by the tenant to comply with the terms of the Declaration, Bylaws, and Rules and Regulations shall be a default under the lease or rental agreement; and
- (c) the Owner grants to the Board and the managing agent the authority to evict the tenant on Owner's behalf for any default under the Lease, upon only such notice as is required by law.

11.4.7 Tenant Screening. Unless it will affect FHA certification for the condominium, the Board may adopt a rule that requires any Owner desiring to Lease a Unit to have any prospective Tenant screened or a credit report obtained, at the Owner's sole cost and expense, by a tenant screening service designated or approved by the Board, and to furnish the report of the tenant screening service to the Owner or its designated agent prior to an Owner entering into a Lease Agreement with a prospective Tenant. The Board may require proof that the tenant screening requirement has been fulfilled before approval of any lease.

11.4.8 Governing Documents. The Unit Owner shall provide a copy of all Governing Documents to the Tenant(s) prior to the signing of the Lease Agreement by the Tenant(s). The Unit Owner shall provide the Board with a signed statement from each Tenant that they have received and read the Governing Documents and will abide by the same.

11.4.9 Association's Right to Evict and Levy Fines. Each Unit Owner shall have the responsibility to ensure compliance by their Tenant(s) with the Condominium's Governing Documents and with all applicable state and federal laws. A Unit Owner may be assessed fines by the Association in accordance with the Rules and Regulations if any Tenant of the Owner fails to comply with the Governing Documents. If a Tenant continues to fail to comply with the Governing Documents or applicable local, state and federal law, after written notice of a Violation has been given to the Unit Owner, the Association shall have the power and authority to evict the Tenant. Neither the Association nor the manager shall be liable in any way to the Unit Owner or any Tenant for any exercise of its right to evict made in good faith. The Unit Owner shall be responsible for all costs of eviction, including legal fees, which costs shall be levied against the Unit as an Assessment, and which may be collected and foreclosed by the Association in the same manner as other Assessments may be collected and foreclosed upon pursuant to this Declaration.

11.4.10 Limitation of Association's Liability. The Association shall not be liable in any way to any Related Party, Tenant or other Occupant to any greater extent than it would be to an Owner for any accident or injury occurring in, on, around, or caused by the Common Elements, the Unit, or the Limited Common Elements, except as covered by insurance and according to the Association's standard policy. Each Owner who Leases a Unit hereby agrees to indemnify the Association and to hold the Association harmless for any claims brought against the Association by the Unit's Tenants, Occupants, guests, invitees or agents.

11.4.11 Insurance Carried by Tenants. Tenants must obtain and provide proof of insurance for the contents of the Unit they are Leasing, liability insurance, and insurance for loss of use.

11.4.12 Tenants' Subleasing Units. No Tenant may sublease a Unit or any part of a Unit (e.g., a room).

11.4.13 Incorporation of Governing Documents. If any lease does not contain the foregoing provisions, such provisions are nevertheless deemed to be a part of the lease and binding upon the Owner and the tenant by reason of their being stated in the Declaration.

11.4.14 Rules related to Rentals. The Board is authorized to establish Rules and Regulations affecting Tenants.

11.4.15 Rental Processing Fees. The Board is authorized to establish and charge reasonable fees in connection with the Leasing of Units and for maintaining Tenant information, in order to defray the added administrative and physical costs of such activities. Such processing fees shall be collectible as an Assessment against the Unit that is Leased and charged to its Owner.

11.5 Use of the Units and Condominium

11.5.1 Nuisances. No noxious or undesirable thing, nor noxious or undesirable use, shall be permitted or maintained in any Unit or in any other portion of the Property. No Person shall cause any unreasonably loud noise anywhere in the Property. If the Board of Directors determines that a thing or use is undesirable or noxious, or that a noise is unreasonably loud, that determination shall be conclusive.

11.5.2 Smoking. The Association has determined that smoking of tobacco, marijuana or any other substance constitutes an offensive activity that is harmful to the members of the community. Smoking shall include vaping, or any other airborne means of distributing nicotine or other substances. Smoking is hereby prohibited throughout the Common Elements, whether indoors or outdoors. Each Owner shall be responsible for the compliance with this prohibition by the Unit Owner and by any and all Tenants and Occupants, whether permanent or temporary, and by all guests, employees, and invitees thereof.

11.5.3 Animals.

11.5.3.1 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. No more than two dogs (or other outside pets) may be kept in one Unit. The Association does not restrict the number of indoor-only pets, so long as they are not a nuisance. Animals in excess of this limit at the time this document is recorded will be allowed to stay, but may not be replaced.

11.5.3.2 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 chickens, 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 approved by the Board in writing, shall 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.

11.5.4 Maintenance of View. Trees and vegetation planted in the Common Elements shall be pruned by the Association in a manner to preserve as much view as possible from each of the Units.

11.5.5 Fences. Fences along or which form private yards for a dwelling shall be maintained by, and at the expense of, the benefitted Unit Owner in accordance with the rules and regulations of the Board. A fence that benefits two Owners shall be maintained jointly by those two Owners, at their joint expense. All other fences shall be maintained by the Association.

11.5.6 Fireplaces. All fireplaces within a dwelling structure must comply with the most stringent of the Federal, State or local laws in effect at the time the fireplace is installed.

11.6 Unit Maintenance.

11.6.1 Each Unit Owner shall, at their sole expense, have the right and the duty to keep their Unit and its equipment, appliances, and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting, and finishing which may at any time be necessary to maintain the good appearance and condition of their Unit. Maintenance obligations of the Owner and the Association related to the exterior of the buildings is further described in Exhibit C.

11.6.2 In addition to decorating and keeping the interior of the Unit in good repair, each Unit Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating equipment, lighting fixtures, fireplaces, refrigerators, dishwashers, ranges, or any other appliances that may be in or connected with their Unit.

11.6.3 Each Unit Owner shall maintain a minimum temperature of 50 degrees in their Unit in the winter and shall not do or allow anything to be done in their Unit which may increase the rate of, or cause cancellation of, insurance on other Units or on the Common Elements and facilities.

11.6.4 Each Owner must: (i) keep all window, wall or ceiling vents and exhaust fans for the Owner's Unit (including bathroom and kitchen fans and dryer vents) in good working order and must use the exhaust vents and fans to prevent undue moisture in the Unit; (ii) promptly clean and dry all liquid spills or leaks within the Unit; (iii) promptly repair any leaking plumbing fixtures (including pipes, hoses, drains, toilets, showers, tubs, dishwashers, faucets, garbage disposals, and show heads) water heaters, or hot water tanks; and (iv) promptly notify the Association of any suspected water leak, water infiltration or excessive moisture in the Unit or Common Elements within the building, any

water damage, or any evidence of mold or fungus growth in the building. Each Unit Owner must promptly and properly remove any mold from the Unit. Unit Owners must indemnify the Association for any damages suffered or expenses incurred by the Association for maintenance, repair, cleaning or remediation to the Unit or Common Elements in the building caused by the failure of the Owner to properly or promptly comply with this Section.

11.7 Limited Common Element Maintenance. The Unit Owner also shall, at their sole expense, keep any Limited Common Element assigned to their Unit in a clean and sanitary condition. Maintenance obligations of the Owner and the Association related to the Limited Common Elements is further described in Exhibit C. Each Unit Owner shall not display, hang, store or use any signs, clothing, sheets, blankets, laundry, or other articles within or outside their Unit, or which may be visible through their windows from outside (other than draperies, curtains or shades of a customary nature and appearance, subject to the Rules and Regulations of the Board of Directors), or paint or decorate or adorn the outside of their Unit, or install outside their Unit any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board of Directors or Manager. The Board may also require use of a uniform color and kind of Unit window covering (including draperies, blinds, shades, etc.) visible from the exterior or from Common Elements.

11.8 Party Walls.

11.8.1 General Rules of Law Apply. Each wall which is built as part of the original construction of a dwelling structure within a Unit and placed on the dividing line between two Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

11.8.2 Sharing Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

11.8.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, of the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligence or willful acts or omissions.

11.8.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by his negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

11.8.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

11.9 Damages to Property. If, due to the act or neglect of a Unit Owner, or of a Related Party or their household pet or of a guest or other authorized occupant or visitor

of such Unit Owner, damage shall be caused to the Common Elements and facilities or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a common expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

11.10 Reasonable Use of Units. No Unit Owner shall overload the electrical wiring in the buildings, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board of Directors, an unreasonable disturbance to others. No Owner shall connect any machines, appliances, accessories or equipment to the heating, or air-conditioning system or plumbing system, without the prior written consent of the Board of Directors or Manager.

11.11 Common Elements and Facilities. The Common Elements and facilities shall be used only for access, ingress and egress to and from the respective Units by the occupants, and their guests, household help, and other authorized visitors, and for such other purposes which are incidental to the residential use of the respective Units; and in special areas shall be used for the purposes approved by the Board of Directors. The use, maintenance and operation of the Common Elements and facilities shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner or Related Party.

11.12 Architectural Control. Except as otherwise provided in this Declaration, including Exhibit C, the Association must maintain, repair, and replace the Common Elements, and each Unit Owner must maintain, repair, and replace that Owner's Unit and Limited Common Elements.

11.12.1 Alterations of Units.

Subject to the provisions of the Declaration and other provisions of law, a Unit Owner:

(1) May make any improvements or alterations to the Owner's Unit that do not affect the Common Elements, structural integrity, acoustical characteristics, or mechanical or electrical systems of the property or lessen the support of any portion of the condominium. Owners must notify the Board of any improvement to their Unit with a value greater than \$10,000, to ensure that adequate insurance can be obtained;

(2) May not change the appearance of the Common Elements, Limited Common Elements or the exterior appearance of a Unit without permission of the Association;

(3) May not, without first obtaining written consent of the Board of Directors, make or permit to be made any structural alterations, improvements, or addition in or to their Unit, or in or to the exterior of the buildings or any other areas and facilities;

(4) Shall obtain all permits required by the City for any modification to their Units. All work done to the plumbing and electrical systems must be done by appropriately licensed contractors as required by Code;

(5) Shall ensure that all contractors working within the Units are licensed and Insured, with no exclusion in their insurance for work in condominiums;

(6) May not paint or decorate any portion of the exterior of the buildings or other Common Elements and facilities without first obtaining written consent of the Board of Directors;

(7) May not install any visible radio or television antenna, satellite dish or other similar type of exterior equipment on any Common Element, unless approved by the Board. The locations of any dish antenna shall be subject to the Rules and Regulations of the Board;

(8) May not alter the sound transmission characteristics of the walls adjacent to other Units that would increase sound transmission to neighboring units;

(9) May, after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, with approval of the Board of directors, 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 subsection is not a relocation of boundaries. The Board of directors shall approve a Unit Owner's request, which request shall include the plans and specifications for the proposed removal or alteration, under this subsection within sixty days, unless the proposed alteration does not comply with the Act or the Declaration, or impairs the structural integrity or mechanical or electrical systems in the condominium. All costs, including reasonable attorneys' fees, incurred by the Association for such alteration must be assessed to the Unit.

11.12.2 Relocation of Unit Boundaries.

(1) The boundaries between adjoining Units may be relocated upon application to the Board by the Unit Owners of those Units and upon approval by the Board pursuant to this section. The application must include plans showing the relocated boundaries and such other information as the Board may require. If the Unit 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, after receipt of all required information, that the reallocations are unreasonable or that the proposed boundary relocation does not comply with the Declaration or other provisions of law, the Board must approve the application and prepare any amendments to the Declaration and map in accordance with the requirements of subsection (3) of this section.

(2)(a) Subject to the provisions of the Declaration and other provisions of law, boundaries between Units and Common Elements may be relocated to incorporate Common Elements within a Unit by an amendment to the Declaration upon application to the Association by the Unit Owner of the Unit who proposes to relocate a boundary. The amendment may be approved only if the Unit Owner of the Unit, the boundary of which is being relocated, and persons entitled to cast at least sixty-seven percent of the votes in the Association agree.

(b) The Association may require payment to the Association of a one-time fee or charge or continuing fees or charges payable by the Unit Owners of the Units whose boundaries are being relocated to include Common Elements.

(3)(a) The Association must prepare any amendment to the Declaration and any amendment to the maps and plans necessary to show or describe the altered boundaries of affected Units and their dimensions and identifying numbers.

(b) The amendment to the Declaration must be executed by the Unit Owner of the Unit, the boundaries of which are being relocated, and by the Association, contain words of conveyance between them, and be recorded in the names of the Unit Owner or Owners and the Association, as grantor or grantee, as appropriate. The amendments are effective upon recording.

(4) All costs, including reasonable attorneys' fees, incurred by the Association for preparing and recording amendments to the Declaration and map under this section must be assessed to the Unit, the boundaries of which are being relocated.

11.12.3 Subdivision and Combination of Units.

(1) Units may not be subdivided or combined.

11.13 Rules and Regulations. All Unit Owners shall recognize and be bound by the House Rules governing the details of the operation of Condominium, as the Board of Directors may from time to time adopt and amend. Each Unit Owner shall fully observe and perform the same and be responsible for their strict observance and performance by the Unit Owner's lessees, tenants, invitees, guests, employees, under-tenants and agents of said Unit Owner. A copy of the House Rules and of each amendment thereto shall be delivered to each Unit Owner in the manner set forth for Notices. The Association's internal business operating procedures need not be adopted as rules.

11.14 Registration of Occupants, Animals and Vehicles. Owners shall provide information requested by the Board about the Owners and Occupants of the Units, which shall include, but not be limited to: names, addresses, phone numbers and emails of owners; names, phone numbers, emails and approximate age of all occupants; names and descriptions of all animals; year, make, model and color of all vehicles associated with the Unit; name, phone number and emails for local managers for rented units; and any other information reasonably requested by the Board in relation to the ownership or occupancy of the Unit.

ARTICLE 12: ASSESSMENTS, FEES, LIENS AND COLLECTIONS

12.1 Common Expense Assessments.

12.1.1 Annual Budget. Assessments for common expenses and those specially allocated expenses that are subject to inclusion in a budget shall be made at least annually based on a budget adopted by the Association in the manner provided in Section 12.4 herein.

12.1.2 Allocation of Common Expenses. Except as provided otherwise in this section, all common expenses must be assessed against all the Units in accordance with their common expense liabilities.

12.1.3 Common Expenses Shall Include:

- (a) Expenses of administration.
- (b) Expenses of maintenance, repair or replacement of Common Elements and facilities.
- (c) Costs of insurance and bonds required by this Declaration and/or the Bylaws.

- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Any other items properly chargeable as expenses of the Association.

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.

12.3 Specially Allocated Expenses. The following expenses of the Association must be assessed against the individual Units on some basis other than common expense liability. The Association may assess:

(a) Units Benefited. Expenses benefiting fewer than all of the Units or their Unit Owners exclusively against the Units benefited. Examples of expenses that benefits only one Unit are costs to remediate water damage to a Unit, even if the common walls and ceiling are involved, and costs to maintain and repair insulation, framing and portions of the perimeter walls and ceiling of a Unit. This includes the cost of flood insurance, and costs related to fire sprinkler systems, which only apply to some Units;

(b) Limited Common Elements. The costs of maintaining Limited Common Elements to the Unit to which they are assigned. If a Limited Common Element is shared, the cost shall be divided equally between the assigned Units;

(c) Misconduct. To the extent that any expense of the Association is caused by willful misconduct or negligence (gross or ordinary) of any Unit Owner, Related Party or that Unit Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Unit after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or common expense. (Unit Owners are responsible to the extent that such expense is not covered by proceeds from any Association Insurance.) The cost for repair or replacement of any damage to the Condominium, the Common Elements, the Limited Common Elements, or any Unit in excess of actual insurance proceeds received by, or to be paid to, the Association under the Association's policies of insurance and any expense the Association incurs as a result of any such misconduct, after notice and opportunity to be heard, may be specially assessed to the Unit, and be a personal obligation of the Unit Owner and of the tenant or occupant who engaged in misconduct;

(d) The Insurance Deductible. As provided in Article 13, in the event of a loss or damage that would be covered by the Association's property insurance policy, but that is within the standard deductible under that policy, the Association may assess the amount of the loss up to the deductible against that Unit, even if a claim is not submitted. This subsection does not prevent a Unit Owner from asserting a claim against another person for the amount assessed if that other person would be liable for the damages under

general legal principles, but such claim shall not relieve the Owner of their obligation to pay amounts within the deductible;

(e) Late Fees, Interest. Late fees, interest and costs of collection for delinquent accounts, and;

(f) Fines and Expenses. Fines and costs for enforcement are assessed against individual Owners in accordance with this Declaration or law.

(g) Special Charges for Services Provided to Unit Owners. Pursuant to the authority granted the Association under RCW 64.34.304(j), a Unit Owner shall reimburse the Association for expenses incurred or amounts paid by the Association for any services requested by such Unit Owner, including, but not limited to the following: (a) review of a request for approval by the Board of a prospective lease agreement for the rental of any Unit, (b) preparation of a Resale Certificate, and (c) review of a request for approval by the Board for any architectural, structural, or related alteration to the interior or exterior of any Unit or Unit Structure.

(h) Capital Contribution, Move in Fees. Each initial and subsequent Purchaser of any Unit shall pay to the Association, in addition to other amounts due, an amount equal to two (2) months' of the then pertaining regular monthly Assessments as a contribution to the Association's working capital. The Association may establish move-in fees and transfer fees to recover expenses associated with changes in occupancy, and one time, or monthly fees to recover expenses associated with Units rented by their Owners;

12.4 Adoption of Budgets—Assessments and Special Assessments. About sixty (60) days prior to the beginning of each calendar year, or other fiscal year as the Board may adopt, the Board shall: a) estimate the charges including Common Expenses and any special charges for particular Units to be paid during the year; b) 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, c) shall take into account any expected income and any surplus available from the prior year's operating fund.

12.4.1 Notice and Ratification. Budgets shall be ratified by the members as set forth in the Bylaws or as otherwise provided by Law.

12.4.2 Supplemental Budgets. If the sum estimated and budgeted at any times proves inadequate for any reason (including non-payment for any reason of any Owner's Assessment), the Board may adopt a new budget which shall be ratified in the same manner as the annual budget. If the amounts budgeted and being collected at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds in excess of current needs to reserves, or refund the excess funds.

12.4.3 Special Assessments. The Board, at any time, may propose a special Assessment. The Assessment is effective only if the Board follows the procedures for ratification of a budget described in the Bylaws, and the Unit Owners do not reject the proposed Assessment. The Board may provide that the special Assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

12.5 Reserve Account; Withdrawals.

12.5.1 The Association may establish one or more accounts for the deposit of funds, if any, for the replacement costs of reserve components. Any reserve account must be an income-earning account. The Board is responsible for administering the reserve account.

12.5.2 The Board may withdraw funds from the Association's reserve account to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the reserve components. Any such withdrawal must be recorded in the minute books of the Association. The Board must give notice of any such withdrawal to each Unit Owner and adopt a repayment schedule not to exceed twenty-four months unless the Board determines that repayment within twenty-four months would impose an unreasonable burden on the Unit Owners. The Board must provide to Unit Owners along with the annual budget summary:

- (a) notice of any such withdrawal,
- (b) a statement of the current deficiency in reserve funding expressed on a per Unit basis, and
- (c) the repayment plan.

12.5.3 The Board may withdraw funds from the reserve account without satisfying the notification of repayment requirements under this section to pay for replacement costs of reserve components whether or not included in the reserve study.

12.6 Reserve Study Preparation.

The Association must prepare and update a reserve study in accordance with the law. An updated reserve study must be prepared annually. An updated reserve study must be prepared at least every third year by a reserve study professional based upon a visual site inspection conducted by the reserve study professional. A Unit Owner's duty to pay Assessments is not excused because of the Association's failure to obtain a reserve study. A budget ratified by the Unit Owners pursuant to the Declaration is not invalidated because of the Association's failure to obtain a reserve study

Except for an award for attorneys' fees and costs, monetary damages or other liability may not be awarded against or imposed upon the Association or its officers or Board members, or upon any person who may have provided advice or assistance to the Association or its officers or Board members, for failure to: Establish or replenish a reserve account, have a current reserve study prepared or updated, or make reserve disclosures in accordance with the budget ratification process.

12.7 CPA Audit. At least annually, the financial statements of the Condominium shall be audited by a Certified Public Accountant unless the Unit Owners of Units to which sixty percent (60%) of the votes are allocated waive this requirement each year. The Board at any time, or by written request of Owners having at least twenty-five percent (25%) of the total votes, may require that an audit of the Association and management books be performed and presented at any special meeting. A Unit Owner, at their own expense, may at any reasonable time make an audit of the books of the Board and Association.

12.8 Utility Termination. (Not allowed under RCW 64.34.)

12.9 Lien for Sums Due; Enforcement.

12.9.1 Lien. The amount of any Assessment, whether regular or special, assessed in respect of any Unit, plus interest at the maximum rate provided by law, and costs, including reasonable attorneys' fees related thereto or incurred to collect same, shall be a lien upon such Unit from the time the Assessment is due. A payment on an Owner's Assessment account shall be applied to the oldest Assessments first, whether for fines, costs of collection, attorneys' fees, interest, late fees, regular Assessments, or Special Assessments.

12.9.2 Priority. The lien for payment of such Assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except for (a) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced came due; and (b) liens for real property taxes and other governmental Assessments or charges against the Unit that would be superior under law to the Association's lien;

12.9.3 Mortgage Priority. The lien shall also be prior to mortgages described in Subsection 12.9.2(a) above to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on any budget adopted by the Association pursuant to the Declaration which would have become due during the six (6) months immediately preceding the date of a sheriff's sale in an action for Foreclosure, the date of a trustee's sale in a non-judicial Foreclosure, or the date of a deed in lieu of foreclosure being accepted.

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 (3) months if and to the extent that the Association's lien priority includes delinquencies which relate to a period after 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 materialmen's liens, or the priority of liens for other Assessments made by the Association.

12.9.4 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 the Assessments under this Section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments in the real property records of the County.

12.9.5 Purchaser's Obligations. Except as provided in Subsection 12.9.3, the Mortgagee or other purchaser of a Unit who obtains a right of first possession of the Unit through Foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses, except that 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 Foreclosure.

12.9.6 Limitation on Action. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three (3) years after the amount of the

Assessments sought to be recovered becomes due. Suit to recover a money judgment for unpaid Assessments or charges shall be maintainable without Foreclosure or waiving the lien securing the same.

12.9.7 Lien Survives Contract Sale. The liens arising under this Declaration shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure, as provide in this section.

12.10 Personal Obligation. In addition to constituting a lien on the Unit, each Assessment is the joint and several obligation of the Unit Owner of the Unit to which the same are assessed as of the time the Assessment is due. A Unit Owner may not exempt themselves from liability for Assessments. In a voluntary conveyance other than by foreclosure, the grantee of a Unit is jointly and severally liable with the grantor for all unpaid Assessments against the grantor 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. Suit to recover a personal judgment for any delinquent Assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

12.11 Late Fees and Interest. 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 due at the maximum rate permitted under RCW 19.52.020 on the date which the Assessments became delinquent.

12.12 Attorneys' Fees. The prevailing party shall be entitled to recover all attorney's fees and all costs 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 and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law, including fees and costs on appeal and in the enforcement of a judgment, and including any attorneys' fees and costs associated with an action in Small Claims Court.

12.13 Judicial and Non-Judicial Foreclosure.

12.13.1 Judicial Foreclosure. Any Assessment lien 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 of any right to a deficiency judgment in a judicial Foreclosure, the period of redemption shall be eight (8) months. Nothing in this Section shall prohibit an Association from taking a deed in lieu of foreclosure.

12.13.2 Non-judicial Foreclosure. In addition, any such Assessment lien may be enforced non-judicially in a manner set forth in Chapter 61.24 RCW. Pursuant to Section 64.34.364(9) of the Act, each Unit is hereby granted to First American Title Insurance Company, or another appropriate trustee company as designated by the Board, in trust, with power of sale, to secure the obligations of Unit Owners to the Association for the payment of all amounts due hereunder, including all Assessments. If

the Association Forecloses its lien non-judicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under RCW 64.34.364(3) unless Washington law would provide otherwise.

12.13.3 Foreclosure Miscellaneous. The Units are not used principally for agricultural or farming purposes. The power of sale provided for above shall be operative in the case of a default in any Unit Owner's obligation to pay off any amounts due under this Declaration to the Association, including all Assessments. 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 (8) months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure.

12.14 Rent Paid to Association. If a Unit is leased by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. The Board or the Managing Agent, on behalf of the Association, may collect, and the Tenant shall pay over to the Board or the Managing Agent, so much of the rent for such Unit as is required to pay any Assessments due the Association, plus interest and costs, if such Assessments are in default over thirty (30) days. The Tenant shall not have the right to question payment over to the Association, and such payment will discharge the Tenant's duty of payment to the Owner for rent, to the extent such rent is paid to the Association. The Association shall not exercise this power where a receiver has been appointed.

12.15 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments under a Unit that is not occupied by the Owner, the Association shall be entitled to the appointment of a receiver to collect from the lessee the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for 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, 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 rights shall not affect the priority of preexisting liens on the Unit.

12.16 Acceleration of Assessments. In the event any monthly Assessment of 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.

12.17 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 three (3) months' estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate account, be credited to the Unit owned by such Owner, and used for the purpose of establishing a reserve for delinquent Assessments.

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

12.18 Remedies Cumulative. The rights and remedies set forth in this Article 12 are not exclusive, and the exercise of any right or remedy does not preclude the exercise of any other rights or remedies in this Section, or that may now or subsequently exist in law or in equity or by statute or otherwise.

12.19 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 that Unit. The statement shall be furnished within ten (10) 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.

ARTICLE 13: INSURANCE

13.1 Association Insurance.

The Association shall maintain, to the extent reasonably available, insurance that complies with the requirements of FNMA and the secondary mortgage market, including:

(a) Property insurance on the condominium, which shall include equipment, improvements, and betterments in a Unit installed by the declarant or the Unit Owners, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be not less than the replacement cost of the Common Elements and the Units, exclusive of land, excavations, foundations, and other items normally excluded from property policies.

(b) If any part of the Condominium's improvements are in a Special Flood Hazard Areas – which is designated as A, AE, AH, A0, A1-30, A99, 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. Funds to cover this deductible amount may be included in the Association's operating reserve account. The cost of flood insurance for any building shall be assessed to the owners of the Units within that building.

(c) At the discretion of the Board, the Association may obtain insurance for earthquake, and terrorism;

(d) Liability insurance, including medical payments insurance, in an amount determined by the Board of directors but not less than two million dollars (\$2 million), 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;

(e) Fidelity insurance naming the members of the Board, the manager and such other Persons as may be designated by the Board in amount equal to at least the amount of all bank accounts, plus three months estimated cash to be collected as Assessments each year;

(f) Directors and Officers liability insurance;

(g) Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable; and

(h) Such other insurance as the Board deems advisable.

13.2 Unavailability of Insurance. If the insurance described in subsection (1) of this section is not reasonably available, or is modified, canceled, or not renewed, the Association promptly shall cause Notice of that fact to be delivered to all Unit Owners and to each Eligible Mortgagee.

13.3 Insurance Proscribed. Insurance policies carried pursuant to subsection (1) of this section shall provide that:

(a) 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;

(b) The insurer waives its right to subrogation under the policy against any Unit Owner, member of the Owner's household, and lessee of the Owner; and

(c) No act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

13.4 Loss Adjustment through Association. Any loss covered by the Association's property insurance 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. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. The proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders 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. Owners may not make a claim upon the Association's property insurance directly.

13.5 Certificate of Insurance. An insurer that has issued an insurance policy under this section shall issue certificates 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 nonrenewal of contracts of insurance.

13.6 Policy Requirements. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance policies shall be obtained from insurance carriers that are generally acceptable for similar projects, licensed to do business in the state of Washington, and meet the specific requirements of FNMA, FHLMC, VA and HUD regarding the qualifications for insurance carriers. All such policies shall meet the specific requirements of FNMA, FHLMC, VA, and HUD for condominium projects. All such insurance policies and fidelity bonds shall provide that coverage shall not lapse and may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written Notice to any and all insureds named therein.

13.7 Unit Owner Insurance

13.7.1 Owner's Additional Insurance. Each Unit Owner shall obtain and maintain an individual insurance policy which provides coverage for the Owner's Unit (in an amount at least equal to the Association's deductible) and personal belongings therein, and, to the extent reasonably available:

- A) Loss of use, loss of rental income, and loss of Assessment exposures;
- B) Comprehensive Personal Liability coverage for any damage to other Units or Common or Limited Common Elements arising or resulting from the Owner's negligence, carelessness, or acts or omissions, or from damage caused by fixtures or appliances maintained by the Owner; and
- C) The minimum Real Property coverage for an Owner policy shall not be less than the amount of the deductible for the Association's policy of Property insurance, or any greater amounts as may be established by the Board.
- D) The minimum Loss Assessment coverage shall be the amount of the deductible for the Association's policy of Property insurance.

13.7.2 Proof of Coverage. Unit Owners shall file a certificate of insurance for such individual policy or policies with the Board within thirty (30) days of any request by the Board. The Association shall have the right but not the obligation to monitor the maintenance of such insurance by Owners.

13.7.3 Unit Owner Obligations. The Association's obligation to insure shall not relieve Unit Owners of their obligations under any other Article of the Declaration, including, but not limited to, the obligation to perform and pay for repairs, maintenance, care and replacement of the Unit and/or Limited Common Elements for which the Owner is responsible.

13.7.4 Tenant or Occupant Insurance. Unit Owners shall require any Tenants, Related Parties, or other Occupants to obtain Renter's Insurance to protect their personal property, provide for loss of use, and to provide general liability insurance for acts and omissions by the Occupants and their guests, agents, pets and invitees.

13.7.5 Owner's or Occupant's Insurance Deductible. Under no circumstances shall the Association pay any insurance deductible due under a Unit Owner's individual insurance policy or any Tenant's or Occupant's policy of insurance.

The Board may require a Unit Owner to file a claim under the Owner's policy if the Owner is responsible for damage and has not otherwise paid their obligations for the necessary repairs.

13.7.6 Allocation of Repair Costs for Property Damage. In accordance with the provisions of this Declaration, including but not limited to the subparagraphs of this section, the costs for repair or damage events are apportioned as follows:

13.7.6.1 Damage Covered by Association Insurance. For damage events that are covered by the Association's insurance, repair costs over the Association's standard insurance deductible are paid for by Association insurance, or by the Association if the Board decides not to file a claim. Repair costs within the Association's standard insurance deductible are assessed:

(a) to the Owner if the damage resulted from neglect or misconduct of the Owner, the Owner's Tenants or Occupants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, agents, or pets;

(b) if there is no neglect or misconduct, then to an Owner, if the damage resulted from any vehicle, equipment, appliance or fixture (or wiring or pipes related thereto) within the Owner's Unit or belonging to the Owner, the Owner's Occupants or Tenants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, or agents;

(c) if neither (a) nor (b) apply, then to an Owner whose Units or Limited Common Elements were damaged or benefited by the repairs;

(d) if the damage is to more than one Unit and/or the Common or Limited Common Elements, the deductible is prorated between the Unit(s) and/or Common or Limited Common Elements based on the total benefit to each, as follows: (i) repairs to Units and Limited Common Elements that benefit only one Unit will be assessed solely to the individual Unit Owners; (ii) repairs to Limited Common Elements that benefit more than one Unit will be assessed to the Unit Owners benefitted; and (iii) repairs to Common

Elements will be assessed as Common Expenses, divided among Owners in accordance with the formula specified for other Common Expenses.

13.7.6.2 Damage Not Covered by Association Insurance. For damage events that are not covered by the Association's insurance, repair costs shall be assessed:

(a) to the Owner if the damage resulted from neglect or misconduct of the Owner, a Related Party, the Owner's Tenants or Occupants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, agents, or pets;

(b) if there is no neglect or misconduct, then to an Owner, if the damage resulted from any vehicle, equipment, appliance or fixture (or wiring or pipes related thereto) within the Owner's Unit or belonging to the Owner, the Owner's Occupants or Tenants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, or agents;

(c) if neither (a) nor (b) apply, then to an Owner whose Units or Limited Common Elements were damaged or benefited by the repairs; or

(d) to the extent that the damage to the Property is not insured, and not the responsibility of an individual as noted above, then the Association shall restore all Common Elements and Limited Common Elements as a common expense, and Owners shall restore their Units at their own expense.

13.7.7 Maximum Damage Assessment. Except to the extent covered by an Owner's or Tenant's insurance policy, the maximum one Unit can be assessed for any one damage event is the deductible under the Association's standard Property policy. Amounts within deductibles for earthquake or flood damage in excess of the standard Property deductible, combined with contributions required of Owners as provided for in this Declaration, shall be a common expense. This maximum shall not apply to Owners who cause damage through negligence or misconduct, or for their responsibility for equipment failure.

ARTICLE 14: DAMAGE AND DESTRUCTION

14.1 Application. Any portion of the condominium for which insurance is required that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (a) The Condominium is terminated, in which case RCW 64.34.264 applies;
- (b) Repair or replacement would be illegal; or
- (c) Eighty percent of the Unit Owners vote not to rebuild.

14.2 Costs. The cost of repair or replacement not paid from insurance proceeds or due from individual Owners is a common expense.

14.3 Failure to Restore Common Elements. If all of the damaged or destroyed portions of the common interest community are not repaired or replaced:

(a) The insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the common interest community; and

(b) Except to the extent that other persons will be distributees:

(i) The insurance proceeds attributable to Units and Limited Common Elements that are not repaired or replaced must be distributed to the Unit Owners of those Units and the Unit Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and

(ii) The remainder of the proceeds must be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the Common Element interests of all the Units.

14.4 Failure to Restore 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.

ARTICLE 15: NOTICE

15.1 Form. Notice to the Association, Board, or any Owner or occupant of a Unit must be provided in the form of a record.

15.2 Tangible Medium.

15.2.1 Notice provided in a tangible medium may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire, or wireless equipment that transmits a facsimile of the notice.

15.2.2 Notice in a tangible medium to an Association may be addressed to the Association's registered agent at its registered office, to the Association at its principal office shown in its most recent annual report or provided by notice to the Unit Owners, or to the president or secretary of the Association at the address shown in the Association's most recent annual report or provided by notice to the Unit Owners.

15.2.3 Notice in a tangible medium to a Unit Owner or occupant must be addressed to the Unit address unless the Unit Owner or occupant has requested, in a record delivered to the Association, that notices be sent to an alternate address or by other method allowed by the governing documents.

15.3 Electronic Transmission. Notice may be provided in an electronic transmission as follows:

15.3.1 Notice to Unit Owners or Board members by electronic transmission is effective only upon Unit Owners and Board members who have consented, in the form of a record, to receive electronically transmitted notices and have designated in the consent the address, location, or system to which such notices may be electronically transmitted, provided that such notice otherwise complies with any other requirements of the Declaration and applicable law. The Association shall retain the records which indicate an Owner's consent to receive Notice electronically, and shall maintain a list of electronic addresses to be used for such Notice.

15.3.2 Notice to Unit Owners or Board members includes material that the law or the governing documents requires or permits to accompany the notice.

15.3.3 A Unit Owner or Board member who has consented to receipt of electronically transmitted notices may revoke this consent by delivering a revocation to the Association in the form of a record.

15.3.4 The consent of any Unit Owner or Board member is revoked if: The Association is unable to electronically transmit two consecutive notices given by the Association in accordance with the consent, and this inability becomes known to the secretary of the Association or any other person responsible for giving the notice. The inadvertent failure by the Association to treat this inability as a revocation does not invalidate any meeting or other action.

15.3.5 Notice to Unit Owners or Board members who have consented to receipt of electronically transmitted notices may be provided by posting the notice on an electronic network and delivering to the Unit Owner or Board member a separate record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

15.3.6 Notice to the Association in an electronic transmission is effective only if the Association has designated in a record an address, location, or system to which the notices may be electronically transmitted.

15.3.7 Notice may be given by any other method reasonably calculated to provide notice to the recipient.

15.4 When Effective. Notice is effective as follows:

15.4.1 Notice provided in a tangible medium is effective as of the date of hand delivery, deposit with the carrier, or when sent by fax.

15.4.2 Notice provided in an electronic transmission is effective as of the date it:

(i) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose; or

(ii) Has been posted on an electronic network and a separate record of the posting has been sent to the recipient containing instructions regarding how to obtain access to the posting on the electronic network.

15.5 Good Faith. The ineffectiveness of a good-faith effort to deliver notice by an authorized means does not invalidate action taken at or without a meeting.

ARTICLE 16: ENFORCEMENT AND DISPUTE RESOLUTION

16.1 Compliance with the Governing Documents is enforced through two distinct processes: Enforcement of Violations, and Disputes. The process for Enforcement of Violations is outlined in Sections 16.4 through 16.5. The process for Disputes is outlined in Section 16.7. Enforcement of a Violation is not a Dispute. However, Enforcement of a Violation can evolve into a Dispute if the final decision of the Board regarding a Violation is challenged. Unpaid Assessments are collected as provided in Article 12, and are not subject to Section 16.7.

16.2 **Strict Compliance.** Each Owner, each Occupant, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the Rules and Regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board.

16.3 **Failure of Board to Insist on Strict Performance No Waiver** The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or Rules and Regulations of the Association, or to exercise any right contained in such documents, or to serve any Notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing signed on behalf of the Board.

16.4 **Enforcement of Governing Documents** Only the Board may determine whether any Person (including but not limited to Owners, Related Parties, Tenants, and Guests) has Violated or allowed a Violation of the Governing Documents. In determining whether any Person has Violated the Governing Documents, the Board shall conduct a reasonable inquiry and base its decision on objective information. The Board may, in its discretion, establish a committee to investigate suspected violations.

If the Board finds that a Person has committed a Violation of the Governing Documents, the Board is also authorized to, after Notice and Opportunity to be Heard, assess reasonable fines (in accordance with a previously established schedule adopted by the Board and furnished to the Owners), and prohibit the use of one or more Common Elements. If an Owner's or Occupant's conduct is repeatedly offensive to the community, and is not corrected, following an Opportunity to be Heard and the Dispute Resolution Process, the Association may evict the Owner or Occupant from living in or visiting the Condominium.

16.5 **Opportunity to Be Heard** Whenever this Declaration requires that an action of the Board be taken after Notice and "Opportunity to be Heard," the following procedure shall be observed: The Board shall give Notice, in accordance with Article 15, of the proposed action to all Owners or Occupants whose interest would be significantly affected by the proposed action. The Notice shall include a general statement of the proposed action and a statement that the affected Person may request a hearing, which request shall not be made more than ten (10) days from the date Notice is delivered by the Board, or may respond in writing.

The Board may conduct the hearing, or may delegate its hearing authority to the manager or to a committee. At the hearing, the affected Person shall have the right, personally or by a representative, to give testimony orally, in writing, or both, subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. If the affected Person does not request a hearing, or fails to attend a scheduled hearing, the Board or its delegate may base its decision (including, but not limited to, the decision to assess a fine or prohibit the use of one or more Common Elements) on the information it possesses. The affected Person shall be notified of the

decision in the same manner in which Notice was given. The Board may establish additional procedures in the Rules and Regulations.

16.6 Challenge to Board's Decision If an Owner challenges any Board decision, including a decision to: (1) find that a Violation has been committed, or (2) to assess a fine or prohibit the use of one or more Common Elements, the Owner may use the Dispute Resolution process in Section 16.7.

16.7 Dispute Resolution

16.7.1 Policy The parties hope there will be no Disputes arising out of their relationship. To that end, each commits to cooperate in good faith and to deal fairly in performing its duties under this Declaration in order to accomplish their mutual objectives and avoid Disputes.

16.7.2 Disputes Between Owners The Board has the discretion but not the obligation to initiate the Dispute Resolution process in response to a Dispute between or among Owners and/or Occupants. In deciding whether to do so, the Board shall consider whether it is in the best interests of the Association. All Owners have the right to initiate the Dispute Resolution process on their own behalf.

16.7.3 Initial Dispute Resolution Procedure Except as provided in Article 11, for collection of unpaid Assessments, or in the enforcement of the Governing Documents initiated under Section 16.4, any parties who believe they have a Dispute involving the Association, any Board member or Officer, a Unit Owner, Occupant, or an agent or employee of the above, shall first seek resolution of the Dispute through conversation between the parties. If conversation does not resolve the issues, the complaining party in the Dispute (the "Complainant") shall submit a written statement of the Dispute to the responsible party. This written statement shall include a description of the action taken in violation of the Governing Documents, the harm that resulted, and a proposed solution that would resolve the issue. The party who receives this settlement demand (the "Respondent") shall respond within fourteen (14) days to the Complainant directly, in writing, and shall either agree to the proposed resolution or propose an alternate means of resolution. If a resolution cannot be agreed upon, or if no response is received within fourteen (14) days of the initial demand for resolution, the Dispute shall proceed to mediation, as described in this Article.

16.7.4 Mediation The parties agree that they will attempt to resolve any Dispute by nonbinding mediation, and that mediation is a condition precedent to any form of binding Dispute resolution, including arbitration. The parties are encouraged to use a mediator from a Dispute Resolution Center such as the County Dispute Resolution Center or from a mediation clinic at the University of Washington School of Law or Seattle University School of Law. Unless otherwise agreed upon by all parties, the Mediator shall be selected from among Washington Arbitration and Mediation Services panelists. A request for mediation shall be made in writing, delivered to the other party. The request may be made concurrently with binding Dispute resolution proceedings, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. The parties shall split the cost of the mediation equally, or with equal shares to each participating entity if there are more than two.

16.7.5 Arbitration The parties agree that if they are unable to resolve their Dispute through mediation, they will submit their Dispute to binding arbitration. The parties confirm that by adopting this alternate Dispute resolution process, they intend to give up their right to have Disputes decided in court by a judge or jury.

If a Dispute arises, which cannot be resolved by Mediation, the parties agree to resolve the Dispute by the arbitration process outlined here, provided that during this process the parties may pursue a settlement. Any Dispute between or among any party subject to this Declaration (including, without limitation, the Association, any Association Board members or officers, Unit Owners, and their employees or agents) arising out of or relating to this Declaration, a Unit, the Condominium or the Association shall be determined by Arbitration in Skagit county.

If the parties engage in Mediation but are unable to resolve their Dispute, either party may submit a written demand for Arbitration. If one party requests Mediation and the other refuses to participate, the requesting party may submit a written demand for Arbitration.

Unless otherwise agreed upon by all parties, the parties agree that the Arbitrator shall be selected from among Washington Arbitration and Mediation Services panelists. All statutes of limitation, which would otherwise be applicable, shall apply to any arbitration proceeding hereunder. The party demanding Arbitration shall advance the initial costs of Arbitration. The arbitrator, as part of its decision shall allocate the costs and fees associated with Arbitration among the parties. The arbitrator shall also have the authority to decide any Disputes that arose out of Mediation, including but not limited to, allocation of the costs and fees associated with Mediation.

16.7.6 Emergency Enforcement Action Exception For violations of the Governing Documents that create safety hazards, affect the insurance coverage afforded to the Association, or otherwise require immediate action, the parties may use the courts for injunctive action to obtain temporary or preliminary rulings. Such actions may include the removal of Owners or Tenants, access to Units, the prohibition of specific activities, and restraining orders. The arbitrator shall have final jurisdiction over such Disputes through this Article.

16.7.7 Hearing – Law – Appeal Limited The arbitrator shall take such steps as may be necessary to hold a private hearing within ninety (90) days of the initial demand for Arbitration and to conclude the hearing within one (1) day; and the arbitrator's written decision shall be made not later than fourteen (14) calendar days after the hearing. The arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing. These time limits are intended to expedite the proceeding, but they are not jurisdictional, and the arbitrator may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator shall apply applicable substantive law. The arbitrator may award injunctive relief or any other remedy available from a judge, including without limitation, attorney fees and costs to the prevailing party, joinder of parties or consolidation of this arbitration with any other involving common issues or law or fact or

which may promote judicial economy; but shall not have the power to award punitive or exemplary damages.

16.8 Attorney Fees and Costs The prevailing party in any proceeding, including litigation, administrative, mediation, or arbitration, shall be entitled to recover any costs (including all expenses and liabilities, including attorneys' fees and costs, incurred in an action, whether commenced or merely threatened (including proceedings for which the Association is obligated to indemnify a Board member, Association committee member, Association officer, or Managing Agent) and reasonable attorney's fees incurred in connection with any enforcement action, whether or not such action results in a proceeding actually being commenced or prosecuted to judgment. Costs and reasonable attorney's fees incurred in connection with an enforcement action shall be payable and collectible as any other Assessment.

16.9 Enforcement by Board.

16.9.1 The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commencing an action for a violation of the governing documents, including whether to compromise any claim for unpaid Assessments or other claim made by or against it.

16.9.2 The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

(a) The Association's legal position does not justify taking any or further enforcement action;

(b) The covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with law;

(c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(d) It is not in the Association's best interests to pursue an enforcement action.

16.9.3 The Board's decision to not pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in taking enforcement action.

16.10 Enforcement against tenants.

16.10.1 If a tenant of a Unit Owner violates the governing documents, in addition to exercising any of its powers against the Unit Owner, the Association may:

(a) Exercise directly against the tenant the powers it has against an Owner;

(b) After giving Notice and opportunity to be heard to the Unit Owner, levy reasonable fines against the Unit Owner for the violation; and

(c) Enforce any other rights against the tenant for the violation that the Unit Owner as the landlord could lawfully have exercised under the lease or that the Association could lawfully have exercised directly against the Unit Owner, or both. The Association has the

right to terminate a lease or evict a tenant if an Owner has failed to do so. The rights referred to in this subsection (c) may be exercised only if the tenant or Unit Owner fails to cure the violation within ten days after the Association notifies the tenant and Unit Owner of that violation.

16.10.2 Unless a lease otherwise provides, this section does not:

(a) Affect rights that the Unit Owner has to enforce the lease or that the Association has under other law; or

(b) Permit the Association to enforce a lease to which it is not a party, in the absence of a violation of the governing documents.

ARTICLE 17 MORTGAGEE PROTECTION

17.1 Mortgagees

17.1.1 Each Unit shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance on their respective Unit, together with its percentage of undivided interest in the Common Elements and facilities. No Unit Owner shall have the right or authority to make or create or cause to be made or created any mortgage or encumbrance or other lien on or affecting the Property or any part thereof, except to the extent of their Unit and their respective Ownership in the Common Elements.

17.1.2 A Unit Owner may pledge or assign their voting rights to a mortgagee. Such a mortgagee, or its designated representative, shall be sent all Notices to which the Unit Owner is entitled hereunder and shall be entitled to exercise each Unit Owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Association.

17.1.3 In the event that a notice of default is given to the Association by any mortgagee holding a mortgage which is a first lien on a Unit, then and in that event, and until the default is cured, the right of the Owner of such Unit to vote shall automatically be transferred to the mortgagee giving the notice of default.

17.1.4 No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon mortgagees with respect to any unsatisfied mortgage duly recorded in the public records of the County, unless the amendment shall be consented to in writing by the holder of such mortgage.

17.1.5 Nothing contained herein shall limit or restrict the Board of Directors' right on behalf of the Association to cure any default under mortgages to which the liens created hereunder may be subordinate. The Board of Directors is expressly authorized to cure any and all such defaults by payments to the mortgagee or mortgagees of a defaulting Unit Owner from funds properly held by the Association, and any such payments and expenses incurred incident thereto shall be a special Assessment against the Unit Owner's Unit.

17.1.6 To facilitate the purchase of mortgages by the secondary mortgage market, including Federal Home Loan Mortgage Corporation, the Declaration contains the following special warranties:

(a) An Eligible Mortgagee is entitled to written notification of default by a Unit borrower of any obligation under the condominium constituent documents which is not cured within 60 days;

(b) These documents contain no provisions entitling the Association or other party to a right of first refusal;

(c) Except as provided in section 12.9.3, a first mortgagee who obtains title to a condominium Unit by foreclosure will not be liable for such Unit's unpaid assessments or charges which accrued prior to acquisition of title to such Unit by the mortgagee;

(d) All Eligible Mortgagees must consent to termination of the condominium;

(e) All Eligible Mortgagees must consent to changing the allocated common interest of the Unit on which they have a secured interest;

(f) All Eligible Mortgagees must consent to partitioning, encumbering, selling or otherwise adversely affecting the rights of first mortgagees in the Declaration;

(g) All mortgagees shall have the right to examine books and records of the Association, under the same terms and conditions as any Owner;

(h) The Board of Directors shall notify any Eligible Mortgagee of any uninsured loss by casualty, or by condemnation, to any of the Common Elements or facilities in the amount of \$50,000 or more.

17.2 Limitations on Mortgagee's rights. No requirement for approval by mortgagees may operate to:

(a) Deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board;

(b) Prevent the Association or the Board from commencing, intervening in, or settling any litigation or proceeding; or

(c) Prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds except pursuant to the Act.

17.3 Consent of Mortgagees. With respect to any action requiring the consent of a specified number or percentage of mortgagees, the consent of only eligible mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to Units with respect to which eligible mortgagees have an interest.

17.4 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 Associations 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.

17.5 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. Any provision of this Declaration conferring rights upon Mortgagees which is inconsistent with any other provision of said Declaration or the Bylaws shall control over such inconsistent provisions.

17.6 **Material Amendments.** Any amendment 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 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 restriction on a Unit Owner's right to sell or transfer their 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 Condominium after substantial destruction or condemnation occurs; or any provisions that expressly benefit Mortgage 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 or registered mail with a return receipt requested.

ARTICLE 18: CONDEMNATION OR TERMINATION OF CONDOMINIUM

18.1 **Condemnation.** Condemnation of Units or Common Elements shall be as provided for in RCW 64.34.060.

18.2 **Termination.** Except for a taking of all the Units by condemnation under RCW 64.34.060, the Condominium may be terminated by agreement of Unit Owners of Units to which at least eighty percent of the votes in the Association are allocated. Termination shall be as provided for in RCW 64.34.268.

ARTICLE 19: TORT AND CONTRACT LIABILITY

19.1 **Liability of Unit Owner.**

A Unit Owner is not liable, solely by reason of being a Unit Owner, for an injury or damage arising out of the condition or use of the Common Elements.

19.2 **Standing.**

19.2.1 An action alleging a wrong done by the Association, including an action arising out of the condition or use of the Common Elements, may be maintained only against the Association and not against any Unit Owner.

19.2.2A Unit Owner is not precluded from maintaining an action contemplated under this section because that person is a Unit Owner, Board member, or officer of the Association.

ARTICLE 20: LIMITATION OF LIABILITY

20.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Association, neither the Association nor the Board shall be liable for: any failure of any utility or other service to be obtained and paid for by the Association; or for injury or damage to persons 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 buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; for damage or injury alleged as a result of mold or other microorganisms; 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 Common Expense Assessments shall be claimed or allowed for any such utility failure or water leak, or for such injury or damage, or for such inconvenience or discomfort. The Association is not responsible for loss of use of a Unit, nor for loss of rental income for a Unit. The Association is not responsible to provide for the safety or security of persons or property at the Condominium. The Association is not responsible to move or store personal property of owners or occupants necessary because of any casualty event, or as needed to accommodate repairs to common elements.

20.2 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or managing agent exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such Person shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequence of such act, omission, error or negligence are covered by insurance obtained by the Association.

20.3 Indemnification of Board Members. Each Board member or Association committee member, or Association officer, or managing agent exercising the powers of the Board, shall be indemnified by the Owners against all expenses and liabilities, including attorneys' fees reasonably incurred by or imposed in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having held such position, or any settlement thereof, whether or not they hold such position at the time such expenses or liabilities are incurred, except in such cases wherein such Person is adjudged guilty of willful misfeasance or malfeasance in the performance of their duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association. See Section 24.5 regarding indemnification of Declarant.

ARTICLE 21: MISCELLANEOUS

21.1 Conveyances; Notice Required. The right of an Owner to sell, transfer, or otherwise convey a Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or 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 being sold; the names and addresses of the purchaser, the closing agent, and 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.

ARTICLE 22: AMENDMENT OF THE DECLARATION

22.1 Amendment. Except as noted below, this Declaration may be amended by an instrument in writing setting forth such amendment, consented to by sixty-seven percent (67%) of the Unit Owners and attested to by the President and Secretary of the Board of Directors;

(a) Except as provided in this section 22.1, this Declaration shall not be amended to alter the original value of the Property or the original value of any Unit or the percentage of undivided interest of any Unit in the Common Elements without the consent of Unit Owners having 100 percent of the voting power;

(b) This Declaration may not be amended so as to conflict with the provisions of the Act or in deprivation of any right or lien held or claimed by any holder of a recorded mortgage or underlying real estate contract.

(c) The Declarant, or any Owner of the Development Units, may record an amendment to Exhibit B to reflect conversion of Development Units into Residential Units. The allocated interest for all purposes shall always be equal for all Residential units, and each remaining Development Unit shall have allocated interest that is one half of that of the Residential Units, such that the total shall equal 100 percent. When the last Development Unit is converted to a Residential Unit, the percentages assigned to each unit shall be as shown in the right column of Exhibit B. Amendments to reflect a change in status must be recorded when the structure for the Unit is built.

(d) The consent of the Declarant shall be required to amend or remove any provision in Article 24, until Declarant has sold all Units, or until specific Declarant rights otherwise expire.

22.2 Challenges to Amendments. In the absence of fraud, any action to challenge the validity of an amendment adopted by the Association may not be brought more than one year after the amendment is recorded.

22.3 Recording. An amendment is effective only upon recording with the County.

22.4 Eligible Mortgagee Protection. If any provision of law or the Declaration requires the consent of a holder of a security interest in a Unit as a condition to the effectiveness of an amendment to the Declaration, the consent is deemed granted if a refusal to consent in a record is not received by the Association within sixty days after the Association delivers notice of the proposed amendment to the holder at an address for

notice provided by the holder or mails the notice to the holder by certified mail, return receipt requested, at that address. If the holder has not provided an address for notice to the Association, the Association must provide notice to the address in the security interest of record.

22.5 Corrections. Upon thirty-day advance notice to Unit Owners, the Association may, upon a vote of two-thirds of the members of the Board, without a vote of the Unit Owners, adopt, execute, and record an amendment to the Declaration for the purpose of correcting or supplementing the governing documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarifying an ambiguity in the governing documents with respect to an objectively verifiable fact.

ARTICLE 23: DEVELOPMENT UNITS

23.1 Development Units are as defined in Article 4. They consist of the same volume of space as a Residential Unit.

23.2 The owner of Development Units shall maintain the interior of the Unit, and shall maintain all area inside of any construction fences around the Unit. Land within such construction fence shall be considered a Limited Common Element until the structure is built within the Unit.

23.3 A Development Unit ceases to be a Development unit when a structure is built on the foundation. It shall be considered a Residential unit upon the earlier of: issuance of a certificate of occupancy, a final inspection by the City for the building, or occupancy of the Unit by any person in any manner. At that time, the Unit shall be responsible for payment of full regular assessments to the Association, and shall be entitled to full voting rights, whether or not an amendment is made to the Declaration reflecting its change in status. The Owner of Development Units shall also record any Quit Claim deeds necessary to transfer ownership of all Common Elements to the Association. The Unit Owner is responsible for all costs to amend the Declaration and Survey Map and Plans to reflect the change in status of the Unit, and to adjust the percentages in Exhibit B for Allocated Interest.

23.4 The Allocated Interests in the Common Elements allocated to the Units have been allocated among the Units in the manner described in Exhibit B to the Original Declaration. The Allocated Common Expense Liability and Voting rights have been allocated as reflected on Exhibit B attached hereto. The differential assessment liability of Development Units is designed to reasonably reflect the actual costs to the Association of having undeveloped Units in the Condominium during the period of time that such Units are under construction. Votes in the Association allocated to Development Units are correspondingly lower as well. Development Units shall be assessed at the same rate as Residential Units and shall have the same voting interest as Residential Units following completion of dwelling improvements within the Development Units. Amendments to Exhibit B shall be recorded to confirm the conversion a Development Unit into a Residential Unit.

ARTICLE 24: DECLARANT RIGHTS

24 At the time of recording of this Declaration, the original Declarant retained ownership of the remaining Development Units, and is continuing to construct those units.

The original Declaration contained a number of special rights for the Declarant. To the extent that those rights were not extinguished prior to the recording of this Declaration, they are preserved as follows:

24.1 Declarant Right to serve on Board. the Declarant (or a 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 the rights and powers of a Board member except for the right to vote).

24.2 Declarant's rights to review Records. Declarant shall have the right to review Association Records, the same as an Owner or Mortgagee, as provided in section 10.4.2

24.3 Maintenance, Repair, Inspection and Warranty Procedure. The Association shall defend, indemnify and hold Declarant harmless from any expense or claim arising from or relating to any Association's failure to promptly and properly maintain, repair or inspect the Condominium (or any part thereof), or the Association's failure to promptly and properly make a claim (or comply with the dispute resolution procedures) under any warranty obtained or issued by Declarant. Declarant shall not be liable under any express or implied warranty (including without limitation the Washington Condominium Act implied warranties) for loss or damage which the Association or Owners have not taken timely action to minimize, or which is caused or made worse by a failure to properly and promptly maintain, repair, or inspect (including without limitation failure to fully comply with any inspection, monitoring, maintenance, or repair checklist, manual or recommendation provided by Declarant (or a contractor, subcontractor or manufacturer) to the Association or Owners.

24.4 Association Litigation.

24.4.1 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.

24.4.2 The provisions of this Section 24.4 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 aggregate amount of not more than \$5,000 (including without limitation fees contingent on a result), 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 judgement, 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 24.4 must be satisfied.

24.4.3 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 sum in excess of \$5,000, to professionals, consultants or other experts in connection with Legal Proceedings, the following conditions must 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 recommendations 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) if the proceedings will involve a claim against the Declarant (or Declarant's contractor, subcontractors, vendors, suppliers or other professionals) concerning construction defects or other condition of the Condominium, the Litigation Summary will also include: a description of the construction defects or other condition (which shall also have been transmitted to the Declarant); any written response from the Declarant concerning such defects (including any offer to settle by performing remedial work, payment of cash or combination of both).

(c) 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 10.4.2, and a written notice of a special Owners' meeting to be convened as provided in this Declaration, at which meeting the Declarant (and its representatives shall be entitled to attend and participate in on a non-voting basis).

(d) The Owners holding eighty percent (80%) 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; provided, that under no circumstances may legal proceedings be commenced against Declarant (or Declarant's contractor, subcontractors, vendors, suppliers or other professionals) with respect to any alleged construction defect or other condition which Declarant has agreed in writing to remedy and is proceeding with reasonable due diligence to do so.

24.5 Indemnification of Declarant. 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 Owners to comply with applicable duties and obligations under: the Declaration, Association Articles or Bylaws, or Association rules and Regulations; or under any warranty obtained or issued by Declarant; or under applicable law.

24.6 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 any 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 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.

24.7 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 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 Unites owned by persons other than the Declarant) with security interest in the Special Declarant or Development Right or in any real property subject thereto.

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

24.8.1 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 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.

24.8.2 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights, if any, under this Declaration and the Act.

24.8.3 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the foregoing Special Declarant Rights shall continue so long as Declarant is completing improvements which are within or may be added to this Condominium, or Declarant owns any Units, or any Development Rights remain in effect; provided, that Declarant may voluntarily terminate any or all of such Rights at any time by recording an amendment to the Declaration, which amendment specifies which Right is thereby terminated.

24.8.4 Declaration, Survey Map and Plans Amendments. For each subsequent phase following Phase I, the Declarant shall execute and record an amendment to this Declaration stating that said subsequent phase (including the subsequent phase land, and all Units, Buildings and other improvements thereon) is established as a Condominium under the Act. From and after the recording of said amendment, all of the land within Phase I and within subsequent phases for which such an amendment has been recorded, together with all Units, Buildings and other improvements constructed thereon, shall constitute a single Condominium pursuant to the Act and the provisions of this Declaration. In conjunction with said amendment to the Declaration, an updated or revised Survey Map, or Plans, or both, shall be filed if the previous Map and Plans filed affecting or describing said subsequent phases lack required detail, certification or other matters required under the Act. The Declarant is the Unit Owner of any Units hereby created. The amendment to the Declaration shall assign an Identifying Number to each new Unit created, and reallocate the Allocated Interest among all Units. The amendment must describe any Common Elements and any Limited Common Elements thereby created and, in the case of Limited Common Elements, designate the Unit to which each is allocated to the extent required by RCW 64.34.228. Development Rights may be reserved within any real property added to the Condominium if the amendment adding that real property includes all matters required by RCW 64.34.216 or 64.34.220, as the case may be, and the Survey Map and Plans include all matters required by RCW 64.34.232. This provision does not extend the time limit on the exercise of Development Rights imposed by this Declaration.

24.8.5 Common Elements. All Common Elements for each phase will be utilized by Unit Owners of the next succeeding phase as it is established, and the additional Owners will, after the effective date of the subsequent phase, also share in the expenses of such Common Elements. Owners in a prior phase will utilize the Common Elements for the subsequent phases and also share in the expense thereof.

24.8.6 Completion. Declarant shall complete subsequent phases in accordance with the plans and specifications prepared from time to time by or for Declarant and as approved from time to time by governmental authorities having jurisdiction thereof and by the lender or lenders financing the construction of subsequent phases. Improvement within subsequent phases will be reasonably consistent with improvements in prior phases in terms of quality of construction. Completion of subsequent phases will be pursued by Declarant as expeditiously as reasonably possible, subject to delays for reasons (including, but not limited to, financing availability, labor disputes, material shortages, and acts of God) reasonably beyond the control of the Declarant. All improvements for subsequent phases shall be substantially completed before such phase

is incorporated into the Condominium by amendment as provided in subsection 24.8.4 above.

24.8.6.1 Withdrawal of Subsequent Phases. If, despite the good faith efforts of Declarant, and for reasons (including, but not limited to, financing availability, labor disputes, material shortages and acts of God) beyond the reasonable control of Declarant, all or any of the subsequent phases are not completed and/or the amendment(s) provided for in this Section is not recorded, then Declarant at any time may elect not to incorporate all or some of such subsequent phases into the subject Condominium project and elect not to record the amendments provided in this Section. To effectuate the foregoing, Declarant, upon its sole signature and without further consent of any of the other Owners being required, may file such amendment to this Declaration and to the Survey Map and Plans as is necessary to withdraw the land within such subsequent phases (and improvements constructed thereon) from the provisions of this Declaration and to relinquish Declarant's rights under this Section. In the event Declarant should exercise its rights under this Section to withdraw the land within such subsequent phases (and improvements thereon), from the provisions of this Declaration, or if the Declarant's right to add phases expires pursuant to the Original Declaration Section 23.2.2(j)(iii), then: the phases in fact made a part of the Condominium shall thereafter continue to constitute a complete, fully operational Condominium; land within such subsequent phases (and improvements thereon) may be used for any other lawful purpose in Declarant's discretion; and the easements provided for in this Section (including without limitation Original Declaration Section 23.2.2(g)) shall continue for the benefit of land within such subsequent phases and Declarant (and its heirs, successors and assigns) for the development and utilization of land within such subsequent phases.

24.8.6.2 Withdrawal of Property. Declarant shall have the right to withdraw Real Property from the Condominium as provided in Section 24.8.6 subject to the following limitations: (a) If all the Real Property is subject to withdrawal, and the Declaration or Survey Map or amendment thereto does not describe separate portions of Real Property subject to that right, none of the Real Property may be withdrawn if a Unit in that portion of the Real Property is owned by a person other than the Declarant; and (b) If a portion or portions are subject to withdrawal as described in the Declaration or in the Survey Map or in any amendment thereto, no portion may be withdrawn if a Unit in that portion of the Real Property is owned by a person other than the Declarant.

24.8.7 Exercise of Development Rights. To exercise any Development Right reserved under Section 23.2, the Declarant shall prepare, execute, and record an amendment to the Declaration and comply with RCW 64.34.232.

24.8.8 Termination of Development Rights. Except as otherwise provided in this Declaration, the foregoing Development Rights shall continue so long as Declarant is completing improvements which are within or may be added to this Condominium, or Declarant owns any Units, or any Special Declarant Rights remain in effect; provided, that Declarant may voluntarily terminate any or all of such Rights at any time by recording an amendment to the Declaration, which amendment specifies which Right is thereby terminated.

24.8.9 Liability for Damage. The Declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the Condominium, of any portion of the Condominium damaged by the exercise of rights reserved by Declarant pursuant to or created by this Declaration or the Act.

24.8.10 Declarant's Easements. Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligation or exercising Special Declarant Rights of Development Rights, whether arising under the Act or reserved in the Declaration.

24.9 Construction of Unit Structures. A Unit Owner, (including Declarant) at its sole cost and expense, shall have the right to construct (in compliance with the provisions of this Declaration and all applicable laws, rules, and regulations) and thereafter maintain, repair, alter and replace improvements within the Unit owned by such Owner. In connection therewith, a Unit Owner is granted the same easements as granted to the Declarant (subject to the same limitations, and conditions as imposed on Declarant). In connection therewith, a Unit Owner, at its sole cost and expense, shall have the right and obligation to cause such amendments to this Declaration and the Survey Map and Plans to be prepared and recorded as may be required by law or requested by title insurers or mortgagees of the Unit. The Declaration Survey Map and Plans may be amended to show data pertaining to Unit Structures when completed.

The President and Treasurer of the Association hereby attest that this amended and restated Declaration has been adopted by the Association in accordance with the amendment procedures in the Original Declaration.

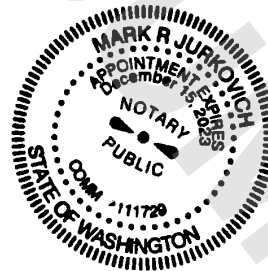
By Diane L. Benson
Diane L. Benson, President

By: Susan Wilson
SUSAN WILSON, Treasurer

STATE OF WASHINGTON)
) ss.:
COUNTY OF Skagit)

On this 16th day of September, 2021, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Diane L. Benson to me known to be the President of Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the instrument on behalf of said Association.

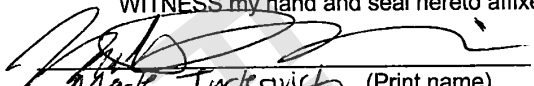
WITNESS my hand and seal hereto affixed the day and year in this certificate above written.
[Signature]
Mark Jurkovich (Print name)
Notary Public in and for the State of
Washington, residing at 1616 39th St Anacortes WA
My commission expires: 12-15-23



STATE OF WASHINGTON)
) ss.:
COUNTY OF Skagit)

On this 16th day of September, 2021, before me, the undersigned, a Notary Public, in and for the State of Washington, duly commissioned and sworn, personally appeared Jusan Wilson to me known to be the Treasurer of Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the instrument on behalf of said Association.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.



Mark Jurkovich (Print name)

Notary Public in and for the State of
Washington, residing at 1616 39th St Anacortes WA
My commission expires: 12-15-23

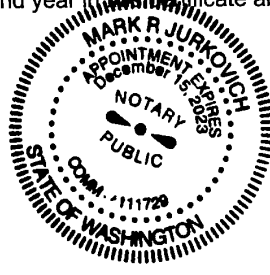


EXHIBIT A - LEGAL DESCRIPTION:

Parcel A – “Phase 1”

Lot 26 of the “Plat of North Hill P.U.D.”, recorded May 5, 2005 under Skagit County Auditor’s File No. 200505050094, Records of Skagit County, Washington.

Parcel B – “Phase 2”

Lot 27 of the “Plat of North Hill P.U.D.”, recorded May 5, 2005 under Skagit County Auditor’s File No. 200505050094, Records of Skagit County, Washington.

Parcel C – “Phase 3”

Lot 28 of the “Plat of North Hill P.U.D.”, recorded May 5, 2005, under Skagit County Auditor’s File No. 200505050094, Records of Skagit County, Washington,

TOGETHER WITH that portion of Tract A of said Plat described as follows: Beginning at the most northerly corner of said Lot 28, thence south $35^{\circ} 56' 17''$ west, along the westerly line of said Lot 28 a distance of 304.12 feet to an angle in said Lot 28, thence continuing along the westerly line of said Lot 28 the following courses: North $54^{\circ} 03' 43''$ west 5.56 feet; thence south $35^{\circ} 56' 17''$ west 77.92 feet; thence south $81^{\circ} 25' 21''$ west 35.02 feet; thence leaving said westerly line north $40^{\circ} 13' 58''$ east 407.73 feet to the point of beginning.

All Parcels Situate in Skagit County, Washington. Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances and other matters of record.

EXHIBIT B – UNIT DESCRIPTION AND ALLOCATED INTEREST

Unit #	Unit Type	Address	Sq. Ft.	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	2	3	1	1 deck, railing, & stairs, patio, walkway and driveway	4.44444	3.84615
32A	Residential	2612 River Vista Lane	1731	2	3	1	1 deck, railing, & stairs, patio, walkway and driveway	4.44444	3.84615
33A	Residential	2616 River Vista Lane	2437	3	3.5	2	1 deck, patio, porch, railings, walkway and driveway	4.44444	3.84615
33B	Residential	2614 River Vista Lane	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
34A	Residential	2614 River Vista Lane	2343	3	2.5	1	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
34B	Residential	2511 River Vista Place	2343	3	2.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
35A	Residential	2511 River Vista Place	2343	3	2.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615

Unit #	Unit Type	Address	Sq. Ft.	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements	Allocated Interest, Votes & Assessment	Allocated Interest, C.E.
35B	Residential	2511 River Vista Place	2343	3	2.5	1	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
36A	Residential	2507 River Vista Place	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
36B	Residential	2507 River Vista Place	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
37A	Residential	2503 River Vista Place	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
37B	Residential	2503 River Vista Place	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
38A	Residential	2521 River Vista Court	2437	3	3.5	1	1 deck, stairs, porches, railings, walkway and driveway	4.44444	3.84615
38B	Residential	2521 River Vista Court	2437	3	3.5	1	1 deck, stairs, porches, railings, walkway and driveway	4.44444	3.84615

Unit #	Unit Type	Address	Sq. Ft.	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements	Allocated Interest, Votes & Assessment	Allocated Interest, C.E.
39A	Residential	2519 River Vista Court	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
39B	Residential	2519 River Vista Court	2437	3	3.5	2	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
40A	Residential	2515 River Vista Court	1980	2	2.5	1	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
40B	Residential	2515 River Vista Court	1466	2	2.5	1	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
40C	Residential	2515 River Vista Court	1980	3	2.5	1	2 decks, stairs, porch, railings, walkway and driveway	4.44444	3.84615
41A	Development	2509 River Vista Court						2.22222	3.84615
41B	Development	2509 River Vista Court						2.22222	3.84615

Unit #	Unit Type	Address	Sq. Ft.	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements	Allocated Interest, Votes & Assessment	Allocated Interest, C.E.
41C	Development	2509 River Vista Court						2.22222	3.84615
42A	Development	2505 River Vista Court						2.22222	3.84615
42B	Development	2505 River Vista Court						2.22222	3.84615
43A	Development	2501 River Vista Court						2.22222	3.84615
43B	Development	2501 River Vista Court						2.22222	3.84615

Square Footage (Sq. Ft.) is the measurement of the footprint of the dwelling structure located within the Unit as measured at the exterior walls.

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 Article 23 of the Declaration, the Development Units are assessed at lower rates than Residential Units, and have correspondingly lower Votes in the Association as a result. Their Common Expense Liability and Voting power are half of that for completed Residential Units. Development Units shall be converted to Residential Units as described in Article 23.

Items listed are Limited Common Elements permanently assigned to their respective Units as identified above, pursuant to Article 6.

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 Article 23. The foundations for the Development Units are in place and describe the Unit boundaries as shown on the Survey Maps and Plans.

EXHIBIT C – MAINTENANCE RESPONSIBILITY**Key:**

Owner - the responsibility of one individual Unit Owner

Association - means that the Board manages and PERFORMS the work, but may permit or require individual Owners to perform work related to individual Units.

Common – the PAYMENT responsibility of all Owners per their percent allocation of Common Expenses.

NHHOA - North Hill Homeowners Association (Master HOA), or North Hill PUD

* Any modification, repair or replacement requires written Board approval

ITEM	DESCRIPTION	RESPONSIBLE PARTY		
		Perform	Pay	
BUILDING COMPONENTS				
1	Unit Definition	See 4.1 <u>Unit Boundaries</u> . Units shall consist of an envelope of space, the perimeter boundaries of which on the surface of the land as located and depicted on the Survey Map and Plans and which boundaries extend below and above the ground elevation. A Unit shall include all structures, improvements, and fixtures within said space. Maintenance responsibility is not defined by the Unit Boundary.	N/A	N/A
2	Attic ventilation	Ridge vents or other vents integrated into the roofing shingles are maintained as part of the roof. Any other ventilation within the attics, including baffling, insulation and screens for bird-blocks are Owner Responsibility	*	Owner
3	Decks	Surfaces, railings, posts (and their foundations), beams and fascia. Includes paint, damaged structural components, waterproofing membranes, etc.	*	Owner
4	Doors (exterior and garage door)	Repair and replacement of door, glass, paint, locksets, hardware of any kind and damage from any cause.	*	Owner

ITEM	DESCRIPTION	RESPONSIBLE PARTY			
		Perform	Pay		
BUILDING COMPONENTS					
5	Doors (garage door) Painting	Routine painting when the building is painted. Unpainted garage doors will remain unpainted.		Association	Association
6	Drainage (surface water)	Surface (ground) water (rain) and all systems associated with that in the Common Elements and within Limited Common Elements. (Deals with water on the ground, drain lines and French drains).		Association	Association
7	Driveways, walkways, porches & patios (cement)	Cleaning, finishing, and repairs due to cracks, damage, wear and tear, or settling.	*	Owner	Owner
8	Dryer duct and vent cleaning	External vent and duct, cleaning only.		Association	Association
9	Ducts and fans			Owner	Owner
10	Electrical wiring (exterior)	Wiring and fixtures serving a single Unit (including garage, entry and deck lights).	*	Owner	Owner
11	Electrical wiring (interior)	Wiring and fixtures serving a single Unit, including the meter base, is the Unit owner's responsibility to maintain, repair, and replace up to the point at which the service connects to the electrical utility's supply system (point of presence).		Owner	Owner
12	Fences	Fences which enclose any yard area for the benefit of a single unit. Construction fences around Development Units	*	Owner	Owner
13	Fences	All other fences on Common Elements.		Association	Association
14	Fire suppression systems	Fire Suppression systems are paid for by the Owners of the units served, including sprinklers and monitoring.		Owner	Owner
15	Foundations	For development or completed Units	*	Owner	Owner

ITEM	DESCRIPTION	RESPONSIBLE PARTY			
		Perform	Pay		
BUILDING COMPONENTS					
16	Gutters and downspouts	Cleaning, and routine repair and replacement.		Association	Association
17	Heating, ventilation, & air conditioning	Includes Heat Pumps	*	Owner	Owner
18	Insulation and wallboard	All parts of the wall assembly (including wallboard and insulation) located on the Unit's side of the centerline between two Units, in the attic, or otherwise in the Unit.	*	Owner	Owner
19	Insurance for the Structures	See Article 13 for Unit Owners' additional insurance required.		Association	Association
20	Interior building components	Every part of the structure inside the Unit boundary that is not an exterior component that has been specifically assigned by this Declaration to be maintained, repaired or replaced by the Association.		Owner	Owner
21	Landscaped common and limited common elements	All landscaping work including irrigation systems, except as approved by the Board, or as provided in line 22.	*	Association	Association
22	Landscaping within decks, patios and porches	Includes landscaping in planters or pots and includes any special irrigation systems for same. Includes landscaping enclosed inside fences serving only one unit (Regular or Development)	*	Owner	Owner
23	Load-bearing studs and all structural components.	The Unit includes all parts of the structure located on the Unit's side of the centerline between two Units, or otherwise in the Unit.		Owner	Owner
24	Mailbox keys and locks			Owner	Owner

ITEM	DESCRIPTION	RESPONSIBLE PARTY		
		Perform	Pay	
BUILDING COMPONENTS				
25	Mailboxes and kiosks	All of the structure except for keys and locks	NHHOA	NHHOA
26	Natural gas pipes and fixtures	All pipes, fixtures, and appliances within the Unit and to the connection with a Common Element pipe, or the public utility.	Owner	Owner
27	Natural gas utility pipes	Pipes that serve more than one Unit (if any) that are not serviced by the public utility.	Association	Association
28	Paint (exterior)	On all exterior surfaces, except those specifically allocated as Owner responsibility in this Exhibit. (Paint on Exterior Doors and Decks are part of those components, and Owner responsibility.)	*	Association
29	Party walls	See <u>Section 11.8</u> of the Declaration.	Owner or joint Owners	Owner or joint Owners
30	Pests in landscaping or on exterior of homes	Destructive insects, rodents, mold, or any other form of pest that lives outside the structure in the landscape or on the outside surface of the home.	Association	Association
31	Pests within Unit structures	Insects, rodents, mold, or any other form of pest within the structure or contained spaces.	Owner	Owner
32	Plumbing and sewer within a Unit	All pipes, fixtures, and appliances of, in, or serving only one Unit up to the connection with a Common Element pipe, or the public utility.	Owner	Owner
33	Porches	Painting and repair. (Concrete slabs excluded.)	*	Association

ITEM	DESCRIPTION	RESPONSIBLE PARTY		
		Perform	Pay	
BUILDING COMPONENTS				
34	Roads (private, asphalt)	Cleaning, finishing, and repairs due to cracks, damage, wear and tear, or settling.	Association	Association
35	Roofing	Shingles, flashing, sheathing damaged by exterior leaks and other waterproofing elements, diverters, vents, boots. Does NOT include other structures of the building.	Association	Association
36	Sidewalks/walk ways/paths in Common Areas.	Located on Common Elements and on public right-of-way. Cleaning and any needed repairs. Excludes Limited Common Elements, which are Owner responsibility.	Association	Association
37	Sidewalks/walk ways/paths serving only one Unit	In or serving patios, decks, porches, driveways and other Limited Common Elements.	*	Owner Owner
38	Siding and exterior trim	All siding, underlying waterproofing, flashing and exterior trim, including masonry. (Includes sheathing only if damaged by exterior leaks.)	*	Association Association
39	Storm drains (on private roads)	Routine cleaning	Association	Association
40	Structural elements of the buildings	All parts of the Unit structures not specifically allocated as an Association responsibility in this Exhibit. Structure include the foundations, framing and all load bearing parts of the homes within the Units.	*	Owner Owner
41	TV/cable/phone wires and fixtures in Units	Wiring and fixtures serving a single Unit, including up to the point at which the service connects to the service provider's supply system.	Owner	Owner

ITEM	DESCRIPTION	RESPONSIBLE PARTY		
		Perform	Pay	
BUILDING COMPONENTS				
42	Water and sewer pipes (Common)	Pipes that serve Common Elements (irrigation) or more than one Unit.	Association	Association
43	Windows, skylights & Solatubes	Installation, repairs and replacement.	*	Owner

See Articles 13 and 14 for the below events

44	Damage you or your unit cause	Unit water escaping to another unit.	Owner who causes to the extent not covered by Association Insurance.
45	Other Water Damage	Water seepage from building exterior.	Owner of property to the extent not covered by Association Insurance.
46	Other Water Damage	Sewer backup.	Owner of property to the extent not covered by Association Insurance.
47	Other Water Damage	Surface/subsurface water.	Owner of property to the extent not covered by Association Insurance.