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CONDOMINIUM DECLARATION
CONTAINING
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS
FOR
FINN HANGARS, A CONDOMINIUM

TITLE OF DOCUMENT:

CONDOMINIUM DECLARATION FOR FINN
HANGARS, A CONDOMINIUM

DECLARANT:

FINN HANGAR LLC

ABBREV. LEGAL DESCRIPTION:

PTN OF LOT 87, ALTERATION TO AMENDED
SKAGIT REGIONAL AIRPORT BSP, PHASE I,
AF# 202112100111

FULL LEGAL APPEARS:

P. 66

TAX PARCEL NO.:

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ARTICLE I
INITIAL MATTERS

1. INITIAL MATTERS REQUIRED UNDER WUCIOA.

1.1. Name and Type of the Community and its Association.

The name of the community is Finn Hangars, a Condominium. The community is a Condominium, as defined in the Governing Law. The Community's Association, described with greater particularity in Section 7.1 hereof, is a Washington Nonprofit Corporation known as Finn Hangars Condominium Association.

1.2. Description and Dedication of Real Property Included in Condominium.

The real estate included in the Condominium is legally described in the attached Exhibit "A". Finn Hangar LLC, hereinafter referred to as the "Declarant," hereby submits said land, together with all legally associated easements, rights, appurtenances and improvements, collectively referred to hereinafter as "the Property," to the provisions of the Washington Uniform Common Interest Ownership Act ("WUCIOA," or "Governing Law", i.e., Chapter 64.90 of the Revised Code of Washington).

1.3. Reference to Survey Map.

Contemporaneously with the recordation of this Declaration, the Declarant has recorded with the Auditor of Skagit County, Washington a record of survey showing the location and dimensions of the land described in Exhibit "A" and the location and dimensions of the improvements constructed or contemplated to be constructed thereon, together with other information required by the Governing Law; this instrument is hereinafter together referred to as the "Survey Map"; the Survey Map is recorded at Auditor's File No. 202409170145.

1.4. Purposes of Declaration and Survey Map.

- 1.4.1. General Purpose of Declaration. This Declaration states covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the Condominium development of the Property mutually beneficial to all of the described Units. The covenants, conditions, restrictions, reservations and plan, including without limitation the lien for Assessments described at Subsection 10.15 hereof, that may be foreclosed by the Association nonjudicially under the power of sale granted herein, are binding upon the entire Property and upon each such Unit created therein as a parcel of realty, and upon its Owners and their heirs, personal representatives, family members, guests, invitees, tenants, licensees, successors and assigns, through all successive transfers of a Unit or of any other any part of the Property, irrespective of whether specifically referred to in deeds, contracts or security instruments, and regardless of any subsequent forfeitures, foreclosures, or sales of Units under

security instruments, or of any forfeitures, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

- 1.4.2. General Purpose of Survey Map. Unlike a community created through the process of legal subdivision pursuant to chapter 58.17 RCW, where an approved plat creates various lots and tracts, the survey map for a condominium does not actually create the Units or common elements in such condominium. Instead, in a condominium, the Declaration creates the Units and Common Elements in the Condominium, and the Survey Map referenced in Section 1.3 hereof exists only to depict the location and dimensions of the Units and significant Common Elements in this Condominium, and to provide disclosure as required by the Governing Law.

1.5. Applicability of Governing Law.

Pursuant to Sections 9.1.1 of this Declaration, the Condominium Units are restricted to non-residential use. WUCIOA provides that for condominiums where all Units are restricted to non-residential use, the Declarant may elect whether to have the entirety of WUCIOA apply or just Articles 1 and 2 thereof. For this Condominium, the Declarant has elected that only RCW 64.90.010 through 64.90.330 and 64.90.900 apply to the Condominium.

ARTICLE II
DEFINITIONS

- 2.1. "Airport" means the Skagit Regional Airport, owned and operated by Ground Lessor, located in Skagit County, Washington.
- 2.2. "Allocated Interest" means the undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to each Unit by the provisions of Sections 5.3, 7.4.2 and 10.5 of this Declaration, pursuant to RCW 64.90.235.
- 2.3. "Assessment" means all sums chargeable by the Association against a Unit including, without limitation: (a) Regular and Special Assessments for Common Expenses, and Specially Allocated Assessments for other expenses, charges, or fines imposed and levied by the Association; (b) interest and late charges on any delinquent account; and (c) all costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.
- 2.4. "Association" means the Finn Hangars Condominium Association that is described in Article VII of this Declaration.
- 2.5. "Board" means the body with primary authority to manage the affairs of the Association.

- 2.6. "Building" means the building containing the Units and comprising a part of the Property.
- 2.7. "Bylaws" means the bylaws of the Association as amended from time to time.
- 2.8. "Common Elements" means all portions of a Condominium other than the Units. The term "General Common Elements" is sometimes used herein to describe Common Elements that are not or have not yet been allocated as Limited Common Elements.
- 2.9. "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. The term "General Common Expenses" is sometimes used herein to describe Common Expenses other than Specially Allocated Expenses.
- 2.10. "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to the Governing Law and Section 10.5 of this Declaration.
- 2.11. "Condominium" means Finn Hangars, a Condominium, a condominium created by this Declaration and Survey Map and Plans.
- 2.12. "Declarant" means Finn Hangar LLC and any successor Declarant or any person specifically defined at RCW 64.90.010(17).
- 2.13. "Declaration" means this document, which creates the Condominium by setting forth the information required by Governing Law, and any amendments to this document.
- 2.14. "Development Rights" means any right or combination of rights reserved by the Declarant in the Declaration: (a) to add real property or improvements to the Condominium; (b) to create Units, Common Elements, or Limited Common Elements within real property included in or added to the Condominium; (c) to subdivide or combine Units or convert Units into Common Elements; (d) to withdraw real property from the Condominium; or (e) to reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant. Development rights are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. Development Rights reserved are described in Section 3.3.
- 2.15. "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.
- 2.16. "Eligible Mortgagee" means the holder of a mortgage 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.

- 2.17. "Foreclosure" means a statutory forfeiture or a judicial or nonjudicial foreclosure of a security interest or a deed or other conveyance in lieu of a security interest.
- 2.18. "Governing Documents" means the Declaration, the Survey Map, any Rules or resolutions adopted by the Board of Directors, and any amendments to any such instruments.
- 2.19. "Governing Law" means the Washington Uniform Common Interest Ownership Act (Chapter 64.90 RCW) or any successor statute, and any amendments thereto.
- 2.20. "Ground Lease" means the lease that Declarant has entered into with the Port of Skagit, a municipal corporation. This lease is the document under which the Condominium is allowed to exist on Airport property, more fully described in Section 3.4.1 hereof. The term "Ground Lease" shall include any and all amendments to such document, including the Second Amendment attached as Exhibit "D".
- 2.21. "Ground Lessor" is defined in Section 3.4.1.
- 2.22. "Identifying Number" means a symbol or address that represents the designation of each Unit or, in some cases, a Common Element component, in the Condominium. A list of Identifying Numbers for all the Units in the Condominium in existence as of the effective date of this Declaration, along with other information required by the Governing Law, is attached as Exhibit "B" to this Declaration, where such Identifying Numbers are listed in a column below the words "Unit No."
- 2.23. "Leasehold Condominium" means a condominium in which all, or a portion, of the real property is subject to a lease, the expiration or termination of which lease will terminate the condominium. This Condominium is a Leasehold Condominium because the land on which the Building and other improvements are situated is leased from the Ground Lessor and is not owned by Declarant. Upon the termination of the Ground Lease, title to the Real Property and Building will revert to the Ground Lessor, free and clear of such Ground Lease and this Condominium.
- 2.24. "Limited Common Element" means a portion of the Common Elements allocated by Article VI of the Declaration or by operation of law for the exclusive use of one or more but fewer than all of the Units.
- 2.25. "Manager" or "Managing Agent" shall mean a natural person or business entity regularly engaged in the business of managing common interest communities as designated by the Board to act as Agent of the Condominium.
- 2.26. "Mortgage" means a mortgage, deed of trust or real estate contract.
- 2.27. "Notice" means a notice provided under the provisions of RCW 64.90.515.

- 2.28. "Organizational Documents" means the instruments filed with the Secretary of State to create the Association and the instruments governing the internal affairs of the Association including, but not limited to, its Articles of Incorporation and Bylaws.
- 2.29. "Person" means an individual, corporation, business trust, estate, the trustee or beneficiary of a trust that is not a business trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, or any other legal entity.
- 2.30. "Preventative Maintenance" means such Upkeep as shall be necessary from time to time to prevent premature failure of any component of a Unit or the Common Elements.
- 2.31. "Purchaser" means any Person, other than the Declarant or a dealer, who or which by means of a voluntary transfer acquires a legal or equitable interest in a Unit other than as security for an obligation.
- 2.32. "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- 2.33. "Reserve" or "Reserves," when used as a noun, means money on deposit in a Reserve Fund or Reserve Account, which terms are synonymous.
- 2.34. "Reserved Common Element" means a portion of the Common Elements that is designed for temporary parking, storage or other purposes by one or more Owners or Occupants, upon payment to the Association of such user fees and upon satisfaction of such other conditions as the Board, by resolution, may deem appropriate; the right to use a Reserved Common Element shall be deemed to be a revocable license to use rather than a legal interest in the property so reserved.
- 2.35. "Rule" means a policy, guideline, restriction, procedure, or regulation of the Association, however denominated, that is not set forth in the Declaration or Organizational Documents and that governs the conduct of Persons or the use or appearance of property.
- 2.36. "Security interest" means an interest in real estate or personal property, created by contract or conveyance that secures payment or performance of an obligation. "Security interest" includes a lien created by a mortgage, deed of trust, real estate contract, lease intended as security, assignment of lease or rents intended as security, and any other consensual lien or title retention contract intended as security for an obligation.
- 2.37. "Special Limited Common Elements" means those Limited Common Elements that shall be repaired, replaced and subjected to periodic maintenance by the Association **at the expense of the Owner of the Unit to which such Limited Common Element is allocated**, under Sections 6.2.3 and 10.7 of this Declaration. In this Condominium, the Special Limited Common Elements consist of any items described in Subsection

6.1.3 and 6.2.2 hereof.

- 2.38. "Specially Allocated Expense" means any expense of the Association, including allocations to Reserves, allocated to some or all of the Unit Owners and assessable against their respective Units.
- 2.39. "Specially Allocated Assessment" means an Assessment made or deemed to be made by the Association against Units to which Specially Allocated Expenses are allocated under Section 10.7 of this Declaration.
- 2.40. "Subsequent Development Property" means that portion of the Property included in the Condominium upon which the Declarant has the right to construct an office and other improvements that will be an addition to Unit 101 and construct other Common Elements and assign Limited Common Elements, as described in Exhibit "A", Section 2, and shown on the Survey Map.
- 2.41. "Survey Map" means the Map for the Condominium and any amendment thereto prepared in accordance with the Governing Law. Pursuant to RCW 64.90.245(1), the Survey Map is to be construed as comprising a part of this Declaration.
- 2.42. "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.
- 2.43. "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 4.2 hereof. "Separate ownership" includes leasing a Unit in a Leasehold Condominium under a lease that expires contemporaneously with any lease, the expiration and termination of which will remove the Unit from the Condominium. "Separate ownership" also includes ownership of a Leasehold Condominium under a form of ownership expiring with the expiration of the lease.
- 2.44. "Unit Owner" means the Declarant or any other Person who owns a Unit, but does not include a Person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee and not the vendor of a Unit under a real estate contract.
- 2.45. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is necessary to maintain property in a decent, safe and sanitary condition, in keeping with standards established in the Governing Documents of the Condominium.
- 2.46. "Writing" does not include an electronic transmission.
- 2.47. "Written" means embodied in a tangible medium.

ARTICLE III
DESCRIPTION OF LAND, PROJECT TYPE, BUILDING, DEVELOPMENT RIGHTS

3. LAND, PROJECT TYPE, BUILDING & DEVELOPMENT RIGHTS.

3.1. Land and Street Address.

The Building and other improvements of this Condominium are constructed on the Property located in the Airport, in Skagit County, Washington.

3.2. Project Type - Building.

3.2.1. Project Type. This Condominium is a commercial condominium with Units that are generally designed (as of the recording of the Declaration) for use as an airplane hangar, as described with more particularity in Subsection 9.1.1 of this Declaration.

3.2.2. Building. The Condominium contains one (1) Building with associated driveways, parking, and landscaping as shown on the Survey Map. The Building contains two (2) Units and is a steel framed construction with concrete floors and no basement.

3.3. Development Rights.

3.3.1. Description. Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved Development Rights that are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant as follows.

3.3.1.1. The right to add improvements to the Condominium. This includes but is not limited to the right to construct an office and other improvements on the Subsequent Development Property.

3.3.1.2. The right to create Common Elements, and Limited Common Elements, including but not limited to, the right to create an additional office added onto Unit 101 and associated Common Elements and Limited Common Elements.

3.3.1.3. The right to assign portions of the Common Elements as Limited Common Elements pursuant to RCW 64.90.225(1)(f) or to reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant.

3.3.1.4. All of the above described Development Rights apply to all of the Property in the Condominium. Provided, the rights reserved in

Subsection 3.3.1.1 and 3.3.1.2 related to additional construction and addition of an office and related improvements apply to all of the Subsequent Development Property in the Condominium. These Development Rights may be exercised with respect to different portions of the Property at different times. The Declarant makes no assurance with regard to the timing and order of adding improvements to the Subsequent Development Property. If the Declarant exercises any Development Right as to any portion of the Property, the Declarant is not required to exercise any Development Right as to the remainder of the Property.

Without limiting the foregoing, the Declarant reserves the right to expand the scope of development within the Condominium by adding the office and other improvements.

3.3.2. Procedure for Exercise. The following procedures govern the exercise of Development Rights:

(a) General Procedure. To exercise any reserved Development Right, the Declarant must prepare, execute, and record an amendment to the Declaration, including if applicable, an amendment to the Declaration and Survey Map in accordance with the requirements of RCW 64.90.245 and RCW 64.90.285(3).

(b) Amendment to Declaration. An Amendment to the Declaration shall reallocate the Allocated Interests among both Units in existence following the amendment, using the same formulas or factors for allocation specified in Sections 5.3, 7.4.2 and 10.6 hereof. The Amendment shall amend Exhibit "A" to remove that portion of the Property upon which improvements are constructed as part of a Unit from the Subsequent Development Property and amend Exhibit "B" with all of the information called for by that exhibit and reallocating the Allocated Interests among both of the Units in accordance with this Declaration, and by filing an amendment to the Survey Map showing the additional improvements added, the Limited Common Elements assigned thereto and any remaining Subsequent Development Property. In addition, the Amendment shall 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 under RCW 64.90.240.

3.3.3. Time Limits on Development Rights. The Declarant may exercise the Development Rights described in Subsection 3.3.1 of this Declaration within fifteen (15) years from the date of the conveyance by the Declarant of the first Unit in the Condominium to a Person other than the Declarant. Declarant may commence construction of any improvements relating to such Development Rights at any time prior thereto, under the Easement Rights and Special Declarant Rights reserved in Section 3.5 of this Declaration.

3.3.4. Sequence of Exercise of Rights. Subject to the time limitations stated in

Subsection 3.3.3 hereof, and except as otherwise expressly provided elsewhere in this Declaration, the Development Rights described in Subsection 3.3.1 of this Declaration may be exercised with respect to different parcels of real property at different times, at any time, at different times and in any order, without further assurances or limitation of any sort, either in all or in any portion of the remainder of any such property subject to such Rights. In this regard, the Declarant states pursuant to RCW 64.90.225(h) that no assurances are made if any Development Right is exercised in any portion of specified real estate subject to that Development Right, that Development Right must be exercised in all or in any other portion of the remainder of that real estate.

3.4. Ground Lease.

- 3.4.1. Description of Ground Lease-Statement of Ultimate Superiority. The land on which the Condominium is situated is not owned by Declarant, but is instead leased by Declarant from the Port of Skagit, a municipal corporation, hereinafter known as the "Ground Lessor"; such land is legally described on the attached Exhibit "A". The written lease agreement between the Declarant and the Ground Lessor, is known herein as the "Ground Lease". This Declaration is subject to and subordinate in all respects to the terms and conditions of the Ground Lease. Any person obtaining any interest in a Unit in this Condominium takes title subject to the Ground Lease. Any uncured default under the Ground Lease may result in termination of the Condominium. Upon termination of the Ground Lease, this Condominium shall also terminate and, except as may be otherwise provided in the Ground Lease, title to the Units and Common Elements of the Condominium shall revert to and become the property of the Ground Lessor, its successors and/or assigns. Any provisions of this Declaration which are inconsistent with any provisions of the Ground Lease will be of no force and effect as against Ground Lessor.
- 3.4.2. Recording and Inspection of Ground Lease. The Ground Lease was executed on March 11, 2022 and recorded at Skagit County Auditors File No. 202409170141. The Ground Lease has subsequently been amended on September 17, 2024, which amendment is recorded at Skagit County Auditor's File No. 202409170142. An original and/or fully executed copy of the Ground Lease, as amended, may be inspected in the main office of the Port of Skagit and in the office of Declarant.
- 3.4.3. Term and Expiration of Ground Lease; Options to Renew. The term of the Ground Lease is for thirty (30) years commencing on the occupancy date of February 1, 2023, and terminating on January 31, 2053, unless sooner terminated under the terms of the Ground Lease. Provided, the Association has the option to renew the Ground Lease for two (2) consecutive ten (10) year periods. The Association must give written notice of such intention to the Ground Lessor at least one hundred twenty (120) days prior to the expiration of the term of the Ground Lease or any extended term thereof. Please reference the

Ground Lease for more details.

- 3.4.4. No Right to Redeem Reversion. Under the terms of the Ground Lease, neither the Declarant, the Association nor Unit Owners have the right to redeem the reversionary interest of the Ground Lessor.
- 3.4.5. Right to Remove Improvements. Pursuant to Section 10 of the Ground Lease, Unit Owner's shall have the right to remove all equipment, personal property and trade fixtures which may have been placed upon the premises during the period of the Ground Lease, provided that the same are removed upon conclusion of the Ground Lease and that the Ground Lease is in good standing. Any such equipment, personal property and trade fixtures not removed from the Property by the conclusion of the Ground Lease shall revert to Ground Lessor. If Unit Owners do not remove all equipment, personal property and trade fixtures which have been placed on the premises during the period of the Ground Lease and Ground Lessor wants the property removed, then the same shall be removed and stored at Unit Owner's expense and Ground Lessor shall recover any costs and expenses from the Unit Owner or Association resulting from the removal. All improvements shall become the property of the Ground Lessor.
- 3.4.6. Consent of Ground Lessor required. Under the Ground Lease and elsewhere in this Declaration, the consent or approval of the Ground Lessor to certain activities or conduct of Unit Owners and of the Association is required. Where such consent is required, it must be evidenced in writing, but shall not be unreasonably withheld.
- 3.4.7. Association as Tenant. The Declarant is the Lessee under the Ground Lease with the Port. It is intended by the Declarant, and so provided in the Ground Lease that subsequent to the recording of this Declaration and conveyance of the first Unit, the Lessee's interest in the Ground Lease presently held by the Declarant shall be assigned to the Association, upon which occurrence the Association shall assume and fulfill all of the terms and conditions of the Ground Lease, as well as the continuing obligations the Association is bound to under the Ground Lease. The Association shall be the lessee of the Ground Lease, pursuant to assignment by the Declarant.
- 3.4.8. Leasehold Excise Tax. Under the terms of the Ground Lease, in addition to the rent, the Association shall pay to Ground Lessor at the same time the rent is paid such leasehold tax as shall have been or may be properly levied by the State of Washington or Skagit County.
- 3.4.9. Payments of Rent and Association is Owners Representative Under Ground Lease. Under the Ground Lease, the Association shall collect from each Unit Owner a proportionate share of the rent and leasehold tax owing to the Ground Lessor under the Ground Lease, and shall timely pay to the Ground Lessor all rent and leasehold tax owing under the Ground Lease. The Association shall be

the representative of all the Unit Owners in all matters relating to the Ground Lease, which shall be conducted by the Board. Such matters include but are not limited to providing renewal notice for renewal of the Ground Lease and negotiation of rental pursuant to the Ground Lease.

RCW 64.90.230(2) and (3) are two competing provisions. Subsection (2) states that the condominium declaration may provide for the collection of rents by the association while subsection (3) has language regarding unit owners and timely payment of unit owners' share of the rent related to termination of the lease. The Unit Owners acknowledge that the Association shall be responsible for all aspects of the Ground Lease, including payment of rent, pursuant to RCW 64.90.230(2). The Association and Unit Owners hereby agree that RCW 64.90.230(3) is not applicable, and the Association will collect the rent and be the designated representative of the Unit Owners on all matters relating to Ground Lease pursuant to RCW 64.90.230(2). The Unit Owners hereby provide an irrevocable power of attorney to the Association as detailed in Section 8.3 below related to being the representative in all aspects regarding the Lease Agreement. The Unit Owners and Association consider the two sections of RCW 64.90.230 to be mutually exclusive and the parties have chosen Section (2), which means Section (3) does not apply. If RCW 64.90.230(3) does become applicable or is ever ruled to apply by a court of law against Ground Lessor and rights granted under Section 3.4.12 do not satisfy the requirements of subsection (3), then the Association and Unit Owners shall defend, indemnify and hold harmless the Ground Lessor from any damages or claims (including but not limited to attorneys' fees and costs) incurred by the Ground Lessor pursuant to the Ground Lease.

- 3.4.10. Termination of Condominium. Pursuant to the provisions of the Ground Lease and the Governing Law, as a Leasehold Condominium, upon expiration or earlier termination of the Ground Lease, the Condominium shall terminate.

As set forth herein, the Association shall collect from each Unit Owner, as part of said Unit Owner's Common Expense Assessment, such Unit Owner's allocated share of the total rent owed to Ground Lessor under the Ground Lease. The failure of the Association to pay rent to the Ground Lessor as and when due and/or the failure of the Association to perform any other term or condition under the Ground Lease will entitle the Ground Lessor to terminate the Ground Lease, which termination shall result in the forfeiture of any and all right, title and interest in the leasehold which is then held by the Association, the Unit Owners, their mortgagees and/or the Declarant.

Notice: The Association and all Unit Owners shall take notice that any default of the Ground Lease shall result in the termination of this Condominium and all property rights therein. Therefore, if any individual Unit Owner fails or refuses to pay his/her share of the rent in a timely manner, or otherwise fails or refuses to comply with the Ground

Lease, and if as a consequence the Association fails to pay full and timely rent, or otherwise comply with the Ground Lease, the rights of all Unit Owners in the Condominium will terminate.

The timely payment of rent shall be secured by the creation and funding of security deposits and a reserve account as described elsewhere in this Declaration.

- 3.4.11. Other Lease Provisions. The Ground Lease describes additional terms and conditions which are binding upon the Declarant and other Unit Owners. This Declaration does not provide a complete description of all terms and conditions of the Ground Lease. All Unit Owners shall familiarize themselves with the terms and conditions of the Ground Lease.
- 3.4.12. Failure to Pay Rent, Leasehold Tax or Other Expenditures Under Ground Lease. In the event there is a default on the Ground Lease for failure of the Association to pay rent, leasehold tax or other expenditures to the Ground Lessor under the Ground Lease (likely due to the failure of a Unit Owner to pay assessments) then the following remedies are available to each Unit Owner. This provision is also intended to define the Unit Owner's share for the purposes of RCW 64.90.220(3) if that provision is ever ruled applicable. Upon default under the Ground Lease, the non-defaulting Unit Owners may exercise the remedies provided for in this Section as well as any and all remedies provided in the Governing Documents or the Governing Law. If any Unit Owner fails to pay the required Common Expense Assessment at the time the same is due and payable and that failure to pay results in the Association being unable to pay rent, leasehold taxes or any other expenses to the Ground Lessor as required by the Ground Lease, then such Unit Owner shall be a "Delinquent Unit Owner". In the event that there is a Delinquent Unit Owner, any other Unit Owner (the "Lending Unit Owner", whether one or so many of them as so desire) may at its or their option and in proportion to its Allocated Interest in the Common Expenses, advance the funds necessary to pay all delinquencies with the Ground Lessor. This amount shall be 100% of the obligation owed to the Ground Lessor and shall be the Unit Owner's share of the rent owed. The sum advanced constitutes a loan from the Lending Unit Owner to the Delinquent Unit Owner for their proportionate share of the rents and other costs to cure breach of Lease covenants. The principal balance and interest of any loan from a Lending Unit Owner to a Delinquent Unit Owner shall be due on the thirtieth day after written demand by the Lending Unit Owner to the Delinquent Unit Owner. All loans by a Lending Unit Owner to a Delinquent Unit Owner shall bear an interest rate of twelve percent (12%) per annum from the date the monies are advanced. In the event the Defaulting Unit Owner fails or refuses to repay the loan to the Lending Unit Owner, then the Lending Owner shall have a lien on the Defaulting Owner's Unit in the Condominium. Such lien shall be the same as the lien provided to the Association in Article 10 below and may be foreclosed in the same manner as the Association lien.

3.5. Special Declarant Rights.

Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Condominium: To complete any improvements indicated on the Survey Map or described in the Declaration; to exercise any Development Right under Subsection 3.3.1 hereof (or any other provision); to maintain sales offices, management offices, signs advertising the Condominium; to use easements through the Common Elements for the purpose of making improvements within the Condominium; to attend Meetings of the Unit Owners and, except during an executive session, the Board; to have access to the records of the Association to the same extent as a Unit Owner. Except with respect to the right to exercise Development Rights, which is governed by Subsection 3.3. hereof, Special Declarant Rights shall terminate upon the sale of the last Unit that may be created in the Condominium, or fifteen (15) years from the date of the conveyance of the first Unit in the Condominium to a purchaser other than the Declarant.

ARTICLE IV UNITS.

4. UNITS.

4.1. Number and Location of Units

4.1.1. Number of Units. The Condominium contains two (2) Units. The Identifying Number and the approximate square footage of each Unit is set forth in Exhibit "B". Because the Units are restricted to non-residential use, the information required by RCW 64.90.210(1)(d)(ii) and (iii) is omitted. The Units are only one level. The location and dimensions of the Units as so numbered is set forth in the Survey Map.

4.2. Unit Boundaries. The boundaries of each Unit are as follows:

4.2.1. Upper and Lower (horizontal) Boundaries. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the vertical (perimetric) boundaries.

(a) Upper Boundary: The horizontal or oblique planes of the bottom surface of the steel ceiling joists or other structural materials used in the structural portions of the ceiling. The structural members supporting the roof are Common Elements.

(b) Lower Boundary: The horizontal plane of the top surface of the undecorated concrete floor slab.

4.2.2. Vertical (perimetric) Boundaries. The vertical boundaries of the Units shall be the vertical planes which include the interior surfaces of the metal siding materials comprising portions of the exterior and interior walls of the Building extended to intersections with each other and with the upper and lower boundaries. The metal walls themselves comprise portions of the Common Elements. Insulation covering any such walls constitute Limited Common Elements serving the Unit located on either side of any walls.

4.3. Monuments as Boundaries.

The physical boundaries of a Unit constructed in substantial accordance with the original Survey Map constitute its boundaries rather than any metes and bounds expressed in the Survey, regardless of settling or lateral movement of the Building or minor variance between boundaries shown on the Survey Map and those of the Building.

4.4. Additional Items Included in Units.

Each Unit contains: (i) all nonstructural interior partition walls located within the boundaries of the Unit; (ii) any insulation or finishing materials; and (iii) any material flooring material, mezzanine structure, interior doors or windows, and any fixtures, appliances, mechanical, plumbing, electrical or communication systems and equipment serving only that Unit, commencing at the point of disconnection from the structural body of the Building, or from utility lines, pipes or systems serving another Unit or the Common Elements.

4.5. Items Excluded from a Unit.

A Unit shall be deemed not to include: pipes, wires, conduits and other utility lines, ventilation or other ducts, bearing walls and structural portions of the Building running through a Unit that are utilized for or serve another Unit or the Common Elements, and all other property and fixtures of any kind that are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the Condominium.

4.6. Maintenance of Units.

Each Unit Owner, at his or her sole expense, shall have the right and the duty to keep the interior of his or her Unit and its fixtures, equipment, and appurtenances in good order, condition and repair and shall do all Preventative Maintenance, repairs and/or replacements at such times as are necessary to maintain the good appearance and condition of such Unit. Each Owner shall also be responsible for the maintenance, repair or replacement of any individual heating, ventilating or air-conditioning equipment, wherever located, installed for the sole and exclusive use of the Unit, and of any other device or equipment lying outside the boundaries of the Unit but installed for the sole and exclusive use of the Unit, and of any other fixtures, appliances, systems or equipment described in Section 4.4(iii) hereof. This Section shall not be construed as permitting any interference with or damage to the structural integrity of the Building or interference with the use and enjoyment of the Common Elements or of the other Units or any of them, nor shall it be construed to limit the powers

or obligations of the Board hereunder. See also Section 8.4 hereof.

4.7. Alteration of Units by Unit Owner.

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

- 4.7.1. May make improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical, electrical or other utility systems of any other Unit or the Common Elements, or lessen the support of any portion of the Condominium.
- 4.7.2. May not change the appearance of the Common Elements or alter structural components of a Unit without the advance written permission of the Board.
- 4.7.3. May, after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, and following 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 of any other Units or the Common Elements, 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, within thirty days from delivery of the request, unless the proposed alteration does not comply with the Governing Law or the Declaration or if it would impair the integrity of any structural, mechanical, plumbing or electrical systems in the Condominium. The failure of the Board of Directors to act upon a request within such period shall be deemed approval thereof.

4.8. Relocation of Unit Boundaries.

- 4.8.1. Combining Units and Relocation of Boundaries between Units. Subject to the provisions of any applicable building, zoning or other applicable regulations, and with the consent of any Eligible Mortgagees holding mortgages in the affected Units pursuant to Section 15.3, the boundaries between adjoining Units may be relocated, but only by an amendment to the Governing Documents as provided in Article XVII hereof, following application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Where two or more entire Units are combined, the Allocated Interests allocated to the resulting Unit shall equal the sum of the Allocated Interests formerly allocated to each of the Units that were combined. Unless the Board of Directors determines, after receipt of all required information, that the reallocations are unreasonable or that the proposed boundary relocation does not comply with the Declaration, RCW

64.90.255, or other provisions of law, the Board must approve the application and prepare any amendments to the Declaration and Survey Map in accordance with the requirements of Subsection 4.8.3 below.

4.8.2. Relocation of Boundaries between Units and Common Elements.

(a) Relocation Permitted. Subject to the other provisions hereof and to 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 (67%) of the votes in the Association, including sixty-seven percent (67%) of the votes allocated to Units, agree to such relocation.

(b) Payment of Fees or Charges. 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 on whose behalf the boundaries are relocated.

4.8.3. Amendments to Declaration and Survey Map. In any circumstance described in this Section 4.8, the Association shall (i) prepare an amendment to the Declaration that identifies the Units involved, states the reallocations, is executed by those Unit Owners and the Association, contains words of conveyance between them, and is recorded in the name of the grantor, the grantee and the Association as appropriate and as required under RCW 64.90.285(3), in the Office of the County Auditor; and (ii) obtain and record an amendment to the Survey Map complying with the requirements of RCW 64.90.245, as necessary to show the altered boundaries between adjoining Units, and their dimensions and Identifying Numbers.

4.8.4. Costs to be assessed to affected Unit Owners. All costs, including reasonable attorneys' fees, incurred in preparing and recording amendments to the Governing Documents shall be paid to the Association by the Owners of the affected Units prior to recordation of the required amendments to the Governing Documents.

4.9. Subdivision of Units.

Subdivision of Units is authorized and shall be governed by the provisions of RCW 64.90.265.

ARTICLE V
COMMON ELEMENTS

5. COMMON ELEMENTS.

5.1. Description of Common Elements.

Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Elements of the Condominium, that may also be referred to as "General Common Elements," consist of the following:

- 5.1.1. The real estate above-described on which the Building is situated, as depicted on the Survey Map.
- 5.1.2. The roofs, foundations, columns, girders, studding, joists, beams, supports, main walls (as opposed to nonbearing interior partitions of Units), and all other structural parts of the Building, to the boundaries of the Units as described above in Section 4.2.
- 5.1.3. Installations of services for common use such as main power lines, exterior lighting, main water or sewer lines, pipes, conduits, and wires, wherever they may be located, whether in partitions or otherwise; any tanks, pumps, motors, fans, compressors, heating or cooling units, filtration systems, chutes or ducts serving common areas; any common trash receptacles, containers or "dumpsters," any common mailbox facilities, and in general any and all apparatus and installations existing for common use rather than for any one Unit.
- 5.1.4. The apron areas which provide access to Units.
- 5.1.5. The driving areas, which provide access to Limited Common Element parking spaces within the parking area as shown on the Survey Map.
- 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. Partition, Conveyance, or Encumbrance.

- 5.2.1. Except as permitted by this Declaration or the Governing Law, the Common Elements shall remain undivided and are not subject to partition; any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void. No Unit Owner or other Person may bring any action for partition or division of the Common Elements, except as provided in Section 6.4 hereof. Portions of the Common Elements that are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association, but only as provided below in this Section 5.2, if the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, along with that percentage of Eligible Mortgagees specified in Article XV of this Declaration consent to this action;

but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest.

- 5.2.2. 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 Subsections 5.2.1 and 5.2.3 hereof. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.
- 5.2.3. An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as required for deeds, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Condominium is situated and is effective only upon recording.
- 5.2.4. If the consent of Eligible Mortgagees holding security interests on at least eighty percent of the Units subject to security interests held by Eligible Mortgagees on the day the Unit Owners' agreement under Subsection 5.2.3 hereof is recorded, is obtained, then:
- (a) A conveyance of Common Elements pursuant to this Section 5.2 terminates both the undivided interests in those Common Elements allocated to the Units and the security interests in those undivided interests held by all Persons holding security interests in the Units; and
 - (b) An encumbrance of Common Elements pursuant to this Section 5.2 has priority over all preexisting encumbrances on the undivided interests in those Common Elements held by all Persons holding security interests in the Units.
- 5.2.5. The consents of Eligible Mortgagees, or a certificate of the Secretary affirming that the requisite percentage of Eligible Mortgagees have consented, may be recorded at any time before the date on which the agreement under Subsection 5.2.3 becomes void. Such consents or certificates recorded are valid from the date they are recorded for purposes of calculating the percentage of consenting eligible mortgagees, regardless of later conveyance or encumbrances on those Units. If the required percentage of Eligible Mortgagees consent, a conveyance or encumbrance of Common Elements does not affect interests having priority over the Declaration or created by the Association after the Declaration was recorded.
- 5.2.6. 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 Section 5.2 does not apply to the incorporation of Common Elements into Units as a result of relocating Unit boundaries pursuant to Subsection 4.8.2 hereof, to subdividing Units pursuant to Subsection 4.9 hereof or to eminent domain proceedings, which are described in Article 12 to this Declaration.

- 5.2.7. Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section 5.2, is void. A conveyance or encumbrance of Common Elements pursuant to this Section 5.2 shall not deprive any Unit of its rights of access and support.

5.3. Allocation.

Pursuant to RCW 64.90.235, the Declarant has allocated to each existing Unit in the Condominium an undivided interest in the Common Elements of the Condominium, which is known as the Unit's Allocated Interest in the Common Elements. These undivided interests have been allocated among the Units generally in proportion to the size of each Unit relative to the other Unit in the Condominium. Each Unit's Allocated Interest in the Common Elements is expressed as a percentage and is stated with particularity on the attached Exhibit "B."

5.4. Maintenance, Repair and Replacement – Association.

The Condominium Association is responsible for maintenance, repair, and replacement of the Common Elements, including the Limited Common Elements, except as may be provided in Subsections 6.2 hereof.

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

The Board, with the assistance of the Association's Manager and/or other competent professionals, should develop a schedule of routine Preventative Maintenance for all components of the Common Elements which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to conduct such inspections and Preventative Maintenance. The Board should take particular care inspect and properly maintain the exterior weather-proofing elements of the building, including at minimum the roof, roof drains and scuppers, gutters, down-spouts, siding, flashing systems, caulking, deck membranes, exterior windows and doors, and all major building systems including the plumbing, storm and sanitary sewer lines, ventilation systems, electrical systems, and any other areas of the Building which are susceptible to premature structural failure as a result of water intrusion or other factors, and to regularly inspect all re-caulk, re-seal or otherwise appropriately maintain such areas. The Board should also periodically undertake an analysis of the adequacy of the Association's Reserve Fund; such analysis should (i) ascertain the probable remaining useful life of each component of the Common Elements which will require replacement or major repairs, (ii)

estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.

5.6. Right of Access.

5.6.1. Owners' Rights of Use of Common Elements. Subject to the provisions of Section 5.7 below and other provisions of the Governing Documents, 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.

5.6.2. Units Subject to Rights of Access. Each Unit Owner shall afford to the Association and, as needed, to other Unit Owner(s), and to their respective agents or employees, access through such Owner's Unit and any appurtenant Limited Common Elements reasonably necessary for the purposes stated herein, and for repairs to other Units or to Limited Common Elements serving same. 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, shall be liable for the repair thereof, as provided in Section 8.2 hereof.

5.7. No Interference with Common Elements.

No Person shall obstruct any of the Common Elements nor shall any Person place or cause or permit anything to be placed or stored on or in any of the Common Elements (except those areas designated for storage by the Governing Documents) without the approval of the Board. Nothing shall be damaged, altered, constructed in, or removed from the Common Elements except with the prior written consent of the Board of Directors.

5.8. Parking Spaces.

5.8.1. Number, Assignment. The Condominium contains a parking lot with 22 parking spaces that are described with particularity on Exhibit "C" to this Declaration. Parking spaces have been assigned for the exclusive use of individual Unit Owners pursuant to Article 6 of this Declaration. The use of all parking spaces shall be governed by the provisions of Subsection 9.1.5 hereof.

5.8.2. Restrictions on Usage of Parking Spaces - Size and Location. The Condominium contains parking spaces of various sizes; some spaces may be too small or may be located in areas that present height or maneuverability hazards due to encroaching structures, overhead fixtures or equipment, or insufficient room in driveway areas, making such spaces unsafe within which to park larger vehicles. Each Owner or occupant shall be responsible for determining whether the Owner or occupant's motor vehicle will comfortably and safely fit in any parking space, and each Owner or occupant shall be liable for any damage

caused to the parking space, or to any equipment or structure lying adjacent to the parking space, and/or to any other motor vehicle or other property that may suffer loss or damage as a result of a failure to comply with these requirements. No Owner or occupant whose vehicle is too large for a parking space shall park or attempt to park such vehicle in such space.

ARTICLE VI
LIMITED COMMON ELEMENTS

6.1. Description of Limited Common Elements.

Limited Common Elements are those portions of the Common Elements allocated to and reserved for the exclusive use of one or more, but fewer than all of the Units. They consist of:

- 6.1.1. Any shutters, awnings, window boxes, doorsteps, stoops, and all exterior doors, windows, and skylights, are Limited Common Elements allocated exclusively to that Unit. If any chute, flue, duct, wire, pipe, conduit, bearing wall, bearing column, or any other fixture (including without limitation any individual heating, ventilating or air conditioning equipment) lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements. See also Subsection 6.2.2 hereof.
- 6.1.2. Exterior doors, including "Overhead" doors, serving any Unit, plate glass windows serving any Unit, external signage facilities serving any one Unit. These are considered Special Limited Common Elements.
- 6.1.3. The numbered uncovered parking spaces, which are shown on the Survey Map, and which are assigned as indicated on Exhibit "C" to this Declaration. The Declarant has made an initial allocation of parking on Exhibit "C" hereto. At any time the Declarant may reallocate parking spaces between Units that the Declarant owns.
- 6.1.4. The grass and landscaped areas adjacent to each Unit, as shown on the Survey Map.
- 6.1.5. The boundaries of the Limited Common Elements are defined by the interior surfaces of any walls, floors, ceilings, doors, windows, ground, railings, painted striping, fence, curb or other structure that may support or enclose the same, but shall not include any of the exterior surfaces of the exterior walls of the Buildings, or the external or internal walls of decks.

6.2. Maintenance and Installation of Limited Common Elements.

6.2.1. General Responsibility as Between Owner and Association. Each Owner of a Unit to which any of the above-described Limited Common Elements are appurtenant shall be responsible for cleaning and caring for such Limited Common Elements, and keeping them in slightly condition. Except as provided in Subsection 6.2.2 below, the Board shall have exclusive control of painting, decorating, repairing, replacing and performing necessary periodic maintenance to all Limited Common Elements.

6.2.2. Owners' Special Rights and Responsibilities. Any mechanical equipment comprising any heating, ventilating or air conditioning system or elevator serving only one Unit but lying outside the boundaries of the Unit, or any other form of equipment installed by or for the Owner of a Unit within the Common Elements and serving only such Unit, shall be maintained, repaired and replaced by the Unit's Owner in a functional, clean and tidy condition.

6.2.3. Financial Responsibilities as Between Owner and Association. Maintenance, painting, repair or replacement of the structure and finish of the Limited Common Elements, other than those described in Subsection 6.2.2 above, shall be a Common Expense. Notwithstanding the foregoing, the Board shall recover the costs of repairs to and replacement of the Special Limited Common Elements (described in Article II hereof), through Specially Allocated Assessments levied pursuant to Section 10.7 hereof.

6.3. Reallocation between Units.

A Limited Common Element may be reallocated between Units, but only with the approval of the Board of Directors and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated, respectively. The Board of Directors shall approve the request of the Owner or Owners under this Subsection within thirty days, unless the proposed reallocation does not comply with the Governing Law or this Declaration. The failure of the Board of Directors to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium.

6.4. Change in Character.

A Limited Common Element may be (a) created from and reallocated to one or more Units from the General Common Elements, or (b) incorporated into an existing Unit or Units, only on the following conditions. Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, including the Owner(s) of the Unit(s) to which the Limited Common Element will be assigned or incorporated, along with that percentage of Eligible Mortgagees specified in Article XV of this Declaration, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a General Common Element or a Limited Common Element into an existing Unit. Such

reallocation or incorporation shall be reflected in an amendment to the Declaration and Survey Map.

ARTICLE VII
UNIT OWNERS ASSOCIATION

7. UNIT OWNERS ASSOCIATION.

7.1. Name and Form of Association.

The name of the Association shall be "Finn Hangars Condominium Association." The Association has been incorporated by the Declarant as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of this Declaration.

7.2. Powers & Duties of Association.

7.2.1. Duties & Responsibility of Association. The purposes for which the Association was formed are to maintain, repair, replace and manage the Common Elements of the Condominium, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents, so as to protect the safety and well-being of Occupants of the Condominium and preserve the long-term value of the Condominium Property for the benefit of the Unit Owners.

7.2.2. Powers Exercised by Board of Directors. Except for rights of Unit Owners explicitly reserved in the Governing Documents, the Board of Directors shall have the exclusive right and power to govern the Association. Such powers are set forth with particularity in the Bylaws of the Association and, except as otherwise expressly provided herein are not limited in this Declaration.

7.2.3. Power to Assign Future Income. Without limiting the foregoing, the Association also shall have the power to assign its right to future income (including the right to collect and receive Common Expense Assessments), provided that any specific assignment is ratified in advance by the Owners under the following procedures authorized by the Governing Law:

(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 and no more than sixty days after

providing 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.

7.2.4. Rights of Association Lenders. A lender who has extended credit to the Association secured by an assignment of income or an encumbrance on the Common Elements may enforce its security agreement in accordance with its terms, subject to the requirements of the Governing Law and other law. A requirement that the Association must deposit its periodic common charges before default with the lender to which the Association's income has been assigned, or increase its common charges at the lender's direction by amounts reasonably necessary to amortize the loan in accordance with its terms, does not violate the prohibitions on lender approval contained in RCW 64.90.295(1), but lender requirements for deposits of Association income must be consistent with the provisions of RCW 64.90.530(3) and (4).

7.3. Membership in Association.

Membership in the Association is automatically associated with and appurtenant to the ownership of a Unit in the Condominium. Except in the case of a termination of the Condominium, the membership of the Association at all times consists exclusively of all Unit Owners. Rights and privileges of membership are specified in the Bylaws of the Association.

7.4. Voting.

7.4.1. Voting Process. The manner of voting shall be as prescribed in the Bylaws.

7.4.2. Allocated Interests for Voting. The Declarant has allocated to each Unit in the Condominium a vote in the Association which is known as the Unit's Allocated Interest for voting or "vote". The allocation of voting power among the Units is equal, with each Unit having one (1) Vote. The allocation of the Vote will not change even if a Unit's size is expanded. Each Unit's Allocated Interest for voting is stated with particularity on the attached Exhibit "B".

7.5. Bylaws of Association.

Bylaws for the administration of the Association and the Condominium, and for other purposes not inconsistent with this Declaration, have been or will be prepared by the Declarant. The Bylaws may contain supplementary, not inconsistent, provisions regarding the operation of the Condominium administration of the Property. The Bylaws shall establish such provisions for quorum, ordering of meetings, and details regarding the giving of notice as may be required for the proper administration of the Association of the

Condominium.

ARTICLE VIII
MANAGEMENT OF CONDOMINIUM ASSOCIATION

8. MANAGEMENT OF CONDOMINIUM ASSOCIATION.

8.1. Authority of the Board.

8.1.1. General Authority. The Board, for the benefit of the Condominium and the Owners, shall have the authority to manage the project and enforce the provisions of the Governing Documents and Bylaws. The Board has all powers and authority granted to the Association pursuant to this Declaration that are not expressly subject to the approval of Unit Owners.

8.1.2. Common Expenses. The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to the following items. Common Expenses of the Association include, but are not limited to the following, as and when applicable to the Condominium or its Association:

(a) Common water and sewer, common electrical, common garbage and/or trash collection, common gas, and any other necessary utility service as required for the Common Elements. See Section 10.7 of the Declaration for Specially Allocated Assessment items.

(b) Policies of insurance or bonds required by Article XI.

(c) The services of persons or firms 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, whether such personnel are employed directly by the Board or are furnished by a Manager.

(d) The services of attorneys, along with bookkeepers and accountants qualified to maintain Association records in the manner required by the Bylaws, and to perform the independent audit required under the Bylaws.

(e) Painting, maintenance, repair and replacement of the Common Elements, landscaping work, and such furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required by law to pay or procure or that in its opinion shall be necessary or proper for the

operation of the Condominium, the maintenance, repair or replacement of the Common Elements, or for the enforcement of this Declaration.

(g) Maintenance and repair of any Unit, its Limited Common Elements, other appurtenances and appliances, if such maintenance or repair is reasonably necessary, in the opinion of the Board, to protect the Common Elements or to preserve the appearance and value of the Condominium development, and the Owner of said Unit has failed or refused to perform said maintenance or repair as required by Sections 4.6 and 6.2 of the Declaration, within a reasonable time after written Notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner. The cost of such maintenance or repair shall constitute a Specially Allocated Assessment against the Unit of such Owner, pursuant to Section 10.7 of the Declaration.

- 8.1.3. Liens or Encumbrances. The Board may also pay any amount necessary to discharge any lien or encumbrance that is claimed to constitute a lien against Common Elements or any portion thereof. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally guilty of willful misconduct or gross negligence and thus liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall constitute Specially Allocated Assessments against the Units responsible, to the extent of their responsibility.
- 8.1.4. 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. 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.
- 8.1.5. No Business Authority. 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.

8.2. Right of Entry - Allocation of Responsibility for Damage to Unit upon Entry.

- 8.2.1. Right of Entry - Notice Generally Required. The Board and its agents or employees may enter any Unit or Limited Common Elements appurtenant thereto when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, or elsewhere in this Declaration, or in the event of a *bona fide* emergency. Except in the case of an emergency, reasonable advance Notice shall be given to the Unit Owner and, if applicable, to any lawful tenant in the Unit. Such entry shall be made with as little inconvenience to the Owner and/or Occupant as practicable.
- 8.2.2. Allocation of Responsibility for Damage to Unit upon Entry. Any damage caused by such entry shall be repaired by the Association out of the Common

Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner or a lawful Occupant of the Unit entered, in which case the cost shall constitute a Specially Allocated Assessment against the Unit entered) or for the purpose of Upkeep to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the Upkeep was necessitated by conditions within the Unit or performed at the request of its Owner or its lawful Occupants, the costs thereof shall constitute a Specially Allocated Assessment against such Unit.

- 8.2.3. Unit Owner to Afford Access to Association and Other Owner(s). Each Unit Owner shall afford to the Association and, as needed, to other Unit Owner(s), and to their respective agents or employees, access through such Owner's Unit and any appurtenant Limited Common Elements reasonably necessary for the purposes stated hereof, including necessary inspections by the Association, and for repairs to other Units.

8.3. Board as Attorney in Fact.

Each Owner, by the act of becoming an Owner of a Unit, shall be deemed to have irrevocably appointed the Board of Directors as his or her attorney-in-fact, with full power of substitution, to take such actions as are reasonably necessary to perform the duties of the Association and Board hereunder, including, but not limited to, acting as the representative of all Unit Owners in regard to all aspects of the Ground Lease, the duties to maintain, repair and improve the Property, to deal with the Unit upon damage or destruction, to grant licenses and easements, and to secure and distribute condemnation awards and/or insurance proceeds.

8.4. Board or Association as Trustee.

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

ARTICLE IX
PERMITTED USES; ARCHITECTURAL CONSISTENCY

9. PERMITTED USES – ARCHITECTURAL CONSISTENCY.

9.1. Permitted Uses.

- 9.1.1. Use of Units. The Units may be used for Limited Service Aeronautical Service Provider activities, including aircraft leasing and storage, and to conduct such other activities as are incidental and reasonably related to general aviation and as may be authorized pursuant to the Ground Lease. All uses shall be consistent with the Ground Lease, applicable laws, ordinances and regulations of any governmental authority with jurisdiction, including without limitation, those of the Federal Aviation Administration (“FAA”). No use of the Condominium Property may interfere with landings, takeoffs, or general aircraft movement by aircraft using the Airport nor otherwise constituting a hazard to any person or activity in or around the Airport.
- 9.1.2. No Residential Uses. No residential or overnight uses of any sort are permitted on the Property.
- 9.1.3. Ground Lease Disclosure. The Ground Lease provides that the Owners and Occupants of a Unit may use the Units for Limited-Service Aeronautical Service Provider Activities and that they shall perform its operation in conformance with the “minimum standards” for Limited Service– Aeronautical Service Provider adopted by the Port of Skagit at the Airport. Any activities in support of any non-aviation use, failure to store aircraft, cessation of such activities, or the carrying on of other type of unauthorized activities may constitute a material default under the Ground Lease. Please reference the Ground Lease for additional details.
- 9.1.4. Non Exclusive Taxi Way. As part of the Ground Lease the Ground Lessor grants to the Unit Owners the non exclusive right to use Ground Lessor’s aprons and taxiways to access the airport runways. The aprons and taxiway shall be used only for the purpose of taxiing to and from the runways and otherwise stay unobstructed.
- 9.1.5. Vehicle Parking and Operation. Except as elsewhere provided in this Declaration, 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 only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No vehicle shall be parked in an area not specifically designated for parking in the Governing Documents, or in a space that is too small for the vehicle. Vehicles shall be operated in a safe and responsible manner while on Condominium 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 adopted by the Board. The Board may adopt Rules governing other aspects of vehicle use within the Common Elements of the Condominium.

9.1.6. Exterior Appearance. To preserve a uniform exterior appearance of the Building, the Board shall provide for the maintenance of the exterior of the Building and the Common Elements and Limited Common Elements visible to the public, including the providing of the painting and other decorative finish of the Building or other Common Elements or Limited Common Elements, and prescribe the type and color of such decorative finishes. No Owner may modify or decorate the exterior of the Building or the exterior doors of any Unit without the prior written consent of the Board. This power of the Association extends to doors and other visible portions of each Unit.

9.1.7. Offensive Activity. No noxious, offensive, smelly, excessively noisy, excessive vibration or illegal activity shall be carried on in any Unit or the Common Elements, nor shall anything be done therein which is or may become a nuisance or an unreasonable source of annoyance to other Unit Owners or other lawful occupants of the Condominium, nor shall any activity which may in any way create a nuisance or public health or safety hazard, or obstruct or interfere with the rights of other Owners or occupants of the Condominium, or which could interfere with or prevent the normal operation, maintenance, use, enjoyment, alteration or further development of the Property. Construction, remodeling and maintenance of a Unit shall not be deemed to be vibration, noise or odor inconsistent with the limitations of this subsection.

9.1.8. Hazardous Substances.

9.1.8.1. Generally. The Owner of each Unit shall not permit any hazardous substance to be generated, processed, stored, transported, handled or disposed of on, under, in or through the Owner's Unit or the Property except in compliance with any applicable law, order, ordinance, or regulation, and each Owner shall indemnify, defend, and hold harmless the other Owner or Owners and the Association from all fines, suits, procedures, claims and Actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or the Property by the Owner or the tenants or invitees of the Unit. As used here, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material which now or hereafter is designated a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. s 9601, et seq.), or under any local or state rule or regulation, without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released

into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior, abnormalities, cancer and/or genetic abnormalities.

9.1.8.2. Compliance with Environment Laws. Use of the Units and Common Elements of this Condominium is subject to various federal, state and local laws, regulations and guidelines in effect and/or hereafter enacted, relating to or affecting the Property, concerning the impact on the environment of construction, land use, and maintenance in operation of structures and the conduct of business. No Unit Owner shall cause, or permit to be caused any act or practice by negligence, or omission, or otherwise, that would adversely affect the environment or do anything or permit anything to be done that would violate any of the said laws, regulations or guidelines. The foregoing shall cover all requirements whether or not foreseeable at the present time and regardless of the expense.

9.1.8.3. Inspections. The Association shall have the right but not obligation to enter any Unit and its Limited Common Elements at any reasonable time in order to inspect for compliance with environmental laws or laws relating to hazardous substances.

9.1.8.4. Duty to Clean Up. In the event of a spill or release of any hazardous substance within or from the Property, the person(s) causing or otherwise responsible for such spill or release shall promptly undertake thorough clean up measures and provide notice to the Association, and to any governmental entity with appropriate jurisdiction, of the occurrence of the spill or release, and of the measures taken for clean up and remediation.

9.1.9. Trash. All trash, trash collection and trash removal from a Unit shall be the responsibility of the Unit Owner, and no trash shall be permitted to be stored inside or outside of the Unit(s). All other trash produced by the Unit Owners from permitted uses within the Units, shall be promptly removed by the Unit Owners to an offsite location.

9.1.10. Commit No Waste. No Owner of a Unit shall commit or permit waste of such Unit and/or of the Common Elements; and the liability in the event of such occurring shall be at the sole cost and expense of the responsible Unit Owner. This Section shall not be construed to permit any interference with or damage to the structural integrity of the Building or interference with the use and enjoyment of others of the Common Elements and/or other Units, nor shall be construed to limit the powers or obligations of the Association.

- 9.1.11. Rules. The Board is empowered to pass, amend and revoke Rules necessary or convenient from time to time to insure compliance with the general guidelines of this Article and the other provisions of this Declaration.
- 9.1.12. Fire Hazards. No Owner may make any alteration to its Unit or permit any use to be made of its Unit that would increase the risk of fire within the Condominium.
- 9.1.13. Leasing. With the exception of a mortgagee in possession of a Unit following a default in a mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure no Unit Owner shall be permitted to lease his or her Unit for any period less than thirty (30) consecutive days. Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the Governing Documents and Ground Lease, and that any failure by the lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. If any lease does not contain the foregoing provision, such provision shall nevertheless be deemed to be part of the lease and binding upon the Owner and the lessee by reason of it being stated in this Declaration. All leases shall be in writing. A lease, as defined herein, shall include month to month rentals. Any Unit Owner who leases their Unit must notify the Association of the lease and provide a copy of the written lease. Any tenant or subtenant of any portion of a Unit shall be deemed to have assumed all of the responsibilities of an Owner under this Declaration. The assignment or subletting of a Unit shall be subject to the same limitation as are applicable to leasing or renting thereof. An Owner or tenant may not exempt itself from any liability under the Declaration by assigning or subleasing the occupancy rights to its Units. Pursuant to the terms of the Ground Lease, the Ground Lessor has reserved the right to prior written consent of all assignments, rentals, or subleases of any portion of the Property. No lease of a Unit shall be valid absent the prior written consent of the Ground Lessor. This also includes any change of ownership.
- 9.1.14. Signs. Pursuant to the Ground Lease, no signs shall be installed without the written permission of the Ground Lessor and the Board; provided that the consent of the Board need not be attained with respect to existing signage or any signage placed by Declarant or Declarant's agent during the construction and sale of Units in the project.
- 9.1.15. Effect on Insurance. The Owner of each Unit shall not use nor occupy the Unit nor do or permit anything to be done thereon in any manner which shall make it impossible for the Association to carry any insurance required or reasonably deemed necessary, or which will invalidate or unreasonably increase the cost thereof or which will cause structural injury to the Building, or which will constitute a public or private nuisance or which will violate any laws, regulations, ordinances or requirements of the federal, state or local

governments or any other governmental authorities having jurisdiction over the Condominium.

ARTICLE X
COMMON EXPENSES AND ASSESSMENTS

10. COMMON EXPENSES AND ASSESSMENTS.

10.1. Budget for the Common Expenses.

Within thirty (30) days following the annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Board or the Association's accountant, the Board shall prepare an annual budget which shall estimate the Common Expenses, described generally in Section 2.8 of this Declaration, to be paid during such year. The budget shall make provision for payment of all rent and leasehold taxes owing to the Ground Lessor under the Ground Lease and for creating, funding, and maintaining reserves discussed in Section 10.3 hereof, and shall take into account any expected income and any surplus available within the prior year's operating fund. The Declarant or the Board may at any suitable time establish the first such estimate. If deemed necessary by the Board, any annual budget may be revised prior to the end of its budget year, subject to the provisions of Section 10.2 hereof.

10.2. Meeting of Association to Ratify Budget.

Within thirty (30) days after adoption of any proposed Budget for the Condominium, the Board must provide a copy of the budget to all the Unit Owners and set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than fifty days after providing the budget. Unless at that meeting the Unit Owners of Units to which a majority of the votes in the Association are allocated reject the budget, the budget and the Assessments against the Units included in the budget are ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required Notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

10.3. Reserves for Capital Improvements, Replacements, Major Repairs, Insurance Deductibles and Rent.

The Board of Directors should establish and maintain reasonable Reserves for major repairs and/or replacement of components of the project that are the responsibility of the Association, along with the amount of any insurance deductible(s) and amounts to cover a deficiency in rent or leasehold payments owed under the Ground Lease, by providing for such Reserves in the Annual Budget, segregating such Reserves on the books of the Condominium, and allocating and paying monthly to such Reserves one-twelfth of the total amount budgeted for such Reserves for the current fiscal year. The Board may also establish and maintain Reserve funds for operations and for capital improvements and such other purposes as may appear advisable from time to time. The portion of the Units' Assessments

paid into such Reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Unit Owners. Such Reserves may be expended only for the purposes for which they were established unless the Unit Owners, at a duly-constituted meeting of the Association, otherwise decide. The budget may include Reserves for any Special Limited Common Elements, to be assessed against only the Unit(s) benefitted thereby.

10.4. Assessments against Units.

10.4.1. Liability of Units. Assessments for General Common Expenses and those Specially Allocated Expenses that are subject to inclusion in a budget must be made at least annually based on a budget adopted in the manner described in Sections 10.1 and 10.2 hereof.

10.4.2. Assessments in Proportion to Common Expense Liability. All General Common Expenses must be assessed against all the Units in accordance with their Allocated Interests for Common Expense Liabilities described in Section 10.5 hereof.

10.4.3. Payable in Installments. Unless otherwise determined by the Board, the annual Assessment against each Unit for its proportionate share of the Common Expenses shall be payable in twelve (12) equal, monthly installments, and each installment shall be payable in advance by the first day of the month.

10.5. Allocated Interests for Common Expense Liability.

Pursuant to RCW 64.90.235(1)(a), the Declarant has allocated to each Unit in the Condominium a liability for payment of the Common Expenses of the Association that is known as the Unit's Allocated Interest for Common Expense Liability. This liability has been allocated among the Units generally in proportion to the size of each Unit relative to all other Units in the Condominium. Each Unit's Allocated Interest for Common Expense Liability is expressed as a percentage and is stated with particularity on the attached Exhibit "B."

10.6. 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 Sections 10.1 and 10.2 hereof 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. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability. See also Section 11.9 governing Special Assessments that may be required in conjunction with major damage repairs.

10.7. Specially Allocated Assessments.

10.7.1. Expenses Subject to Inclusion in Budget. The items included below in this Subsection constitute Specially Allocated Expenses that are subject to inclusion in the Association's Annual Budget:

(a) Any expense associated with the operation, maintenance, repair, or replacement of a Special Limited Common Element shall constitute a Specially Allocated Assessment against the Unit to which such facility is allocated.

(b) Charges collectible by the Association for the use of Reserved Common Elements or other facilities, such as storage areas, or the like, or services provided to Unit Owners on a regular basis.

(c) If one or more Units or the Common Elements are not separately metered, the utility service shall be paid as a Common Expense, and the Board may either allocate, by reasonable formula, a portion of such expense to each such Unit as a Limited Common Expense, or reimburse any Unit Owner who pays, in whole or in part for utilities serving the Common Elements or other Units, as appropriate.

(d) To the extent permitted by statute, the Association may require that any utility costs or similar charges (including water) that vary among the Units based upon usage or other factors, and that justify differential assessment levels, may be assessed differentially among Units.

10.8. Accounts; Commingling Prohibited.

The Association must keep all funds of the Association in the name of the Association with a financial institution. The funds must not be commingled with the funds of any other association or with the funds of any Managing Agent of the Association or any other Person, or be kept in any trust account or custodial account in the name of any trustee or custodian.

10.9. Surplus Funds.

Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of Reserves must either be paid annually to the Unit Owners in proportion to their Common Expense Liabilities or credited to them to reduce their future Common Expense Assessments, at the Board's discretion.

10.10. Liability of Unit Owners for Association Obligations.

10.10.1. General Liability Principles. 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. Neither the association nor any Unit Owner except the Declarant is liable for that Declarant's torts in connection with any part of

the Condominium which that Declarant must maintain. 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.

10.10.2. Proportionate Liability for Liens. A judgment for money against the association perfected under RCW 4.64.020 is not a lien on the Common Elements, but is a lien in favor of the judgment lienholder against all of the other real estate of the Association and all of the Units in the Condominium at the time the judgment was entered. Other property of a Unit Owner is not subject to the claims of creditors of the Association. Whether perfected before or after the creation of the Condominium, if a lien, other than a deed of trust or mortgage, including a judgment lien or lien attributable to work performed or materials supplied before creation of the Condominium, becomes effective against two or more Units, the Unit Owner of an affected Unit may pay to the lienholder the amount of the lien attributable to the Unit, and the lienholder, upon receipt of payment, must promptly deliver a release of the lien covering that Unit. The amount of the payment must be proportionate to the ratio that the Unit Owner's Common Expense liability bears to the Common Expense liabilities of all Unit Owners that are subject to the lien. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expenses incurred in connection with that lien.

10.11. Assessments to Pay Judgment against Association.

Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests for Common Expense liability at the time the judgment was entered.

10.12. Owners Personally Liable for Common Expenses.

10.12.1. Owners Jointly & Severally Liable for Assessments. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

10.12.2. Suit against Unit Owner Authorized. 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.

10.12.3. Association's Failure to Adopt Budget Does not Release Owners. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and

in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay (with or without Notice) a monthly Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and Notice thereof has been sent to the Unit Owner.

10.12.4. Late Fees Authorized. The Association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020, on all subsequent delinquent Assessments or installments of Assessments. If the Association does not establish such a rate, delinquent Assessments bear interest from the date of delinquency at the maximum rate calculated under RCW 19.52.020 on the date on which the Assessments became delinquent.

10.12.5. No Waiver or Exemption of Liability for Assessments. No Unit Owner may exempt himself or herself from liability with respect to any portion of the Common Expenses for any reason, including without limitation a waiver of the enjoyment of the right to use any of the Common Elements or by leasing, rental or abandonment of his or her Unit or otherwise.

10.13. Liability Following Conveyance of Unit.

10.13.1. Liability of Unit Owner following Sale of Unit. 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.

10.13.2. Liability of Mortgagee or other Purchaser following Foreclosure or Sale. Except as provided in Subsection 10.17.2 hereof, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure is not liable for Assessments or installments of Assessments that became due prior to such right of possession. Such unpaid Assessments are deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Unit Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided in this Subsection.as provided above.

10.14. Statement of Unpaid Assessments.

10.14.1. Board Required to Deliver Statement of Unpaid Assessments. The Board, 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 fifteen days after receipt of the request and is binding on the Association, the

Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

10.14.2. Unit Owners Deemed to Consent to Notice to Lender. Every Unit Owner, by virtue of taking title to a Unit in this Condominium, shall be deemed for all purposes to have consented in advance to the Association furnishing a statement of unpaid Assessments to a mortgagee holding a security interest in the Unit Owner's Unit – no additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a statement under circumstances that require such a delivery.

10.15. Lien for Assessments and Power of Sale.

10.15.1. The Association has a lien on each Unit for any unpaid Assessment against the Unit from the time such Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the date the first installment thereof is due.

10.15.2. Each and every Unit Owner of any Unit in the Condominium, by virtue of his or her acquisition by any means of title to such Unit, shall take such title subject to the Association's lien for Assessments. The Declarant as "Grantor" does hereby grant, bargain, sell and convey to Chicago Title Insurance Company, as "Trustee" in trust WITH POWER OF SALE, the Units and all other real property in the Condominium described in Exhibit "A" to this Declaration, which property is not used principally for agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any manner appertaining, and the rents, issues and profits thereof, to secure the obligations of the Unit Owners to the Association, as "Beneficiary," for the payment of any Assessments lawfully levied under this Declaration. Each and every Unit Owner shall be deemed for all purposes, as of the time of his or her acquisition of title to any Unit in the Condominium, to have joined as an additional "Grantor" in the conveyance in trust above described, and to have at that time granted, bargained, sold and conveyed his or her Unit, along with its undivided Allocated Interest in the Common Elements and any Limited Common Elements assigned thereto, to such Trustee, to secure all obligations imposed by this Declaration on such Unit Owner to pay Assessments to the Association. The Power of Sale provided and granted herein shall be operative in the case of a default in the obligation to pay Assessments; upon default by such Unit Owner in the payment of any indebtedness secured hereby, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, the Trustee shall sell the Unit as trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any Person except Trustee may bid at Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of sale, including a reasonable trustee's fee and attorney's fee; (2) to the obligations secured by

this Declaration; (3) the surplus, if any, shall be distributed to the Persons entitled thereto.

10.16. Automatic Perfection of Lien.

Recording of this Declaration constitutes record notice and perfection of the Association's lien. Further notice or recordation of any claim of lien for Assessments is not required, but is not prohibited. The Board may thus record a Notice of Claim of Lien for delinquent Assessments in the real property records of any county in which the Condominium is located.

10.17. Priority of Lien.

10.17.1. General Lien Priority. The Association's lien shall be prior to all other liens and encumbrances on a Unit except: (a) Liens and encumbrances recorded before the recordation of this Declaration; (b) Except as otherwise provided in Subsection below, a security interest on the Unit recorded before the date on which the unpaid Assessment became due; and (c) liens for real property taxes and other governmental assessments or charges against the Unit.

10.17.2. Association's Super-priority Lien for Assessments. Except as provided in Subsection 10.18.2 hereof, The Association's lien also has priority over the security interests described in Subsection 10.17.1(b) above, to the extent of an amount equal to the following:

(a) The Common Expense Assessments, excluding any amounts for capital improvements, based on the periodic Budget adopted by the Association pursuant to Sections 10.1 and 10.2 hereof, along with any Specially Allocated Assessments that are properly assessable against the Unit under such periodic Budget, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Association's lien or a security interest described in Subsection 10.17.1(b) hereof;

(b) The Association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the Notice described in Subsection 10.17.2(c) hereof;

(c) The priority amounts described in Subsection 10.17.2 shall be prior only to the security interest of the holder of a security interest on the Unit recorded before the date on which the unpaid Assessment became due **and only if the Association has given that holder not less than sixty days' prior written Notice that the Owner of the Unit is in default in payment of an Assessment. The Notice shall contain:**

(A) Name of the borrower;

(B) Recording date of the trust deed or mortgage;

(C) Recording information;

(D) Name of condominium, Unit Owner, and Unit designation stated in the Declaration or amendment thereto;

(E) Amount of unpaid Assessment; and

(F) A statement that failure to, within sixty days of the written Notice, submit to the Association payment of six months of Assessments as described in Subsection 10.17.2(a) hereof will result in the priority of the amounts described in Subsection 10.17.2(b); and

(d) Upon payment of the amounts described in Subsection 10.17.2(a) by the holder of a security interest, the Association's lien described in Subsection 10.17.2 shall be thereafter fully subordinated to the lien of such holder's security interest on the Unit.

(e) The Notice described in Subsection 10.17.2(c) hereof shall be mailed by ordinary mail to the holder of the security interest on the Unit at an address for Notice provided to the Association by the holder, or if the Association 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, either for the purpose of becoming an Eligible Mortgagee, or for the purposes of receiving the Notice required under Subsection 10.17.2(c) above or otherwise, then consistent with the provisions of RCW 64.90.285(9), the Association must provide Notice to the address appearing in the security interest of record which Notice shall be deemed for all purposes to satisfy the Notice requirements of RCW 64.90.485(3)(a)(iii).

(f) Every Unit Owner, by virtue of taking title to a Unit in this Condominium, shall be deemed for all purpose to have consented in advance to the Association giving the Notice described in Subsection 10.17.2(c) hereof to a mortgagee under the circumstances that require such a delivery. No additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a Notice.

10.17.3. Special Definitions Relating to Association's Lien Rights. For the purposes of this Section 10.17:

(a) "Institution of proceedings" means either:

(i) The date of recording of a notice of trustee's sale by a deed of trust beneficiary;

(ii) The date of commencement, pursuant to applicable court rules,

of an action for judicial foreclosure either by the Association or by the holder of a recorded security interest; or

(iii) The date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract.

(b) Capital improvements" does 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: (i) Availability of materials and products, (ii) prevailing law, or (iii) sound engineering and construction standards then prevailing.

10.17.4. Amendments to Budgets to include Improper Amounts are prohibited. The adoption of a periodic Budget that purports to allocate to a Unit any fines, late charges, interest, attorneys' fees and costs incurred for services unrelated to the foreclosure of the Association's lien, other collection charges, or Specially Allocated Assessments assessed under Subsection 10.7 hereof does not cause any such items to be included in the priority amount affecting such Unit.

10.17.5. Mechanic's Liens. This Section 10.17 does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

10.18. Enforcement of Association's Lien.

10.18.1. Judicial Foreclosure Proceedings Authorized. The Association's lien may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW, subject to any rights of redemption under chapter 6.23 RCW.

10.18.2. Nonjudicial Foreclosure Proceedings Authorized. The Association's lien also may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.18.3. Limitations Associated with Nonjudicial Foreclosures. If the Association forecloses its lien nonjudicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under Subsection 10.17 hereof, and is subject to the limitations on deficiency judgments provided in chapter 61.24 RCW.

10.18.4. Additional Remedies for Nonpayment of Assessments. This Section 10.18 does not prohibit actions against Unit Owners to recover sums for which Section 10.15 hereof creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

10.18.5. Restrictions on Commencement of Foreclosure Proceedings. The Association may not commence an action to foreclose a lien on a Unit unless:

(a) The Unit Owner, at the time the action is commenced, owes a sum equal to at least three months of Common Expense Assessments; and

(b) The Board approves commencement of a foreclosure action specifically against that Unit.

10.18.6. Six Year Statute of Limitation on All Enforcement Proceedings. The Association's lien for unpaid Assessments and the personal liability a Unit Owner for payment of those Assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six years after the full amount of the Assessments sought to be recovered becomes due.

10.19. Rent Subject to Lien for Assessments - Other Remedies for Nonpayment.

10.19.1. Rent Payable to Association Upon Default of Owner. (a) If a Unit is rented or leased by its Owner, and if the Owner becomes delinquent in the payment of Assessments for more than thirty (30) days, the Association may collect the delinquent amount from the tenant, who shall pay over to the Association so much of the rent for such Unit as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a Notice jointly to the Owner and the Tenant by First Class U.S. Mail, advising both parties [i] of the Owner's delinquency in Assessments, [ii] of the tenant's obligations under this Subsection of the Declaration, and [iii] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Unit Owner and the Unit Owner's obligation to pay Assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided immediately below in Subsection 10.19.2 and (b) **Every Unit Owner, by virtue of taking title to a Unit in this Condominium and subsequently renting the Unit, shall be deemed for all purpose to have consented in advance to the Association giving the Notice described in this Subsection 10.19.1 to a tenant of the Owner under circumstances that authorize such a delivery. No additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a Notice.**

10.19.2. Association Entitled to Appointment of Receiver During Foreclosure. In an action by the Association to collect Assessments or to foreclose a lien on a Unit that is not occupied by the Owner thereof, the Court may appoint a receiver to collect all sums alleged to be due and owing to the Unit Owner before commencement or during pendency of the action. The receivership is governed under chapter 7.60 RCW. During pendency of the action, the Court may order the receiver to pay sums held by the receiver to the Association for any Assessments against the Unit. The exercise of rights under this Subsection by the Association does not affect the priority of preexisting liens on the Unit.

10.20. Remedies Cumulative.

The remedies provided herein are cumulative and the Board may pursue them concurrently, along with any other remedies that may be available under the law although not expressed herein. 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.

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11. INSURANCE, DESTRUCTION, RESTORATION & DISTRIBUTION.

11.1. Authority, General Provisions, Name of Insured.

11.1.1. General Provisions. Commencing not later than the time of the first conveyance of a Unit to a Person other than the Declarant, the Board of Directors shall obtain and maintain for the Association: property insurance, commercial general liability insurance, fidelity insurance and other insurance described in greater detail below in this Section 11, under such terms and for such amounts as shall be deemed necessary or desirable by the Board. Levels of coverage and deductibles from coverage shall be determined annually by the Board with assistance from the agent of the insurance company or companies affording such coverage. Unless not reasonably available, such coverage shall follow the terms, conditions and amounts required by Section 11.2 hereof.

11.1.2. Name of Insured - Certain Insuring Arrangements Prohibited. The name of the insured under each required policy shall be stated as follows: "Finn Hangars Condominium Association." The Association must be the first named insured under each policy.

11.1.3. General Insuring Scheme - Association Coverage. The Association will acquire a "Master Policy" of property insurance that covers the Units and the Common Elements of the Condominium to standards specified with greater particularity in Section 11.2. The Association will also acquire commercial general liability

insurance, covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

11.1.4. General Insuring Scheme - Limited Coverage for Owners and Tenants. The Association is not a guarantor of the health, safety or property of the Unit Owners or tenants of the Condominium. See Section 14.1 hereof for further details. The Association's Master Policy does not and cannot provide coverage for personal property belonging to any Unit Owner, tenant or other Occupant of a Unit, nor does the Master Policy provide coverage for liability for harm arising within a Unit. While the property coverage provided under the Master Policy will generally provide coverage for loss or damage to the Units, the Master Policy will always include a "deductible," with the result that no loss to a Unit will be completely covered under the Master Policy.

11.1.5. Owners and Tenants Responsible for Acquiring their Own Insurance. Because of the limitations in coverage afforded under the Association's Master Policy, Unit Owners and tenants must acquire their own insurance coverage in order to be fully protected. Owners and tenants should pay particular attention to the general provisions of Section 11.5 hereof, and the specific provisions of Subsection 11.3.2, under which the Unit Owner may be held liable on a "no fault" basis for portions of the deductible under the Master Policy when loss or damage to the Owner's Unit is suffered.

11.2. Coverage under Master Policy of Insurance.

11.2.1. General. The insurable improvements within the Condominium shall be insured under one or more policies of commercial project insurance, against casualty loss or physical damage in an amount equal to at least the cost of replacing the "vanilla shell" of the building(s) created by the Declarant, subject to reasonable "deductible" limits. The master insurance policy obtained by the Association thus will cover only the buildings and their basic mechanical equipment. This coverage need not insure the Unit's interior "tenant improvements" above and beyond the "vanilla shell" created by the Declarant, nor any personal property belonging to a Unit Owner nor any improvements or betterments to a Unit made by the Unit Owner, nor any interior furnishings or trade fixtures used in the Owner's business. The coverage will also be exclusive of land, excavations and foundations, utilizing contemporary building materials and technology. Level(s) of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. Such coverage shall afford the following protection:

(a) against loss or damage by fire, vandalism, malicious mischief, wind storm, and other hazards covered by the standard extended coverage endorsement together with coverage for Common Expenses with respect to Condominium Units during any period of repair or reconstruction; and such other perils customarily covered by insurance for similar condominium projects. Such

coverage shall insure all buildings and other General and Limited Common Elements that are normally included in commercial coverage. The policy may also but need not cover other insurable improvement within the Units, including separate ventilating, heating and other equipment, but not including the fixtures, furniture, furnishings or other personal property supplied or installed by Unit Owners. The policy shall also cover other Condominium property including fixtures, building service equipment and common personal property and supplies owned by the Association or included in the Common Elements. The policy also should include:

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

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

- (i) an Inflation Guard Endorsement, when it can be obtained;
- (ii) Building Ordinance or Law Endorsement, if the enforcement of any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction.); and
- (iii) Steam Boiler and Machinery Coverage Endorsement, if the project has central heating or cooling. (This endorsement should provide for the insurer's minimum liability per accident to at least equal the lesser of \$2 million or the insurable value of the buildings housing the boiler or machinery.) In lieu of obtaining this as an endorsement to the commercial package for the project, the Association may purchase separate stand-alone boiler and machinery coverage.

(c) Liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Elements. The insurance should also cover any commercial spaces that are owned by the

Association, even if they are leased to others. Coverage should be afforded under a commercial general liability policy for the entire project, including all areas under the supervision of the Association. Limits of liability shall in no event be less than \$1,000,000 with respect to any single occurrence; and

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

- 11.2.2. Flood and Earthquake Insurance. If desirable and reasonably available, flood and/or earthquake insurance may be obtained. Funds to cover any deductible applying to such coverage should be included in the Association's operating reserve account, as provided in Section 10.3.
- 11.2.3. Directors' and Officers' Insurance. If desirable and reasonably available, the Board may acquire Directors' and Officers' errors and omissions insurance to satisfy the Association's indemnification responsibilities under Section 14.2 of this Declaration.
- 11.2.4. Fidelity Insurance, Manager Coverage & Other Insurance. The Association shall obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services. The policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association and all Eligible Mortgagees before the policy can be canceled or substantially modified for any reason, in the manner provided in Section 15.2 hereof. The policy should cover the maximum funds that will begin the custody of the Association's Manager at any time while the policy is in force. A Manager that handles funds for the Association may be named as an additional insured under the Association's policy, or covered by its own fidelity insurance policy, which should provide the same coverage required of the Association. The Board may also acquire such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a vote of the Unit Owners.
- 11.2.5. General Policy Provisions and Limitations. Insurance obtained pursuant to the requirements of this Article XI shall be subject to the following provisions:
- (a) Each policy shall be written with a company or companies which are licensed to do business in the State of Washington and which hold a B general policyholder's rating or a financial performance index of 6 or better in the latest edition of Best's Key Rating Guide, or an A or better rating from Demotech, Inc.
- (b) The master policy will be primary, and no insurance coverage obtained and maintained pursuant to the requirements of this Article XI shall be brought into contribution with insurance purchased individually by any of the

Unit Owners or their Mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Section shall exclude such policies from consideration.

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

11.3. Deductible.

11.3.1. General Provisions. Except as provided herein, the amount of the deductible under the Association's master property policy shall be paid by the Association as a Common Expense. Funds to cover the amount of the deductible (excluding policies for earthquake, flood or similar losses that have higher than standard deductibles) should be included in the Association's Reserve Accounts.

11.3.2. Owner Responsible for Underinsured Amounts. In the event of loss or damage to a Unit that would be covered by the Association's property insurance policy (excluding policies for earthquake, flood or similar losses that have higher than standard deductibles) but that is within the deductible under that policy, the Owner of the Unit shall be held responsible on a no-fault basis for the amount of the loss up to the amount of the Association's deductible; this provision is designed to capture proceeds of insurance acquired by Unit Owners described in Section 11.5 hereof. In cases where loss or damage affects more than one Unit, or a Unit and the Common Elements, responsibility for the uninsured amount shall be pro-rated among the affected parties, including the Association, in proportion to the relative costs of repairing the quantum of damage suffered by each party. See Section 11.5 for further details. Nothing in this Subsection shall be deemed to prevent a Unit Owner from asserting a claim against another Person for the amount recoverable by the Association under this Subsection if that other Person would be liable for such damages under general principles of law. Notwithstanding the above, if the Association is required to pay any other uninsured or under-insured amount because of the gross negligence or willful misconduct of an Owner or that Owner's tenant, or the family, servants, employees, agents, visitors, or licensees of that Owner, then as provided in Sections 13.2 and 10.7 hereof, the amount paid by the Association shall constitute a Specially Allocated Assessment against the Unit responsible for the damage, following notice and opportunity to be heard as provided in the Bylaws.

11.4. Certificates of Insurance Coverage.

An insurer that has issued an insurance policy to the Association must issue certificates or memoranda of insurance to the Association and, upon a request made in a Record, to any Unit Owner or holder of a security interest. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to

renew the policy unless the insurer has complied with all applicable provisions of chapter 48.18 RCW pertaining to the cancellation or nonrenewal of contracts of insurance. The insurer may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy without complying with this Section 11.4.

11.5. Owners' Policies.

Each Unit Owner should obtain, at such Owner's expense, an insurance policy to insure against loss or damage to the upgrades, improvements, replacements to the Unit not covered by the Association's Master Policy, or the personal property used in or are incidental to the occupancy of the Unit, vandalism or malicious mischief, theft, personal liability, loss assessment coverage, and the like. The Association has no insurable interest in such matters and is under no obligation to require such insurance for the benefit of the Unit Owners.

11.6. Unavailability, Cancellation or Nonrenewal.

If the insurance described in Section 11.2 hereof is not reasonably available, or is modified, canceled or not renewed, the Board promptly shall cause Notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

11.7. Adjustment and Payment of Loss Proceeds.

All policies shall provide that adjustment of loss shall be made by the Board of Directors, and that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee, and not to any holder of a security interest. The Board shall hold such proceeds in trust for the Unit Owners and lienholders as their interests may appear.

(a) Proceeds are to be paid first for the repair or replacement of the damaged property, and neither the Association, the Unit Owners, nor lienholders are 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 replaced, or the Condominium is terminated.

(b) If, pursuant to the provisions of Section 11.8 hereof, not all of the damaged or destroyed portions of the Condominium are to be repaired or replaced, insurance proceeds shall be payable as provided in that Section.

11.8. Reconstruction Following Casualty Loss.

11.8.1. Duty to Reconstruct. Any portion of the Condominium for which insurance is required under this Section and for which the Board of Directors has the responsibility of repair that is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or

ordinance; or (c) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element that will not be rebuilt, along with that percentage of Eligible Mortgagees whose approval must be sought under Article 15 hereof, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and Reserves shall be a Common Expense.

- 11.8.2. Decision Not To Reconstruct. In most instances, the Association will not hesitate to repair or replace damaged portions of the Condominium following casualty. In the event that the Owners at a Special Meeting of the Association convened to address such issues decide otherwise and adopt a resolution in accordance with the provisions of Section 11.8.1 hereof that some or all of the damaged or destroyed portions of the Condominium will not be repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lien-holders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lien-holders, as their interest may appear, in proportion to the Common Element interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under RCW 64.90.030, and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Subsection, RCW 64.90.290 governs the distribution of insurance proceeds if the Condominium is terminated.
- 11.8.3. Manner of Reconstruction. If destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall be accomplished as nearly as practicable to the character of the building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with then prevailing Building Code requirements and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.
- 11.8.4. Payment of and Procedure for Reconstruction. The proceeds of insurance collected on account of casualty, any payments from or on behalf of Unit Owners pursuant to Section 11.3.2 of this Declaration on account of such casualty, and funds in the Association's Reserve Account, shall constitute a construction fund that shall be disbursed in payment of the costs of reconstruction and repair in the following manner:
- (a) If the damages exist only to parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Board of Directors and the Owner may agree in advance in writing that the Owner shall be solely

responsible for reconstruction and repair after casualty and shall be entitled, with the assistance of the Board of Directors, to apply for and use any applicable insurance proceeds; the deductible under the Master Policy shall be apportioned under Section 11.3.2 of the Declaration. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.

(b) If the amount of the estimated costs of reconstruction and repair is \$500,000 or less, (as estimated by the Board of Directors) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in Subpart (c) hereof;

(c) If the estimated costs of reconstruction and repair of the building or other improvement is more than \$500,000, then costs and expenses so incurred from the construction fund shall be disbursed from time to time as the work progresses upon approval by an engineer or architect (hereinafter referred to as the "Reconstruction Supervisor") licensed to practice in the State of Washington and employed by the Board of Directors to supervise such work. The Reconstruction Supervisor shall be required to furnish a certificate giving a brief description of the services rendered and materials furnished by various contractors, subcontractors, materialmen, the Reconstruction Supervisor, or other persons who have rendered services or furnished materials in connection with the work, and stating that: (a) the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to the Reconstruction Supervisor for the services and materials described; and (c) the cost as estimated by the Reconstruction Supervisor for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

11.9. Assessments if Insurance is Inadequate.

Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such performance bonds or other type of security that the Board desires or as may be required. The cost of repair or replacement not paid from insurance proceeds is a Common Expense. If the proceeds of insurance, coupled with any available Reserve Funds, are not sufficient to defray such estimated costs, the Board shall present to the Owners a Budget containing a Special Assessment to be made against all the Units as provided in Section 10.7 hereof, in sufficient amounts to provide funds to pay the shortfall; such Budget shall be ratified in the manner described in Section 10.2 hereof. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs

thereof are insufficient, the Board shall present a further Budget to the Owners containing a Special Assessment, in sufficient amounts to provide funds for the payment of such costs.

11.10. Notice to Eligible Mortgagees.

The Board of Directors shall give written Notice to: (a) an Eligible Mortgagee of the Unit whenever damage to the Unit covered by the mortgage exceeds \$10,000; and (b) all Eligible Mortgagees whenever damage to the Common Elements exceeds \$50,000.

11.11. Miscellaneous.

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

ARTICLE XII
CONDEMNATION

12. CONDEMNATION.

12.1. Condemnation Affecting Whole Unit.

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

12.2. Condemnation of Part of Unit.

Except as provided in Section 12.1 hereof, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) that Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit;

and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

12.3. Condemnation of Common Elements.

If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective Allocated Interests in the Common Elements unless the Association at a Special Meeting called for such purpose, decides otherwise.

12.4. Condemnation of Limited Common Elements.

Any portion of an award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

12.5. Association Necessary Party to Proceeding.

The Association, through its Board of Directors, shall be a necessary party to any condemnation proceedings affecting more than one Unit or portions of the Common Elements and shall, to the extent feasible, act as a fiduciary on behalf of and in the best interests of any and all Unit Owners affected by such proceedings. Should the Association not act on the Owners' behalf in a condemnation proceeding, the affected Owners may individually or jointly act on their own behalf.

12.6. Complete Taking.

In the event of a complete taking of the Condominium, or in the event that the taking by the condemning authority is so substantial as to render the remainder of the Condominium unsuitable or undesirable for use by the remaining Unit Owners, then the Condominium shall (in the case of complete taking) or may (as to a partial taking) be terminated in accordance with the terms and conditions of RCW 64.90.030(1), and Article XV hereof.

12.7. Reconstruction and Repair.

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI hereof, provided that the Board may retain and apply such portion of each Owner's share of the Condemnation Award as is necessary to discharge said Owner's liability for any Special Assessment arising from the operation of said Article XI.

12.8. Notice to Eligible Mortgagees.

The Board of Directors shall promptly give written Notice to all Eligible Mortgagees of the pendency of any condemnation proceedings affecting any portion of the Condominium.

12.9. Payment of Award.

When a Unit Owner becomes entitled to receipt of a condemnation award, or of any portion of such an award, or of any payment in lieu of such an award, then any such payment shall be made payable jointly to such Unit Owner and to the holders of any Mortgages encumbering such Owner's Unit, as their interests may appear.

ARTICLE XIII
COMPLIANCE WITH LAW AND COVENANTS

13. COMPLIANCE WITH LAW AND COVENANTS.

13.1. Compliance by Owners and Occupants.

Each Owner, tenant or other Occupant of a Unit shall comply strictly with the provisions of the Governing Law and the Governing Documents or Bylaws. All remedies provided to the Association in this Article may be enforced against any tenant or other Occupant of a Unit.

13.2. Liability for Conduct Causing Common Expense.

13.2.1. Liability for Negligence. Any expense of the Association caused by the negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee or Occupant may be assessed against the Unit Owner's Unit after notice and an opportunity to be heard, to the extent of the Association's deductible and any expenses not covered under an insurance policy issued to the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. See Section 10.7 hereof.

13.2.2. Liability for Gross Negligence or Willful Misconduct. To the extent that any expense of the Association is caused by willful misconduct or gross negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee or Occupant may be assessed against the Unit Owner's Unit after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or Common Expense. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. See Section 10.7 hereof.

13.3. Enforcement by Association.

The Board of Directors shall have primary responsibility for maintaining and

enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents or Bylaws. Without limiting the authority and powers conferred upon the Board by the Governing Law, the Board shall have the rights, powers and duties described in the Bylaws.

13.4. Tenants Subject to Rights and Responsibilities of Owners.

Any Tenant of a Unit shall be deemed to be bound by all portions of the Governing Documents or Bylaws that are binding upon the Owner thereof, other than the direct obligation to pay Common Expense Assessments to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents or Bylaws shall be available to the Association when dealing with any tenant.

13.5. Remedies for Association, Owners.

While the Board has enforcement authority as provided above in this Article XIII, Unit Owners who are or may be harmed or aggrieved in some fashion also retain legal rights of enforcement on their own behalf and retain such remedies as are available under the law, and may bring an action to enforce a right granted or obligation imposed under the Governing Law or the Governing Documents. The court may award reasonable attorneys' fees and costs to the prevailing party in any such proceeding.

13.6. Security Deposit.

In the event that a Unit Owner has twice been delinquent for at least thirty (30) days in the payment of assessments due to the Association, a Unit Owner may be required by the Board, in the discretion of the Board, to make and maintain a security deposit with the Association not in excess of three months' assessments, which may be collected as are other assessments. In addition, the Board may establish a security deposit to be collected from all Unit Owners to provide funds available in the event of a default by a Unit Owner on the payment of Assessments that would cause the Association to be unable to pay the rent or leasehold taxes or other payments owed under the Ground Lease. Such a security deposit shall be held in a separate fund, credited to such Unit Owner, and resort may be had thereto at any time when, and in the event, that such Unit Owner is ten (10) or more days delinquent in paying his monthly or other periodic assessments.

ARTICLE XIV
LIMITATION OF LIABILITY

14. LIMITATION OF LIABILITY.

14.1. Association Not a Guarantor - No Liability for Utility Failure, Etc.

The Association is not a guarantor of the health, safety or property of the Unit Owners of the Condominium. Except to the extent covered by insurance obtained by the Board

pursuant to Article XI, neither the Association nor the Board or the Declarant shall be liable for any failure of any utility or other service obtained by the Board, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand that may leak or flow from outside or from any parts of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place, or damage from mold or rot, or for inconvenience or discomfort resulting from any action taken to make repairs to the Property, or to comply with any law, ordinance or order of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2. No Bailment.

Neither the Board of Directors, the Association, any Owner nor the Declarant shall be considered a bailee of any personal property stored or placed on the Common Elements (including property located in vehicles parked on the Common Elements), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

14.3. Liability of Directors and Directors - Indemnification.

14.3.1. Liability of Directors and Officers. In the performance of their duties, Officers and Board members must exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized, and are subject to the conflict of interest rules governing directors and officers, under chapter 24.06 RCW.

14.3.2. Indemnification of Officers and Directors. The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Unit Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents or Bylaws. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association, against amounts paid in settlement incurred by him in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Condominium or the Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto.

ARTICLE XV
MORTGAGEE PROTECTION

15. MORTGAGEE PROTECTION.

15.1. Rights of Secured Lenders.

15.1.1. General Authority Consistent with Governing Law. Pursuant to RCW 64.90.295, this Declaration provides that specified percentages of lenders who hold security interests encumbering Units in the Condominium, or lenders who have extended credit to the Association, have rights to approve specified actions of the Unit Owners or the Association as a condition to the effectiveness of those actions, but no requirement for such approval 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 the Association's Board or any other insurance trustee from receiving and distributing any insurance proceeds except pursuant to RCW 64.90.470.

15.2. Rights Available only to Eligible 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.

15.3. Consent and Notice Required.

15.3.1. Document Changes. Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, no amendment of any material provision of the Governing Documents by the Association or Unit Owners described in this Subsection, the effect of which would have a material adverse effect on lenders, may be effective without Notice to all Eligible Mortgagees, as required herein, and the approval by Owners of Units to which at least 67% (or any greater Unit Owner vote required in Section 17.3 of this Declaration or the Governing Law) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least 67% (or any greater Eligible Mortgagee approval required by this Declaration) of the votes attributable to Units with respect to which Eligible Mortgagees have an interest; the following (other than those taken pursuant to rights reserved by the Declarant as Development Rights) are examples of actions that Fannie Mae historically viewed as holding the potential for a material adverse effect on lenders:

- (a) Voting rights;
- (b) Assessment liens or priority of Assessment liens;
- (c) Responsibility for maintenance and repairs;
- (d) Reallocation of interests in the General Common Elements or Limited Common Elements, or rights to their use, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding mortgages in such Units need approve such action;
- (e) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or when a Unit is being lawfully subdivided by its Owner pursuant to Section 4.8 or 4.9 hereof, then only those Unit Owners and the Eligible Mortgagees holding mortgages in such Unit or Units need must approve such action;
- (f) Convertibility of Units into Common Elements or Common Elements into Units;
- (g) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- (h) Hazard or fidelity insurance requirements;
- (i) Imposition of any restrictions on the leasing of Units;
- (j) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (k) Restoration or repair of the Condominium after damage or partial condemnation in a manner other than that specified in the Governing Documents;
- (l) Any provision that expressly benefits mortgage holders, insurers, or guarantors, where the amendment would have a material adverse effect on any such party.

15.3.2. Actions. Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, the Association may not take any action that would have a material adverse effect on lenders, without Notice to all Eligible Mortgagees as required above, approval by Owners of Units to which at least sixty-seven percent (67%) (or the indicated percentage, if different) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least fifty-one percent (51%) (or the percentage indicated below, if different,) of the votes attributable to Units with respect to which Eligible

Mortgagees have an interest:

(a) Any action to abandon or terminate the legal status of the Condominium after condemnation or substantial destruction.

(b) Any action to abandon or terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.

(c) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, and the procedures specified in Subpart 15.2 hereof must be followed. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;

(d) Change any of the Allocated Interests allocated to any Unit (other than as permitted in Section 4.8 or 4.9 hereof); in any other case the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant must be obtained, pursuant to Section 17.3 hereof and to RCW 64.90.285(4).

(e) Increase the number of Units, change the boundaries of any Unit (other than as provided in Section 4.8 or 4.9 hereof) or change the uses to which any Unit is restricted, as to which the approval of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.90.285(4).

(f) The assignment of the future income of the Association, including its right to receive Common Expense Assessments.

(g) The restoration or repair of the Property after hazard damage, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, or after a partial condemnation, in a manner other than specified in the Governing Documents.

15.3.3. Implied Approval by Mortgagee. The failure of an Eligible Mortgagee to respond within thirty (30) days to any written request of the Association delivered by a certified or registered mail, "return receipt request", for approval of the amendment to the governing documents, wherever Eligible Mortgagee is required, shall constitute an implied approval of the addition or amendment.

15.4. Inspection of Books.

The Association must maintain current copies of the Declaration, Bylaws, Articles of Incorporation, Rules, books and records, and financial statements. The Association shall permit any Eligible Mortgagee or other first mortgagee of a Unit, to inspect the books and records of the Association during normal business hours.

15.5. Financial Statements.

The Association shall provide any Mortgagee who submits a written request, a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee requests it, in which case, the Eligible Mortgagee shall bear the cost of the audit.

15.6. Enforcement.

The provisions of this Article are for the benefit of Eligible Mortgagees and their successors, and may be enforced by any of them by any available means, at law, or in equity.

15.7. Attendance at Meetings.

Any representative of an Eligible Mortgagee may attend and address any Meeting that a Unit Owner may attend.

15.8. Appointment of Trustee.

In the event of damage or destruction under Article XI or condemnation of all or a portion of the Condominium, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 11.7 of this Declaration. Proceeds will thereafter be distributed pursuant to Article XI or pursuant to a condemnation award.

15.9. Limitations on Mortgagees' Rights.

No requirement for approval contained in this Article may operate to (a) deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board of Directors, or (b) prevent the Association or the Board of Directors 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 RCW 64.90.470.

ARTICLE XVI

EASEMENTS

16. EASEMENTS.

16.1. Easements for Units, Unit Owners and Association Functions

- 16.1.1. Easements for Units. Each Unit has an unrestricted, perpetual easement in and through each other Unit and the Common and Limited Common Elements for support and for utilities and each Unit Owner has an unrestricted perpetual right of ingress to and egress from his or her Unit over the Common Elements.
- 16.1.2. Units Subject to Easement Rights. The Units in the Condominium are subject to rights of access in favor of the Association and other Unit Owners. See Subsections 5.6.2 and 8.2.3 hereof for further details.
- 16.1.3. Easements for Association Functions. There is hereby reserved to the Association, or its duly authorized agents, contractors and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents and Bylaws.

16.2. Easement for Emergency Access.

A non-exclusive perpetual easement is hereby granted on, over, under and across the Common Elements to all police, fire, ambulance and other rescue personnel for the lawful performance of their functions during *bona fide* emergencies.

16.3. Easements Shown on Survey Map.

Easements shown on the Survey Map filed concurrently with this Declaration are hereby declared and established. Any easement shown on the Survey Map that benefits one or more Units in the Condominium, or that benefits any real property not included within the Condominium, confers various rights and benefits upon the owner(s) of such real property, and may also impose obligations upon the Association. Reference should be made to the Survey Map.

16.4. Declaration of Easement.

A Declaration of Easement was entered into by the Port providing ingress, egress and utilities through the parking area; recorded at Skagit County Auditor's File No. 202409170143. Please reference the Declaration of Easement for additional details.

ARTICLE XVII
AMENDMENT OF DECLARATION, SURVEY MAP & PLANS

17. AMENDMENT OF DECLARATION, SURVEY MAP & PLANS.

17.1. Procedure for Amendment of Declaration.

17.1.1. General Provisions for Amendments. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" that sets forth the entire amendment. For purposes hereof, "amendment" means any change to the Declaration, including adding, removing, or modifying restrictions contained in a Declaration. Except as otherwise specifically provided for in this Declaration or in the Governing Law, any proposed amendment must be approved by the Board of Directors prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.6 hereof, by the Association under Sections 6.4 or 17.7 hereof or under statutory authority in the case of condemnation or a termination of the condominium, or by certain Unit Owners under Sections 4.8, 4.9 or 6.3 hereof, the Declaration may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

17.1.2. Additional Provisions – Advance Notice to Owners. Amendments to the Declaration required to be executed by the Association must be executed by any authorized Officer of the Association who must certify in the amendment that it was properly adopted. Owners shall be entitled to Notice of a proposed amendment not less than thirty (30) days prior to the Meeting of the Association at which the amendment is to be considered. In the absence of fraud, an 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.

17.2. Recordation Required.

Every amendment to the Declaration must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. An amendment other than an amendment pursuant to RCW 64.90.260(1) must be indexed in the grantee's index in the name of the Condominium and the Association and in the grantor's index in the name of the parties executing the amendment.

17.3. Special Restrictions.

17.3.1. General Restrictions. Except to the extent expressly permitted or required by other provisions of this Declaration, or of the Governing Law, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, or change the Allocated Interests of a Unit, without the consent of Unit Owners to which at least ninety percent of the votes in the Association are allocated, including the consent of any Unit Owner of a Unit, the boundaries of which or Allocated Interest of which is changed by the amendment,

and that percentage of Eligible Mortgagees specified in Article XV hereof.

17.3.2. Restrictions protecting certain Persons.

To the extent that Declaration may require the affirmative vote or approval of any particular Unit Owner or class of Unit Owners as a condition of its effectiveness, the amendment is not valid without that vote or approval. See also RCW 64.90.285(1)(b).

17.4. Amendment of Survey Map.

The Survey Map may be amended by revised versions referred to and described as to effect in an amendment to the Declaration adopted as required above, subject to the provisions of RCW 64.90.245(4). Copies of any such proposed amendment to the Survey Map shall be made available for examination by every Owner. Such amendment to the Survey Map shall also be effective, once properly adopted, upon recordation in the appropriate County offices, along with the amendment to the Declaration that accompanies it.

17.5. Consent of Mortgagees May be required – Limitations on Such Rights.

The consent of specified percentages of Eligible Mortgagees may be required, pursuant to Article XV of this Declaration, prior to recordation of certain amendments to the Governing Documents. Such 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 to the Association by the holder, or if the Association 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 appearing in the security interest of record.

17.6. Amendments by Declarant.

17.6.1. Unilateral Amendments. The Declarant may unilaterally adopt and file amendments to the Governing Documents for so long as the Declarant is the Owner of any Unit in the Condominium, in order to conform them to the actual location of any constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas.

17.6.2. Amendments requiring Notice to Unit Owners. Upon thirty-day advance Notice to Unit Owners, the Declarant may, without a vote of the Unit Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to the Governing Documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the

Common Elements, the liability for Common Expenses, or the number of votes in the Unit Owners' Association appertaining to a Unit, within five years after the recordation or adoption of the Governing Document containing or creating the mistake, inconsistency, error, or ambiguity. No such amendment or supplement may materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred.

ARTICLE XVIII
TERMINATION OF CONDOMINIUM

18. TERMINATION OF CONDOMINIUM.

The Unit Owners may elect to terminate the Condominium status of the property only in accordance with the provisions of RCW 64.90.290 and / or RCW 64.90.226, with the requisite approval of such Mortgagees and other lienholders as may be required by law, or by Article XV hereof.

ARTICLE XIX
NOTICE

19. NOTICE.

19.1. Notice to be provided in Form of a Record.

Notice to the Association, Board, or any Owner or Occupant of a Unit under the Governing Law must be provided in the form of a Record.

19.2. Notice in a Tangible Medium.

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.

19.2.1. Notice to Association. Notice in a tangible medium to the 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 Corporate 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 Corporate Annual Report or provided by Notice to the Unit Owners.

19.2.2. Notice to Unit Owner or Occupant. Notice in a tangible medium to a Unit Owner or Occupant must be addressed to the Unit address unless the Unit Owner or Occupant, in a Record delivered to the Association, has requested that Notices be sent to an alternate address or by other method allowed by this

Section 19 and the Governing Documents. New Unit Owners must supply their names, addresses, telephone numbers and, if desirable to receive official Notice from the Association by electronic transmission, an e-mail address or other information consistent with Subsection 19.3.1 below.

19.3. Notice by Electronic Transmission.

Notice may be provided in an electronic transmission as follows:

- 19.3.1. Notice to Unit Owners or Board Members by Consent. 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 under the Governing Law 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 Governing Law and other applicable law.
- 19.3.2. Notice Deemed to Include associated Materials. Notice to Unit Owners or Board members under this Subsection includes material that the Governing Law or the Governing Documents require or permit to accompany the Notice.
- 19.3.3. Consent to Notice by Electronic Transmission may be revoked. 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.
- 19.3.4. Consent may be automatically revoked. 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.
- 19.3.5. Alternative Methods of Notice by Electronic Transmission. 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.
- 19.3.6. When Electronic Notice to Association is Effective. Notice to the Association in an electronic transmission is effective only after the Association has designated in a Record an address, location, or system to which the Notices may be electronically transmitted.

19.4. Alternative Methods of Giving Notice not Prescribed by Statute.

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

19.5. When Notice is Effective.

Notice is effective as follows:

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

19.5.2. Effectiveness of Notice Provided in Electronic Transmission. Notice provided in an electronic transmission is effective as of the date it:

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

(b) 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.

19.6. Ineffectiveness of Notice does not Invalidate Action by Association.

The ineffectiveness of a good-faith effort to deliver Notice by an authorized means does not invalidate action taken at or without a Meeting.

19.7. When Governing Law Requires Alternative Methods of Notice.

If the Governing Law prescribes different or additional notice requirements for particular circumstances, those requirements govern.

ARTICLE XX
MISCELLANEOUS

20. MISCELLANEOUS.

20.1. Severability.

All provisions of the Governing Documents, and Organizational 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, Organizational Document or application to other Persons or circumstances is not affected.

20.2. Effective Date.

This Declaration shall take effect upon recording.

[Signature Page Follows]

DATED this 16 day of September 2024.

Declarant:

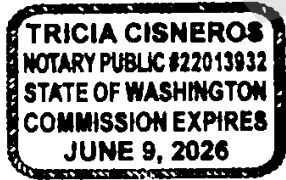
FINN HANGAR LLC

By [Signature]
Loren Ness, Managing Member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Loren Ness is the person who appeared before me, and said person acknowledged that (s)he signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the Managing Member of the Declarant, Finn Hangar LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 9/16/2024, 2024.



[Signature]
PRINTED NAME: TRICIA CISNEROS
NOTARY PUBLIC for the State of
Washington, residing in Burlington
My Commission expires 6-9-2026

Consent of Ground Lessor

The Port of Skagit, a Washington municipal corporation as the Ground Lessor under the Ground Lease described in Section 3.4.1 of this Declaration, hereby consents that the Real Property described herein may be submitted to Chapter 64.90 RCW in accordance with the foregoing. Nothing in this consent shall create liability of the Port of Skagit to any party, known or unknown, in any fashion or manner. Such consent exists for no other purpose then to satisfy the requirements of RCW 64.90.230(1). The Port of Skagit makes no warranty or representation in any fashion or manner, other then that such consent has been duly granted.

DATED this 16 day of September 2024.

GROUND LESSOR:

PORT OF SKAGIT

By [Signature]
It's Executive Director

EXHIBIT "A"
TO DECLARATION FOR
FINN HANGARS, A CONDOMINIUM

SECTION 1 LEGAL DESCRIPTION OF LAND WITHIN THE CONDOMINIUM

A PORTION OF LOT 87, ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE 1, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 1, BINDING SITE PLAN FOR BAYVIEW HANGARS LLC, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200706180136; THENCE SOUTH 34°10'29" WEST, 181.48 FEET TO THE POINT OF BEGINNING; THENCE NORTH 52°53'25" WEST, 85.87 FEET; THENCE AT RIGHT ANGLES NORTH 37°06'35" EAST, 12.00 FEET; THENCE AT RIGHT ANGLES NORTH 52°53'25" WEST, 15.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°06'35" WEST, 19.46 FEET; THENCE SOUTH 52°25'41" EAST, 118.03 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 10.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 31.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 10.00, THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 89.46 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 18.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 8.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 73.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 13.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 29.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 33.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 6.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 33.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 20.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" WEST, 5.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 16.35 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 230.20 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 18.97 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 98.48 FEET; THENCE NORTH 37°52'46" EAST, 115.65 FEET TO THE POINT OF BEGINNING.

SITUATE IN SKAGIT COUNTY, WASHINGTON.

SECTION 2 LEGAL DESCRIPTION OF SUBSEQUENT DEVELOPMENT PROPERTY

A PORTION OF LOT 87, ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE 1, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 1, BINDING SITE PLAN FOR BAYVIEW HANGARS LLC, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200706180136; THENCE SOUTH 51°15'16" WEST, 227.62 FEET TO THE POINT OF BEGINNING; THENCE NORTH 52°24'57" WEST, 34.38 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°35'03" WEST, 74.63 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°24'57" EAST, 34.38 FEET; THENCE AT RIGHT ANGLES, NORTH 37°35'03" EAST, 74.63 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,566 SF, MORE OR LESS.

BASIS OF BEARINGS PER ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111.

SITUATE IN SKAGIT COUNTY, WASHINGTON.

EXHIBIT "B"
TO DECLARATION FOR FINN HANGARS, A CONDOMINIUM

Unit No.	Square Footage†	Allocated Interests*	Allocated Interest Votes
101	11,776	50%	1
102	11,756	50%	1
Totals	23,532	100%	2

* 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 by the Declarant to each Unit, described in Sections 5.3, 7.4.2 and 10.6 of this Declaration. The Allocated Interests for Common Expense Liability or Common Elements may change with the exercise of Development Rights to add onto a Unit. The votes between the two Units will always remain equal.

† Square footages are derived from surveyor's measurements of the Units, with reference to the statutory boundaries of such Units described in Section 4.2 of this Declaration, and will be different from and generally smaller than measurements made according to BOMA standards or architects' conventions.

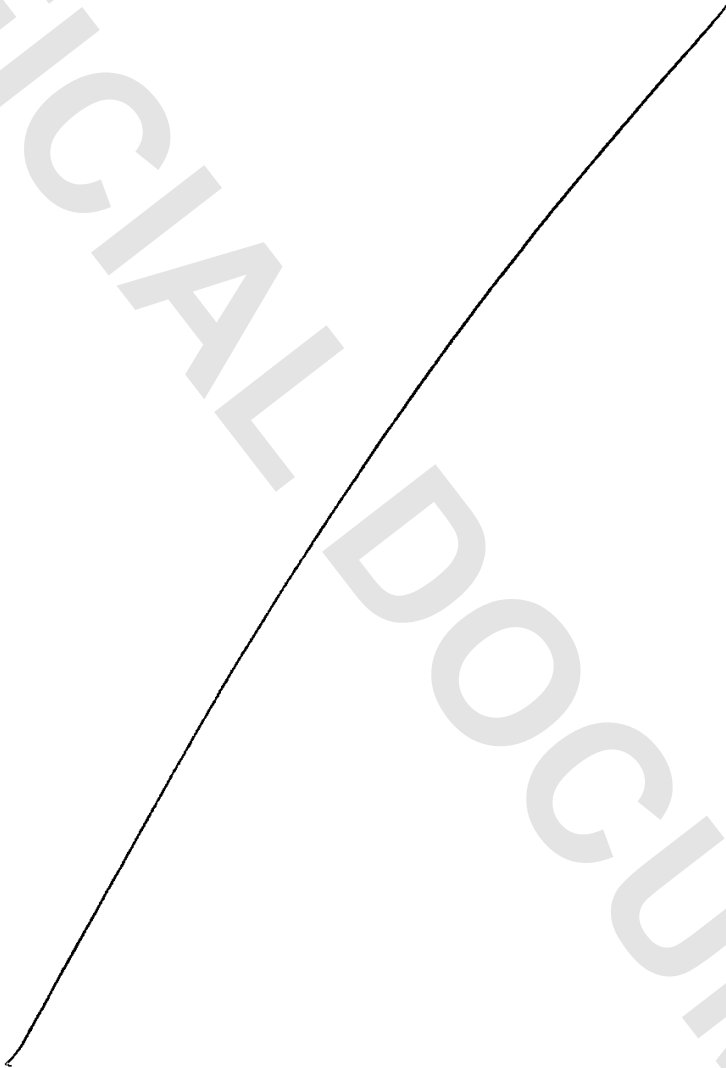
EXHIBIT "C"
TO DECLARATION FOR FINN HANGARS, A CONDOMINIUM
PARKING ALLOCATION

Parking Space No.#	Assignment for any Parking Spaces
1	102
2	102
3	102
4	102
5	102
6	102
7	102
8	102
9	102
10	102
11	102
12	101
13	101
14	101
15	101
16	101
17	101
18	101
19	101
20	101
21	101
22	101

For location of Parking Spaces, refer to Survey Map. All Parking Spaces are uncovered.

EXHIBIT "D"
TO DECLARATION FOR FINN HANGARS, A CONDOMINIUM
FIRST AMENDMENT TO GROUND LEASE

[On Following Pages]



FIRST AMENDMENT TO GROUND LEASE AGREEMENT

THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT (the "First Amendment") is made this ___ day of September 2024, by and between the Port of Skagit County, a Washington municipal corporation, "Lessor," and Finn Hangar LLC, "Lessee."

RECITALS

WHEREAS, Lessor and Lessee entered into a Ground Lease Agreement for real property described as a portion of Lot 87 of Amended Skagit Regional Airport Binding Site Plan Phase 1, recorded March 4, 2003, under Skagit County Auditor's file number 200303040030, dated March 11, 2022 ("Lease"), and

WHEREAS, the Ground Lease Agreement was for a hangar lot of approximately 37,850 feet; and

WHEREAS, Lessee has completed construction of one (1) hangar building on the Premises; and

WHEREAS, the hangar building consisting of two (2) hangar spaces was constructed on the Premises; and

WHEREAS, Lessor desires to condominiumize the Premises such that it can sell individual hangar spaces to individual unit owners; and

WHEREAS, Lessee may request approval of Lessor to condominiumize the Premises; and

WHEREAS, upon approval to condominiumize, Lessee shall create and form the condominium by the execution (with consent of Lessor, as owner of the fee interest in the Premises and by Lessee, as "Declarant") and recordation of a Declaration (as defined herein), in the official land records of Skagit County, Washington; and

WHEREAS, the condominium will be formed pursuant to Revised Code of Washington Chapter 64.90, the Washington Uniform Common Interest Ownership Act ("WUCIOA") which has certain requirements related to leasehold condominiums; and

WHEREAS, pursuant to WUCIOA a condominium association will be formed to manage the affairs of the condominium; and

WHEREAS, RCW 64.90.230(2) provides that the Declaration may allow for the collection by the condominium association of the proportionate rents paid on the Lease by the unit owners as well as designating the condominium association as the representative of the unit owners on all matters relating to the Lease; and

WHEREAS, upon recording of the Declaration and conveyance of a unit, Lessee will assign its interest in the Lease to the condominium association created under the Declaration; and

WHEREAS, Lessor requires that the condominium association be the representative for all matters under the Lease, including a collection of rent, as described in WUCIOA; and

WHEREAS, Lessor and Lessee agree that RCW 64.90.230(2) and RCW 64.90.230(3) are mutually exclusive and the parties have elected to proceed solely and exclusively under RCW 64.90.230(2); and

WHEREAS, Lessor and Lessee desire to amend the Lease to add provisions for codominiumization of the Premises; and

WHEREAS, one requirement of WUCIOA is that there be a legal description of the real property subject to the Lease; and

WHEREAS, Lessor and Lessee have agreed to modify the existing Lease as follows:

AGREEMENT

IT IS HEREBY MUTUALLY AGREED, by and between the Lessor and Lessee that:

A. The Lease is hereby amended as follows:

The provisions of Paragraph 1. entitled "PROPERTY SUBJECT TO THIS LEASE AGREEMENT", is hereby amended as follows:

1. **PROPERTY SUBJECT TO THIS LEASE AGREEMENT**

The following described property (the "Premises") is covered by this Lease:

A portion of Lot 87 of Amended Skagit Regional Airport Binding Site

Plan Phase 1, recorded March 4, 2003, under Skagit County Auditor's file number 200303040030, consisting of a hangar lot of approximately 43,136 square feet (actual square footage shown on exhibits) legally described on attached Exhibit 1-A as depicted on attached Exhibit 1-B. This Lease shall be subject to that certain Declaration of Easement for Ingress, Egress, and Utilities dated 9/17/2024, recorded under Skagit County Auditor's File No. 202409170143, the legal description and depiction attached here as Exhibit 2.

The non-exclusive, non-preferential, and non-discriminatory right to use any aprons or taxiways to access the Airport runways shall be considered appurtenant to the Premises and shall be considered part of the definition of Premises.

The provisions of Paragraph 4. entitled "RENT" is hereby amended as follows:

4. RENT.

a. Beginning on the Occupancy Date, Lessee shall pay to Lessor, in lawful money of the United States, without any set-off or deduction, in addition to taxes, assessments, and other charges required to be paid hereunder by Lessee, an initial monthly rent for the Premises in an amount equal to the total square footage of the Premises, which is agreed to be 43,136 square feet, times \$0.04663 per square foot, plus Washington leasehold excise tax (the "Rent"). Estimated Rent will be \$2,011.42 plus Leasehold Excise Tax of \$258.27.

b. The Rent for each month shall be paid to the Lessor in advance on or before the first day of each and every month of the term of this Lease, and shall be payable at such place as the Lessor may hereinafter designate. The Rent may be further adjusted by the addition of other sums and charges specified elsewhere in this Lease. The Lessor shall have all of the same rights and remedies with respect to any additional rent or charges in the event of nonpayment or late payment as are available to it in the event of nonpayment or late payment of the Rent. The Rent shall be adjusted as provided in the below section entitled "PROCEDURE TO DETERMINE ANNUAL ADJUSTED RENT FOR INITIAL TERM."

c. Upon condominiumization of the Premises, the Lessee (specifically the condominium association once the Lease is assigned) shall be the party that must pay Rent to Lessor. Except as provided in d. below, the parties covenant that upon condominiumization of the Premises, it shall be a default of the Lease for any unit owner

to pay Rent directly to the Lessor, as Lessee is the designated party to collect and pay the Rent and in the event of such default Lessor shall be entitled to all remedies described in Paragraph 28 and applicable law.

d. In the event that the condominium association fails to pay the entire Rent that is owed, and the Lessor declares a default under the Lease, any unit owner(s) may pay the Lessor the entire delinquent amount owed to cure the default and cure breach of any other Lease covenant. No less than the entire Rent amount owed by the Lessee will be accepted and the entire delinquent amount shall be the "unit owner's share" under RCW 64.90.230(3).

The provisions of Paragraph 29, entitled "ASSIGNMENT AND SUBLEASE", are hereby amended to add the following new sub-paragraph:

g. Lessee may develop the Premises as a condominium pursuant to the provisions of WUCIOA; provided, however, that Lessee shall obtain Lessor's prior written approval to condominiumize the Premises, which approval shall not be unreasonably withheld. The Lessor's approval will include approval of the condominium declaration (the "Declaration") and the condominium survey map (the "Survey Map") that are required under WUCIOA prior to recording of the Declaration and the Survey Map against the Premises in the official land records of Skagit County. Lessor shall have a period of thirty (30) days within which to review such documents following the date upon Lessee delivers to Lessor and to Lessor's counsel true copies of the final proposed Declaration and Survey Map. Lessor's approval of such documents shall be evidenced by signed consent of Lessor, which consent of Lessor shall be attached to the Declaration. The Declaration shall comply with the provisions of Paragraph 35 below. Notwithstanding any of the provisions above, if Lessee creates a condominium on the Premises as provided herein, this Lease shall be assigned to the condominium association upon recording of a deed transferring Lessee's interest in the first condominium unit to a unit owner other than the Lessee. The assignment shall provide that upon the assignment of this Lease to the condominium association that the condominium association shall become absolutely and for all purposes substituted for the original Lessee under this Lease, and the original Lessee shall have no further liability under this Lease for events occurring after assignment of the Lease to the condominium association. The Lessee and the condominium association shall sign the Lessor's then-standard consent to assignment form as part of any such assignment. If, for any reason, the condominium or the condominium association is terminated, each and every party with an interest in the Premises at the time of such termination shall be jointly and severally liable as Lessee under this Lease; and, upon such termination, any and all transfers, including the transfer of any interest in the former condominium units, shall be subject to the provisions of Paragraph 29 of the Lease, including Lessor's prior approval.

h. The conveyance of Units to Owners or the granting of deeds of trusts to Unit lenders shall not require the consent of Lessor; however, the Owners shall provide notice of the same to the Lessor no later than ten (10) days after such conveyance or granting any such deeds of trust.

A new Paragraph 35. entitled "CONDOMINIUM" is hereby added as follows:

35. CONDOMINIUM

a. Declaration. In the event the condominiumization of the Premises is approved by Lessor pursuant to this Lease, then the following provision shall be included in the Condominium Declaration:

- 1) The Declaration shall comply with the requirements of RCW 64.90.230(1)(a) through (f).
- 2) The Declaration shall provide that the condominium association shall be the Lessee under the Lease and that the condominium association is designated as the representative of the unit owners on all matters related to the Lease.
- 3) The Declaration shall require the condominium association to collect from each unit owner a proportionate share of the Rent owing to the Lessor under the Lease as part of the common expenses of the condominium and condominium association shall timely pay to the Lessor all Rent owed under the Lease. The unit owners cannot pay the Lessor Rent directly, except as provided in paragraph 4.d. of this First Amendment. The Lessor has no obligation as it relates to individual unit owners. Any uncured default under the Lease, including a failure of the condominium association to pay rent or comply with Lease covenants, may result in termination of the Lease and of the condominium.
- 4) The Declaration is subject to and subordinate in all respects to the terms and conditions of the Lease, as amended. The provisions of Paragraph 35.b. will be incorporated into the Declaration.

b. Leasehold Condominium. The leasehold condominium provisions of WUCIOA are set forth in RCW 64.90.230. Subsection (2) states that the condominium declaration may provide for the collection of rents by the condominium association (See Section 35.a. above) while subsection (3) has language regarding unit owners and timely payment of unit owners' share of the rent related to termination of the Lease. The Lessor and Lessee acknowledge that the condominium association shall be responsible for all aspects of the Lease, including payment of Rent, pursuant to RCW 64.90.230(2). The

Lessor and Lessee hereby agree that (2) and (3) are mutually exclusive and RCW 64.90.230(3) is not applicable, as the condominium association will collect the rent and be the designated representative of the unit owners on all manners relating to this Lease pursuant to RCW 64.90.230(2). Additionally, except for the limited exception upon default under the Lease described in Section 4.d, the Lessee is the only party that may pay Rent to the Lessor and it is a violation of the Lease for individual unit owners to attempt to pay Rent directly to the Lessor. The unit owners will provide an irrevocable power of attorney to the condominium association. If RCW 64.90.230(3) becomes applicable or ruled to apply by a court of law against Lessor, then the condominium association and the unit owners individually at the time of such ruling shall defend, indemnify and hold harmless the Lessor from any damages or claims (including but not limited to attorneys' fees and costs) related to the invocation of RCW 64.90.230(3).

c. The condominium's association shall have no authority to take any of the following actions, or consent to the following actions, without the prior consent of Lessor:

- 1) Intentionally take any action in violation of the Lease;
- 2) Merge or consolidate the condominium association with or into any other association;
- 3) Dissolve the condominium association;
- 4) File any voluntary position under Title 11 of the United States Code, the Bankruptcy Code, or the protection of any federal or state bankruptcy or insolvency law or debtor relief statute;
- 5) Amend Section 3.4 of the condominium declaration.

The provisions of Exhibit 1 are hereby amended as follows:

Exhibit 1 of the Lease is amended and replaced with Exhibit "1-A" and Exhibit "1-B" both of which are attached hereto and incorporated herein by this reference:

B. In partial consideration for the Lessor consenting to this First Amendment, the Lessee does hereby forever release, indemnify, and hold harmless the Lessor and its commissioners, employees, and agents from any and all Claims arising from, or connected with, the Lease, or the Premises through the date of this First Amendment. For purposes of this paragraph, the term "Claims" means any and all claims, demands, lawsuits, judgments, demands, fines or penalties, whether known or unknown and whether liquidated or unliquidated on the date of this First Amendment.

C. All other terms and conditions of the Lease, except as herein amended, are ratified and confirmed in all respects and are to remain in full force and effect. This

First Amendment shall bind and inure to the benefit of the successors and assigns of the Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be signed on the dates written below.

LESSOR:
PORT OF SKAGIT COUNTY

LESSEE:
FINN HANGAR LLC

Sara K. Young,
Executive Director

Loren Ness,
Managing Member

Date

Date

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this ___ day of September 2024, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Sara K. Young, to me known to be the Executive Director of the Port of Skagit County, a municipal corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument,

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the state of Washington
Residing at _____
My commission expires: _____
printed Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this ___ day of September 2024, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Loren Ness, to me known to be the Managing Member that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the state of Washington
Residing at _____
My commission expires: _____
printed Name: _____



Pacific Surveying & Engineering, Inc

land surveying • civil engineering • consulting • environmental
 909 Squalicum Way #111, Bellingham, WA 98225
 Phone 360.671.7387 Facsimile 360.671.4685 Email info@psurvey.com

EXHIBIT '1-A'

FINN HANGAR LEASE AREA DESCRIPTION

A PORTION OF LOT 87, ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE 1, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

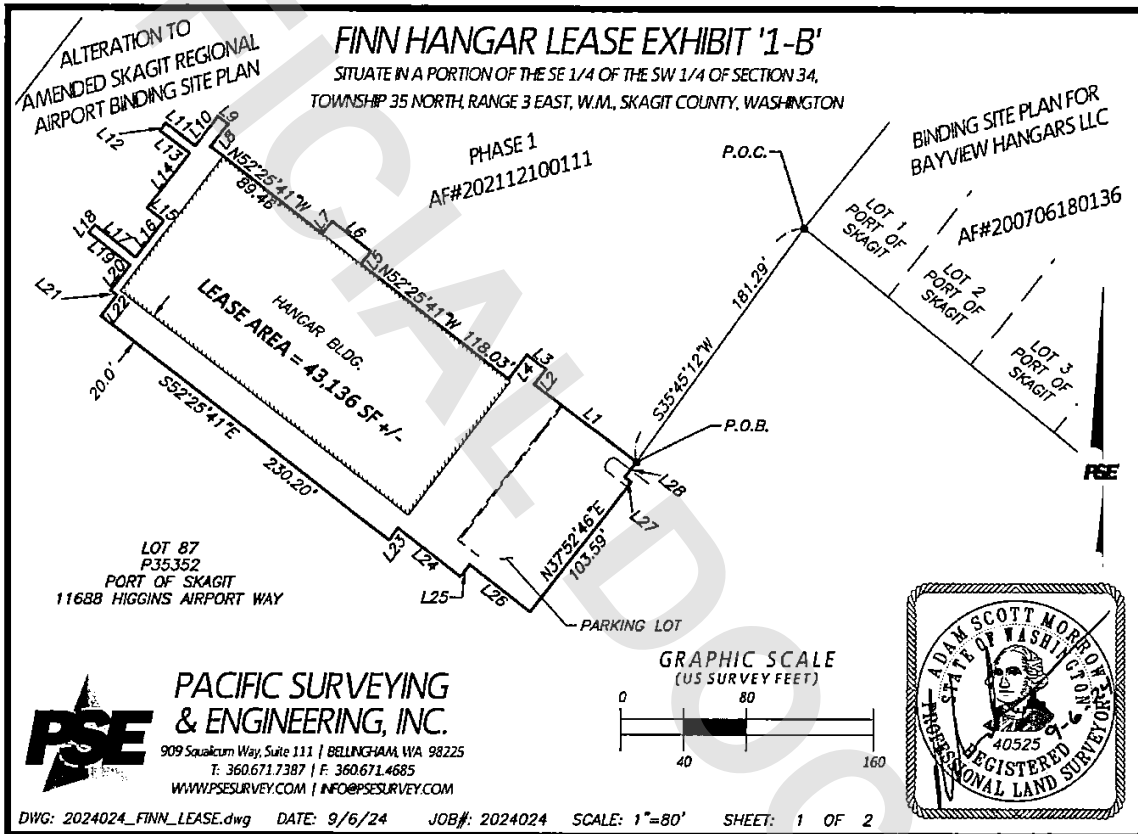
COMMENCING AT THE SOUTHWEST CORNER OF LOT 1, BINDING SITE PLAN FOR BAYVIEW HANGARS LLC, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200706180136; THENCE SOUTH 35°45'12" WEST, 181.29 FEET TO THE **POINT OF BEGINNING**; THENCE NORTH 52°53'25" WEST, 80.87 FEET; THENCE AT RIGHT ANGLES NORTH 37°06'35" EAST, 12.00 FEET; THENCE AT RIGHT ANGLES NORTH 52°53'25" WEST, 15.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°06'35" WEST, 19.46 FEET; THENCE SOUTH 52°25'41" EAST, 118.03 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 10.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 31.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 10.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 89.46 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 18.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 8.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 23.60 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 23.50 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 6.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 23.50 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 43.40 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 13.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 29.00 FEET; THENCE AT RIGHT ANGLES, NORTH 52°25'41" WEST, 33.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 6.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 33.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 20.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 5.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°34'19" WEST, 16.35 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 230.20 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 9.47 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 50.00 FEET; THENCE AT RIGHT ANGLES, NORTH 37°34'19" EAST, 9.50 FEET; THENCE AT RIGHT ANGLES, SOUTH 52°25'41" EAST, 48.48 FEET; THENCE NORTH 37°52'46" EAST, 103.59 FEET; THENCE AT RIGHT ANGLES, NORTH 52°07'14" WEST, 5.00 FEET; THENCE AT RIGHT ANGLES, NORTH 37°52'46" EAST, 12.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 43,136 SF, MORE OR LESS.

BASIS OF BEARINGS PER ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111.

SITUATE IN SKAGIT COUNTY, WASHINGTON.





PSE **PACIFIC SURVEYING & ENGINEERING, INC.**
 909 Squakum Way, Suite 111 | BELLINGHAM, WA 98225
 T: 360.671.7387 | F: 360.671.4685
 WWW.PSESURVEY.COM | INFO@PSESURVEY.COM

DWG: 2024024_FINN_LEASE.dwg DATE: 9/6/24 JOB#: 2024024 SCALE: 1"=80' SHEET: 1 OF 2

FINN HANGAR LEASE EXHIBIT '1-B'

SITUATE IN A PORTION OF THE SE 1/4 OF THE SW 1/4 OF SECTION 34,
 TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M., SKAGIT COUNTY, WASHINGTON

LINE TABLE		
LINE	BEARING	LENGTH
L1	N52°53'25"W	80.87
L2	N37°06'35"E	12.00
L3	N52°53'25"W	15.00
L4	S37°06'35"W	19.46
L5	N37°34'19"E	10.00
L6	N52°25'41"W	31.00
L7	S37°34'19"W	10.00
L8	N37°34'19"E	18.00
L9	N52°25'41"W	8.00
L10	S37°34'19"W	23.60
L11	N52°25'41"W	23.50
L12	S37°34'19"W	6.00
L13	S52°25'41"E	23.50
L14	S37°34'19"W	43.40

LINE TABLE		
LINE	BEARING	LENGTH
L15	S52°25'41"E	13.00
L16	S37°34'19"W	29.00
L17	N52°25'41"W	33.00
L18	S37°34'19"W	6.00
L19	S52°25'41"E	33.00
L20	S37°34'19"W	20.00
L21	S52°25'41"E	5.00
L22	S37°34'19"W	16.35
L23	N37°34'19"E	9.47
L24	S52°25'41"E	50.00
L25	N37°34'19"E	9.50
L26	S52°25'41"E	48.48
L27	N52°07'14"W	5.00
L28	N37°52'46"E	12.00



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 T: 360.671.7387 | F: 360.671.4685
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Pacific Surveying & Engineering, Inc
land surveying • civil engineering • consulting • environmental
909 Squalicum Way #111, Bellingham, WA 98225
Phone 360.671.7387 Facsimile 360.671.4685 Email info@pseurvey.com

EXHIBIT '2'
INGRESS, EGRESS & UTILITIES EASEMENT DESCRIPTION
FINN LEASE AREA

A 22.00-FOOT-WIDE INGRESS, EGRESS AND UTILITIES EASEMENT LOCATED WITHIN A PORTION OF LOT 87, ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE 1, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 1, BINDING SITE PLAN FOR BAYVIEW HANGARS LLC, ACCORDING TO THE MAP THEREOF, RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200706180136; THENCE SOUTH 41°10'26" WEST, 181.70 FEET TO THE **POINT OF BEGINNING**; THENCE NORTH 52°53'25" WEST, 22.00 FEET; THENCE AT RIGHT ANGLES, SOUTH 37°06'35" WEST, 115.30 FEET; THENCE SOUTH 52°25'41" EAST, 22.00 FEET; THENCE NORTH 37°06'35" EAST, 115.48 FEET TO THE **POINT OF BEGINNING**.

BASIS OF BEARINGS PER ALTERATION TO AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202112100111.

SITUATE IN SKAGIT COUNTY, WASHINGTON.



