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DECLARATION
FOR
SKAGIT APARTMENTS #1
A CONDOMINIUM

LUELLA HENRY
SKAGIT COUNTY CLERK

81 OCT -1 11:23

Luella A. Henry
1421 11001 Court # 421
Everett 98201

THIS DECLARATION made this 1st day of Oct, 1981, by the parties signed at the end hereof, hereinafter called the "developer", for such developer and his heirs, successors, grantees and assigns, WITNESSETH:

1. SUBMISSION TO CONDOMINIUM OWNERSHIP: The purpose of this declaration is to submit the lands herein described and the improvements situated thereon to the condominium form of ownership and use in the manner and form provided by Chapter 64.32 of the Revised Code of Washington hereinafter called the "Condominium Act".

a.) The name by which this condomium is to be identified is SKAGIT APARTMENTS #1.

b.) The lands in Skagit County, Washington, owned by the developer, which are hereby submitted to the condominium form of ownership, are described as follows:

Lots 10, 11, and 12, Block 1, "FRITSCH'S ADDITION TO BURLINGTON", as per plat recorded in Volume 3 of plats, Page 78, records of Skagit County; and,

That portion of Lot 9, Block 1, "FRITSCH'S ADDITION TO THE TOWN OF BURLINGTON", Skagit County, Washington, as per plat recorded in Volume 3 of plats, Page 78, records of Skagit County; lying Southerly of the following described line:

Beginning at a point on the West line of said Lot 9 which point is 10.70 feet North of the Southwest corner thereof; thence Easterly in a straight line to a point in the East line of said Lot 9 which point is 11.30 feet North of the Southeast corner thereof.

Which lands are herein called "the land".

2. DEFINITIONS: The terms used herein and in the association articles and by laws shall have the meanings stated in the Condominium Act.

3. DESCRIPTION OF BUILDINGS AND DEVELOPMENT PLAN: The condominium is being developed according to the following plans:

a.) The condominium will consist of one two-story building containing five (5) two-story townhouse type apartments. The building is of wood frame construction. The condominium also includes areas covered with beauty bark, trees, shrubs, side-walks, and lawn. There will be a parking strip, the use of which will be permitted according to the bylaws of the Skagit Apartments #1, Association which shall be the association of apartment owners. A detached garage facility shall provide a 10' by 24' space designated to each apartment. Each space includes an associated enclosed storage area. The apartments will be numbered 1 through 5.

b.) Easements are reserved through the condominium property as may be required for utility services.

c.) Each apartment shall be used for single family residential purposes only.

4. APARTMENT BOUNDARIES: Each apartment shall consist of that part of the building which lies within the boundaries of the apartment. Said boundaries shall be determined in the following manner, in accordance with the Condominium Act.

a.) The upper boundary of the apartment shall be the plane of the lower, interior, unfinished surface of the ceiling.

b.) The lower boundary of the apartment shall be the plane of the upper, interior, unfinished surface of the floor.

c.) The vertical boundaries of the apartment shall be the interior, unfinished surfaces of the apartment perimeter walls, windows, and doors.

5. DESCRIPTIONS AND LOCATIONS OF APARTMENTS: The apartments of the condominium are more particularly described and located as follows:

a.) There are three (3) apartment floor plans which are designated by the letters "A", "B", and "C". The apartment plans and locations are generally described below, and the approximate locations are also shown by Exhibit A attached hereto.

b.) APARTMENT PLANS: Plan "A", being apartments 1 and 3; description: 2 bedrooms, kitchen, 1-1/2 baths, dining area, living area, and storage, no. of rooms five (5).

Plan "B", being apartments 2 and 4; description: 2 bedrooms, kitchen, 1-1/2 baths, dining area, living area and storage, no. of rooms four (4).

Plan "C", being apartment 5; description: 3 bedrooms, kitchen, 1-1/2 baths, dining area, living area and storage, no. of rooms six (6).

c.) The approximate area of each of the apartments is, Apartment Plan "A": 1,152 square feet; Apartment Plan "B": 960 square feet; Apartment Plan "C": 1,024 square feet.

d.) Each apartment has its own private access entry way and each has immediate access to the garden and yard areas and to a common area walkway leading to the parking areas, parking garage and all of the other common areas. Common area walkways or driveways lead to Pine Street, a public street.

6. DESCRIPTIONS OF COMMON AREAS AND FACILITIES: Except as otherwise provided in this declaration, the common areas and facilities shall consist of all of the yard and garden areas, sidewalks, parking areas, garbage disposal facilities, and utility and sewage lines. The common areas include those things denominated "common areas and facilities" in the Condominium Act if the same are available in this project, including the land and all roofs, walls, and foundations outside the boundaries of the apartments, and all items normally or necessarily in common use, and all support or utility lines or chases although technically within an apartment's boundaries.

7. LIMITED COMMON AREAS: Parking; the parking spaces in the garage, including the enclosed storage areas, are limited common areas, and the exclusive use of each space is reserved to the apartment to which it is assigned. Each apartment will have assigned to it one 10' by 24' space in the detached garage building in the initial conveyance of contract of sale for the apartment or by amendment to this declaration. Thereafter no such space or any part of it may be separated from its apartment except by transfer by deed having prior approval to the separation endorsed on such deed by appropriate officers of the board of directors of the association of apartment owners and any mortgagee with a lien on the affected apartment. No apartment may, however, have transferred from it any space necessary to meet applicable zoning requirements. At any time declarant may, and upon the completion of his sales activity shall, record an amendment hereto under his sole signature, showing such initial, permanent assignments of such spaces in the garage. Patio; the 8' by 10' concrete patios

adjacent to and accessible from the respective apartments are limited common areas.

8. VALUES OF PROPERTY AND APARTMENTS; PERCENTAGES:

a.) The value of the whole property is \$248,500.

b.) The following schedule shows the number of each apartment and its value and percentage of undivided interest in the common areas and facilities which is based on the relative sizes of the apartments.

<u>APARTMENT NUMBERS</u>	<u>VALUE</u>	<u>PERCENTAGES</u>
#1	\$55,225	21.50%
#2	\$44,975	18.50%
#3	\$54,225	21.50%
#4	\$44,975	18.50%
#5	\$49,100	20.00%
TOTALS = 5 Apartments	\$248,500	100.00%

9. SHARES OF COMMON AREAS AND COMMON EXPENSES: Each apartment owner owns an undivided interest in the common areas, is liable for common expenses and has voting rights in accordance with the percentages set out in paragraph 8 above for their apartment. There shall be one hundred (100) votes in the association of apartment owners and, except as provided elsewhere in this declaration, each apartment owner shall have the number of such votes equal to his percentage of undivided interest established above.

10. MAINTENANCE AND ALTERATIONS OF COMMON AREAS AND APARTMENTS:

a.) The association of apartment owners shall have the sole right and responsibility, at its expense, to maintain, repair, and replace all common areas and facilities. All incidental damage caused to an apartment by such work shall be promptly repaired at the expense of the association of apartment owners.

b.) The responsibility of each apartment owner shall be:

(1) To maintain, repair, and replace at their expense, and keep the same in good order and appearance, all portions of their apartment. For this condominium, glass windows are to be replaced by the apartment owner whenever cracked or broken, but no different color or form of window or glass shall be used except upon the written permission of the board of directors of the association of apartment owners;

(2) Not to paint or otherwise decorate or change the appearance of the exterior of the building;

(3) To promptly report to the association of apartment owners any defect or need for repairs, the responsibility for which is that of the association of apartment owners.

c.) There shall be no alteration or addition in any apartment which might jeopardize the safety or soundness of the apartment building, or impair any easement, without the written approval of the owners of all apartments.

d.) Neither an apartment owner nor the association of apartment owners shall make any alteration or further improvement of any common area of this condominium beyond completion of the project as proposed by developer without the prior approval in writing by the owners of not less than 75% of the apartments, and no such alteration or improvement shall interfere with the rights of any apartment owner.

11. ASSESSMENTS:

a.) Assessments against apartments or apartment owners for common expenses shall be made pursuant to the bylaws and shall be allocated on the basis of the percentages set forth in paragraph 8 of this declaration. An assessment shall be a personal obligation of the owner of the apartment involved and a lien upon the apartment, subject to the provisions of RCW 64.32.200.

b.) Assessments and installments thereof paid on or before ten days after the date when due shall not bear interest, but all sums not paid on or before ten days after the date when due shall bear interest at the rate of 1% of the unpaid balance and interest per month (12% per annum) from the date when due until paid. All payments on account shall be applied first to interest and then to the assessment payment first due.

c.) The lien for unpaid assessments shall also secure reasonable attorney's fees incurred by the association of apartment owners incident to the collection of such assessment or enforcement of such lien, and all costs relating thereto.

d.) If a unit is rented or leased by the apartment owner, the board may collect and the tenant shall pay over to the board so much of the rent for such apartment as is required to pay any amounts due for assessments, plus interest and costs as previously defined, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment to the board, and such payment will discharge the lessee's or renter's duty of payment to the apartment owner for rent, to the extent such rent is paid to the association, but will not discharge the liability of the apartment owner under this declaration for assessments, or operate as an approval of the lease. The board shall not exercise this power where a receiver has been appointed and is collecting such rental.

e.) An officer of the association, acting for and as directed by the board (or the declarant prior to the appointment or election of the board) on behalf of the association may commence and complete an action to foreclose the lien of any assessment due and unpaid. From the time of commencement of such action, the apartment owner shall pay to the association the reasonable rental value of the apartment, to be fixed by the board, and the plaintiff in such foreclosure action shall be entitled to appointment of a receiver to collect the rental, who may, if the rental is not paid, obtain possession of the apartment, refurbish it to a reasonable standard for rental apartments in the condominium, and rent the apartment or permit its rental to others. Rentals collected therefrom shall be applied: first, to pay the expenses of the receivership (including reasonable attorney's fees); second, to reimburse the costs of refurbishing the apartment; third, to costs, fees, and charges incurred by the plaintiff in the foreclosure action; and fourth, to the payment of the assessment due and any interest accrued thereon. Any judgment rendered against the apartment owner in such foreclosure action or receivership proceeding shall include a reasonable sum for attorney's fees as determined by the Court, and also all costs and expenses reasonable incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.

f.) In addition to and not by way of limitation upon other methods of collecting assessments, the board shall have the right (but shall have no obligation), after having given ten (10) days notice to any apartment owner who is delinquent in paying an assessment, to cut off any or all utility services to the delinquent owner's apartment until such assessment is paid.

g.) The remedies provided are cumulative, and the board may pursue them concurrently, as well as any other remedies which may be available under law although not expressed herein.

12. ASSOCIATION: The operation of the condominium shall be by the SKAGIT APARTMENTS #1, ASSOCIATION, herein referred to as the "association", a nonprofit corporation under the law of the State of Washington, which shall be organized and fulfill its functions pursuant to the following provisions:

a.) The members of the association shall be the apartment owners.

b.) The association shall be incorporated.

c.) The bylaws of the association may be adopted, enforced, and relied upon by the declarant concurrently with the recording of this declaration and shall be adopted by the initial board of the association specified in the articles of incorporation of the association.

d.) Notwithstanding the duty of the association to maintain and repair parts of the condominium property, the association shall not be liable for injury or damage caused by any latent condition of the property to be maintained or repaired by the association, nor for the injuries or damages caused by the elements or other owners or persons.

e.) The share of a member in the funds and assets of the association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to that member's apartment. No owner has any right to possession or control of any association funds as against the association, its board and officers.

13. INSURANCE:

a.) Policies insuring the condominium property and covering the items described in subparagraph (b) of this paragraph shall be purchased by the association for the benefit of the association and the apartment owners and their mortgagees. Provisions shall be made for the issuance of certificates of insurance to the mortgagees (or beneficiaries under a deed of trust) of the apartment owners. Any provisions of this section may be superseded or modified in any policy if required by a lender in order to meet requirements of the Federal Home Loan Mortgage Corporation.

b.) Insurance shall be written on a multi-peril basis to cover the following:

(1) All buildings and improvements upon the lands and all personal property included in the common areas and facilities in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually

by the board of directors of the association. Such coverage shall include at least protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and such other risks as are customarily covered with respect to buildings similar to the buildings on the lands, such as vandalism and mischief;

(2) Public liability in such amounts and with such coverage as shall be required by the board of directors of the association, but not less than coverage of \$300,000 per occurrence;

(3) Such other insurance as the board of directors shall determine from time to time to be desirable.

c.) Premiums upon such insurance policies purchased by the association shall be paid by the association as a common expense.

d.) In addition to the specified coverages there shall, if possible, as to the property coverages, be an "Agreed Amount" endorsement, and a "Demolition" endorsement.

e.) Respecting liability coverage, there shall be coverage against water damage and liability for nonowned and hired automobiles and a "Severability of Interests" endorsement which would preclude the company from denying claims of an apartment owner because of the negligent act of the association or another apartment owner.

f.) The coverage should, if possible, also contain the following provisions and limitations:

(1) Named Insured. The named insured under any such policy shall be the board (or prior to the existence of any board, the declarant) as trustee for the apartment owners in accordance with the percentages established in this declaration, or the authorized representative thereof, including any trustee with which there has been established any insurance trust agreement, or any successor trustee, herein referred to as the "insurance trustee", who shall have exclusive authority to negotiate settlement of losses under said policies.

(2) Contribution. In no event shall the insurance coverage obtained and maintained pursuant to the requirements hereof be brought into contribution with insurance purchased by unit owners or their mortgagees.

(3) Matters Association Cannot Control. Such Policies shall provide that coverage shall not be prejudiced by (a) any act or neglect of an apartment owner when such act or neglect is

not within the control of the association, or (b) by failure of the association to comply with any warranty or condition with regard to any portion of the premises over which the association has no control.

(4) Cancellation. All policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including the servicers on behalf of mortgage insuring companies or agencies, or corporations or agencies administering programs creating any form of market for mortgages.

(5) Waiver of Subrogation, Co-insurance, and Acts of Insured. Such policies shall contain a waiver of subrogation by the insurer as to any and all claims against the association, or any apartment owner or owners and/or their respective agents, employees, or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

(6) Company Restoration Limited. All policies of property insurance shall provide that notwithstanding any provision thereof which gives the carrier the option to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the association may be a party or any requirement of law.

g.) The policy should contain a standard mortgagee clause which should:

(1) Define Mortgagee. Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of an apartment or apartment lease or sublease, in their respective order and preference, whether or not named therein.

(2) Protect Mortgagee. Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the board, the apartment owners or any persons acting under authority of any of them.

(3) Waive Certain requirements. Waive any provision invalidating such mortgage clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

(4) Recognize Named Insured. Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable as required herein.

h.) Fidelity Bond Coverage. The association shall be required to maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of such association and all others who handle or are responsible for handling funds of the association. Such fidelity coverage shall, to the extent reasonably obtainable in the board's discretion, meet the following requirements:

(1) Oblige. All fidelity bonds shall name the association or appropriate representatives thereof as the obligee.

(2) Amount. Such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the condominium project, including reserves, unless a greater amount is required by mortgage insuring companies or agencies or corporations or agencies administering programs creating a market for mortgages.

(3) Waiver of Defense. Noncompensated Parties. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expressions.

(4) Cancellation. Such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days prior written notice to the servicer on behalf of any mortgage insuring company or agencies, or agencies or corporations administering programs creating a market for mortgages.

i.) Insurance proceeds for damage or destruction to any part of the property shall be paid to the board as trustees for the apartment owners and purchasers and the mortgagees of apartments. The association acting through its board shall have the authority to settle and compromise any claim under insurance obtained by the association, and the insurer may accept a release and discharge of liability made by the board on behalf of the named insureds under the policy. The declarant shall act for the board prior to the time it is established.

j.) Each apartment owner may obtain additional insurance respecting his apartment, to the extent permitted by law, at his own expense; no apartment owner shall, however, be entitled to exercise his right to maintain insurance coverage in any manner which would decrease the amount which the board or any trustee

for the board, on behalf of all of the owners, will realize under any insurance policy which the board may have in force for the condominium at any particular time. Each apartment owner is required to and agrees to notify the board of all improvements by the owner to their apartment the value of which is in the excess of one thousand dollars (\$1,000). Any apartment owner who obtains individual insurance policies covering any portion of the condominium (other than personal property belonging to said owner) is hereby required to file a copy of such policy or policies with the board within thirty (30) days after purchase of such insurance, and the board shall immediately review its effect with the board's insurance broker, agent, or carrier. Each apartment owner shall be responsible for his own insurance on the contents of his apartment, his additions and improvements to his apartment, his decorating and furnishings thereof, and his personal property anywhere on the property, as well as for insurance coverage protecting him, from his individual standpoint, from liability for injury or damage to persons or property.

14. WHEN DAMAGED PROPERTY IS TO BE RECONSTRUCTED OR REPAIRED:
If the property which is subject to this declaration is damaged or destroyed, the repair and reconstruction of the property shall be accomplished forthwith by the association upon majority vote or assent of the owners and any insurance proceeds shall be used for that purpose. Costs of repair or reconstruction in excess of insurance proceeds shall be common expenses. In the event that the apartment owners unanimously agree not to repair or rebuild, then the rights of the apartment owners shall be governed by RCW 64.32.230.

15. PERSON TO RECEIVE SERVICE OF PROCESS: The name and address of the person to receive service of process in the cases provided by Chapter 64.32 of the Revised Code of Washington is William A. Brown, 1421 W. Casino Road #A21, Everett, Washington 98204.

16. SUBDIVIDING OF APARTMENT UNITS: No apartment shall be subdivided, nor shall any apartment be combined with all or part of any other apartment, without the unanimous approval of all of the apartment owners. Any owner proposing such action shall furnish the association with plans for such subdivision and all declarations, survey maps and planned amendments required for such action.

17. ADMINISTRATION: Administration of the condominium shall be by a board of directors of the association pursuant to the articles of incorporation and bylaws. Bylaws for these purposes shall be adopted initially by the board of the association.

18. AMENDMENTS: This declaration may be amended by the affirmative vote of at least 75% of the apartment owners; provided, however, that any amendment altering the value of the property and of each apartment and the percentage of undivided interest in the common areas and facilities shall require the unanimous consent of the apartment owners.

19. ADDITIONAL USE RESTRICTIONS:

a.) Each apartment shall be occupied only by a single person, or a single family, and guests, as a residence and for no other purposes.

b.) Occupancy of each apartment shall be in compliance with all local ordinances and state laws.

c.) The common elements shall be used only for the purposes for which they are intended to facilitate the enjoyment of the apartments.

d.) No pets owned by apartment owners or their guests or lessees shall be allowed to run at large. Small breed house-dogs, house-cats, and birds, such as canaries and parakeets, of the type which are normally kept as house pets which are kept indoors except for exercise are acceptable. No pet kennels are allowed. The board may require that pets be on leash, that owners clean up after their pets, and that any pet which in the board's sole discretion is unreasonably disturbing any owner must be removed without compensation for such animal, and regardless of whether other animals are permitted to remain or to be added.

e.) No use or practice shall be permitted on the condominium property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by the residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate, nor any fire hazard allowed to exist. No apartment owner shall permit the use of their apartment or the common property which will increase the rate of insurance upon the condominium property. No immoral, improper, offensive, or illegal use shall be made or allowed on any part of the condominium property. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. No rooms may be rented or transient guests accommodated.

f.) No projections from the exterior of the condominium buildings shall be made or allowed, including antennas. Nothing shall be draped from the windows or walls on the exterior of the buildings. No signs shall be allowed on the premises or in the windows.

g.) No apartment owner shall park or keep more than two vehicles on the premises. Each apartment owner shall utilize the associated garage space for the parking of the owner's vehicles. Exterior parking space shall be kept open for guests of apartment owners. No disabled vehicles should be kept or allowed to remain anywhere on the condominium property, including in the garage area.

h.) Nothing shall be stored or allowed to remain in the front of the buildings or in the common areas.

i.) Nothing shall prevent declarant from maintaining on the property any model unit, sales facility, parking, storage, signs, equipment, tools, or structures, which in declarant's sole discretion are desirable for completing or marketing the apartments.

20. MORTGAGEE PROTECTION:

a.) All apartments, and all owners, lessors, tenants, or users thereof, and the association and board shall be bound by all provisions of the bylaws, and particularly those of Article VIII providing for the protection of mortgagees and those agencies or corporations insuring mortgages or purchasing mortgages from lenders.

b.) As used herein and in the articles and bylaws of the association, the following terms have the following definitions:

(1) "Mortgagee" means the secured party under a mortgage, deed of trust, or other real property security interest covering an apartment or other portion, or all of the property. Similarly, "Mortgage" includes a deed of trust or such security instrument, and "Mortgagor" includes the grantor under a deed of trust and the debtor under such instrument.

For purposes only of assuring certain rights to the vendor under a real property sale contract to the extent hereinafter provided in the bylaws, the vendor, the contract itself, and the purchaser are included in the definition of mortgagee, mortgage and mortgagor, respectively, otherwise they are not so included.

(2) "Institutional Lender" means a mortgagee which is a bank, savings and loan association, insurance company, or mortgage lender recognized by a governmental agency for participation in governmentally related programs.

(3) "Mortgage Insurer" means any private company or governmental agency or governmentally sponsored company which

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insures payment of all or any portion of the obligation secured by a mortgage on any apartment.

DATED: SEPT 17, 1981

Signed by Declarant:

William A. Brown
WILLIAM A. BROWN

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

ON THIS DAY personally appeared before me William A. Brown, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 17th day of SEPT month, 1981.

John E. Leonard Jr.
Notary Public in and for the State
of Washington, residing at Bushong

20.i4 Reference to Survey Map and Plans. The survey map and plans for the condominium development referred to herein were recorded with the property county recording authority simultaneously with the recording of this declaration under No. 8110010020 in Volume 13, of official records, Pages 49, 50 in Skagit County. The recording authority, the declarant, or any title company or escrow company or institutional lender is authorized to insert the correct recording data or correct the same, above the signatures on this document.

Official Record

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