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JERRY MCINTURFF
SKAGIT COUNTY RECORDER

'84 DEC 18 P3:16

RECORDED
REQUEST OF

8412180020

DECLARATION

AND

COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS

for:

B A Y S I D E E A S T
* * * * *

A Condominium

(located at 2411 Skyline Way, Anacortes, Washington)

RETURN TO:
JOHN J. VADAI
P.O. BOX 697
ANACORTES, WA.
98221

8412180020

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DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS
FOR
BAYSIDE EAST
A Condominium
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DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR
BAYSIDE EAST

A Condominium

Pursuant to the laws of the State of Washington, Laws of 1963, Chapter 156, and the amendments thereto in Chapter 11, Laws of First Extraordinary Session of 1965, hereinafter referred to as "The Act," for the purpose of submitting the real property hereinafter described to the provisions of the Act, the undersigned, hereinafter referred to as "Declarant," being sole owner of said property, makes the following Declaration. It is agreed by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the property or any apartment in the horizontal property regime created by this Declaration, that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, and reservations effecting a common plan for the condominium development mutually beneficial in all of the described apartments, and that the covenants, conditions, restrictions, reservations, and plan are binding upon the entire property and upon each such apartment as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of apartments under security instruments.

ARTICLE 1. DESCRIPTION OF LAND

1.1 Description of Land

The land on which the building and improvements provided for in this Declaration are located is described in Schedule A attached hereto.

ARTICLE 2. DESCRIPTION OF BUILDING AND IMPROVEMENTS

2.1 Description

2.1.1 The Condominium shall consist of one building with sixteen apartment units with each unit having a fireplace contained therein. The building is of woodframe construction with vinyl siding and has a combination tile and hot-mop roof. The condominium has two stories and no basement.

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ARTICLE 3. DESCRIPTION OF APARTMENTS, LOCATIONS, AREA
AND NUMBER OF ROOMS

3.1 Apartment Location

Each apartment is identified by an apartment number with apartments 101 through 108 being on the first floor of the building and apartments 201 through 208 being on the second floor of the building. The apartment numbers will run serially in a easterly direction with apartment numbers 101 and 201 being the apartments farthest to the west and apartments 108 and 208 being the apartments farthest to the east.

3.2 Apartment Description

Each apartment unit has a bathroom, kitchen, living area, dining room, utility room and linen closet. In Schedule "B" attached hereto each apartment is described by apartment number, floor location, number of bedrooms in the apartment, total number of rooms in the apartment, whether or not the apartment has a storage locker, the approximate square feet of each apartment and the approximate square feet of the limited common area assigned to each apartment.

ARTICLE 4. ACCESS

4.1 Access to Common Ways

Each apartment has direct access to the common condominium walkways, parking areas, and driveways.

4.2 Access to Public Streets

The common condominium areas have direct access to Skyline Way, a public street.

ARTICLE 5. DESCRIPTION OF COMMON AREAS AND FACILITIES; CERTAIN
ITEMS MAY BE MADE OWNER'S RESPONSIBILITY

5.1 Except as otherwise specifically reserved, assigned or limited by the provisions of Article 6 hereof, the common areas and facilities consist of the following:

5.1.1 The land above described.

5.1.2 The roofs, foundations, columns, girders, stud-
ding, joists, beams, supports, main walls excluding only non-
bearing interior partitions of apartments, and all other structural
parts of the buildings, to the interior surfaces of the apartments'
perimeter walls, floors, ceilings, windows, and doors; that is,
to the boundaries of the apartments as the boundaries are defined
in the Act, and any replacements thereto, provided, that the
term "interior surfaces" shall not include paint, wallpaper,
carpeting, tiles or other such decorative surface coverings or
finishes.

5.1.3 Installations of central services such as power, light, gas, hot and cold water, heating, refrigeration, and air conditioning; pipes, conduits, and wires, wherever they may be located whether in partitions or otherwise; tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use.

5.1.4 The driving areas which provide access to the limited common areas for parking, and any guest parking or other parking areas not assigned to apartments.

5.1.5 The yards, gardens, landscaped areas and walkways which surround and provide access to the building.

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

5.1.7 Certain items which could ordinarily be considered common areas such as but not limited to screen doors, window screens, awnings, storm windows, planter boxes, and the like, may, pursuant to decision of a majority of owners and specification in the Bylaws or administrative rules, be designated as items to be furnished and maintained by apartment owners at their individual expenses, in good order, according to standards and requirements set by the Board by rule, regulation or Bylaws.

ARTICLE 6. DESCRIPTION OF LIMITED COMMON AREAS; EASEMENTS FOR EXCLUSIVE USE RESERVED FOR CERTAIN APARTMENTS

6.1 The limited common areas and facilities are reserved for the exclusive use of the apartment or apartments to which they are adjacent or assigned and consist of:

6.1.1 Each apartment has two parking spaces assigned to it. One of the parking spaces is covered and one of the parking spaces is uncovered. Said parking spaces have been assigned the same number as the apartment to which said spaces are assigned and their location is more particularly shown on the Survey Map and Plans which are being filed simultaneously with this Declaration. Adjacent to, or in the near proximity thereof, to the covered parking spaces are storage rooms which have been assigned the same number as the apartment to which said spaces are assigned and their location is more particularly shown on the Survey Map and Plans. The boundaries of said parking spaces are defined by the interior surfaces of said spaces and/or the striping delineating said parking spaces. The boundaries of said storage rooms are defined by the interior surfaces of said storage rooms.

6.1.2 The concrete patios (units 101 and 108 have two), garden patio (for units 101 and 108 only), decks (units 201 and 208 have two), and sundeck (for units 201 and 208 only) which are adjacent to each apartment as more particularly shown on the Survey Map and Plans. The boundaries of said limited common areas are defined by the interior surfaces of the walls, floor, ceiling, doors, windows, ground, railings, fence, or curb that may enclose the same. The two sundecks (designated "S.D.") disclosed on the Survey Map and Plans for the second floor units are common areas for the use and benefit of all condominium apartment owners. Twelve of the sixteen apartment units have storage lockers (designated as "TS" on the Survey Map and Plans) located on their respective patios or decks as is more particularly shown on the Survey Map and Plans and referred to in Schedule "B" attached hereto.

6.2 As used in Section 6.1, the term "interior surfaces" shall not mean decorative finishes and coverings applied to such surfaces (including paint, wall paper, paneling, carpeting and

tiles). Said decorative finishes and coverings, along with fixtures and other tangible personal property (including furniture, planters, mirrors, and the like) located in and use in connection with said limited common area, shall be deemed a part of said limited common area.

ARTICLE 7. VALUE AND PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREAS

The value of the entire property and the value assigned to each apartment shall be as set forth on Exhibit "C", attached hereto and incorporated by reference herein. Each apartment includes all the limited common areas appertaining thereto and the percentage of undivided interest in a common and limited common areas appertaining thereto. The foregoing values are set forth to establish the percentages required by the applicable statute and do not reflect, necessarily, the amount for which an apartment will be sold, from time to time, by Declarant or others.

ARTICLE 8. OWNER'S ASSOCIATION

8.1 Form of Association

The term "Association" as used herein shall mean the Association of Owners as defined in the Act. Initially said Association may be an unincorporated association. The Association, or declarant until such time as the Association is formed, may at any time if deemed advisable in the exercise of its sole discretion, without necessity of prior approval or other action by the members being necessary, cause such unincorporated association to be converted to a non-profit corporation under the laws of the state of Washington; provided, that, from and after the formation of such nonprofit corporation, the rights and duties of the members and of such corporation shall continue to be governed by the provisions of the Act and of this Declaration.

8.2 Membership

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

8.2.2 Transfer of Membership. The Association membership of each owner (including Declarant) shall be appurtenant to the apartment giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said

apartment and then only to the transferee of title to such apartment. Any attempt to make a prohibited transfer shall be void. Any transfer of title to an apartment shall operate automatically to transfer the membership in the Association appurtenant thereto to the new owner thereof.

8.3 Voting

8.3.1 Number of Votes

The total voting power of all owners shall be 100 votes and the total number of votes available to owners of any one apartment shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to such apartment.

8.3.4 Voting Owner

There shall be one (1) "voting representative of each apartment. Declarant shall be the voting representative with respect to any apartment or apartments owned by Declarant. If a person owns more than one apartment, he shall have the votes for each apartment owned. The voting representative shall be designated by the owner or owners of each apartment by written notice to the Board, and need not be an owner. The designation shall be revocable at any time by actual notice to the Board from a party having an ownership interest in an apartment, or by actual notice to the Board of the death or judicially declared incompetence of any part with an ownership interest in the apartment. This power of designation and revocation may be exercised by the guardian of an apartment owner, and the administrators or executors of an owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting representative of each apartment shall be the group composed of all of its owners.

8.3.3 Joint Owner Disputes.

The vote for an apartment must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one vote is cast for a particular apartment, none of said votes shall be counted and said votes shall be deemed void.

8.3.4 Pledged Votes

In the event the record owner or owners have pledged their vote regarding special matters to a mortgagee or beneficiary of a deed of trust under a duly recorded mortgage or deed of trust, or to the vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary, or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting

owners and their respective mortgagees, deed of trust beneficiaries, and vendors, if any.

8.3.5 Voting by Condominium Mortgagee

The mortgagee of the condominium, as defined in Section 18.1, shall be entitled to exercise the votes of the Declarant . (a) arising from apartments owned by the Declarant and against which the mortgagee of the condominium holds a mortgage or deed of trust, and (b) with respect to amendments to this Declaration, subdivision or combining of apartments, abandonment of the condominium status of the property, or reconstruction; provided, however, that said mortgagee may, as to any specific matter on which it has a right to vote in place of the Declarant, waive said voting right in writing, in which event the Declarant shall be entitled to exercise its votes as to those matters specifically set forth in the written waiver.

8.4 Meetings, Audits, Notices of Meetings

8.4.1 Annual Meetings, Audits

There shall be an annual meeting of the owners in the first quarter of each year at such reasonable place and time as may be designated by written notice of the Board delivered to the owners no less than ten (10) days prior to the date fixed for said meeting. At the annual meeting, there shall be presented an audit of the common expenses, itemizing receipts and disbursements for the preceding calendar year, and the allocation thereof to each owner, and the estimated common expenses for the coming calendar year. The Board at any time, or by written request of owners having at least twenty-five (25%) percent of the total votes, may require that an audit of the Association and management books be presented at any special meeting. An apartment owner, at his own expense, may at any reasonable time make an audit of the books of the Board and Association.

8.4.2 Special Meetings

Special meetings of the owners may be called at any time for the purpose of considering matters which by the terms of the Act or of this Declaration require the approval of all or some of the owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the president of the Association upon the decision of the president, or by written request by the owners having at least twenty-five (25%) percent of the total votes, which notice shall be delivered not less than ten (10) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and in general the matters to be considered.

8.5 Bylaws of Association

8.5.1 Adoption of Bylaws

Bylaws for the administration of the Association and the property, and for other purposes not inconsistent with the Act or with the intent of this Declaration, shall be adopted by the Association by concurrence of those voting owners holding seventy-five (75%) percent of the voting power at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each apartment owner at least ten (10) days prior to such meeting. Amendments to the Bylaws may be adopted by the same vote at a regular or special meeting similarly called. Declarant may adopt initial Bylaws.

8.5.2 Bylaws Provisions

The Bylaws shall contain provisions identical to those provided in this Article 8, and may contain supplementary, not inconsistent, provisions regarding the operation of the condominium and 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 and the property.

8.6 Skyline Beach Club

In addition to membership in the Owner's Association, each fee owner shall become a member of the Skyline Beach Club, Inc., a Washington non-profit association, and shall be subject to all rights, duties, privileges, and obligations (including being subject to annual and special assessments) of membership as fixed by the Articles of Incorporation and Bylaws of said club.

ARTICLE 9. MANAGEMENT OF CONDOMINIUM

9.1 Management by Declarant

Until a date two years from the date of the recording of this Declaration, or within sixty days of the date on which Declarant shall have closed the sales of eleven (11) apartments, or sooner in the Declarant's discretion, by giving written notice to all owners, whichever date first occurs, the property shall be managed and the Association organized as follows, in the exercise of the sole discretion of the Declarant:

9.1.1 Declarant may at such times as Declarant deems appropriate select as a temporary board three persons who own, or are purchasers of, apartments or are officers of corporations owning or purchasing such apartments. This board shall have the full authority and all rights, responsibilities, privileges and duties to manage the condominium under this Declaration and Bylaws, and shall be subject to all provisions of the Declaration and Bylaws.

9.1.2 Until such time as such temporary board is selected, Declarant or a managing agent selected by Declarant shall have the power and authority to exercise all the rights, duties and functions of the board, including but not limited to enacting reasonable administrative rules, contracting for required services,

property and insurance, and collecting and expending all assessments and association funds. Any such managing agent or the Declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any common or maintenance funds.

9.2 Management by Board

9.1.3 These requirements and covenants are made in order to assure that the property and condominium will be adequately administered in the initial phases of development, and to assure an orderly transition to Association operations.

At the expiration of the time period or appropriate number of apartment sales as set forth above in 9.1, or sooner if Declarant so elects, all administrative power and authority shall vest in the Board of three directors elected from among the apartment owners. Each voting owner as defined above shall have one vote for each director's position up for election. The Board may delegate all or any portion of such power to a manager, managing agent, or officer of the Association, or in such a manner as may be provided by the Bylaws. The initial board position shall be open for election at a meeting called by the Declarant, its managing agent or the temporary board to be held prior to the transfer of authority from the Declarant to the Board and said meeting shall be for the purpose of electing the initial Board. The Board shall elect a president from among its members, who shall preside over the meetings of the Board and the meetings of the Association.

9.3 Authority of the Board

9.3.1 The Board (or the Declarant or Declarant's managing agent as provided in Section 9.1 hereof) for the benefit of the condominium and the owners shall enforce the provisions of this Declaration and of the Bylaws, shall have all powers and authority permitted to the Board under the Act and the Declaration, and shall acquire and shall pay for out of the common expense fund hereinafter provided for, all goods and services requisite for the proper functioning of the condominium, including but not limited to the following:

(a) Water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service as required for the common area. If one or more apartments or the common areas are not separately metered, the utility service may be paid as a common expense, and the Board may be reasonable formula allocate a portion of such expense to each such apartment involved as a portion of its common expense.

(b) Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the Bylaws.

(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 area, whether such personnel as the Board shall determine are necessary or proper for the operation of the common area, whether such personnel as the Board shall determine are necessary or proper for the operation of the common area, and whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent.

(d) Legal and accounting services necessary or property in the operation of the Association affairs, administration of the common area, or the enforcement of this Declaration.

(e) Painting, maintenance, repair, and all landscaping and gardening work for the common area, and such furnishings and equipment for the common area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the common area; provided, however, that the interior surfaces of each apartment shall be painted, maintained and repaired by the owners thereof, all such maintenance to be at the sole cost and expense of the particular owner as more particularly provided in Section 10.4.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law or which in its opinion shall be necessary or proper for the operation of the common area or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular apartments or their owners, the cost thereof shall be specially assessed to the owner of such apartments.

(g) Maintenance and repair of any apartment, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common area or preserve the appearance and value of the condominium development, and the owner or owners of said apartment have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the owner or owners; provided that the Board shall levy a special assessment against the apartment of such owner or owners for the cost of such maintenance or repair.

(h) The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the property or against the common areas, rather than merely against the interest therein of particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs and expenses incurred by the Board by reason of such lien or liens shall be assessed against the owners and the apartment responsible to the extent of their responsibility.

(i) The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the common areas) having a total cost in excess of Five Thousand Dollars (\$5,000), without first obtaining the affirmative vote of the owners holding a majority of the voting power present or represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of voting owners having a majority of the voting power; provided that any expenditure or contract for capital additions or improvements in excess of Twenty-five Thousand Dollars (\$25,000) must be approved by owners having not less than seventy-five (75%) percent of the voting power.

(j) 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.

(k) The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the maintenance fund. The Board may delegate such powers subject to the terms hereof.

(l) The Board may, from common funds of the Association, acquire and hold in the name of the Association, for the benefit of the owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the owners in the same proportion as their respective interests in the common areas, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the common fund of the Association as the Board may direct. The Board shall not, however, in any case acquire real property or personal property valued in excess of Five Thousand Dollars (\$5,000.00) by lease or purchase except upon a majority vote of the apartment owners.

(m) The Board and its agents or employees, may enter any apartment or limited common area when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the owners as practicable, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency (unless the emergency was caused by the owner of the apartment entered, in which case the cost shall be specially assessed to the unit entered) or for the purpose of maintenance, or repairs, to common or limited common areas where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the apartment entered or its owners, or requested by its owners, the costs thereof shall be specially assessed to such apartment.

(n) Each owner, by the mere act of becoming an owner or contract purchaser of an apartment, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the property, to deal with the apartment upon damage or destruction, and to secure insurance proceeds.

ARTICLE 10. USE; REGULATION OF USES; ARCHITECTURAL UNIFORMITY

10.1 Residential Use

The building and apartments shall be used for single family residential purposes only, on an ownership, rental or lease basis; and for the common social, recreational or other reasonable uses normally incident to such purposes, and also for such additional uses or purposes as are from time to time determined appropriate by the Board.

10.2 Vehicle Parking

Parking spaces are restricted to use for parking of operative automobiles; other items and equipment may be parked or kept therein only subject to the rules or regulations of the Board. The Board may require removal of any inoperative vehicle, or any unsightly 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. Use of all parking areas may be regulated and is subject to the provisions of Article 6 of this Declaration.

10.3 Common Drive and Walks

Common drives and walks shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

10.4 Interior Apartment Maintenance

10.4.1 Each apartment owner shall, at his sole expense, have the right and the duty to keep the interior of his apartment and its equipment, appliances, and appurtenances in good order, condition and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of his apartment. Each owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which may be in or connected with his apartment.

10.4.2 Without limiting the generality of the foregoing, each owner shall have the right and the duty, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim, and the perimeter walls of the apartment and the surfaces of the bearing walls located within his apartment and shall not permit or commit waste of his apartment or the common areas. Each owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors, and walls. Each owner and his agent has the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. This section shall not be construed as permitting an interference with or damage to the structural integrity of the building or interference with the use and enjoyment of the common areas or of the other apartments or any of them, nor shall it be construed to limit the powers or obligations of the Board hereunder.

10.4.3 Limited common areas, as defined in Article 6, although the use, condition, and appearance thereof may be regulated under provisions of this Declaration or the Bylaws or rules, are for the sole and exclusive use of the apartments for which they are reserved or assigned. Apartment owners will be responsible for care and maintenance of the limited common areas reserved for or assigned to their apartments; provided, that an owner of an apartment, for which a patio/yard area has been assigned as a limited common area, shall not be required to provide and thereafter maintain landscaping for such yard area; and provided further, that the association may provide and maintain such landscaping with the cost constituting a general

common expense. Owners may not, however, modify, paint or otherwise decorate, or in any way alter their respective limited common areas without prior approval of the Board.

10.5 Exterior Appearance

In order to preserve a uniform exterior appearance to the building, and the common and limited common areas visible to the public, the Board may require and provide for the painting and other decorative finish of the building, or patio/yard areas, or other common or limited common areas, and prescribe the type and color of such decorative finishes, and may prohibit, require or regulate any modification or decoration of the building, patio/yard areas or other common limited common areas undertaken or proposed by any owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each apartment and apartment building. The Board may also require use of a uniform color of draperies, under draperies or drapery lining for all apartments, also may require the monthly washing of exterior windows.

10.6 Affect on Insurance

Nothing shall be done or kept in any apartment or in the common area which will increase the rate of insurance on the common area or apartments without the prior written consent of the Board. No owner shall permit anything to be done or kept in his apartment or in the common or limited common areas which will result in the cancellation of insurance on any apartment or any part of the common or limited areas, or which would be in violation of any laws.

10.7 Signs

No signs of any kind shall be displayed to the public view on or from any apartment or common area or limited common area without the prior consent of the Board; provided, that this section shall not apply to Declarant or Declarant's agents.

10.8 Pets

No animals, which term includes livestock, domestic animals, poultry, reptiles or living creatures of any kind, shall be raised, bred, or kept in any apartment or in the common or limited common areas, whether as pets or otherwise, except subject to rules and regulations adopted by the Board, or Bylaws adopted by the Association. The Board may at any time require the removal of any animal which it finds is disturbing other owners unreasonably, in the Board's determination, and may exercise this authority for specific animals even though other animals are permitted to remain.

10.9 Offensive Activity

No noxious or offensive activity shall be carried on in any apartment or common area, nor shall anything be done therein which may be or become an annoyance or nuisance to other owners.

10.10 Common Area Alterations

Nothing shall be altered or constructed in or removed from the common area except upon the written consent of the Board and after procedures required herein by law.

10.11 House Rules

The Board or the Association membership is empowered to pass, amend, and revoke detailed administrative rules and regulations, or "House 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.

10.12 Enforcement: Attorney's Fees and Costs

The Board may take any legal action to enforce the aforementioned uses and/or house rules now or hereafter adopted and any judgment rendered against an apartment owner in favor of the Association shall include a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in the preparation for or in the prosecution of such action, in addition to taxable costs permitted by law.

ARTICLE 11. COMMON EXPENSES AND ASSESSMENTS

11.1 Estimated Expenses

Within thirty (30) days prior to the beginning of each calendar year, the Board: shall estimate the charges (including common expenses, and any special charges for particular apartments) to be paid during such year; shall make provisions for creating, funding and maintaining reasonable reserves for contingencies and operations, as well as for repair, replacement and acquisition of common areas and facilities; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular assessments a reserve fund for replacement of those common areas which can reasonably be expected to require replacement prior to the end of the useful life of the buildings. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace each common area covered by the fund at the end of the estimated useful life

of each such common area. The Declarant or initial Board may at any suitable time establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any owner's assessment), the Board may at any time levy a further assessment, which shall be assessed to the owners in like proportions. Notwithstanding the provisions of this Section 11.1, until Declarant's management authority under Section 9.1 terminates, Declarant may elect to collect neither the full budgeted assessment for each month nor any assessments for reserve funds and instead may collect and expend only the actual costs of operation of the common areas.

11.2 Payment by Owners

Each owner shall be obligated to pay assessments made pursuant to this Article to the treasurer for the Association in equal installments as shall be determined by the Declarant or the Board. Said payments shall be made on or before the first day of payment period that is established. Any unpaid assessment shall bear interest at the rate of 18% per annum from the due date until paid. In the event the foregoing interest rate is higher than the then highest legal rate of interest, the highest legal rate of interest shall be the interest rate. The budget may be reviewed and revised by the membership at any annual meeting, or any special meeting called for such purpose, but if not so reviewed or if no change is made shall be deemed approved. Assessments begin accruing with respect to each apartment upon the closing of the initial sale of that apartment.

11.3 Purpose

All funds collected hereunder shall be expended for the purposes designated in this Declaration.

11.4 Separate Accounts

The Board shall require that the Association maintain separate accounts for current operations, reserves, and a special separate reserve account for payment of insurance. Each month the Board shall first deposit to the insurance reserve account that portion of the common expense assessment necessary to pay at least one-twelfth of the total cost of all of the insurance policies provided regarding the condominium and such insurance reserve account shall be held separately and inviolate until utilized for payment of insurance premiums. Thereafter the remainder of the assessments collected may be utilized for payment of other expenses or deposited or credited to other accounts. All such assessments shall be collected and held in trust for, and administered and expended for the benefit of, the apartment owners.

11.5 Based on Percentage

Except for certain special assessments which may be levied against particular apartments under the provisions of this Declaration, all assessments for common expenses shall be assessed to apartments and the owners thereof on the basis of the percentages set forth herein and any amendments thereto.

11.6 Omission of Assessment

The omission by the Board or the Association before the expiration of any year to fix the estimate and assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

11.7 Records

The Board shall cause to be kept detailed, accurate records in the form established by the Association's accountant of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses and any other expense incurred. Such records and any resolutions authorizing the payments involved shall be available for examination by any owner at convenient hours of week days.

11.8 Declarant Liability

The assessments provided for in this Declaration shall be imposed on apartments owned by Declarant on the same basis as imposed on all other apartments, if the same are occupied. Unsold and unoccupied units belonging to the Declarant need to pay only for actual expenses incurred.

11.9 Limitation on Assessments

During such time as Declarant is in control of the Association no budget shall be adopted or special assessment imposed that will cause the total assessments against any apartment in any month to be more than 10% greater than the total assessments against the apartment for the same month of the preceding calendar year. This limitation may be waived in writing, by Declarant only, for any one or more assessments. No person other than Declarant shall have the power either to assert or waive the limitation stated in this Section.

11.10 Lien Indebtedness

Each periodic assessment as provided for in Article

11.2 and each special assessment shall be joint and several debts and obligations of the owner or owners and contract purchasers of apartments for which the same are assessed as of the time the assessment is made and shall be collectible as such. The amount of any assessment, whether regular or special, assessed to any apartment and the owner and/or purchaser of any apartment, plus any accrued interest where applicable and costs, including reasonable attorney's fees necessary to collect the same, shall be a lien upon such apartment, the appurtenant limited common area and the exclusive use thereof. The said lien for payment of such assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except that such priority shall be limited as provided in RCW 64.32.200(2). Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosure or waiving the lien securing the same.

11.11 Certificate of Assessment

A certificate executed and acknowledged by the treasurer or the president of the Board or an authorized agent thereof if neither the president nor treasurer is available, stating the indebtedness for assessments or lack thereof secured by the assessment lien upon any apartment shall be conclusive upon the Board and the owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such a certificate shall be furnished to any owner or any encumbrancer of an apartment within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer holding alien on an apartment may pay any unpaid common expenses payable with respect to such apartment unit and upon such payment such encumbrancer shall have a lien on such apartment for the amounts paid of the same rank as the lien of his encumbrance.

11.12 Security Deposit

An apartment owner may be required, by the Board or by the managing agent, from time to time, to make and maintain a security deposit not in excess of a quarter's estimated assessment, which may be collected as are other assessments. Such deposit shall be held in a separate fund, credited to such owner, and resort may be had thereto at any time when such owner is ten (10) days or more delinquent in paying his monthly or other assessments.

11.13 Foreclosure of Assessment Lien; Attorney's Fees and Costs

The Declarant, manager, or Board on behalf of the Association may initiate action to foreclose the lien of an assessment. In any action to foreclose a lien against any apartment for nonpayment of delinquent assessments, any judgment rendered

against the owners of such apartment in favor of the Association shall include a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.

11.14 Rental Value

From the time of commencement of any action to foreclose a lien against an apartment for nonpayment of delinquent assessments, the owner or purchaser of such apartment shall pay to the Association the reasonable rental value of the apartment to be fixed by the Board, and the plaintiff in any such foreclosure shall be entitled to the appointment of a receiver to collect the same, who may, if said rental is not paid, obtain possession of the apartment, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the apartment or permit its rental to others, and apply rents first to costs of the receivership and attorney's fees thereof, then to costs of refurbishing the apartment, then to costs, fees and charges, of the foreclosure action, then to the payment of the delinquent assessment charges.

11.15 Rental Apartments

With respect to the leasing, renting, or creation of any kind of tenancy of an apartment by its owner: such owner shall be prohibited from leasing or renting less than the entire apartment or for a term of less than thirty (30) days; and all leasing or rental agreements shall be in writing and be subject to the Declaration and Bylaws (with a default by the tenant in complying with the Declaration and Bylaws constituting a default under the lease or rental agreement). If an apartment is rented by its owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such apartment as is required to pay any amounts due the Board hereunder, plus interest and costs, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the owner or purchaser and the apartment under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the apartment or its owner; nor in derogation of any rights which a mortgagee of such apartment may have with respect to such rents.

11.16 Termination of Utility Service

In addition to and not by way of limitation upon other methods of collecting any assessments, the Board shall have the right, after having given ten (10) days' notice to any apartment owner who is delinquent in paying his assessments, to cut off any or all utility services to the delinquent owner's apartment until such assessments are paid.

11.17 Remedies Cumulative

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.

ARTICLE 12. INSURANCE

12.1 Insurance Coverage

The Board shall obtain and maintain at all times as a common expense a policy or policies and bonds required to provide:

12.1.1 Fire insurance, with extended coverage endorsement, in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation, but less any other deductions which the Board may find reasonable after consultation with insurance consultants) of the common and limited common areas and the apartments, with the Board named as insured as trustee for the benefit of owners and mortgagees as their interest may appear, or such other fire and casualty insurance as the Board shall determine to give substantially equal or greater protection insuring the owners, and their mortgagees, as their interest may appear. Said policy or policies shall provide for separate protection for each apartment to the full insurable replacement value thereof, (limited as above provided), and a separate loss payable endorsement, in favor of the mortgagee or mortgagees of each apartment, if any, and further, a separate loss payable clause in favor of the mortgagee of the condominium, if any. All insurance shall be obtained from an insurance carrier rated Triple A by Best's Insurance Reports or equivalent rating service, and licensed to do business in the state of Washington.

12.1.2 General comprehensive liability insurance insuring the Board, the Association, the owners, Declarant and managing agent against any liability to the public or to the owners of apartments and of the common and limited common areas, and their invitees, or tenants, incident to the ownership or use of the common and limited common areas and apartments, (including but not limited to owned and non-owned automobile liability) the liability under which insurance shall be not less than
\$250,000.00 for any one person injured,

\$500,000.00 for any one accident, and \$50,000.00 for property damage (such policy limits to be reviewed at least annually by the Board and increased in its discretion).

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

12.1.4 Fidelity bonds naming the members of the Board, the manager and such other persons as may be designated by the Board as principals and the apartment owners as obligees, in an amount equal to at least one-half of the total estimated cash to be collected as assessments each year.

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

12.1.6 Such other insurance as the Board deems advisable.

12.2 Owner's Additional Insurance

Each owner may obtain additional insurance respecting his apartment as contemplated under RCW 64.32.220 and 64.32.010(1) at his own expense; no 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 on the condominium at any particular time. Each owner is required to and agrees to notify the Board of all improvements by the owner to his apartment the value of which is in excess of One Thousand Dollars (\$1,000.00). Any owner who obtains individual insurance policies covering any portion of the condominium other than personal property belonging to such owner is hereby required to file a copy of such individual 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.

12.3 Insurance Proceeds

Insurance proceeds for damage or destruction to any part of the property shall be paid to the Board on behalf of the Association which shall segregate such proceeds from other funds of the Association for use and payment as provided for in Article 13. 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.

12.4 Additional Policy Provisions

To the extent deemed practicable and desirable by the Board, after consultation with the Association's insurance broker, agent or carrier, the insurance policy or policies required under section 12.1 shall:

12.4.1 Provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for any apartment owner;

12.4.2 Contain no provision relieving the insurer from liability for loss occurring while the hazard to such buildings is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any apartment owner or any other persons under either of them;

12.4.3 Provide that such policy may not be cancelled (whether or not requested by the Board) except by the insurer giving at least sixty (60) days' prior written notice thereof to the Board and every other person in interest who shall have requested such notice of the insurer;

12.4.4 Contain a waiver by the insurer of any right of subrogation to any right of the Board, and the Association, or either against the owner or lessee of any apartment; and

12.4.5 Contain a standard mortgage clause which shall:

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

(b) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or apartment owners or any persons under any of them;

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

(d) Provide that without affecting any protection

afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Board or the insurance trustee.

ARTICLE 13. DAMAGE OR DESTRUCTION; RECONSTRUCTION

13.1 Initial Board Determinations

In the event of damage or destruction to any part of the property, the Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board deems advisable:

13.1.1 The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.

13.1.2 A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

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

13.1.4 The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefor and the amount of assessment to each apartment if such excess was paid as a maintenance expense and specially assessed against all the apartments in proportion to their percentage of interest in the common areas.

13.1.5 The Board's recommendation as to whether such damage or destruction should be repaired or restored.

13.2 Notice of Damage or Destruction

The Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide each owner, and each mortgagee who has theretofore requested special notice, with a written notice summarizing the initial Board determination made under Section 13.1. If the Board fails to do so within said sixty (60) days, then any owner or mortgagee may make the determinations required under Section 13.1 and give the notice required under this Section 13.2.

13.3 Definitions: Restoration; Emergency Work

13.3.1 As used in this Article 13, the words "repair,"r

"reconstruct," "rebuild," or "restore" shall mean restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each apartment and the common and limited common areas having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

13.3.2 As used in this Article 13, the term "emergency work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the owners from liability from the condition of the site.

13.4 Restoration by Board

13.4.1 Unless prior to the commencement of repair and restoration work (other than emergency work referred to in subsection 13.3.2) the owners shall have decided not to repair and reconstruct in accordance with the provisions of either subsection 13.5.2 or 13.6.3, the Board shall promptly repair and restore the damage and destruction, use the available insurance proceeds thereof, and pay for the actual cost of repair and restoration in excess of insurance proceeds secured as a common expense which shall be specially assessed against all apartments in proportion to their percentages of interest in the common areas.

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

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

13.5 Limited Damage; Assessment Under \$3,500

If the amount of the estimated assessment determined under subsection 13.1.4 does not exceed \$3,500 for any one apart-

ment, then the provisions of this section 13.5 shall apply:

13.5.1 Either the Board or a requisite number of owners, within fifteen (15) days after the notice required under Section 13.2 has been given, may, but shall not be required to, call a special owners' meeting in accordance with subsection 8.4.2 to consider such repair and restoration work.

13.5.2 Except for emergency work, no repair and restoration work shall be commenced until after said fifteen (15) day period and until after the conclusion of said special meeting if such meeting is called within said fifteen (15) days.

13.5.3 A unanimous decision of the apartment owners will be required to avoid the provisions of subsection 13.4.1 and to determine not to repair and restore the damage and destruction; provided, that the failure of the Board or the owners within said fifteen (15) day period to call for said special meeting shall be deemed a unanimous decision to undertake such work.

13.6 Major Damage; Assessment Over \$3,500

If the amount of the estimated assessment determined under subsection 13.1.4 exceeds \$3,500 for any one apartment, then the provisions of this Section 13.6 shall apply:

13.6.1 The Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, call a special owners' meeting to consider repair and restoration of such damage or destruction. If the Board fails to do so within said sixty (60) day period, then notwithstanding the provisions of subsection 8.4.2 any owner or mortgagee may convene and conduct the meeting required under this subsection 13.6.1.

13.6.2 Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special owners' meeting required under subsection 13.6.1.

13.6.3 A concurring vote of more than two-thirds (2/3) of the total voting power will be required to avoid the provision of subsection 13.4.1 and to determine not to repair and restore the damage and destruction; provided, however, that failure of the Board, or owners, or mortgagee to convene the special meeting required under subsection 13.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision not to undertake such repair and restoration work.

13.7 Decision Not to Restore; Disposition

In the event of a decision under either subsections 13.5.2 or 13.6.3 not to repair and restore damage and destruction,

the Board may nevertheless expend such of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged or destroyed buildings and clearing, filling and grading the real property), and the remaining funds, if any, and property shall thereafter be held and distributed as follows:

13.7.1 The property shall be owned in common by the apartment owners and shall no longer be subject to this Declaration or to condominium ownership;

13.7.2 The undivided interest in the property owned in common which appertains to each apartment owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

13.7.3 Any mortgages or liens affecting any of the apartments shall be deemed transferred in accordance with the existing priorities to the percentage of the undivided interest of the apartment owner in the property as provided herein; and

13.7.4 The property shall be subject to an action for partition at the suit of any apartment owner, in which event the net proceeds of sale, together with the net proceeds of the insurance of the property, if any, shall be considered as one fund; such fund shall be divided into separate shares one for each apartment owner in a percentage equal to the percentage of undivided interest owned by each such owner in the property; then, after first paying out of the respective share of each apartment owner, to the extent sufficient for the purpose, all mortgages and liens on the undivided interest in the property owned by such apartment owner, the balance remaining in each share shall then be distributed to each apartment owner respectively.

13.8 Miscellaneous

The provisions of this Article shall constitute the procedure by which a determination is made by the apartment owners to repair, restore, reconstruct or rebuild as provided in the Act. By the act of accepting an interest in the property, each apartment owner and party claiming by, through or under such owner hereby consents and agrees to the provisions hereof. In the event that any provision of this Article 13 shall be determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not effect the validity of any other provision of this Declaration. The purpose of this Article 13 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 13 shall be liberally construed to accomplish such purpose. By unanimous vote the apartment owners, which vote shall be taken within ninety (90) days after the damage or destruction the owners may determine to do otherwise than provided in this Article 13.

ARTICLE 14. CONDEMNATION

14.1 Consequences of Condemnation

If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the property shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in advance thereof, the provisions of this Article 14 shall apply.

14.2 Proceeds

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association.

14.3 Complete Taking

In the event that the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to the respective undivided interest in the common area; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principal, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled. After first paying out of the respective share of each owner, to the extent sufficient for the purpose, all mortgages and liens on the interest of such owner, the balance remaining in each share shall then be distributed to each owner respectively.

14.4 Partial Taking

In the event that less than the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

14.4.1 As soon as practicable the Board shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds.

14.4.2 The Board shall apportion the amounts so allocated to taking of or injury to the common areas which in turn shall be apportioned among owners in proportion to their respective undivided interests in the common areas.

14.4.3 The total amount allocated to severance damages shall be apportioned to those apartments which were not taken or condemned.

14.4.4 The respective amounts allocated to the taking of or injury to a particular apartment and/or improvements an owner had made within his own apartment shall be apportioned to the particular apartment involved.

14.4.5 The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

14.4.6 If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable.

14.4.7 Distribution of apportioned proceeds shall be made to the respective owners and their respective mortgagees in the manner provided in Section 14.3.

14.5 Reconstruction and Repair

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 13 above, 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 13.

ARTICLE 15. COMPLIANCE WITH DECLARATION

15.1 Enforcement

Each owner shall comply strictly with the provisions of this Declaration and with the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant

to this Declaration and the Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board acting through its officers on behalf of the owners, or by the aggrieved owner on his own.

15.2 No Waiver of Strict Performance

The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed for the Board. This section also extends to the Declarant or Declarant's managing agent, exercising the powers of the Board during the initial period of operation of the Association and the condominium development.

ARTICLE 16. LIMITATION OF LIABILITY

16.1 Liability for Utility Failure, etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article 12, neither the Association nor the Board (or the Declarant or Declarant's managing agent exercising the power of the Board) shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

16.2 No Personal Liability

So long as a Board member, or Association committee member, or Association officer, or Declarant or Declarant's man-

aging agent exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 12.

16.3 Indemnification of Board Members

Each Board member of Association committee member, or Association officer, or Declarant or Declarant's managing agent exercising the powers of the Board, shall be indemnified by the owners against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association. This section shall extend to and apply also for the indemnification of the Declarant or for the indemnification of the manager, if any.

ARTICLE 17. MORTGAGEE PROTECTION

17.1 Priority of Mortgages

Notwithstanding all other provisions hereof and as provided in the Act, the liens created under this Declaration upon any apartment for assessments shall be subject to tax liens on the apartment in favor of any assessing unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by mortgages which were made in good faith and for value upon the apartment. Where such mortgagee of the apartment, or other purchaser of an apartment, obtains possession of an apartment as a result of mortgage foreclosure or deed in lieu thereof, such possessor and his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such apartment which become due prior to such possession, but will be liable for the common expenses and assessments accruing after

such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the apartment owners including such possessor, his successor and assigns.

The term "mortgage" includes Deeds of Trust. The term "mortgagee" includes the beneficiary of a Deed of Trust.

17.2 Change in Manager

In the event that professional management is employed by the Association, at least thirty (30) days' notice of any contemplated change in the professional manager shall be given to any first mortgagee which has requested to be notified, and the agreement with such professional manager shall permit cancellation by the Association for cause upon thirty (30) days written notice and shall have a term not in excess of one (1) year, renewable by agreement of the parties for successive one-year periods. The Association shall not elect to terminate professional management and assume self-management without the prior consent of seventy-five (75%) of all first mortgagees who have requested to be advised of such election; provided that such prior consent shall not be required to change from one professional manager to another professional manager.

17.3 Abandonment of Condominium Status

Except when acting pursuant to the provisions of the Act involving damage, destruction, or condemnation, the Association shall not, without consent of seventy-five percent (75%) of all first mortgagees of record of the apartments, seek by act or omission to abandon the condominium status of the project, or to abandon, encumber, sell or transfer any of the common areas.

17.4 Partitions and Subdivision

The Association shall not combine or subdivide any apartment or the appurtenant limited common areas, nor abandon, partition, subdivide, encumber or sell any common areas, or accept any proposal so to do, without the prior approval of seventy-five percent (75%) of all first mortgagees of record of the apartments, and without unanimous approval of the mortgagee(s) of the apartment(s) to be combined or subdivided.

17.5 Change in Percentages

The Association shall not change the percentages of interest in the common areas without the prior approval of all of the owners, institutional first mortgagees or institutional first deed of trust beneficiaries of the apartment.

17.6 Copies of Notice

Written notice that an owner/mortgagor of an apartment

has for more than thirty (30) days failed to meet any obligation under the condominium documents shall be given by the Association to any first mortgagee of such apartment who has requested to be so notified. Any first mortgagee shall, upon request, be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

17.7 Effect of Declaration Amendments

No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such mortgage. Any provisions of this Declaration conferring rights upon mortgagees which is inconsistent with any other provision of said Declaration or the Bylaws shall control over such other inconsistent provisions.

17.8 Insurance

17.8.1 Where a first mortgagee of an apartment has filed a written request with the Board, the Board shall:

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

(b) Require any insurance carrier to give the Board and any and all insureds (including such mortgagees) at least thirty (30) days' written notice before cancelling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the property on which the mortgagee has a lien (including cancellation for a premium non-payment).

(c) Not make any settlement of any insurance claims for loss or damage to any such apartment, common area or limited common area exceeding Five Thousand Dollars (\$5,000) without the approval of such mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of the Article dealing with condemnation.

(d) Give such mortgagee written notice of any loss or taking affecting common areas, if such loss or taking exceeds \$10,000.

(e) Give such mortgagee written notice of any loss, damage or taking affecting any apartment or limited common areas in which it has an interest, if such loss, damage or taking exceeds One Thousand Dollars (\$1,000).

17.8.2 In addition, the insurance policies required as provided for above shall contain a standard mortgagee clause which shall, if reasonably obtainable:

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

(b) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or apartment owners or any persons under any of them;

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

17.9 Inspection of Books

First mortgagees shall be entitled to inspect at all reasonable hours of week days all of the books and records of the Association, and, upon request, to receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association.

17.10 Obtaining Declarant's Powers

In the event the mortgagee of the condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its mortgage or acquires a deed in lieu of foreclosure, and obtains possessory rights, legal title, or certificates of sale to the unsold apartment or apartments and appurtenant common areas covered by the respective deed of trust or mortgage liens, then the mortgagee of the condominium may succeed to and assume, to the exclusion of the Declarant, the powers of the Declarant as set forth in this Declaration.

17.11 Extension of Declarant's Powers

In the event that the Declarant's obligation to the

mortgagee of the condominium has not been paid in full at the time the Declarant's management power has expired under Section 10.1 then said powers conferred upon the Declarant by said section and to which the mortgagee of the condominium may succeed, shall be extended for an additional two (2) years. The mortgagee of the condominium shall be entitled to appoint a receiver during the pendency of any foreclosure and said receiver shall immediately, upon appointment, succeed to and assume the rights and powers of the Declarant as set forth in this Declaration, and the receiver shall be entitled to sell unsold condominium units during the pendency of said foreclosure, and said sales shall be subject to confirmation by court order.

ARTICLE 18. MORTGAGEE'S RIGHTS AFTER FORECLOSURE

18.1 Apartment and Condominium Mortgagee

Mortgagee of the apartment refers to the holder of the mortgage or deed of trust on an apartment which was recorded simultaneous with or after the recordation of this Declaration. Mortgagee of the condominium refers to the holder of the deed of trust or mortgage on the real property which this Declaration affects and which was executed and recorded prior to the recordation of this Declaration.

18.2 Obtaining Declarant's Powers

In the event the mortgagee of the condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its mortgage or deed of trust and obtains possessory rights, legal title, or certificates of sale to the unsold apartment or apartments and appurtenant common areas covered by the respective deed of trust or mortgage liens, then the mortgagee of the condominium may succeed to and assume, to the exclusion of the Declarant, the powers of the Declarant as set forth in this Declaration.

18.3 Extension of Declarant's Powers

In the event the mortgagee of the condominium commences a foreclosure or accepts title to the unsold units by deed in lieu of foreclosure, during the time the Declarant may perform all Board functions pursuant to Section 9.1, then said powers conferred upon Declarant by said Section, and to which the mortgagee of the condominium may succeed, shall be extended for an additional two (2) years. The mortgagee of the condominium shall be entitled to appoint a receiver during the pendency of any foreclosure and said receiver shall immediately, upon appointment, succeed to and assume the rights and powers of the Declarant as set forth in this Declaration, and the receiver shall be en-

titled to sell unsold condominium units during the pendency of said foreclosure, and said sales shall be subject to confirmation by court order.

18.4 Liability of Mortgagee

In the event the mortgagee of the condominium is conveyed the unsold apartment units in lieu of foreclosure, or obtains possessory rights, legal title or purchaser's certificate to said unsold apartments as a result of the foreclosure of the mortgage or deed of trust covering the condominium, then said mortgagee will be liable for only that portion of any assessment against any completed apartment unit so owned by mortgagee (or to which mortgagee has a certificate of purchase) for which Declarant would be liable under Section 11.8; provided, that in no event will the mortgagee be liable for any past due assessments which accrued or became due prior to the time the mortgagee obtained possession by foreclosure or by deed in lieu of foreclosure; and provided further, that after initial sale if the mortgagee reacquires any apartment unit, or if at any time the mortgagee retains any apartment and grants, rents, or leases the same, the mortgagee shall be liable for the normal assessments for such apartment unit.

ARTICLE 19.

EASEMENTS

19.1 In General

It is intended that in addition to rights under the statute, each apartment has an easement in and through each other apartment and the common and limited common areas for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this condominium plan. Without limiting the generality of the foregoing, each apartment and all common and limited common area is specifically subject to an easement for the benefit of each of the other apartments in the building for all duct work for the several apartments for fireplaces and associated flues or chimneys. In addition, each apartment and all the common and limited common area are specifically subject to easements as required for the intercom and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each apartment, for the vacuum system roughed-in in each unit, if any, for the intercom system, if any, and for the master antenna cable system. Finally, each apartment as it is constructed is granted an easement to which each other apartment and all common and limited common area is subject for the location and maintenance of all the original equipment and facilities and utilities for such apartment.

The specific does not limit or negate the general easement for common facilities reserved by law.

19.2 Association Functions

There is hereby reserved to Declarant and the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, or in the Bylaws, and the Association Rules.

19.3 Encroachments

Each apartment and all common and limited common area is hereby declared to have an easement over all adjoining apartments and common and limited common area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful act or acts with full knowledge of said owner or owners. In the event an apartment area or common or limited common area is partially or totally destroyed, and then repaired or rebuilt, the owners agree that minor encroachments over adjoining apartments and common and limited common areas shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any apartment.

ARTICLE 20. INTERPRETATION

20.1 Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Horizontal Property Regime under the provisions of Washington law. It is intended and covenanted also that, insofar as it affects this Declaration and condominium, the provisions of the Act referenced herein under which this Declaration is operative, shall be liberally construed to effectuate the intent of this Declaration insofar as reasonably possible.

20.2 Consistent with Act

The terms such as, but not limited to, "apartment," "apartment owner," "association of apartment owners," "building," "common areas and facilities," "common expenses," "land," "limited common areas," and "property," used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

20.3 Covenant Running with Land

It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, supplementing and interpreting the Act, and operating independently of the Act should the Act be, in any respect, inapplicable.

20.4 Apartment and Building Boundary

In interpreting the Survey Map and Plans, the existing physical boundaries of the building and each apartment as constructed shall be conclusively presumed to be its boundaries.

20.5 "Person," etc.

When interpreting this Declaration, the term "person" may include natural persons, partnerships, corporations, associations, and personal representatives. The term "mortgage" may be read to include deeds of trust. The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires.

20.6 Declarant is Original Owner

Declarant is the original owner of all apartments and property and will continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described apartments are filed of record.

20.7 Captions and Schedules

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

20.8 Percentage of Mortgagees

For purposes of determining the percentage of first mortgagees approving a proposed decision or course of action in cases where a mortgagee holds first mortgages on more than one apartment, such mortgagee shall be deemed a separate mortgagee for each such first mortgage so held.

20.9 Inflationary Increase in Dollar Limits

The dollar amounts specified in a portion of this Declaration may, in the discretion of the Board, be increased proportionately by the increase in the Consumer Price Index for the City of Seattle, Washington for all urban consumers, prepared by the United States Department of Labor for the base period, January 1, 1985, to adjust for any inflation in the value of the dollar.

ARTICLE 21. PROCEDURES FOR SUBDIVIDING OR COMBINING

21.1 Procedure

Subdivision and/or combining of any apartment or apartments, common areas and facilities, or limited common areas and facilities are authorized only as follows:

21.1.1 Any owner of any apartment or apartments may propose any subdividing or combining of an apartment or apartments, and appurtenant common areas or limited common areas in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to the Declaration, Survey Map and Plans covering such subdividing or combining, to the Board, which shall then notify all other apartment owners of the requested subdivision or combination.

21.1.2 Upon written approval of such proposal by seventy five percent (75%) of the owners, and upon approval of seventy-five percent (75%) of the first mortgagees, and upon unanimous approval of the first mortgagees of the apartment or apartments to be combined or subdivided, the owner making the proposal may proceed according to such plans and specifications; provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for the protection of other apartments or common areas or reasonable deadlines for completion of the work be inserted in the contracts for the work.

21.1.3 The changes in the Survey Map, if any, and the changes in the Plans and Declarations shall be placed of record

as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of this Declaration.

ARTICLE 22. AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

22.1 Declaration Amendment

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the owners if seventy-five percent (75%) of the owners vote for such amendment, or without any meeting if all owners have been duly notified and seventy-five percent (75%) of the owners consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Any decision changing the values and percentage of interest expressed herein, except as provided herein, shall require the unanimous consent of the apartment owners and their mortgagees. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the section being amended or the amendment itself.

22.2 Map and Plans Amendment

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

22.3 Discontinuance of Condominium

It is further specifically covenanted that any decision or failure to act by the owners under this Declaration or any applicable provision of law which intends or requires discontinuance of this condominium or removal of the property from the provisions of the Act, shall, if such decision or failure to act is sufficient

as respect Horizontal Property Regimes under the Act, also terminate and discontinue the effect of any and all of the covenants, conditions, and restrictions set forth herein, and all provisions of the Survey Map and Plans, unless other specific provision is made by recorded amendments to the Declaration, and, if required, to the Survey Map and Plans.

22.4 Amendment by Declarant

At any time prior to the date Declarant transfers control of the Condominium Association pursuant to Article 9.1, Declarant may record an amendment changing the person who is to receive service of process and such amendment recorded by Declarant need be acknowledged only by Declarant and need not otherwise comply with the requirements otherwise required for the amendment of this Declaration.

22.5 Amendments to Conform to Construction

In addition to the above, Declarant, upon Declarant's sole signature, may file an Amendment to the Declaration and to the Survey Map and Plans, from time to time, to conform them to the actual location of any of the constructed improvements and to establish, vacate, and relocate utility easements, access road easements, and parking areas.

ARTICLE 23. MISCELLANEOUS

23.1 Service of Process

HAROLD MOUSEL whose address is 1395 Donnell Road, Anacortes, Skagit County, Washington is the person upon whom process may be served as provided for in the Act. After organization of the Association, service of process for the purposes provided in the Act may also be made upon the president of the Association. The Board may at any time designate a new or different person or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then president of the Association. The Declarant may, at any time before the Board is organized, change such designation by amendment to the Declaration signed and acknowledged only by Declarant.

23.2 Notices for All Purposes

23.2.1 Delivery of Notice

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

23.2.2 Mortgagee Notice

Upon written request therefor, and for a period of three years (or such longer time as the Board may set) after such request, a vendor, mortgagee, or deed of trust beneficiary of any apartment shall be entitled to be sent a copy of any notices respecting the apartment covered by his security instrument until the request is withdrawn or the security right discharged. Such written request may be renewed an unlimited number of times.

23.3 Mortgagee's Acceptance

23.3.1 Priority of Mortgage

This Declaration shall not initially be binding upon any mortgage of record at the time of recording of said Declaration but rather shall be subject and subordinate to said mortgage unless said mortgagee shall have executed this Declaration at the time it is initially filed.

23.3.2 Acceptance Upon First Conveyance

Declarant shall not consummate the conveyance of title of any apartment until said mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements, in accordance with the Act, for partial release of apartments with their appurtenant limited common areas and percentages of interest in common areas from the lien of said mortgage. The issuance and recording of the first such partial release by said mortgagee shall constitute its acceptance of the provisions of this Declaration and the condominium status of the apartments remaining subject to its mortgage as well as its acknowledgment that such appropriate

arrangements for partial release of apartments have been made; provided, that, except as to apartments so released, said mortgage shall remain in full effect as to the entire property.

23.4 Severability

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

23.5 Effective Date

This Declaration shall take effect upon recording.

23.6 Reference to Survey Map and Plans

The Survey Map and Plans of the building referred to herein were filed with the Recorder of Skagit County, Washington, simultaneously with the recording of this Declaration under File No. 8412180020 in Volume 13, of Condominiums/Plats, pages 122 - 125.

23.7 Conveyances; Notice Required

The right of an apartment owner to sell, transfer, or otherwise convey the apartment shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An owner intending to sell an apartment shall deliver a written notice to the Board, at least two weeks before closing, specifying the apartment being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the apartment, whether or not such information is requested.

ARTICLE 24. PARTIAL RELEASES

By their signature below, INTERWEST SAVINGS BANK (formerly Island Savings and Loan Association) the owner and holder of a security interest in the real property hereby submitted as a horizontal property regime under the Act agrees to said submission, and further acknowledges that appropriate arrangements have been made for the partial release of said security from each apartment unit and from the undivided interest in common

DATED this 13th day of December, 1984.

STATE OF WASHINGTON)
)SS
COUNTY OF SKAGIT)

GIVEN under my hand and official seal this 13th day, December, 1984.

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PARTIAL RELEASES

By their signature below, INTERWEST SAVINGS BANK, formerly Island Savings and Loan Association, the owner and holder of a security interest in the real property hereby submitted as a horizontal property regime under the Act agrees to said submission, and further acknowledges that appropriate arrangements have been made for the partial release of said security from each apartment unit and from the undivided interest in common areas appertaining thereto at the time of the first conveyance of each such unit by Declarant, or his heirs, successors and assigns. Except as to apartment units so conveyed and released, said security interests remain in full force and effect as to the entire property.

INTERWEST SAVINGS BANK

by

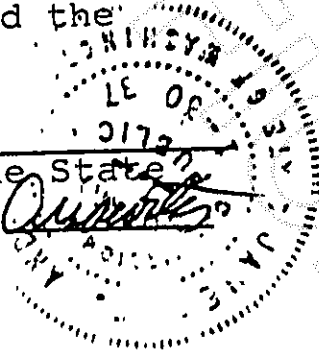
Frank J. Jretzky
Asst. U.P. Branch Mgr
(title)

STATE OF WASHINGTON)
COUNTY OF Spokane) SS

On this 17th day of December, 19 84, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared FRANK J. JRETZKY to me known to be the ASSISTANT VICE-PRESIDENT of INTERWEST SAVINGS BANK, 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 he was authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said corporation.

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

James E. Henderson
Notary Public in and for the State of Washington, residing at Quincy



8412180020

SCHEDULE "A"

The following real property located in Skagit County, Washington, and legally described as follows:

Tract 2 of Short Plat No. AN-84-001, located on Lot 16, of Skyline No. 19 in Section 27, Township 35 North, Range 1 East W.M., approved October 24, 1984, and recorded in Volume 6 of Short Plats, pages 183, 184, and 185 under Auditor's File No. 8410240028, records of Skagit County, Washington.

TOGETHER WITH the right of easement for ingress, egress, and utilities over, under, and across Tracts 1 and 3 of the above referenced Short Plat and that are existing and as may be disclosed of record.

SUBJECT TO the following:

1. Deed of Trust dated March 29, 1984 and recorded March 20, 1984 under Skagit County Auditor's recording number 8403300092 in which Harold W. Mousel is the Grantor, Safeco Title Insurance Company is the Trustee, and Island Savings and Loan Association, a Washington corporation (now known as InterWest Savings Bank) is the Beneficiary. Said Deed of Trust affects other property as well as the subject property.

2. All provisions contained in Assignment of Leases and Rents, in document recorded March 30, 1984 under Skagit County Auditor's File No. 8403300093 in which Harold W. Mousel is the assignor and Island Savings and Loan Association, a Washington corporation, is the assignee. Said assignment affects other property as well as the subject property.

3. Charges and assessments which may be imposed by the Skyline Beach Club, Inc., a non-profit corporation.

4. Easement reserved for the benefit of Tracts 1 and 3 of the Bayside Short Plat for purposes of ingress, egress, and utilities now existing and as disclosed on the face of the Short Plat and/or on the Survey Map and Plans being filed coincident herewith.

5. Said land or a portion thereof may lie beneath navigable waters. Any portion of said land which lies or which may in the future lie beneath navigable waters is subject to rights of navigation, together with incidental rights of fishing, boating, swimming, water-skiing and other related recreational purposes generally regarded as corollary to the right of navigation and the use of public waters. See Wilbour v. Gallagher, 77 Washington Decision 2nd, page 307.

6. Any lien or liens that may arise or be created in consequence of or pursuant to an act of the legislature of the State of Washington entitled "An Act prescribing the ways in which water-

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ways for the uses of navigation may be excavated by private contract, providing for liens upon lands belonging to the State, granting rights of way across lands belonging to the State," approved March 9, 1893.

FURTHER SUBJECT to any and all easements, exceptions, reservations, restrictions, terms, provisions, conditions, and other matters as may be disclosed on the face of the Short Plat and the Survey Map and Plans or as may be disclosed of record.

TREASURER'S CERTIFICATE

I hereby certify that all taxes heretofore levied and that have become chargeable upon the above described property have been duly paid, satisfied, and discharged together with the 1985 advance taxes. *A deposit To cover*

DATED this 18 day of December 19 84.

Ruth Wylie
Skagit County Treasurer

8412180020

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SCHEDULE "B" TO BAYSIDE EAST A Condominium							Approximate Square Feet of Limited Common Area Assigned to Apartment
<u>Apt.</u>	<u>Floor Location</u>	<u>Number of Bedrooms</u>	<u>Total Number of Rms.</u>	<u>Storage Locker on Patio or Deck</u>	<u>Approximate Square Feet of Apartment</u>		
101	1st	3	8	no	1888	721	
102	1st	2	7	yes	1564	607	
103	1st	2	7	yes	1564	649	
104	1st	2	7	yes	1564	649	
105	1st	2	7	yes	1564	649	
106	1st	2	7	yes	1564	649	
107	1st	2	7	yes	1564	607	
108	1st	3	8	no	1888	721	
201	2nd	3	8	no	1888	949	
202	2nd	2	7	yes	1564	607	
203	2nd	2	7	yes	1564	649	
204	2nd	2	7	yes	1564	649	
205	2nd	2	7	yes	1564	649	
206	2nd	2	7	yes	1564	649	
207	2nd	2	7	yes	1564	607	
208	2nd	3	8	no	1888	949	

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SCHEDULE "C"

TO

BAYSIDE EAST

A Condominium

The values set forth below are those used pursuant to the Act for the purpose of determining the percentage of undivided interest in the common areas appurtenant to each apartment. Said values do not reflect the purchase price for which any particular apartment now or hereafter may be sold.

<u>APARTMENT</u>	<u>VALUE</u>	<u>PERCENTAGE</u>
101	\$ 269,000.00	7.662
102	210,000.00	5.981
103	200,000.00	5.696
104	180,000.00	5.126
105	180,000.00	5.126
106	200,000.00	5.696
107	215,000.00	6.124
108	259,000.00	7.377
201	279,000.00	7.947
202	220,000.00	6.266
203	210,000.00	5.981
204	190,000.00	5.412
205	190,000.00	5.412
206	215,000.00	6.124
207	225,000.00	6.408
208	269,000.00	7.662
TOTAL	\$ 3,511,000.00	100.000

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