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REQUEST OF *Clark*

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DECLARATION  
OF  
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS  
FOR  
BAY RIDGE BUSINESS PARK

TITLE OF DOCUMENT:

DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND RESERVATIONS FOR BAY  
RIDGE BUSINESS PARK

GRANTOR:

BOUSLOG, JOHN; BOUSLOG, MELVIN; TATE, SUE  
ELLEN; OHRT, KARLA; BAZANT, BARBARA;  
BOUSLOG, JUNE A.

GRANTEE:

THE GENERAL PUBLIC

ABBREV. LEGAL DESCRIPTION:

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## ARTICLE I

### OWNERSHIP OF PROPERTY: PURPOSE

#### 1.1. Ownership of Property.

The undersigned Owners, being hereinafter referred to collectively as the "Declarant," and being the owners of the land described in Section 1.2, together with all improvements, easements, rights and appurtenances thereunto belonging, collectively referred to hereinafter as "the Property", record this Declaration in order to create a business park which shall be known as "Bay Ridge Business Park".

#### 1.2. Reference to Property Contained in Business Park.

The Declarant has previously recorded with the Auditor of Skagit County, Washington a certain Short Plat which was recorded at Auditor's File No. 9610110054, and a certain Boundary Line Adjustment which is intended to be recorded concurrently herewith, respecting two parcels of real property located immediately to the north of the land included in the Short Plat, which parcels are described more fully on the attached Exhibit A and are known hereinafter as the "Boundary Line Adjustment Area". Together, the Short Plat and Boundary Line Adjustment Area encompass all the real property currently within the Business Park.

#### 1.3. Purpose.

This Declaration, together with the Short Plat and any Additional Platting Documents referred to herein, state covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the development of the Property mutually beneficial to all of the described Lots. These covenants, conditions, restrictions, reservations and plan are intended to become, and by the recordation of this instrument shall be conclusively deemed to be legal and equitable servitudes which shall run with the land of the Property and shall be binding upon the entire Property and upon each such Lot therein 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 interest 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 Lots under security instruments, or of any forfeiture, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

## ARTICLE II

### DEFINITIONS

2.1. "Allocated interest" means the undivided interest in the Common Areas, the Common Expense liability, and votes in the Association allocated to each Lot by the provisions of Section 5.3, 7.4.2 and 10.6 of this Declaration.

2.2. "Assessment" means all sums chargeable by the Association against a Lot including, without limitation: (a) Regular and Special Assessments for Common Expenses, charges, and fines imposed by the



Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

2.3. "Association" or "Owners Association" means the nonprofit corporation incorporated at the direction of the Declarant to manage the Common Areas of this Business Park

2.4. "Board of Directors" means the body with primary authority to manage the affairs of the Association.

2.5. "Common Areas" means portions of the Property consisting of easements across one or more of the Lots which benefit other portions of the Property. The term "General Common Areas" is sometimes used herein to describe Common Areas which exist for the benefit of all Lots and are not, or have yet to be allocated as Limited Common Areas.

2.6. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

2.7. "Common Expense liability" means the liability for Common Expenses allocated to each Lot pursuant to Section 10.6 of this Declaration.

2.8. "Conveyance" means any transfer of the ownership of a Lot, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

2.9. "Covenants Committee" means the committee that may be established by the Board of Directors of the Association pursuant to Article IX hereof to assure that the Property shall be maintained in a manner consistent with the provisions of the Governing Documents.

2.10. "Declarant" means the entity, person or group of persons acting in concert who (a) executes this Declaration, or (b) reserves or succeeds to any Special Declarant Right under the Declaration.

2.11. "Declarant control" means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Association pursuant to Sections 8.1 and 16.6 of this Declaration.

2.12. "Declaration" means this document, which facilitates the creation of this Business Park by setting forth information required by the Ordinance, along with other beneficial information; the term also includes any lawful amendments to this document.

2.13. "Design Guidelines" means the standards developed by the Board of Directors or the Covenants Committee pursuant to Article IX hereof, and any standards established by the Declarant.

2.14. "Development Rights" means any right or combination of rights reserved by the Declarant in the Declaration to: (a) Add real property or improvements to the Business Park; (b) create Lots, Common Areas, or Limited Common Areas within real property included in or added to the Business Park; (c) subdivide Lots or convert Lots into Common Areas; (d) withdraw real property from the Business Park; (e) dedicate portions of the Common Areas to public use; or (f) reallocate Limited Common Areas with respect



to Lots that have not been conveyed by the Declarant. Development rights are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. In this Business Park, Development rights are described in Section 3.3 hereof.

2.15. "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a Lot, but does not include the transfer or release of a security interest.

2.16. "Eligible Insurer" means the insurer or guarantor of a mortgage on a Lot that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees.

2.17. "Eligible Mortgagee" means the holder of a mortgage on a Lot that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees.

2.18. "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

2.19. "Identifying number" means a symbol or address that represents the designation of each Lot or, in some cases, a Common Area component, in the Business Park. A list of identifying numbers for all the Lots in the Business Park in existence as of the effective date of this original Declaration, is attached as Exhibit B to this Declaration.

2.20. "Limited Common Area" means a portion of the Common Areas allocated by Article VI of the Declaration for the exclusive use of one or more but fewer than all of the Lots.

2.21. "Lot" means a physical portion of the Business Park designated for separate ownership, the boundaries of which are depicted on the Short Plat or are described in the Boundary Line Adjustment as a separate, subdivided lot or parcel of record.

2.22. "Mortgage" means a mortgage, deed of trust or real estate contract.

2.23. "Ordinance" or "the Ordinance" means the law, statute, ordinance authorizing the recordation of the Short Plat and Boundary Line Adjustment in the jurisdiction(s) in which the Property is situated, along with any administrative regulations implementing same. The term includes any changes, revisions, substitutions and/or deletions in such law or regulations which may exist from time to time.

2.24. "Owner" means the Declarant or any other person who owns a Lot, but does not include a person who has an interest in a Lot solely as security for an obligation. "Owner" means the vendee, not the vendor, of a Lot under a real estate contract.

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

2.26. "Property" or "the Property" means the real property designated on the Subdivision Plat and legally described on Exhibit A to this Declaration, and includes all real property which may be from time

to time acquired by the Association pursuant to Section 8.4.4 hereof, or which may be added to this Business Park under Development Rights reserved in Section 3.3 hereof.

2.27. "Governing Documents" means the Declaration, the Short Plat, and the Articles of Incorporation and Bylaws of the Association.

2.28. "Purchaser" means any person, other than the Declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a Lot other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the Lot, or (b) as security for an obligation.

2.29. "Real property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Real property" includes Lots and other parcels within the Property, with or without upper or lower boundaries, and spaces that may be filled with air or water.

2.30. "Residential purposes" means use for dwelling or recreational purposes, or both.

2.31. "Special Declarant Rights" means rights reserved for the benefit of the Declarant to: (a) Complete improvements shown, permitted or possible to be constructed on the Short Plat and in the Boundary Line Adjustment Area; (b) exercise any Development Right described in Section 3.3 hereof; (c) maintain sales offices, management offices, signs advertising the Business Park, and models; (d) use easements through the Common Areas for the purpose of making improvements within the Business Park or within real property which may be added to the Business Park under Development Rights reserved hereinafter; or (e) appoint or remove any officer of the Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during any period of Declarant Control reserved in this Declaration. In this Business Park, Special Declarant Rights are described in Section 16.6 hereof.

2.32. "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

### ARTICLE III

#### DESCRIPTION OF LAND, FACILITIES, AND DEVELOPMENT RIGHTS

##### 3.1. Description of Land.

The land on which the Lots, Common Areas and improvements of this Business Park are located is situated in Skagit County, Washington, and is more particularly described in Exhibit "A" which is attached hereto and incorporated herein. Additional land may be added to the Business Park under Development Rights reserved by the Declarant, as appears more fully in Section 3.3 below.

##### 3.2. Facilities.

The Business Park contains various facilities essential to the use of the Lots contained therein. These include facilities for drainage, ingress and egress, signage and utilities.

### 3.3. Development Rights.

#### 3.3.1. Description.

The Declarant has reserved the following Development Rights, which are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant: (1) to add improvements to the business Park, described as follows: Declarant may install street lighting and signage for the Business Park, and create or extend private roadways and improvements for drainage, storm water and sanitary sewer service, and other utilities, as described in greater detail in Section 16.5 hereof; (2) to create additional Lots, Common Areas, or Limited Common Areas within the real property included in the Business Park or in any land which may be added to the Business Park, as described more particularly in Sections 4.1, 5.1, 6.1.2 and/or 6.1.4 of this Declaration; (3) to subdivide unsold Lots or convert unsold Lots, or portions thereof, into Common Areas; (4) to dedicate portions of the Common Areas to public use; (5) to add additional, contiguous real property to the Business Park; and (6) to withdraw portions of the real property owned by Declarant from the Business Park.

#### 3.3.2. Procedure for Exercise.

(a) To exercise any Development Right reserved under Section 3.3.1 of this Declaration, the Declarant shall prepare, execute, and record an amendment to the Declaration, in accordance with Section 17.5 of this Declaration. The Declarant shall be the Owner of any Lots thereby created. If required by the applicable Ordinance, an amendment to the Short Plat, or a further subdivision of Lots therein owned by the Declarant, or a formal platting of portions of the Boundary Line Adjustment Area shall also be accomplished; any documents created during such further platting shall be known herein as "Additional Platting Documents". The amendment to the Declaration shall assign an identifying number to each new Lot created, and, except in the case of subdivision or conversion of Lots described in subsection (b) of this section, shall reallocate the allocated interests among all Lots in existence following the amendment, using the same formulas or factors for allocation specified in Sections 5.3, 7.4.2 and 10.6 hereof. The amendment shall describe any Common Areas and any Limited Common Areas thereby created and, in the case of Limited Common Areas, designate the Lot to which each is allocated.

(b) If the Declarant exercises a Development Right to subdivide a Lot previously created, or to convert a Lot into additional Common Areas, or both:

(i) If the Declarant converts the Lot entirely to Common Areas, the amendment to the Declaration shall reallocate all the allocated interests of that Lot among the other Lots in an equitable manner determined by the Declarant, as if that Lot had been taken by condemnation.

(ii) If the Declarant subdivides the Lot into two or more Lots, whether or not any part of the Lot is converted into Common Areas, the amendment to the Declaration shall reallocate all the allocated interests of the Lot among the Lots created by the subdivision in any reasonable and equitable manner prescribed by the Declarant at the time of such subdivision.

#### 3.3.3. Time Limits on Development Rights.

The Declarant may exercise the Development Rights described in Section 3.3.1 of this Declaration within twenty (20) years from the date of the conveyance by the Declarant of the first Lot in the Business Park to a person other than the Declarant.

3.3.4. Declarant's Liability for Expenses.

In addition to the liability that the Declarant has as an Owner under this Declaration, the Declarant alone is liable for all expenses in connection with real property owned by Declarant that is subject to Development Rights. No other Owner and no other portion of the Business Park is subject to a claim for payment of those expenses. Any income or proceeds from real property subject to Development Rights inures to the Declarant.

ARTICLE IV

LOTS

4.1. Number and Location.

4.1.1. Initial Lots.

The Business Park contains six (6) Lots which are depicted on the Short Plat or which are contained within the Boundary Line Adjustment Area. The location of existing Lots and their dimensions are shown on the Short Plat or on the sketches attached hereto in Exhibit A. Exhibit B hereto contains a list of all Lots, their identifying numbers, any Limited Common Areas allocated thereto, and the Allocated Interests appurtenant to each.

4.1.2. Lots Created by Phased Development.

The Declarant reserves the right to create additional Lots pursuant to Development Rights reserved in Section 3.3.1 of this Declaration. Reference should be made to that Article for additional information.

4.2. Construction on Lots.

4.2.1. Design Guidelines.

The Board of Directors or the Covenants Committee shall have the authority to adopt specific Design Guidelines to ensure that improvements, including fencing and screening, constructed within the Business Park shall be sightly and conducive to the transaction of business by all Owners. Metal buildings shall be permitted, provided that they are appropriately painted and further improved so as to maintain a harmonious appearance with the rest of the buildings constructed within the Business Park.

4.2.2. Height Restrictions.

The Business Park is located in vicinity of the Skagit Regional Airport/Bay View. The land constituting the Property of this Business Park is known as "Airport Environs" under applicable provisions

of the Skagit County Code. The height of structural improvements erected on Lots is thus restricted to the lower limit of that required under any applicable building code or other ordinance in effect at the time of application for a building permit therefor, or the Airport Environs regulations contained in the Skagit County Code.

4.2.3. Landscaping Plan.

A landscaping plan, consistent with the requirements of the Skagit County Code, shall be approved by the County prior to commencement of construction.

4.2.4. Utility Installations.

All improvements for utilities, including any conduits, pipes, wires and/or associated fixtures, equipment, or other facilities shall be located underground, except as may be authorized by the Covenants Committee.

4.2.5. Approval by Covenants Committee Required.

No person other than the Declarant shall make any addition, alteration or improvement in or to any Lot, other than for normal Upkeep or natural landscaping, which is visible from the exterior of the Lot (excluding areas within a building's building envelope which are visible from the exterior only because of the transparency of glass doors, walls or windows), without the prior written consent of the Covenants Committee. No Person shall make any significant structural alteration to the exterior of any improvement, including the doors and windows, if such exterior is visible from another Lot or the Common Area, without the prior written consent of the Covenants Committee. The Declarant shall have the right to construct improvements, make alterations or subdivisions without the consent of the Board of Directors or the Covenants Committee and an authorized Officer shall execute any such application required. Any addition, alteration or improvement upon any Lot existing in violation of the Association Documents shall be removed or altered to conform to the Governing Documents (including the Design Guidelines) within thirty days after notice from the Board of Directors of the violation.

4.2.6. Governmental Permits.

Approval by the Board of Directors or the Covenants Committee shall not relieve an Owner from the obligation to obtain any required governmental permits. The Owner shall deliver all approvals and permits required by law to the Covenants Committee or Board of Directors, as appropriate, prior to the commencement of any construction requiring such approval or permit. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires execution by the Association, and provided consent has been given by the Board of Directors or the Covenants Committee as appropriate, then the application shall be executed on behalf of the Association by an Officer, without incurring any liability on the part of the Board of Directors, the Association or the Covenants Committee or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having a claim for personal injury or property damage arising therefrom.

4.2.7. Timing of Construction.



Any person obtaining approval of the Covenants Committee as required by Section 9.2 hereof shall commence construction or alteration in accordance with plans and specifications approved within six months after the date of approval and shall substantially complete any construction or alteration within eighteen months after the date of approval, or within such other period as specified in the approval. Construction shall not be deemed to be completed until the improvement is finished, the Lot has been cleaned of construction debris and the Lot has been landscaped. Notwithstanding the foregoing, the Covenants Committee's approval may provide for a different period during which to commence or complete construction. If any such person does not commence work within six months after approval, or such other time period determined by the Committee, then approval shall lapse.

4.2.8. No Deviation from Plans.

Any person obtaining approval of the Covenants Committee shall not deviate materially from the approved plans and specifications without the prior written consent of the Committee. Such person shall notify the Committee when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other person.

4.2.9. Certificate of Compliance.

Upon the completion of any construction or alterations in accordance with plans and specifications approved by the Covenants Committee, the Covenants Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Association Documents as may be applicable. The certificate shall not be used and may not be relied upon for any other purpose, and shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the committee or the quality or soundness of the construction, alterations or improvements. The committee may impose a reasonable charge to cover the costs of preparation and inspection.

4.3. Upkeep of Lots.

Each Owner shall, at his or her sole expense, have the right and the duty to keep the Lot and its any improvements in good order, condition and repair and shall do all decorating, landscaping and painting at any time necessary to maintain its good appearance and condition. Each Owner shall perform this Upkeep responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Undeveloped Lots shall be kept mowed and sightly. Lot 4 in the Short Plat and Parcel 2 in the Boundary Line Adjustment Area may be used for pasturage purposes. See also Section 8.4.2(g) of this Declaration.

4.4. Damaged Improvements.

If a building or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site either (i) by repairing or reconstructing such building or improvement or (ii) by

clearing away the debris and restoring the site to an acceptable condition compatible with the remainder of the Property. Unless the Covenants Committee permits a longer time period, such work must be commenced within four months after the casualty and be substantially completed within twelve months after the casualty. The four-month period may be extended for a reasonable period thereafter in the event that repairs or reconstruction have not commenced because of factors beyond the control of the Owner, provided that the Owner has exercised and does thereafter continue to exercise due diligence in an effort to commence required work.

## ARTICLE V

### COMMON AREAS

#### 5.1. Common Areas.

Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Areas of the Business Park, which may also be referred to as "General Common Areas," consist of the following: When completed, the common sanitary sewer and common road drainage and storm water collection and retention systems shall constitute General Common Areas; until such time as all the improvements for such areas are completed, responsibility for the maintenance, repair and replacement of existing facilities shall be borne only by the Lots actually served by the existing facilities. The Declarant reserves Development Rights to complete such improvements, along with street lighting and signage for the Business Park; in the event that the completed street lighting and signage facilities serve all the Lots within the Property, these facilities shall constitute General Common Areas; if any such facilities serve fewer than all the Lots, then such facilities shall be deemed to be Limited Common Areas.

#### 5.2. Partition, Conveyance, or Encumbrance.

5.2.1. Except as permitted by this Declaration or the Ordinance, the Common Areas shall remain undivided and shall not be abandoned by act or omission, and no Owner or other person may bring any action for partition or division of the Common Areas.

5.2.2. Any purported conveyance, encumbrance, or other voluntary transfer of Common Areas, unless made pursuant to this section, is void.

#### 5.3. Allocated Interests.

5.3.1. Initial Allocation. The Declarant has allocated to each Lot in the Business Park an undivided interest in the Common Areas of the Business Park, which interest shall be conclusively presumed to be a perpetual appurtenance to such Lot, and which is known as the Lot's Allocated Interest in the Common Areas; this interest may not be severed from, mortgaged or conveyed separately from the Lot. Any purported severance, mortgaging or conveyance shall be void. The allocation of these undivided interests has been determined generally on the basis of the size of each Lot relative to all other Lots in the Business Park. Each Lot's Allocated Interest in the Common Areas is expressed as a percentage and is stated with particularity on the attached Exhibit B. Each Owner shall be considered a tenant in common with all other Owners with respect to the Common Areas.



5.3.2. Reallocation. In the event that the Declarant exercises a Development Right to create additional Lots in the Business Park, these initial Allocated Interests shall be reallocated pursuant to Section 3.3.2 hereof.

5.4. Maintenance, Repair and Replacement.

The Association is responsible for maintenance, repair, and replacement of the Common Areas, including the Limited Common Areas.

5.5. Right of Access.

Each Owner shall afford to the Association, and to its agents or employees, access through the Owner's Lot as may be reasonably necessary for the purposes of maintenance, repair and replacement of the Common Areas. If damage is inflicted on the Common Areas, the Association shall be liable for the repair thereof, as provided in Section 8.5 hereof.

ARTICLE VI

LIMITED COMMON AREAS

6.1. Limited Common Areas.

6.1.1. In General.

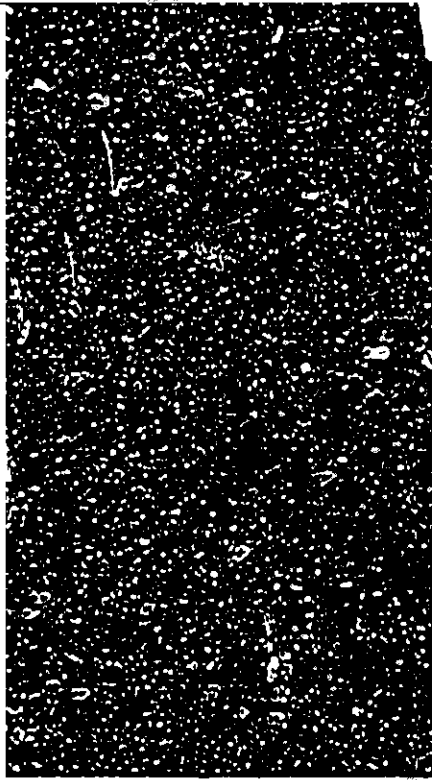
Limited Common Areas are those portions of the Property reserved for the exclusive use of one or more, but fewer than all of the Lots. A Limited Common Area shall be conclusively deemed for all purposes to be an area of the Property burdened by an exclusive easement appurtenant benefiting only the Lot(s) to which such area is allocated pursuant to this Declaration. To facilitate such allocation, the Declarant hereby conveys and grants a perpetual easement, appurtenant to the Lot(s) to which each such Limited Common Area is herein allocated, on, over, under and across those portions of the Property as are reasonably necessary or proper for the use, benefit and enjoyment of the several Lots so benefitted.

6.1.2. Description.

The Limited Common Areas in this Business Park consist of the private roadway known as Bay Ridge Drive, the sanitary sewer and road drainage and storm water collection and retention systems constructed within the Short Plat, and the entrance sign located generally at the intersection of Bay Ridge Road and Peterson Road, which are all shared by the Lots in the Short Plat. As provided in Section 5.1 hereof, any such facilities which become expanded so as to serve all Lots in the Business Park shall thereupon be deemed to be General Common Areas. The Declarant reserves Development Rights to dedicate Bay Ridge Drive as a public roadway, subject to the approval of Skagit County, and to create roads, sanitary sewer and road drainage and storm water collection and retention systems, and signage facilities in the Boundary Line Adjustment Area.

6.2. Maintenance.

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Areas; 7.2.6. Regulate the use, maintenance, repair, replacement, and modification of Common

7.2.7. Cause additional improvements to be made as a part of the Common Areas;

7.2.8. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Areas may be conveyed or subjected to a security interest only pursuant to Section 5.2 hereof;

7.2.9. Grant easements, licenses, and concessions through or over the Common Areas, subject to the provisions of Article XV hereof, and petition for or consent to the vacation of streets and alleys;

7.2.10. Impose and collect any payments, fees, or charges for the use, rental, or operation of certain Common Areas, and for services provided to Owners;

7.2.11. Impose and collect reasonable charges for late payment of Assessments and, after notice and an opportunity to be heard by the Board of Directors or by such representatives thereof designated by the Board of Directors, and in accordance with such procedures as provided in this Declaration or Bylaws or Rules and Regulations adopted by the Board of Directors, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board of Directors and furnished to the Owners for violations of this Declaration, Bylaws, and Rules and Regulations of the Association;

7.2.12. Impose and collect reasonable charges for the preparation and recording of amendments to the Governing Documents, and statements of unpaid Assessments;

7.2.13. Provide for the indemnification of its officers and Board of Directors and maintain directors' and officers' liability insurance;

7.2.14. Exercise any other powers conferred by the Declaration or Bylaws;

7.2.15. Determine, exercising reasonable business judgment and giving due deference to the needs of existing Owners and their investment-backed expectations, the types of commercial uses and purposes to which Lots in the Business Park may be put, provided that this power is not designed to promote the creation of any monopoly;

7.2.16. Exercise all other powers that may be exercised in the State of Washington by the same type of corporation as the Association; and

7.2.17. Exercise any other powers necessary and proper for the governance and operation of the Association.

7.3. Membership.

7.3.1. Qualification.

Each fee Owner (including Declarant), or real estate contract vendee of a Lot in the Business Park, shall be a member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Owners.

7.3.2. Transfer of Membership.

The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot 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 Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

7.4. Voting.

7.4.1. Voting Rights.

Each Owner has a right to vote at meetings of the Association, on such matters as may lawfully come before such meetings. The total number of votes available to each Owner shall be equal to the Allocated Interest for voting appertaining to his or her Lot, as described in Section 7.4.2 hereof.

7.4.2. Allocated Interests for Voting.

The Declarant has allocated to each Lot in the Business Park a vote in the Association which is known as the Lot's Allocated Interest for voting, or "vote". The allocation of voting power among the Lots has been determined generally on the basis of the size of each Lot relative to all other Lots in the Business Park. Each Lot's Allocated Interest for voting is expressed as a percentage of the total voting power and is stated with particularity on the attached Exhibit B. In the event that the Declarant exercises a Development Right to create additional Lots in the Business Park, these initial Allocated Interests shall be reallocated pursuant to Section 3.3.2 hereof.

7.5. Bylaws of Association.

7.5.1. Initial Bylaws.

Bylaws for the administration of the Association and the Property, and for other purposes not inconsistent with the Ordinance and this Declaration have been or will be prepared by the Declarant, subject to the approval of the initial Board of Directors of the Association.

7.5.2. Amendment of Bylaws.

Amendments to the Bylaws may be adopted by the concurrence of Owners holding at least 51% of the voting power in the Association at a regular or special meeting. Notice of time and place of such meeting together with changes to be voted on shall be delivered to each Owner at least thirty (30) days prior to such meeting.

## ARTICLE VIII

### MANAGEMENT OF THE BUSINESS PARK.

#### 8.1. Management by Declarant.

The Declarant has reserved certain Special Declarant Rights described more fully in Section 16.6 hereof, for a period of time, not to exceed five years after the conveyance by the Declarant of the first Lot in the Business Park, known as the "Declarant Control Period." The Declarant Control Period is established in order to assure that the property and Business Park will be adequately administered in the initial phases of development, and to assure an orderly transition of Association operations.

#### 8.2. Management by Owners' Board.

Within thirty days after the termination of the Declarant Control Period, the Lot Owners shall hold a special meeting to fill any vacancies existing on the Board of Directors following the resignation of any Directors appointed by the Declarant. The Board shall at that time consist of at least three members, at least a majority of whom must be Lot Owners. The Board of Directors shall thereupon elect the officers of the Association. Such members of the Board of Directors and officers shall take office upon election.

#### 8.3. Professional Management.

The Board may employ a professional Manager or Managing Agent, (which terms shall be interchangeable herein), to assist the Board in discharging its responsibilities to the Association. The Manager shall have such powers and duties as may be provided in the Bylaws.

#### 8.4. Authority of the Board.

##### 8.4.1. General Authority.

The Board, for the benefit of the Business Park and the Owners, shall enforce the provisions of this Declaration, the Bylaws, and Rules and Regulations, and shall have all powers and authority granted to the Board or the Association under the Ordinance and this Declaration, which are not expressly subject to the approval of Owners.

##### 8.4.2. Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Business Park, including, but not limited to, the following:

- (a) Any necessary utility services required for the Common Areas.
- (b) Policies of insurance or bonds required of the Association by Article XI.
- (c) The services of persons or firms as required to properly manage the affairs of the Business Park 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 Areas, whether such personnel are employed directly by the Board or are furnished by a Manager.

(d) The services of attorneys, along with bookkeepers and accountants qualified to maintain Association records in the manner required by Section 8.8 hereof, and to perform any independent audit or review required by Section 8.9 hereof.

(e) Maintenance, repair, replacement of the septic sewer system and common drainage, flood or storm water management and/or detention facilities.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to by law to pay or procure or which in its opinion shall be necessary or proper for the operation of the Business Park, the maintenance, repair or replacement of the Common Areas, or for the enforcement of this Declaration.

(g) Maintenance and repair of the Limited Common Areas; the cost of such maintenance or repair shall constitute a special Assessment against the Lots benefitted by such Limited Common Areas, as provided in Section 6.2 hereof.

#### 8.4.3. Liens or Encumbrances.

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 constitute Special Assessments against the Lots responsible, to the extent of their responsibility.

#### 8.4.4. Acquisition of Property.

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. Such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct. The Board shall not, however, in any case acquire real property or personal property valued in excess of Five Thousand Dollars (\$5,000) by lease or purchase except upon a majority vote of the Owners.

#### 8.4.5. No Business Authority.

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

#### 8.5. Right of Entry.

The Board and its agents or employees may, but shall not be required to enter any Lot or Limited Common Area if and when necessary in connection with any required maintenance, landscaping or construction for which the Board is responsible, or in the event of emergencies. Except in the case of an emergency, reasonable advance notice shall be given to the Owner and, if applicable, to any lawful tenant or subtenant in the Lot. 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 Lot entered, in which case the cost shall be specially assessed to the Lot entered) or for the purpose of maintenance, or repairs, to General 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 Lot entered or its Owners, or requested by its Owners, the costs thereof shall be specially assessed to such Lot.

8.6. Board as Attorney in Fact.

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

8.7. Limitations on Power of Board.

The Board of Directors shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Owners pursuant to the Ordinance, to terminate the Business Park, or to elect members of the Board of Directors or determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors pursuant to Section 8.2 hereof; but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

8.8. Association Records.

The Board of Directors shall prepare and maintain financial records sufficiently detailed to fully declare to each Owner the true statement of the Association's financial status, and such other records as may be required by the Bylaws. All financial and other records shall be made reasonably available for examination by any Owner and the Owner's authorized agents, any Mortgagees or Eligible Insurers.

8.9. Audit of Financial Records.

At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. In the event that the Association's annual Assessments are fifty thousand dollars or more, the financial statement shall be audited at least annually by a certified public accountant. This annual audit may, however, be waived annually by Owners to which at least sixty percent of the votes in the Association are allocated.



## ARTICLE IX

### PERMITTED USES: ARCHITECTURAL CONTROL

#### 9.1. Permitted Uses.

##### 9.1.1. Commercial Use.

The Lots and Common Areas in this Business Park may be used only for office purposes, light manufacturing, warehouse and storage purposes, and / or other light or "limited" industrial or commercial uses and purposes previously approved by the Board of Directors of this project for which appropriate liability insurance protecting the Association may be obtained pursuant to Section 11.5.1 hereof, so long as any and all such purposes are consistent with all applicable laws, ordinances and regulations of any governmental authority with jurisdiction.

##### 9.1.2. Residential Use.

No residential uses of any sort are permitted on the Property.

##### 9.1.3. Temporary Structures.

No structure of a temporary character, and no trailer, shack, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities, and then only during such time periods for construction as provided in Section 4.4.3 hereof.

##### 9.1.4. Use of Private Roadways.

To allow for snow removal, adequate fire protection access and other safety and aesthetic reasons, reasonable on-street parking restrictions may be adopted by the Board of Directors for any private roadway(s) maintained by the Association. The Board of Directors shall also have the authority to prescribe reasonable speed limits for and otherwise regulate the use of any private roadway(s) maintained by the Association.

##### 9.1.5. Use of Common Areas.

The Common Areas shall be used only for the furnishing of such services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Areas shall be used only for their intended purposes. Except as otherwise expressly provided in the Governing Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Areas. No person shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

##### 9.1.6. Interference with Common Areas.

No Owner shall obstruct any of the Common Areas nor shall any Owner place or cause or permit anything to be placed on or in any of the Common Areas (except those areas designated for storage



by the Governing Documents) without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Areas except with the prior written consent of the Board of Directors.

9.1.7. Effect on Insurance.

Nothing shall be done or maintained in any Lot or in the Common Areas which will increase the rate of insurance on the Common Areas or Lots without the prior written consent of the Board. No Owner shall permit anything to be done or maintained in his or her Lot or in the Common Areas which will result in the cancellation of insurance on any Lot or any part of the Common Areas.

9.1.8. Surface Water Run-Off.

No Lot shall be improved in such a way as to cause excess surface water run-off that may damage or inconvenience other Lots or contiguous properties or the owners thereof.

9.1.9. Signs.

Reasonable signage for business purposes is permitted, pursuant to signage criteria developed by Skagit County and, with respect to entrance signs, in accordance with the terms of a Signage Plan to be adopted by the Board of Directors, which shall include provisions prohibiting impairment of visibility from or of approaching vehicular traffic. This section shall not be deemed to prohibit the Owner of a Lot from displaying a sign not larger than 3' X 5' in size, not located in the Common Areas, for a period of time in which the Owner's Lot is for sale or rent.

9.1.10. Animals.

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Lot or upon the Common Areas, except that the keeping of guard dogs, seeing eye dogs, and other limited types of species of animals which do not normally leave the Lot is permitted, subject to Rules and Regulations which may be adopted by the Board of Directors. Any person who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Business Park. The Board may at any time require the removal of any animal which it finds is or has become an unreasonable source of annoyance, and may exercise this authority for specific animals even though other animals are permitted to remain.

9.1.11. Offensive or Illegal Activity.

No noxious, offensive or illegal activity shall be carried on in any Lot or Common Areas, nor shall anything be done therein which may be or become an unreasonable source of annoyance or nuisance to other Owners.

9.1.12. Compliance with Environmental Laws.

Use of the Lots and Common Areas of this Business Park is subject to various federal, state and local laws, regulations and guidelines now in effect and/or hereafter enacted, relating to or affecting the

Property, concerning the impact on the environment of construction, land use, the maintenance and operation of structures and the conduct of business. No Owner shall cause, or permit to be caused, any act or practice by negligence, or omission, or otherwise, that would have a substantial unmitigated adverse impact upon the environment or do anything or permit anything to be done that would violate any of the said laws, regulations or guidelines. The foregoing shall cover all requirements whether or not foreseeable at the present time and regardless of their expense.

9.1.13. Reportable Uses.

A Reportable Use shall mean (i) the installation or use of any above or below ground storage tank, or (ii) the generation, possession, storage, use, transportation or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with any governmental authority. Reportable Use shall also include the Owner's being responsible for the presence in, on or about the Property of a Hazardous Substance with respect to which any applicable law, ordinance or regulation requires that a notice be given to persons entering or occupying the Property or any adjacent or neighboring property. Any such required notices shall be timely and properly given by Owner to any person(s) entitled to receive same.

9.1.14. Hazardous Substances.

A person shall maintain or store on or in the Property only such property and materials which may be legally possessed by such person. No person shall, except in *de minimis* quantities or otherwise in compliance with law, improperly store or release from a Lot or the Common Areas any petroleum distillates, liquid or aromatic hydrocarbons, medical wastes or infections biological agents, acids, caustics, carcinogens, mutagens, heavy metals, or any other inflammable, toxic, explosive, radioactive, or other type of substance which may be hazardous to either the Property or to the public health or safety or the health or safety of any lawful occupants of the Property, any and all such substances being known herein as Hazardous Substances.

9.1.15. Notice of Actions and Reportable Uses; Inspections.

Any person lawfully occupying any portion of the Property shall promptly provide written notice to the Association of any Reportable Uses or of any receipt of notice of governmental action or third party claims alleging noncompliance or suspected noncompliance with environmental laws or laws relating to hazardous substances. The Association shall have a right of entry, but not the obligation to enter into any Lot and its Limited Common Areas at any reasonable time in order to inspect for compliance with environmental laws or laws relating to Hazardous Substances.

9.1.16. Duty to Cleanup.

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

9.1.17. Security Systems.

In the event that either the Declarant or the Association shall install a central security system within the Property, no Owner shall install or maintain any alternative security system which shall interfere with the proper operation of the central system, nor shall any Lot's individual security system be connected in any way with any such central system without the advance written approval of the Board of Directors.

9.1.18. Noise.

No person shall cause any unreasonably loud noise (except for reasonable testing of security devices) anywhere on the Property, nor shall any person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any person lawfully present on any portion of the Property.

9.1.19. Mining.

No Lot shall be used for the purposes of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth except with the prior written approval of the Board of Directors.

9.1.20. Trash.

Except in connection with construction activities, no burning of any trash and no accumulation or storage of litter, refuse, bulk materials, building materials or trash of any other kind shall be permitted on any Lot. Any such burning shall be conducted only in accordance with the terms of any governmental regulations or required permit. Trash containers shall be subject to regulation by the Board of Directors. No incinerator shall be kept or maintained upon any Lot.

9.1.21. Landscaping; Utility Lines.

No tree, hedge or other landscape feature shall be planted or maintained in location which obstructs sight-lines for vehicular traffic on public streets or Association roadways. Pavement, plantings and other landscape materials shall not be placed or permitted to remain upon any Lot: (i) if such materials may damage or interfere with any easement for the installation or maintenance of utilities; (ii) in violation of the requirements of such easements; (iii) unless in conformity with public utility standards; or (iv) if such materials may unreasonably change, obstruct or retard direction or flow of any drainage channels. Otherwise, the installation of such materials within utility easements shall be encouraged. Except for hoses and the like which are reasonably necessary in connection with construction activities or normal landscape maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground.

9.1.22. Open Fires.

Open burning is not permitted on the Property, except that outdoor fireplaces, grills and chimneys may be used if equipped with fire screens to prevent the discharge of embers or ashes.

9.1.23. Construction Activities.

This Section shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out (i) with the minimum practical disturbance to persons occupying other portions of the Property; (ii) in such a way as does not violate the rights of any person under other provisions of this Declaration; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration. The Board of Directors may approve temporary structures for construction purposes which may otherwise be in violation of the Governing Documents or the Rules and Regulations.

9.1.24. Uses by Declarant.

Nothing in the Governing Documents shall be construed to prohibit the Declarant or its designees from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Areas for promotional, marketing, display or customer service purposes (such as a visitors' center) or for the settlement of sales of Lots. Further, the Declarant specifically reserves the right to operate a construction office or a rental, brokerage and management office at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Areas, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other persons, exclusively, simultaneously or consecutively with respect to the Common Areas and Lots owned or leased by the Declarant or such persons.

9.1.25. Lease Restrictions.

Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Bylaws and Rules and Regulations, and that any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. All leases shall be in writing. A lease, as defined herein, shall include month-to-month rentals. Any tenant or subtenant of any portion of a Lot shall be deemed to have assumed all the responsibilities of an Owner under this Section of the Declaration. See also Sections 10.11 and 10.19 of this Declaration.

9.1.26. Assignment or Subletting.

The assignment or subleasing of a Lot shall be subject to the same limitations as are applicable to the leasing or renting thereof. An Owner or tenant may not exempt himself or herself from any liability under this Declaration or the Bylaws or Rules and Regulations by assigning or subleasing the occupancy rights to his or her Lot.

9.2. Architectural Control.

To assure the health, safety and enjoyment of persons lawfully using any portion of this Business Park, and to promote visual harmony within the project, the Association, through its Covenants Committee hereinafter described, shall have the power and the duty to enforce architectural control over the improvements constructed within the Business Park, in the manner hereafter provided.

9.2.1. Composition of Covenants Committee.

During the Declarant Control Period, the Declarant shall appoint members to the Covenants Committee. After the Declarant Control Period, the Board of Directors shall appoint at least three members to the Covenants Committee, each to serve for a term of from one to three years as may be determined by the Board of Directors, in order to assure that the Property shall continue to be maintained in a manner: (i) providing for visual harmony and soundness of repair; (ii) avoiding activities deleterious to the safety, aesthetic or property values of Property; and (iii) promoting the general welfare and safety of the Owners, tenants and their respective companies, guests, employees, customers, agents and invitees. If the Board of Directors fails to appoint members to the Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee.

**9.2.2. Powers of Covenants Committee.**

The Covenants Committee shall regulate the external design, signage, fencing, screening, appearance, use and maintenance of the Property in accordance with the provisions of the Declaration. The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees and charges for the costs of reports, analyses or changes proposed by an Owner. Such fees shall be specially assessed against the Owner. The Covenants Committee shall propose Design Guidelines for approval by the Board of Directors. Such Design Guidelines approved by the Board of Directors shall be enforceable as if set forth herein in full.

**9.2.3. Additional Authority of Covenants Committee.**

The Covenants Committee shall have the power on the petition of any Owner or upon its own motion to impose reasonable fines upon, and issue a cease and desist request to, an Owner, such Owner's tenant and such Owner's (or tenant's) household or company, guests, employees, customers, agents, and invitees whose actions are inconsistent with the provisions of the Governing Documents or the Rules and Regulations. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in such reasonable fashion as may be prescribed in the Bylaws of the Association, or by resolution of the Board of Directors.

**9.2.4. Time for Response; Variances.**

The Covenants Committee shall act on all matters properly before it within forty-five days after submission of a complete application, in such form as may be prescribed by the Covenants Committee; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request for approval of a proposed structural addition, alteration or improvement within fifteen days after the first Board of Directors meeting held following such referral to the Board, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed structural addition, alteration or improvement. The Board of Directors or Covenants Committee shall have the authority, either by act or omission, to waive enforcement of or grant variances from any written Design Guidelines without a specific finding that enforcement of such guidelines would impose an unfair burden on such Owner, but describing the variance and the reasons therefor in a written instrument which shall be part of the records of the Association. Upon such written approval of any specific variance



or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed to comply.

9.2.5. Conduct of Business.

Proceedings of the Covenants Committee shall be governed by the same notice, quorum and voting requirements applicable to the Board of Directors under the Bylaws of the Association. The Covenants Committee shall keep written records of all its actions. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

ARTICLE X

COMMON EXPENSES AND ASSESSMENTS

10.1. Budget for Common Expenses.

Within thirty (30) days following the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in Sections 2.6 and 8.4.2 of this Declaration, to be paid during such year. The Budget shall make provision for creating, funding and maintaining reserves required by Section 10.3 hereof, and shall take into account any expected income and any surplus available from the prior year's operating fund. The Declarant or the initial Board may at any suitable time establish the first such estimate.

10.2. Meeting of Association to Approve Budget.

Within thirty days after adoption of any proposed budget for the Business Park, the Board of Directors shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Lots to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

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

10.3.1. Establishment of Reserves.

The Board of Directors shall establish and maintain reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association pursuant to Article XI hereof, by providing for such reserves in the Annual Budget, segregating such reserves on the books of the Association, and allocating and paying monthly to such reserves one-twelfth of the total amount budgeted for such reserves for the current fiscal year. The

portion of the Lots' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Owners. Such reserves may be expended only for the purposes for which they were established. The Board may also establish and maintain reserve funds for such other purposes as may in its discretion appear advisable.

**10.3.2. Restrictions on Reserve Funds.**

The Board shall have no authority to acquire and pay from the reserve funds any capital additions or improvements to the Common Areas having a total cost in excess of Five Thousand Dollars (\$5,000), without first obtaining the affirmative vote of Owners holding not less than 75% of the voting power in the Association.

**10.4. Assessments for Common Expenses.**

**10.4.1. Liability of Lots.**

The total amount of the estimated funds required to pay the Common Expenses of the Business Park set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Lots in proportion to their respective Allocated Interests for Common Expense liability described in Section 10.6 hereof, except that/except that the Board may by resolution require that:

(a) Any Common Expense associated with the operation, maintenance, repair, or replacement of a Limited Common Area shall be paid by the Owners of or assessed against the Lots to which that Limited Common Area is assigned, in proportion to the size of the Owner's Lot in relation to all other Lots benefited by the Limited Common Area, or as may be otherwise provided in this Declaration;

(b) Any Common Expense or portion thereof benefiting fewer than all of the Lots shall be assessed exclusively against the Lots benefited; and

(c) The costs of insurance shall be assessed in proportion to risk.

**10.4.2. Payable in Installments.**

Unless otherwise determined by the Board of Directors, the annual Assessment against each Lot for its proportionate share of the Common Expenses shall be payable in four (4) equal, quarterly installments, and each installment shall be payable in advance on the first day of the months of January, April, July and October.

**10.5. Assessments to Pay Judgment Against Association.**

Assessments to pay a judgment against the Association may be made only against the Lots in the Business Park at the time the judgment was entered, in proportion to their Allocated Interests for Common Expense Liability at the time the judgment was entered.

**10.6. Allocated Interests: Procedure on Reallocation.**

**10.6.1. Allocated Interests.**



The Declarant has allocated to each Lot in the Business Park a liability for payment of the Common Expenses of the Association which is known as the Lot's Allocated Interest for Common Expense Liability. The allocation of this liability among the Lots has been determined generally on the basis of the size of each Lot relative to all other Lots in the Business Park. Each Lot's Allocated Interest for Common Expense Liability is expressed as a percentage and is stated with particularity on the attached Exhibit B. In the event that the Declarant exercises a Development Right to create additional Lots in the Business Park, these initial Allocated Interests shall be reallocated pursuant to Section 3.3.2 and 10.6.2 hereof.

**10.6.2. Reallocation.**

Subject to the provisions of Sections 10.6.1 and 15.3 hereof, if Common Expense liabilities are reallocated, Common Expense Assessments or any installment thereof not yet due under the prevailing budget shall be recalculated by the Board in accordance with the reallocated Common Expense liabilities, and each Lot shall thereafter be liable for the revised Assessments due upon such recalculation.

**10.7. Special Assessments.**

10.7.1. The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board of Directors shall give notice to the Owners of any such Special Assessment by a notice in writing giving the amount and reasons therefor, and setting a date for a special meeting of the Association not less than 14 nor more than 60 days after mailing the notice. Unless at that meeting the Owners of Lots to which a majority of the votes in the Association are allocated reject the Special Assessment, it shall be deemed ratified, whether or not a quorum is present. Such Special Assessments shall become due and payable, unless otherwise specified in the notice, with the next regularly scheduled Assessment payment which is due more than thirty (30) days after the date of the Association meeting approving the Special Assessment. All Owners shall be obligated to pay the adjusted regular installment amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability.

10.7.2. To the extent that any Common Expense is caused by the negligence or misconduct of any Owner, the Association may, subject to the provisions of Section 13.2.7 hereof, levy a Special Assessment for that expense against the Owner's Lot. In addition and without limitation, the liability of an Owner to pay for any maintenance or repair of a Limited Common Area which is the responsibility of such Owner pursuant to Section 6.2 hereof, or to pay any payments, fees, charges or fines described in Sections 7.2.10 or 7.2.11 hereof, along with any costs and attorney's fees incurred in foreclosing the lien for Assessments provided in Section 10.15 hereof, and interest on any delinquent account shall be deemed a Special Assessment.

**10.8. Accounts: Commingling Prohibited.**

Amounts collected by the Board of Directors as Assessments against the Lots for operating expenses or reserves shall be kept in accounts in the name of the Association and shall not be commingled with funds of any other Association, nor with the funds of any Managing Agent or any other person responsible for the custody of such funds. Any reserve funds shall be kept in one or more insured, segregated accounts and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are Officers or Directors of the Association.

**10.9. Surplus Funds.**

Unless otherwise provided in this Declaration, any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves shall, in the discretion of the Board of Directors, either be paid to the Owners in proportion to their Allocated Interest for Common Expense Liability or credited to them to reduce their future Common Expense Assessments.

**10.10. Liability of Owners for Association Obligations.**

The liability of any Owner arising out of any contract made by the Board of Directors, or tort of the Association not fully covered by insurance, or arising out of the indemnification of the Board of Directors, shall be limited to that proportion of the total liability thereunder as the Allocated Interest of his or her Lot bears to the aggregate Allocated Interests of all Lots.

**10.11. Owners Personally Liable for Common Expenses.**

Each Assessment shall be the joint and several obligation of the Owner or Owners of the Lot to which the same are assessed as of the time the Assessment is due. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. No Owner may exempt himself or herself from liability with respect to the Common Expenses by waiver of the enjoyment of the right to use any of the Common Areas or by leasing, rental or abandonment of his or her Lot or otherwise. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Owner shall continue to pay (with or without notice) a regular Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Owner.

**10.12. Liability Following Conveyance of Lot.**

A selling Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Lot subsequent to a sale, transfer or other conveyance by him of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid Assessments against the Lot up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Owner the amounts paid by the purchaser therefore. Except as provided in Section 10.17.2 hereof, the holder of a mortgage or other purchaser of a Lot who obtains the right of possession of the Lot through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Lot. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Lot prior to the date of such sale as provided above.

**10.13. Statement of Unpaid Assessments.**

The Association, upon written request and subject to Section 7.2.12 hereof, shall furnish to an Owner or a mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Lot. The statement shall be furnished within fifteen days after

receipt of the request and is binding on the Association, the Board of Directors, and every Owner, unless and to the extent known by the recipient to be false.

10.14. Lien for Assessments.

The Association shall have a lien on each Lot for any unpaid Assessments levied against a Lot from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the time the first installment thereof is due.

10.15. Perfection of Lien.

Recording of this Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this section in the real property records of any county in which the Business Park is located.

10.16. Priority of Lien.

A lien under this Section shall be prior to all other liens and encumbrances on a Lot except: (a) Liens and encumbrances recorded before the recording of the Declaration; (b) a mortgage on the Lot recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Lot.

10.17. Enforcement of Lien.

The lien arising under this section shall be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. The Association or its authorized representative shall have the power, subject to the provisions of Section 8.4.4 hereof, to purchase the Lot at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.18. Limitation of Lien Enforcement.

A lien for unpaid Assessments and the personal liability for payment thereof is extinguished unless proceedings to enforce the lien are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

10.19. Rent Subject to Lien for Assessments.

From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Lot that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Lots as and when due. If the rental is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for rental dwellings in this type of project, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing

the Lot, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

10.20. Remedies Cumulative.

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

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11.1. Authority, Name of Insured.

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but unless not reasonably available, for not less than the terms, conditions and amounts required by Section 11.2. The name of the insured under each required policy shall be stated as follows: "Owners Association of Bay Ridge Business Park, for the use and benefit of the individual Owners thereof."

11.2. Coverage.

11.2.1. Principal Coverage.

Level(s) of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. Such coverage shall include protection against liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Areas. Coverage should be afforded under a commercial general liability policy for the entire project, including all areas under the supervision of the Association. Limits of liability shall in no event be less than \$1,000,000 with respect to any single occurrence, and shall also include a Vacant Land endorsement and medical payments coverage.

11.2.2. Fidelity Insurance.

The Association shall obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services. The policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association and all Eligible Mortgagees before the policy can be canceled or substantially modified for any reason, in the manner provided in Section 15.1 hereof. The policy should cover the maximum funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association shall be covered by its own fidelity insurance policy, which must provide the same coverage required of the Association.

**11.2.3. Directors' and Officers' Insurance.**

If reasonably available, the Board shall acquire Directors' and Officers' errors and omissions insurance to satisfy the Association's indemnification responsibilities under Section 14.2 of this Declaration.

**11.2.4. Additional Insurance.**

The Board shall also acquire such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Lot Owners, including Workmen's Compensation insurance, where necessary to meet the requirements of law.

**11.2.5. Deductible.**

The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association as a Common Expense, subject to Section 13.2.7 hereof. Funds to cover the deductible should be included in the Association's operating reserve account, as provided in Section 10.3.

**11.3. Limitations.**

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

(a) Each policy shall be written with a company or companies which are licensed to do business in the State of Washington and which hold a B general policyholder's rating or a financial performance index of 6 or better in the latest edition of Best's Key Rating Guide, or an A or better rating from Demotech, Inc.

(b) The Association's policy will be primary, and no insurance coverage obtained and maintained pursuant to the requirements of this Article XI shall be brought into contribution with insurance purchased individually by any of the Owners or their Mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Section shall exclude such policies from consideration.

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

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

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

(f) Policy contracts shall provide that each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Areas or membership in the Association.



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

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

(i) The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of chapter 48.18 RCW pertaining to the cancellation or nonrenewal of contracts of insurance.

**11.4. Notice of Insurance Coverage or Termination Thereof.**

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

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

**11.5. Individual Policies.**

11.5.1. Each Owner shall obtain and keep in force a commercial general liability policy providing Combined Single Limit Bodily Injury and Property Damage insurance, insuring the Owner and the Association against any liability arising out of the Owner's use, occupancy or maintenance of the Lot and the Common Areas. Until changed by resolution of the Board following advice of counsel, such insurance shall be in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, and may not contain exclusions from coverage for any readily foreseeable hazards posing an unreasonable risk of harm to persons or property in or around the Property and associated with the business use to which the Lot will be put by its Owner or other lawful occupant.

11.5.2. The Owner of any Lot which is used for any purpose for which special insurance is required by any statute or regulation shall obtain and keep in force such special insurance, which in each case shall name the Association as an additional insured, and shall provide that the insurance provided thereunder may not be canceled, substantially modified or reduced without at least 30 days' prior written notice to the Association.

11.5.3. It is recommended that each Owner also obtain appropriate coverage to insure against loss or damage to any trade fixtures, tenant improvements, upgrades, or betterments to the Lot, or to other personal property used in or incidental to the conduct of business within the Lot, including coverage for vandalism or malicious mischief, theft, business interruption insurance, and the like.

11.5.4. No Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time; the Board of Directors may require that each Owner shall file with the Secretary or the Manager a copy of each individual policy of insurance purchased by the Owner within 30 days after its purchase.

11.6. Unavailability, Cancellation or Nonrenewal.

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

11.7. Adjustment and Payment of Loss Proceeds.

All policies procured by the Association shall provide that adjustment of loss to the Common Areas shall be made by the Board of Directors of the Association, and that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee, to be held in trust for Owners and all lienholders as their interests may appear. Proceeds of insurance policies received by the Insurance Trustee shall be distributed in the following manner:

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

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

11.8. Assessments if Insurance is Inadequate.

Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires or as may be required. If the proceeds of insurance are not sufficient to defray such estimated costs, a Special Assessment shall be made against all the Lots in proportion to their Allocated Interests for Common Expenses, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, Assessments shall be made against all of the Lots in proportion to their respective Allocated Interests for Common Expense liability, in sufficient amounts to provide funds for the payment of such costs.

11.9. Notice to Mortgagees.

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



## ARTICLE XII

### CONDEMNATION

#### 12.1. Condemnation Affecting Whole Lot.

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

#### 12.2. Condemnation of Part of Lot.

Except as provided in Section 12.1 hereof, if part of a Lot is acquired by condemnation, the award should compensate the Lot Owner for the reduction in value of the Lot and its appurtenant interest in the Common Areas, whether or not any Common Areas are acquired. If in this Declaration any of such Lot's Allocated Interests are allocated in proportion to the size of the Lot in relation to all other Lots, unless the condemnation decree otherwise provides: (a) those portions of the Lot's Allocated Interests which are size-related shall be reduced in proportion to the reduction in the size of the Lot; and (b) the portion of such Allocated Interests so divested from the partially acquired Lot shall be automatically reallocated to that Lot and the remaining Lots in proportion to the respective Allocated Interests of those Lots before the taking, with the partially acquired Lot participating in the reallocation on the basis of its reduced Allocated Interests.

#### 12.3. Condemnation of Common Areas.

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

#### 12.4. Condemnation of Limited Common Areas.

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

#### 12.5. Association Necessary Party to Proceeding.

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

12.6. Reconstruction and Repair.

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

12.7. Notice to Mortgagees.

The Board of Directors shall promptly give written notice to all Eligible Mortgagees of the pendency of any condemnation proceedings affecting any portion of the Subdivision

12.8. Payment of Award.

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

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.

Each Owner, tenant or other occupant of a Lot shall comply strictly with the provisions of the Ordinance, this Declaration, the Bylaws and any Rules and Regulations properly adopted by the Board of Directors, as the same may be lawfully amended from time to time. All remedies provided the Association in this Article may be enforced against any tenant or other occupant.

13.2. Enforcement by Association.

13.2.1. Authority of the Board.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in this Declaration, the Bylaws, and any Rules and Regulations adopted by the Board of Directors. Without limiting the authority and powers conferred upon the Board, the Board shall have the following power and authority:

13.2.2. Abatement of Violations.

The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the Governing Documents or the Ordinance shall give the Board of Directors the right, in addition to any other rights set forth in the Bylaws, to enter the Lot or any Limited Common Area in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any thing or condition that constitutes such a violation, and the Board of Directors

shall not thereby be deemed guilty in any manner of trespass. PROVIDED, that this remedy is subject to the provisions of Section 8.5 hereof, and the remedy shall not be utilized when a breach of the peace is likely to occur or if any items of construction within the Lot or any of the Common Areas will be altered or demolished.

**13.2.3. Legal Proceedings.**

Failure to comply with any of the terms of the Governing Documents, the Rules and Regulations, or published resolutions of the Board shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in the Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

**13.2.4. Costs and Attorney's Fees.**

The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal, or in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Special Assessment against the Owner's Lot.

**13.2.5. Late Charges and Interest.**

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than ten (10) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed the greater of \$25.00 or ten percent (10%) of the amount of said Assessment or installment. Delinquent Assessments shall bear interest from the date of delinquency at the rate of 12% per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

**13.2.6. Fines.**

The Board may impose and collect reasonable fines against Owners for violations of the Ordinance, the Governing Documents, or the Rules and Regulations of the Association. PROVIDED, however, that no fine may be levied unless (1) the Board has by resolution established a schedule of fines which has been furnished to all Owners prior to the alleged violation, and (2) the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to provisions of the Bylaws. Until changed by resolution of the Board with advice of counsel, the amount of any fine so assessed shall not exceed fifty dollars for a single offense or ten dollars per diem for any offense of a continuing nature, and shall constitute a Special Assessment against such Owner's Lot.

**13.2.7. Liability for Conduct Causing Common Expense.**

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her or her family or his or her or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. To the extent that any Common Expense is caused by the misconduct of any Owner, the Association may specially assess that expense against the Owner's Lot, PROVIDED that no such Special Assessment may be levied unless the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to provisions of the Bylaws.

**13.2.8. No Waiver of Rights.**

The failure of the Owners Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or the Ordinance, shall not constitute a waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

**13.2.9. Remedies Cumulative.**

All rights, remedies and privileges granted to the Owners Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Ordinance shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other rights, remedies or privileges as may be granted to such party by the Governing Documents or the Ordinance or at law or in equity.

**13.2.10. Alternative Forms of Dispute Resolution Authorized.**

In addition to the rights, remedies and procedures described above, the Association may, with the consent of an affected Owner and/or any other interested party, agree to resolve any dispute through mediation, binding or nonbinding arbitration, or such other alternative dispute resolution mechanism as may be deemed appropriate, at the discretion of the Board.

**ARTICLE XIV**

**LIMITATION OF LIABILITY**

**14.1. No Liability for Utility Failure, Etc.**

Except to the extent covered by insurance obtained by the Board pursuant to Article XI, neither the Association nor the Board nor the Declarant shall be liable for any failure of any utility or other service obtained by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow 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 liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2. Liability of Officers and Directors. Indemnification.

The Directors and Officers shall exercise ordinary and reasonable care in discharging their responsibilities and shall not be liable to the Association or to the Owners for mistakes of judgment or for negligence not amounting to gross negligence, willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association, against amounts paid in settlement incurred by him in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Business Park or the Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto, whether or not the Association is incorporated under RCW 23B.

14.3. No Bailment.

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

ARTICLE XV

MORTGAGEE PROTECTION

This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain mortgages. This Article is supplemental to, and not in substitution for, any other provisions of the Governing Documents, but in the case of conflict, this Article shall control.

15.1. Notice of Actions.

The Association shall give prompt written notice to each Eligible Mortgagee of, and each Lot Owner hereby consents to, and authorizes the giving of notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;



(b) Any delinquency in the payment of Common Expense Assessments owed by a Lot Owner whose Lot is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance maintained by the Association;

(d) Any judgment rendered against the Association in excess of \$2,500 which is not covered by insurance.

15.2. Inspection of Books.

The Association must maintain current copies of the Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, books and records and financial statements. The Association shall permit any Eligible Mortgagee, Eligible Insurer or other first mortgagee of a Lot, to inspect the books and records of the Association during normal business hours. However, the Association shall not release the unlisted telephone number of any Owner without such Owner's consent.

15.3. Enforcement.

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

15.4. Attendance at Meetings.

Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Lot Owner may attend.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

16.1. Easements for Lots and Owners.

16.1.1. In General.

Each Lot has an easement in and through each other Lot and the Common Areas for utilities and for lateral and/or subjacent support, and each Owner has a perpetual right of ingress to and egress from his or her Lot over any roadways or walkways included in the Common Areas.

16.1.2. Specific Easements Shown on Short Plat or Additional Platting Documents.

Easements shown on the Short Plat or any Additional Platting Documents shall be deemed effectively dedicated, declared and established. Any easement shown on the Short Plat or Additional Platting Documents which benefits one or more Lots in the Project, or which benefits any third parties or any real property not included within the Project, confers various rights and benefits upon such third parties or



owner(s) of any such real property, and may also impose obligations upon the Association. Reference should be made to the Short Plat or any Additional Platting Documents. In particular, an easement recorded at Auditor's File No. 9610110055 requires the joint maintenance of the roadway serving the Lots within the Short Plat.

16.2. Easement for Association Functions.

There is hereby granted and reserved to the Association, or its 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, the Bylaws, or the Rules and Regulations. See Section 8.5 hereof.

16.3. Easement for Utilities.

A non-exclusive perpetual blanket easement is hereby granted over and through the Property for ingress, egress, installation and Upkeep of any utility lines, pipes, wires, ducts, conduits and/or other facilities and equipment for providing to any portion of the Property utilities of any type, whether public or private; such easement is hereby granted to any person installing or providing Upkeep for such utilities. Any pipes, conduits, lines, wires, transformers or any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated where permitted by the Declarant or where approved by resolution of the Board of Directors or the Covenants Committee.

16.4. Easement for Emergency Access.

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

16.5. Easements for Declarant.

The Declarant reserves to itself and its any lawful successors an easement through the Common Areas as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Special Declarant Rights. Without limiting the generality of the foregoing, such easements include the following:

16.5.1. General Reservation.

Declarant reserves non-exclusive easements for ingress, egress, development activities, drainage and utilities over and across all Common Areas within any completed Phase of the Business Park, and/or for development and utilization of any land which may be added to or withdrawn from the Business Park, irrespective of whether such land is actually added thereto or withdrawn therefrom.

16.5.2. Easements to Permit Development.

The Declarant hereby reserves to itself and its designees a non-exclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of improvements on the Property, including without limitation: (i) temporary slope and construction easements; (ii) drainage, erosion control and storm and sanitary sewer easements (including the right to cut or remove

trees, bushes or shrubbery, to excavate and regrade the soil and to take any other actions reasonably necessary for such purposes; provided, however, that thereafter the Declarant shall restore the affected area as near as practicable to its original or better condition); (iii) easements for the storage (in a sightly manner) of reasonable supplies of building materials and equipment necessary to complete the improvements; and (iv) easements for the construction, installation and Upkeep of improvements (e.g., buildings, landscaping, street lights, signage, etc.) on the Property or serving the Property.

**16.5.3. Easements to Install Utilities.**

The Declarant hereby reserves to itself and its designees a non-exclusive blanket easement over and through the Property to tie into water, sewer, storm sewer, electrical, gas, telephone, mail delivery or other utility fixtures, conduits or lines of all varieties, and to travel over and connect with roadways, driveways, walkways, open areas or utility systems developed and employed in any completed phases of the Business Park. The Declarant also reserves the right to grant easements to public utility companies and to convey to such companies utility lines, pipes, wires, ducts, conduits and/or other facilities in furtherance of such grants.

**16.5.4. Easements to Facilitate Sales.**

The Declarant hereby reserves the right to: (i) use any Lots owned or leased by the Declarant, or any other Lot with the written consent of the Owner thereof, or any portion of the Common Areas (including any buildings thereon) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas (provided, however, that the Declarant or its designee, as appropriate, shall remain responsible for the Upkeep of any portion of the Common Areas used for the foregoing purposes); (ii) place and maintain in any location on the Common Area and on any Lot (for a distance of fifteen feet behind any Lot line which parallels a public or private street), street and directional signs, temporary promotional signs, temporary construction and sales offices, plantings, street lights, entrance features, "theme area" signs, related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations, and the Declarant shall obtain the consent of the Owner of any affected Lot or of the Covenants Committee if the Owner does not consent; and (iii) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

**16.5.5. Storm Water Management Easements.**

The Declarant hereby reserves an easement and the right to grant and reserve easements over and through the Property for the construction and Upkeep of storm water management facilities, including storm water retention areas. The Declarant shall also have the right to allow adjacent properties to tie their storm water management facilities into the storm water management facilities for the Property; provided, however, that the owners of such adjacent properties agree to bear a portion of the expense of Upkeep for the storm water management facilities for the Property in such amount as may be deemed appropriate by the Declarant.

**16.5.6. Liability for Costs.**

Declarant shall bear the cost of tie-ins to such utilities and roads and shall not connect with such utilities in a manner that impairs or significantly reduces the quality of the utility service to any

completed phase of the Business Park; provided, that if said tie-ins cause an increase in the cost of delivering affected utility services to any completed phase of the Business Park, that cost shall be borne by the Declarant.

**16.5.7. Liability Upon Withdrawal.**

If the Declarant exercises the development right to withdraw land from the Business Park, any such land which utilizes and benefits from the utility and roadway easements reserved to Declarant hereunder shall, pursuant to an irrevocable covenant running with the land, be obligated to pay a pro rata share (based on relative number of Lots) of the costs of subsequent repairs, maintenance and operation of said utilities and roadways.

**16.5.8. Easements to Facilitate Sales.**

The Declarant hereby reserves the right to: (i) use any Lots owned or leased by the Declarant, or any other Lot with the written consent of the Owner thereof, or any portion of the Common Areas (including any buildings thereon) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas (provided, however, that the Declarant or its designee, as appropriate, shall remain responsible for the Upkeep of any portion of the Common Areas used for the foregoing purposes); (ii) place and maintain in any location on the Common Area and on any Lot (for a distance of fifteen feet behind any Lot line which parallels a public or private street), street and directional signs, temporary promotional signs, temporary construction and sales offices, plantings, street lights, entrance features, "theme area" signs, related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations, and the Declarant shall obtain the consent of the Owner of any affected Lot or of the Covenants Committee if the Owner does not consent; and (iii) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

**16.6 Special Declarant Rights.**

The Declarant has reserved Special Declarant Rights for the purpose of furthering and completing the development of the Business Park. Except as hereinafter specified, these Special Declarant Rights shall exist for so long as Declarant owns any Lots in the Business Park: To exercise any Development Right under Section 3.3 hereof; to maintain sales offices, management offices, signs advertising the Business Park, and models on the Property, all in such location or locations as the Declarant may unilaterally determine; to use easements through the Common Areas for the purpose of making improvements within the Business Park or within real property which may be added to or withdrawn from the Business Park under Section 3.3 hereof; and to appoint or remove any officer of the Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during the Declarant Control Period described in Section 8.1 hereof; the Declarant shall be deemed to hold a proxy from all Owners during the Declarant Control Period for such purposes. A failure by the Declarant to veto or approve any such proposed action within thirty (30) days after receipt of written notice of the proposed action shall be deemed to constitute approval thereof by the Declarant.

**ARTICLE XVII**

## AMENDMENT OF DECLARATION

### 17.1. Procedure for Amendment of Declaration.

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. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.5 hereof, or by the Association under other provisions hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association, who shall certify that the amendment was properly adopted.

### 17.2. Recordation Required.

Every amendment to the Declaration must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Business Park and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto.

### 17.3. Special Restrictions.

No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Lots owned by persons other than the Declarant.

### 17.4. Consent of Mortgagees.

The consent of specified percentages of Eligible Mortgagees may be required, pursuant to Article XV of this Declaration, prior to recordation of certain amendments to the Project Documents. In certifying that an amendment has been properly adopted, as required by Section 17.1 hereof, the President shall be deemed to have certified that any consents required by Article XV have been obtained or waived pursuant to law.

### 17.5. Amendments by Declarant.

The Declarant may unilaterally adopt and file amendments to the Declaration for so long as the Declarant is the Owner of any Lot in the Project or until the expiration of the time limit for the exercise of any Development Rights or Special Declarant Rights reserved by the Declarant, in order to:

- (a) comply with the closing requirements of any bona fide title insurance company or institutional lender.
- (b) correct any nonmaterial technical errors contained in the Project Documents or clarify provisions of same.

ARTICLE XVIII

MISCELLANEOUS

18.1. Notices for All Purposes, Delivery.

18.1.1. Except as otherwise provided by law, or by Section 15.1(d) as to certain notices to Eligible Mortgagees, any notice permitted or required to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Lot shall be sufficient if mailed to his or her Lot if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to Declarant until the initial Board has been constituted and thereafter shall be given to the President or Secretary of the Association, or to its Registered Agent.

18.1.2. New Owners must supply their names and addresses, along with the names and addresses of their respective Mortgagees, to the Secretary of the Association promptly after conveyance.

18.2. 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 Ordinance and furthers the common plan of this Business Park

18.3. No Right of First Refusal.

There is no right of first refusal in the Association limiting or restricting the right of any Owner to sell, transfer or convey his or her Lot.

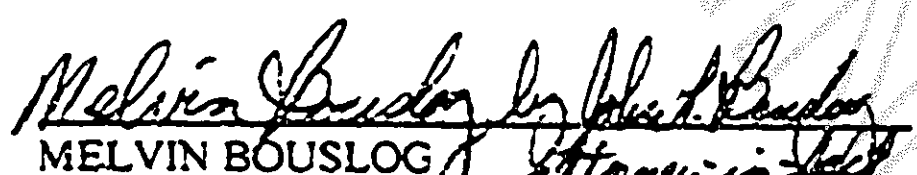
18.4. Effective Date.

This Declaration shall take effect upon recording.

DATED this 20 day of November, 1997.

DECLARANT (consisting of the following 6 named individuals):

  
JOHN L. BOUSLOG

  
MELVIN BOUSLOG *Attorney in fact*

9712030099

Sue Ellen Tate by John D. Bouslog  
SUE ELLEN TATE (fka Sue Ellen Moore)  
*attorney-in-fact*

Karla Ohrt  
KARLA OHRT

Barbara Bazant  
BARBARA BAZANT (fka Barbara Lehnher)

June A. Bouslog by  
JUNE A. BOUSLOG *POA*

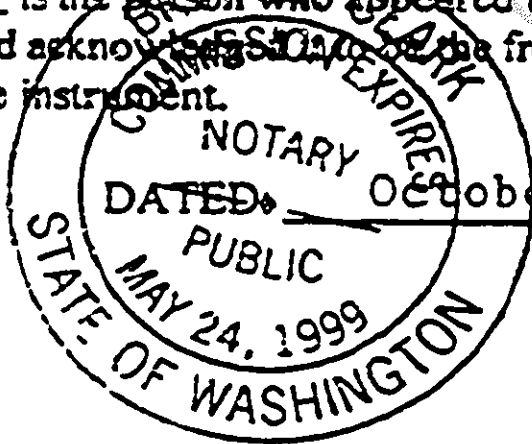
\_\_\_\_\_  
\_\_\_\_\_  
**CONSENT OF OWNER OF LOT 3 OF SHORT FLAT 96-012:**  
**RURAL SKAGIT SANITATION, INC., a Washington Corporation**

By: *[Signature]*  
Its *Director*



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I hereby certify that I know or have satisfactory evidence that KARLA OHRT  
is the person who appeared before me, and said person acknowledged that (s)he signed this instrument  
and acknowledged it to be the free and voluntary act of such person for the uses and purposes mentioned in  
the instrument.



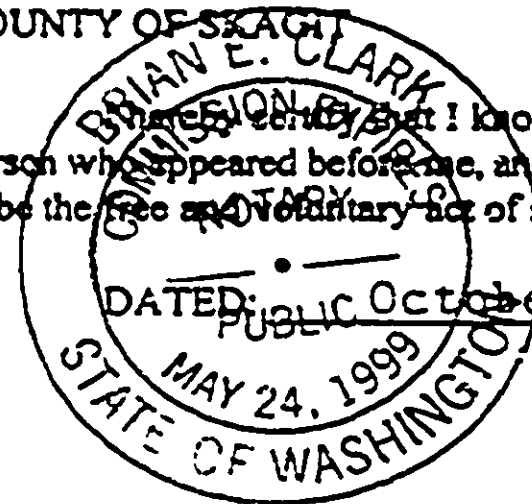
DATED: October 24, 1997



NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 5-24-99

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I hereby certify that I know or have satisfactory evidence that BARBARA BAZANT is the  
person who appeared before me, and said person acknowledged that (s)he signed this instrument and acknowledged it  
to be the free and voluntary act of such person for the uses and purposes mentioned in the instrument.



DATED: October 24, 1997.

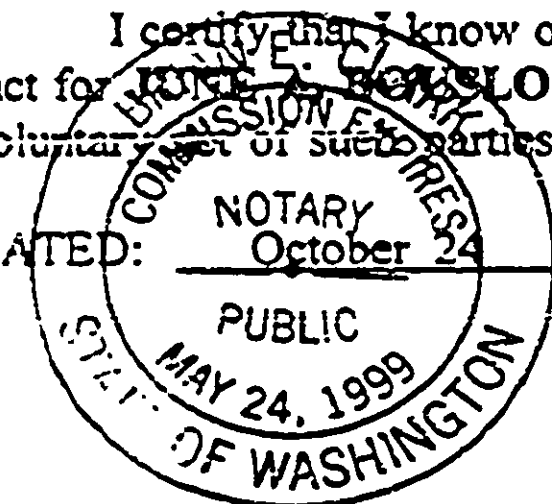


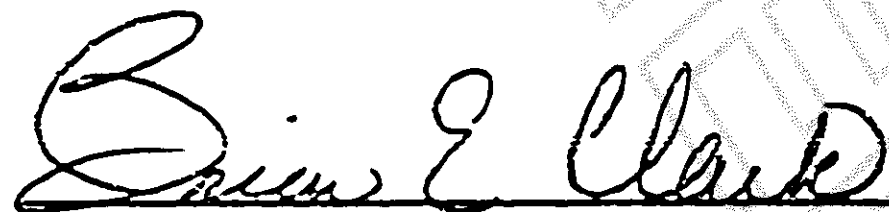
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 5-24-99

STATE OF WASHINGTON )  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that KARLA OHRT, as attorney-in-  
fact for JOHN A. BOGGS LOG, signed this instrument and acknowledged it to be the free and  
voluntary act of such parties for the uses and purposes mentioned in the instrument.

DATED: October 24, 1997.



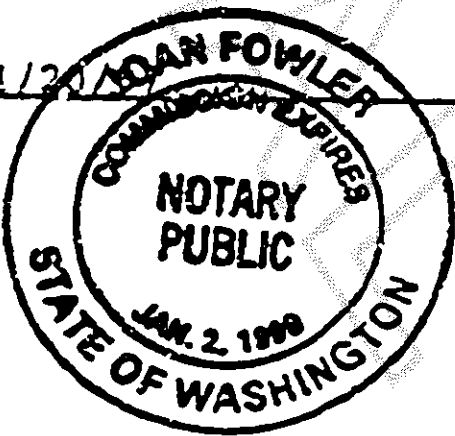


Notary Public  
BRIAN E. CLARK  
(Print or Type Name of Notary)  
Appointment expires: 5-24-99

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I hereby certify that I know or have satisfactory evidence that John L. Bouslog  
\_\_\_ is the person who appeared before me, and said person acknowledged that (s)he signed this instrument  
and acknowledged it to be the free and voluntary act of such person for the uses and purposes mentioned in  
the instrument.

DATED: 11/20/97, 1997.

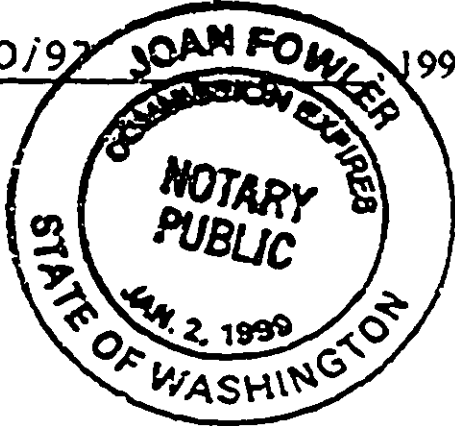


Joan Fowler  
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 1/2/99

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I hereby certify that I know or have satisfactory evidence that Melvin Bouslog, by John L. Bouslog  
his attorney-in-fact is the  
person who appeared before me, and said person acknowledged that (s)he signed this instrument and acknowledged it  
to be the free and voluntary act of such person for the uses and purposes mentioned in the instrument.

DATED: 11/20/97, 1997.

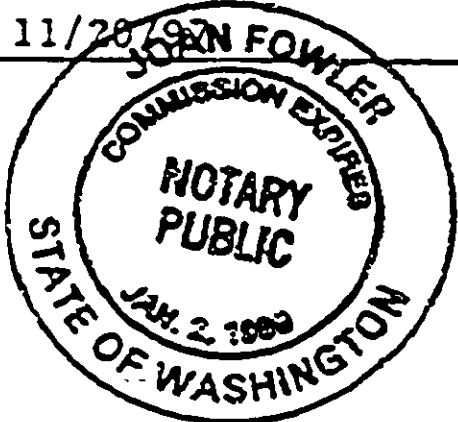


Joan Fowler  
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 1/2/99

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I hereby certify that I know or have satisfactory evidence that Sue Ellen Tate by John L. Bouslog  
her attorney-in-fact is the  
person who appeared before me, and said person acknowledged that (s)he signed this instrument and acknowledged it  
to be the free and voluntary act of such person for the uses and purposes mentioned in the instrument.

DATED: 11/20/97, 1997.



Joan Fowler  
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 1/2/99

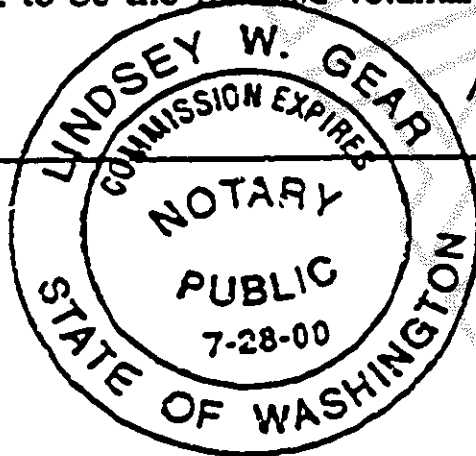
STATE OF WASHINGTON )

COUNTY OF SKAGIT )

) ss.

I hereby certify that I know or have satisfactory evidence that Wayne Knutzen is the person who appeared before me, and said person acknowledged that (s)he signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the District Manager of RURAL SKAGIT SANITATION, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED:



[Signature]  
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 7-28-00

**EXHIBIT "A"**  
**TO DECLARATION FOR**  
**BAY RIDGE BUSINESS PARK**

**LEGAL DESCRIPTION OF LAND INCLUDED IN BUSINESS PARK**

Lots 1, 2, 3 and 4 of Short Plat Number 96-012, as per the Map thereof recorded at Auditor's File No. 9610110054, records of Skagit County Washington.

AND

**Parcel 1:\***

Commencing at the Southeast corner of Section 34, Township 35 North, Range 3 East, W.M., thence North 88 deg. 20' 14" West along the South line of said Section 34, a distance of 645.76 feet, more or less, to the Northerly extension of the centerline of a 60.00 foot easement as shown on Skagit County Short Plat No. 96-012, approved October 2, 1996, and recorded in Auditor's File No. 9610110054 in Book 12 of Short Plats at page 155, records of Skagit County; thence North 1 deg. 27' 22" East, a distance of 1041.74 feet; thence North 88 deg. 20' 48" West, a distance of 30.00 feet to the TRUE POINT OF BEGINNING; thence continue North 88 deg. 20' 48" West, a distance of 645.96 feet to the West line of the Southeast Quarter of the Southeast Quarter of said Section 34; thence South 1 deg. 27' 22" West along said line a distance of 1011.73 feet, more or less, to a point which lies 30.00 feet, when measured at a right angle, from the South line of said Section 34; thence South 88 deg. 20' 14" East parallel to the South line of said Section 34 a distance of 620.87 feet, more or less; thence along a curve to the left having a radius of 25.00 feet through a central angle of 90 deg. 12' 24" an arc distance of 39.36 feet to a point which lies South 1 deg. 27' 22" West from the true point of beginning; thence North 1 deg. 27' 22" East a distance of 986.64 feet to the TRUE POINT OF BEGINNING.

Reserving unto the grantor a storm and utility easement along the West 20.00 feet thereof, TOGETHER WITH the right of ingress and egress to said easement for the installation, replacement, repair and maintenance of any storm line, lines, open ditches, utilities or appurtenances.

**Parcel 2:\***

The East half of the Southeast Quarter of Section 34, Township 35 North, Range 3 East, W.M., except the following described parcel:

Commencing at the Southeast corner of Section 34, Township 35 North, Range 3 East, W.M., thence North 88 deg. 20' 14" West along the South line of said Section 34, a distance of 645.76 feet, more or less, to the Northerly extension of the centerline of a 60.00 foot easement as shown on Skagit County Short Plat No. 96-012, approved October 2, 1996, and recorded in Auditor's File No. 9610110054 in Book 12 of Short Plats at page 155, records of Skagit County; thence North 1 deg. 27' 22" East, a distance of 1041.74 feet; thence North 88 deg. 20' 48" West a distance of 30.00 feet to the TRUE POINT OF BEGINNING; thence continue North 88 deg. 20' 48" West, a distance of 645.96 feet to the West line of the Southeast Quarter of the Southeast Quarter of said Section 34; thence South 1 deg. 27' 22" West along said line a distance of 1011.73 feet, more or less, to a point which lies 30.00 feet, when measured at a right angle, from the South line of said Section 34; thence South 88 deg. 20' 14" East parallel to the South line of said Section 34 a distance of 620.87 feet, more or less; thence along a curve to the left having a radius of 25.00 feet through a central angle of 90 deg. 12' 24" an arc distance of 39.36 feet to a point which lies South 1 deg. 27' 22" West from the true point of beginning; thence North 1 deg. 27' 22" East a distance of 986.64 feet to the TRUE POINT OF BEGINNING.

Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances and other matters of record.

\*Parcels 1 and 2 are depicted on the attached sketches.

**EXHIBIT "B"**  
**TO DECLARATION FOR BAY RIDGE BUSINESS PARK**

Lot No.	Net Square Footage	Limited Common Areas**	Allocated Interest*
1-SP	446,490	See Section 6.1 of Declaration	.065
2-SP	223,463	See Section 6.1 of Declaration	.033
3-SP	217,800	See Section 6.1 of Declaration	.032
4-SP	2,523,092	See Section 6.1 of Declaration	.369
1-BLA	653,400	See Section 6.1 of Declaration	.096
2-BLA	2,770,416	See Section 6.1 of Declaration	.405
	6,834,661		100.00

\* Allocated interests are the percentages of undivided interests in the Common Areas, fractional liability for the Common Expenses of the Association, and portions of the votes in the Association, allocated to each Lot under Section 5.3, 7.4.2, and 10.6 of the Declaration.

ALL ALLOCATED INTERESTS ARE SUBJECT TO CHANGE UPON AN EXERCISE OF DEVELOPMENT RIGHTS, as described at Section 3.3.2(a) of the Declaration.

\*\* Items listed are Limited Common Areas permanently assigned to their respective Lots as identified above, pursuant to Section 6.1.1 and, if applicable, Section 6.1.3 of the Declaration.

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6.2.1. General Responsibility.

The Association shall have exclusive control of maintaining, insuring, repairing, reconstructing and replacing all Limited Common Areas, including Bay Ridge Drive (unless and until Skagit County shall accept a dedication thereof); costs so incurred by the Association shall be specially assessed against the Lots benefitted by such facilities in proportion to the relative size of each such Lot in relation to the sizes of all other Lots benefitted thereby, as provided in Sections 10.4.1(a) and 16.1.2 hereof.

6.2.2. Responsibility for Entrance Sign.

The Owners of the respective Lots to which the above-described Limited Common Areas are appurtenant shall be responsible for the costs of initial construction as well as the costs of maintaining, repairing and replacing the entrance sign, and keeping it in sightly condition. Such costs shall be shared among the Owners in proportion to the space that each Owner uses within the sign. If the Declarant pays for the costs of initial construction, Lot Purchasers shall reimburse the Declarant for their proportionate share of such costs.

ARTICLE VII

OWNERS ASSOCIATION

7.1. Name and Form of Association.

The name of the Association shall be the "Owners Association of Bay Ridge Business Park." The Association has been or will be incorporated by the Declarant prior to the first conveyance of a Lot in the Business Park as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of the Ordinance and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation.

7.2. Powers of Association.

The Association shall, through its Board of Directors, have the power to:

7.2.1. Adopt and amend bylaws, rules and regulations;

7.2.2. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners;

7.2.3. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

7.2.4. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Business Park;

7.2.5. Make contracts and incur liabilities;