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Return to:

CHESTER T. LACKEY
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LEWIS & ROBERTSON, P.L.L.C.
1200 HARRIS AVENUE, SUITE 307
BELLINGHAM, WA 98225

Document Title(s) (or transactions contained herein):

1. Declaration and Covenants, Conditions, Restrictions and Reservations for Alpine Fairway Villa Condominium

Reference Number(s) of Documents Assigned or Released:

Grantor(s) (last name, first name and initials):

1. Sea-Van Investments Association
2. Ligo Construction Company, Inc..

Grantee(s) (last name, first name and initials):

Alpine Fairway Villa Condominium

Legal Description (abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range)

Tract 202, "Plat of Eaglemont, Phase 1A"

Assessor's Parcel/Tax I.D. Number: _____

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P113814	P113985	P113994
P113815	P113987	P113995
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P113818	P113990	
P113819	P113991	
P113820	P113992	

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AT THE NORTHEAST CORNER OF SAID TRACT 202; THENCE SOUTH 85°36'34" WEST ALONG THE NORTHEASTERLY LINE OF SAID TRACT 202 A DISTANCE OF 68.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUE SOUTH 85°36'34" WEST A DISTANCE OF 60.17 FEET; THENCE NORTH 40°26'15" WEST A DISTANCE OF 43.54 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID TRACT 202; THENCE SOUTH 84°00'58" EAST A DISTANCE OF 22.04 FEET; THENCE NORTH 52°23'42" EAST A DISTANCE OF 36.99 FEET THENCE SOUTH 37°10'42" EAST A DISTANCE OF 61.26 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF TRACT 202 DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEASTERLY CORNER OF SAID TRACT 202; THENCE SOUTH 85°36'34" WEST A DISTANCE OF 68.47 FEET ALONG THE NORTHEASTERLY LINE THEREOF; THENCE SOUTH 37°10'42" EAST A DISTANCE OF 59.04 FEET TO THE EASTERLY LINE OF SAID TRACT 202; THENCE NORTH 31°56'07" EAST ALONG THE EASTERLY LINE THEREOF A DISTANCE OF 61.61 FEET TO THE POINT OF BEGINNING.

SITUATED IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

(Referred to herein as "Real Property".)

The Real Property has been subdivided into ten (10) duplex lots serviced by a private road by the replat of Tract 202 and Lot 67, "Alpine Fairway Villa", as per plat recorded in Volume 17 of Plats, pages 32 and 33, records of Skagit County, Washington, hereinafter "Lot(s)".

The Real Property is hereby made subject to the provisions of the Act.

1.3 Description of Phase 1.

Phase 1 is located on Lots 9 and 3, hereinafter "Phase 1 Real Property".

1.4 Description of Subsequent Phases.

The Declarant reserves the right to develop subsequent phases located on Lots 1, 2, 4, 5, 6, 7, 8 and 10 as the Declarant shall determine, hereinafter "Subsequent Phases". Each of the Lots within the Subsequent Phases shall contain one residential unit structure within two units.

1.5 Phasing Requirements.

The right of the Declarant to add additional units to the Condominium is a "development right" as defined in RCW 64.34.202(16) and is subject to the following terms, conditions and restrictions:

1.5.1 Buildings constructed as Subsequent Phases shall be architecturally similar to the buildings constructed on Phase 1 and shall be of comparable quality and construction.

1.5.2 The development rights reserved by the Declarant may be exercised by the Declarant, or the Declarant's successor in ownership of the Subsequent Phases.

1.5.3 The development rights for Subsequent Phases may be exercised at one time or in multiple phases at the discretion of the Declarant.

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1.5.4 All improvements to Phase 1 must be substantially completed before Subsequent Phases are added to the Condominium.

1.5.5 The right of the Declarant, or Declarant's successor, to add units to the Condominium shall terminate seven (7) years from the date of the recording of this Declaration.

1.6 Reallocation of Percentage Interest.

The Phase 1 Condominium unit ownership interest in the common elements, liability for common expenses of the Association, and the voting rights shall be amended, modified and reduced at the time each Subsequent Phase of the Condominium is added. The new percentages shall be established by dividing 1 by the total number of units in the Condominium after the addition of units from each Subsequent Phase. The resulting percentage shall be the percentage interest of each unit for the purpose of allocation of common expenses, ownership of common elements and voting rights.

DESCRIPTION OF THE BUILDINGS

ARTICLE 2

2.1 Phase 1 Buildings.

The buildings for Phase 1 shall be one (1) story structures containing two (2) residential units each. The buildings are wood frame construction without basements, having concrete foundations.

DESCRIPTION OF UNITS, LOCATION, AREA AND NUMBER OF ROOMS

ARTICLE 3

3.1 Unit Boundaries.

The walls, floors and ceilings are hereby designated as boundaries of the units. All furring, wallboard, plaster, panelling, tiles, wallpaper, paint, finished flooring, any other materials constituting part of the finished surfaces, all spaces, interior partitions and other fixtures and improvements within the boundaries of the unit are all part of the unit. Those systems or structures located within the unit that are either limited common elements or common elements are not part of the unit.

The units have arched dormers. Unit boundary shall be the interior surface of the structures to which the wall board is affixed. Certain portions of the ceiling have trusses that are wrapped with sheet rock. The trusses shall be common elements, but the wall board surrounding the trusses shall be part of the unit.

3.2 Description of Phase 1 Units.

The unit number of each Phase 1 unit, their approximate area, number of bathrooms, number of bedrooms, number of built-in fireplaces, the levels on which each unit is located, and number of parking spaces are all set forth in Exhibit "A", which is attached hereto.

COMMON ELEMENTS

ARTICLE 4

Common elements are all of the Real Property except the units.

ARTICLE 5 LIMITED COMMON ELEMENTS

5.1 Limited Common Elements.

Any portion of any chute, flue, duct, wire, conduit, bearing wall, bearing column or any other fixture lying partially within and partially outside the designated boundaries of a unit that is allocated solely for a particular unit is a limited common element of that unit; provided, the sprinkler systems shall be a common element. Any shutters, awnings, window boxes, door steps, stoops, decks, porches, balconies, patios and all exterior doors and windows and other fixtures designed to serve a particular unit, but are located outside of the unit's boundaries are limited common elements, allocated exclusively to the unit which they are designed to serve whether or not such areas are designated as such on the survey map and plans.

The yards and decks located in the backyard of each unit, the front entry concrete walkway and a portion of the driveway adjacent to each garage as designated on the survey map and plans are limited common elements, and are for the exclusive use of the particular unit to which they are adjacent; provided the limited common elements designated as PARKING may be used only for temporary parking, and shall otherwise be available for ingress and egress by the owner of the other unit located on the same Lot.

5.2 Maintenance.

The owners of the respective units to which the limited common elements are adjacent or associated shall maintain them in a neat, clean, sightly and well maintained condition at all times. Maintenance and repair of the structure and finish, including landscaping, of the limited common elements shall be a common expense. The Association shall have exclusive control of painting, decorating, repairing, reconstructing and maintaining all limited common elements. The Association may require that exterior window and door coverings present a uniform exterior appearance throughout the building or buildings within the Condominium. The respective owners of the units shall comply with the determination of the Association with respect to the foregoing. Landscaping or gardening within the limited common elements must be approved by the Association.

ARTICLE 6 COMMON ELEMENT INTEREST, VOTES AND EXPENSES ALLOCATION

There is hereby allocated to each of the units a portion of the common elements, the votes and the responsibility for common expenses of the Association as follows:

<u>Unit</u>	<u>Percentage</u>	<u>Votes</u>
3A	25%	25
3D	25%	25
9A	25%	25
9D	25%	25

ARTICLE 7 OWNERS' ASSOCIATION

7.1 Form of Association.

The term "Association" as used herein shall mean the Alpine Fairway Villa Condominium Owners' Association, a non-profit Washington corporation. The rights and duties of the members of such corporation shall be governed by

the Articles of Incorporation, Bylaws and provisions of the Act and this Declaration.

7.2 Membership Qualification.

Each owner (including Declarant) shall be a member of the Association and shall be entitled to one (1) membership for each unit owned; provided, that if a unit has been sold on contract, the contract purchaser shall exercise the rights of the unit owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting owner unless otherwise specified. Ownership of a unit shall be the sole qualification for membership in the Association.

7.3 Transfer of Membership.

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

7.4 Voting, Number of Votes.

The total voting power of all members shall be 100 votes and the votes allocated to the owner of each unit shall be as set forth in Article 6 of this Declaration, subject to amendment if additional units in Subsequent Phases are added to the Condominium.

7.4.1 Voting Owner.

There shall be one (1) "voting representative" of each unit. Declarant shall be the voting representative with respect to any unit or units owned by Declarant. If a person owns more than one (1) unit, he shall have the votes for each unit owned. The voting representative shall be designated by the owner or owners of each unit by written notice to the Association. The designation shall be revocable at any time by actual notice to the Association from a party having an ownership interest in a unit, or by actual notice to the Association of the death or judicially declared incompetence of an owner. If joint owners fail to designate a voting representative and if a majority of the owners of a unit cannot agree on how to vote, then the unit owners shall not be entitled to vote.

7.5 Meetings.

Members of the Association shall hold at least one (1) meeting each year. Special meetings of the Association may be called by the President, a majority of the board of directors or by owners having twenty percent (20%) of the votes of the Association. Not less than ten (10), nor more than sixty (60) days in advance of any meeting, the Secretary or other officer specified by the Bylaws shall cause a notice to be hand delivered or sent prepaid, first class United States mail to the mailing address of each unit or to any other mailing address designated in writing by the owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in assessments, and any proposal to remove a director or officer.

7.6 Bylaws of Association, Adoption of Bylaws.

Bylaws for the administration of the Association and the Condominium, and for other purposes not inconsistent with the Act or with the intent of this Declaration, have been adopted by the Association. Amendments to the Bylaws may be adopted by 67% vote at a regular or special meeting called for that purpose.

7.6.1 Bylaws Provisions.

The Bylaws shall contain provisions identical to those provided in this Article 7, and may contain supplementary, not inconsistent, provisions regarding the operation of the Condominium and administration of the Phase 1 Real Property. The Bylaws shall establish such provisions for quorum, ordering of meetings, and details regarding the giving of notice as may be required for the proper administration of the Association and the Condominium.

ARTICLE 8 MANAGEMENT OF CONDOMINIUM

8.1 Declarant Control of Association.

The Declarant hereby reserves the right to control the Association for a period of seven (7) years after the date of this Declaration. During this period of control, the Declarant shall have the exclusive right to appoint and remove the officers and members of the board of directors of the Association.

Until such time as Declarant transfers control of the Association to the other owners, Declarant shall have the power and authority to exercise all rights, duties and functions of the Association, including but not limited to enacting reasonable administrative rules, contracting for required services, property and insurance and collecting and expending all assessments and Association funds. Declarant shall have the exclusive right to contract for all goods and services. Payment for which is to be made from any common or maintenance funds.

8.2 Transfer of Control.

Regardless of the period provided for in the preceding section, Declarant's control shall terminate no later than the earlier of: (a) Sixty (60) days after conveyance of seventy-five percent (75%) of the units to owners other than Declarant; (b) two (2) years after the last conveyance or transfer of record by the Declarant of a unit, except as security for a debt; (c) two (2) years after any development right to add new units was last exercised; or (d) the date on which the Phase 1 Declarant records an amendment to the Declaration, pursuant to which Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board.

8.3 Management by Association.

After control of the Association has been transferred from the Declarant to the Association, pursuant to RCW 64.34.312, all administrative power and authority shall vest in the Association. The Association may delegate all or any portion of such power to a manager, managing agent, or officer of the Association.

The authority to exercise the powers of the Association and any decision of the Association shall be made by a majority vote of the Board of Directors

of the Association, hereinafter "the Board" unless the Act or the Declaration require a vote of the owners.

8.4 Management Agreement.

In the event either the Declarant or the Association enters into a management agreement, such agreement shall contain provisions authorizing termination of the agreement by the Association for cause upon thirty (30) days written notice and shall not exceed a term of one (1) year, renewable by agreement of the parties for successive one-year periods.

Any management agreement made by the Declarant shall be subject to termination, without cause, and without payment of termination fee, upon ninety (90) days written notice to the other party.

8.5 Reserves and Working Capital. The Association shall establish adequate reserve funds for the periodic maintenance, repair and replacement of the common elements, which fund shall be maintained out of regular assessments for common expenses.

8.6 Authority of the Association.

The Association (or the Declarant) for the benefit of the Condominium and the owners shall enforce the provisions of this Declaration and of the Bylaws, shall have all powers and authority permitted to the Association under the Act and the Declaration, and shall acquire and shall pay for out of the common expense fund hereinafter provided for, all goods and services requisite for the proper functioning of the Condominium, including but not limited to the following:

8.6.1 Water, sewer, electrical and other necessary utility service as required for the common elements.

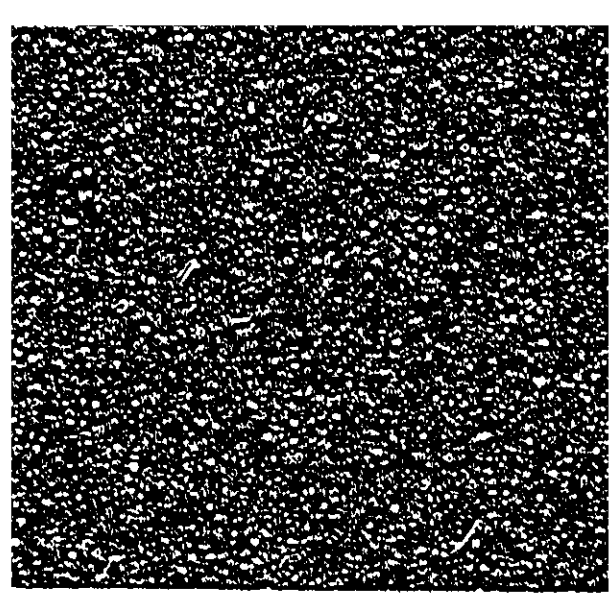
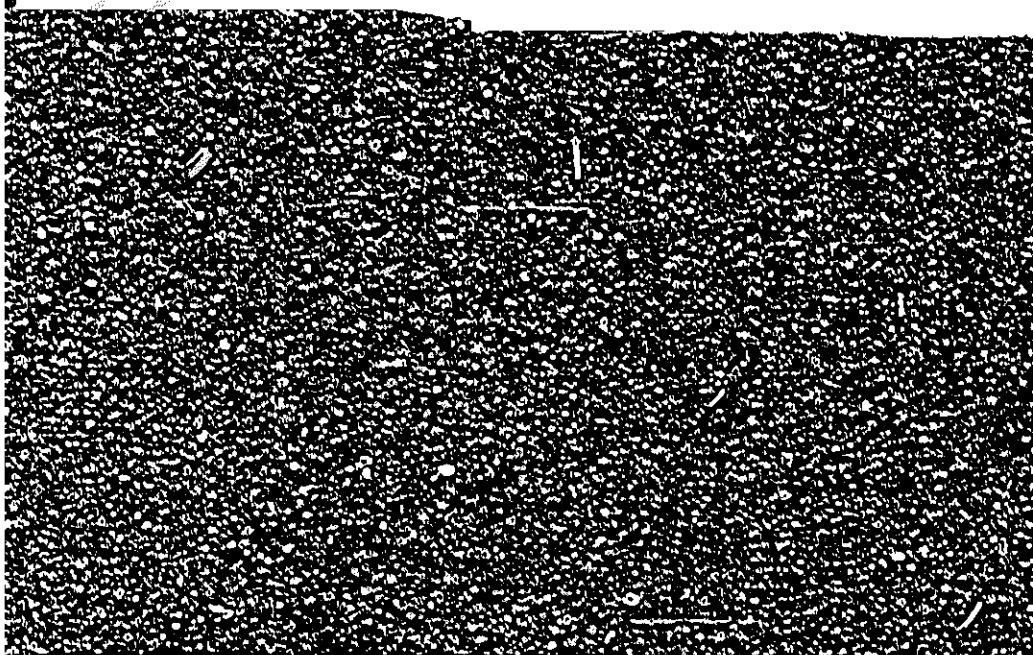
8.6.2 Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the Bylaws.

8.6.3 The services of persons or firms as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Association as well as such other personnel as the Association shall determine are necessary or proper for the operation of the common elements, whether such personnel as the Association shall determine are necessary or proper for the operation of the common elements, and whether such personnel are employed directly by the Association or are furnished by the manager or management firm or agent.

8.6.4 Legal and accounting services necessary or proper in the operation of the Association affairs, administration of the common elements, or the enforcement of this Declaration, the Bylaws, and rules and regulations of the Association.

8.6.5 Painting, maintenance, repair and all landscaping and gardening work for the common elements, comply with the maintenance required in the replat of Tract 22 and Lot 67, "Alpine Fairway Villa", including maintenance of a private road and lighting system, and such furnishings and equipment for the common elements as the Association shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire the same for the limited common elements.

8.6.6 Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments



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

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

8.6.8 The Association may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Real Property or any part thereof which is claimed to or may, in the opinion of the Association, constitute a lien against the Real Property or against the common elements, 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 Association by reason of such lien or liens shall be assessed against the owners and the unit responsible to the extent of their responsibility.

8.6.9 The Association's power shall be limited in that the Association shall have no authority to acquire and pay for out of the maintenance fund capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the common elements) having a total cost in excess of Five Thousand Dollars (\$5,000), without first obtaining the affirmative vote of the owners holding a majority of the voting power present or represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of owners having a majority of the voting power; provided improvements made to any buildings shall require unanimous consent of the owner's of units within such building and further provided that any expenditure or contract for capital additions or improvements in excess of Twenty-five Thousand Dollars (\$25,000) must be approved by owners having not less than seventy-five percent (75%) of the voting power of all of the units and one hundred percent (100%) of the voting power of the owners within the building upon which improvements are to be made.

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

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

8.6.12 The Association 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 elements, and such property shall thereafter be held, sold, leased, rented, mortgaged or

otherwise dealt with for the benefit of the common fund of the Association. The Association 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.

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

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

8.6.15 The Association shall not abandon, partition, subdivide, encumber, sell, or transfer the common elements by act or omission without first receiving written approval from eighty percent (80%) of the owners.

ARTICLE 9

USE; REGULATION OF USES; ARCHITECTURAL UNIFORMITY

9.1 Residential Use.


The building and units shall be used for single family residential purposes only, on an ownership, rental or lease basis; and for the common social, recreational or other reasonable uses normally incident to such purposes, and also for such additional uses or purposes as are from time to time determined appropriate by the Association. Units may be used for the purpose of operating the Association and for the management of the Condominium if required.

9.2 Sales Facilities of Declarant.

Notwithstanding any provision in the preceding section, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of sale of the units upon such portion of the Real Property as Declarant may choose, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the sale or rental of Condominium units and interests, including but not limited to, a business office, storage area, signs, model units, sales office, and parking areas for all prospective tenants or purchasers of Declarant. This right shall terminate seven (7) years from the date of this Declaration.

9.3 Vehicle Parking.

No boats, trailers, motor homes, inoperative motor vehicles, or other items of equipment may be parked on the Real Property.



Guests may park in the limited common elements of driveways on a temporary basis consistent with rules established by the Association and may in addition park in those parking stalls within the private road easement that are designated by Arabic numbers, consistent with rules established by the Association.

The Association may require removal of any inoperative vehicle, or any unsightly vehicle, and any other equipment or items improperly stored in common elements. If the same is not removed, the Association may cause removal at the risk and expense of the owner thereof.

9.4 Common Drive and Walks.

Common drives, walks, corridors and stairways shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except to express written consent of the Association.

9.5 Interior Unit Maintenance.

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

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

9.5.2 Limited common elements, as defined in Article 5, although the use, condition and appearance thereof may be regulated under provisions of this Declaration or the Bylaws or rules, are for the sole and exclusive use of the units for which they are reserved or assigned.

9.5.3 With respect to limited common elements reserved for or assigned to specific units, the cost of caring for and maintaining such limited common elements shall be collected as a special assessment owed by the owner or owners to which such limited common element is associated.

9.6 Exterior Appearance.

In order to preserve a uniform exterior appearance to the buildings, and the common and limited common elements visible to the public, the Association may require and provide for the painting and other decorative finish of the buildings, balconies, garages, or other common or limited common elements, and prescribe the type and color of such decorative finishes, and may prohibit,

require or regulate any modification or decoration of the buildings, balconies, garages or other common or limited common elements undertaken or proposed by any owner. This power of the Association extends to screens, doors, awnings, rails or other visible portions of each unit and building. The Association may also require use of a uniform color of draperies, under draperies or drapery lining for all units.

9.7 Effect on Insurance.

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

9.8 Signs.

No sign of any kind shall be displayed to the public view on or from any unit or common area or limited common elements without the prior consent of the Association; provided, that this section shall not apply to Declarant.

9.9 Pets.

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

9.10 Offensive Activity.

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

9.11 Common Element Alterations.

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

9.12 Garbage Cans.

Garbage containers and recycling bins shall be stored in the garage and shall be placed outside only for the limited purpose of curbside garbage collection.

9.13 House Rules.

The Association is empowered to pass, amend and revoke detailed administrative rules and regulations, or "House Rules", necessary or convenient from time to time to insure compliance with the general guidelines of this Article and the other provisions of this Declaration; including the power to regulate use of limited common elements

ARTICLE 10 **COMMON EXPENSES AND ASSESSMENTS**

10.1 **Assessments.**

Within thirty (30) days after the date this Declaration is recorded, the Declarant shall adopt a budget which itemizes the estimated charges for the first year of operation of the Condominium. The original assessments shall be based upon this budget. The Association shall, thereafter, on an annual or more frequent basis if they deem appropriate, prepare a proposed budget of the expenses of the Condominium.

10.2 **Proposed Budget.**

Within thirty (30) days after adoption of any proposed budget for the Condominium, the Association shall provide a summary of the budget to all members and shall set a date for a meeting of the members of the Association to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the proposed budget. Unless, at that meeting, a majority of the members reject the proposed 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 budget last ratified by the members shall be continued until such time as the members ratify a subsequent budget. This procedure shall not apply to the initial budget.

10.3 **Budget Expenses.**

The proposed budget shall be an estimate of the charges (including common expenses and any special assessments for particular units) to be paid during the following year, including the funding and maintaining of reasonable reserves for contingencies, operations, repair, replacement and acquisition of common elements and facilities; the proposed expenses shall take into consideration the expected income and any surplus available from the prior year's operating fund. If the sum established and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any owner's assessment), the Association may at any time levy a further assessment, which shall be assessed to the owners in like proportions.

10.4 **Declarant Duty.**

Until the Association makes a common expense assessment, the Declarant shall pay all common expenses. The amounts assessed to the various units may not discriminate in favor of units owned by the Declarant or affiliate of Declarant.

10.5 **Payment by Owners.**

Each owner shall be obligated to pay assessments made pursuant to this Article to the treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Association shall designate, and any unpaid assessments shall bear interest at the rate of twelve (12%) percent per annum from due date until paid.

10.6 **Purpose.**

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

10.7 Separate Accounts.

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

10.8 Based on Percentage.

Except for certain special assessments which may be levied against particular units under the provisions of this Declaration, all assessments for common expenses shall be assessed to units and the owners thereof on the basis of the percentages ownership of the common elements set forth in this Declaration.

10.9 Omission of Assessment.

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

10.10 Records.

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

10.11 Lien Indebtedness.

Each monthly assessment and each special assessment shall be joint and several personal debts and obligations of the owner or owners and contract purchasers of units for which the same are assessed as of the time the assessment is made and shall be collectible as such. The amount of any assessment, whether regular or special, assessed to any unit and the owner and/or purchaser of any unit, plus interest at the rate of twelve percent (12%) per annum, and costs, including reasonable attorney's fees, shall be a lien upon such unit, its share of the common elements and the appurtenant limited common elements. Lien priorities and collection shall be pursuant to the Act and the Laws of the State of Washington.

10.12 Security Deposit.

An owner may be required, by the Association or by the managing agent, from time to time, to make and maintain a security deposit not in excess of three (3) months estimated monthly assessments, which may be collected as are

other assessments. Such deposit shall be held in a separate fund, credited to such owner, and resort may be had thereto at any time when such owner is ten (10) days or more delinquent in paying his monthly or other assessments.

10.13 Termination of Utility Service.

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

10.14 Remedies Cumulative.

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

ARTICLE 11

INSURANCE

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

11.1 Casualty Insurance.

Fire insurance, with extended coverage endorsement, in the amount of the actual cash value of the common elements, limited common elements and the units, with the Association named as insured as trustee for the benefit of owners and mortgagees as their interest may appear or such other fire and casualty insurance as the Association shall determine to give substantially equal or greater protection insuring the owners, and their mortgagees, as their interests may appear. Such policy or policies shall provide for separate protection for each unit to the full insurable replacement value thereof, (limited as above provided), and a separate loss payable endorsement, in favor of the mortgagee or mortgagees of each unit, if any, and further, a separate loss payable clause in favor of the mortgagee of the Condominium, if any. All insurance shall be obtained from an insurance carrier rated "AAA" by Best's Insurance Reports or equivalent rating service, and licensed to do business in the state of Washington. The amount of the deductible for such policy shall be determined by the Association; provided, the total amount of insurance after application of any deductibles shall be not less than ninety-nine percent (99%) of the actual cash value of the insured property at the time the insurance is purchased, and at any renewal date. The actual cash value shall be exclusive of land, excavations, foundations and other items normally excluded from property policies.

The policy shall provide for waiver of subrogation under the policy against any owner, member of owner's household and lessee of owner. The policy shall also provide that no act or omission by any owner, unless acting within the scope of owner's authority on behalf of the Association will void the policy or be a condition to recovery under the policy. If, at the time of the loss under the policy, there is other insurance in the name of an owner covering the same risk covered by the policy, the Association's policy shall provide primary insurance.

The insurer, under the policy, shall be required to issue certificates or memoranda of insurance to the Association and, upon written request, to any owner or holder of a mortgage on a unit. The insurer shall agree that it will not modify the amount or extent of coverage of the policy or cancel or refuse to renew the policy, unless the insurer has complied with RCW 48.18.

11.2 Liability Insurance.

Liability insurance, including medical payments insurance, in the amount of One Million Dollars (\$1,000,000.00) for any one (1) person injured and One Million Dollars (\$1,000,000.00) for any one (1) accident or such higher limits as the Association may deem appropriate. The liability insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements, limited common elements and units.

Each owner shall be a named insured under the liability policy with respect to liability arising out of owner's interest in the common elements or membership in the Association. The insurer shall waive its right of subrogation under the policy against any owner, member of the owner's household and lessee of the owner. The policy shall provide that no act or omission by any owner, unless acting within the scope of the owner's authority on behalf of the Association will void the policy or be a condition of recovery under the policy. If there is other insurance in the name of an owner covering the same risk covered by the liability policy, the Association's policy shall provide primary insurance.

The insurer, under the policy, shall be required to issue certificates or memoranda of insurance to the Association and, upon written request, to any owner or holder of a mortgage on a unit. The insurer shall agree that it will not modify the amount or extent of coverage of the policy or cancel or refuse to renew the policy, unless the insurer has complied with RCW 48.18.

11.3 Workmen's Compensation.

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

11.4 Fidelity Bonds.

Fidelity bonds naming the members of the Board, officers of the Association, the manager and such other persons as may be designated by the Association as principals and the owners as obligees, in an amount equal to at least one-half (1/2) of the total estimated cash to be collected as assessments each year.

11.5 Personal Property Insurance.

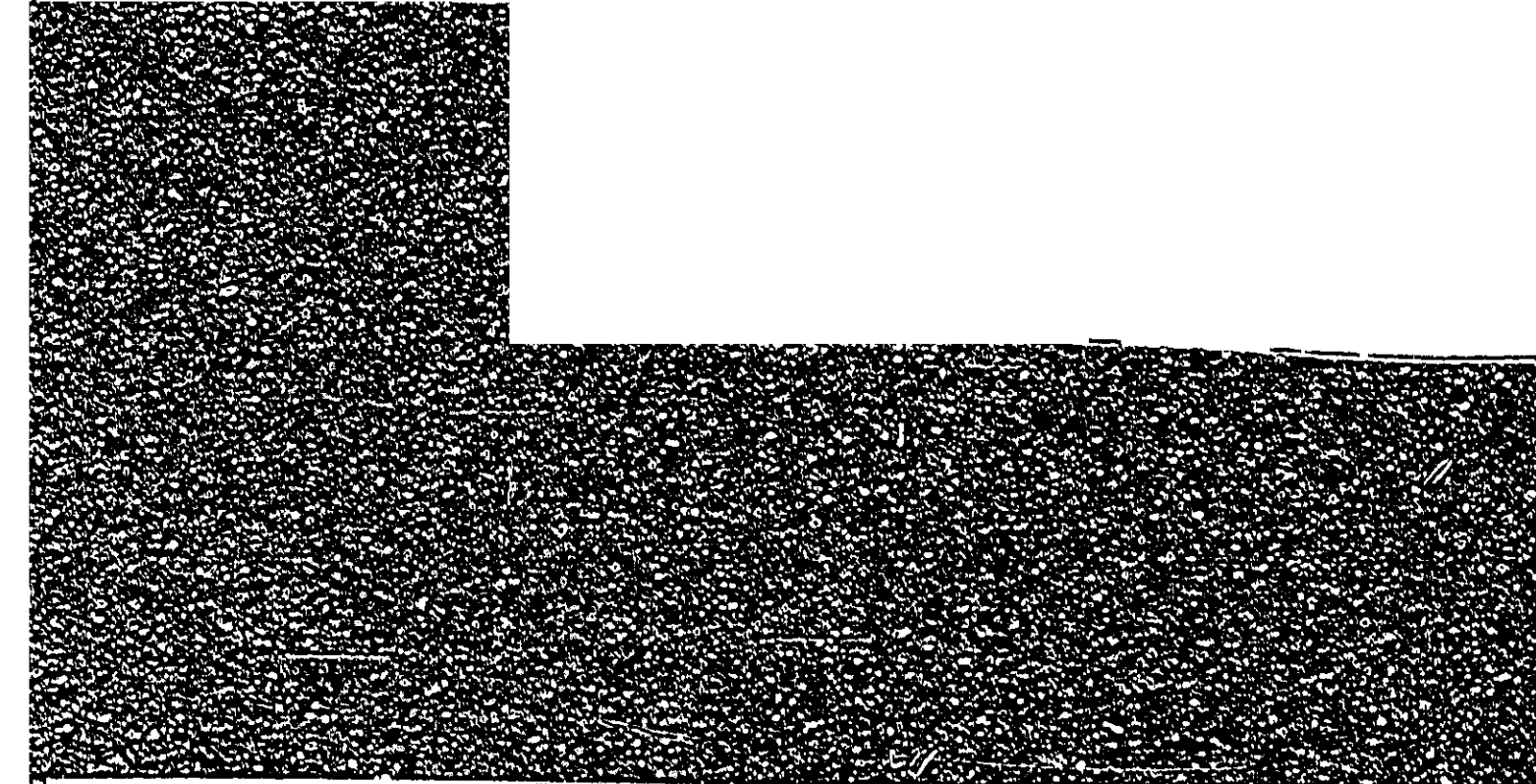
Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Association deems advisable.

11.6 Other Insurance.

Such other insurance as the Association deems advisable.

11.7 Owner's Additional Insurance.

Each owner may obtain additional insurance respecting their unit at their own expense; no owner shall, however, be entitled to exercise their right to maintain insurance coverage in any manner which would decrease the amount which the Association will realize under any insurance policy which the Association may have in force on the Condominium at any particular time. Each owner is required to and agrees to notify the Association of all improvements by the owner the value of which is in excess of Three Thousand Dollars (\$3,000.00). Any owner who obtains individual insurance policies covering any portion of the Condominium other than personal property belonging to such owner is hereby required to file a copy of such individual policy or policies



with the Association within thirty (30) days after purchase of such insurance, and the Association shall immediately review its effect with the Association's insurance broker, agent or carrier.

11.8 Insurance Proceeds.

Insurance proceeds for damage or destruction to any part of the Condominium shall be paid to the Association, or insurance trustee, on behalf of the owners which shall segregate such proceeds from other funds of the Association. Any claim under the policy described in section 11.1 of this Article must be adjusted by the Association. The insurance proceeds must first be used for repair or restoration of the damaged property. The owners shall not be entitled to any proceeds unless there is a surplus after the property has been completely repaired or restored or the Condominium has been terminated. The Association shall have the authority to settle and compromise any claim under insurance obtained by the Association and the insurer may accept a release and discharge of liability made by the Association on behalf of the named insureds under the policy. Notwithstanding the foregoing, insurance proceeds shall not be used for anything except repair, replacement or reconstruction of the common elements without prior written consent of 68% of the eligible mortgagees.

11.9 Additional Policy Provisions.

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

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

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

11.9.3 Contain a waiver by the insurer of any right of subrogation against the owner, member or owners household or lessee of any unit; and

11.9.4 Contain a standard mortgagee clause which shall:

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

11.9.4.2 Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Association or unit owners or any persons under any of them;

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

11.9.5 Notwithstanding any other provision herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity

bond requirements for condominium projects established by Federal National Mortgage Association, so long as it is a mortgagee or owner of a Condominium within the project, except to the extent such coverage is not available or has been waived in writing by Federal Home Loan Mortgage Corporation.

11.9.6 The Owners' Association acting as trustee, or the owner's authorized representative, including any trustee with whom such Owners' Association may enter into any Insurance Trust Agreement, or any successor to such trustee, shall have exclusive authority to negotiate losses under any policy and shall have the authority to perform other such functions as are necessary to accomplish the purpose of Article 11 and Article 12.

ARTICLE 12 **DAMAGE OR DESTRUCTION; RECONSTRUCTION**

12.1 **Initial Association Determinations.**

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

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

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

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

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

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

12.2 **Notice of Damage or Destruction.**

The Association shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide each owner and each eligible mortgagee on a unit with a written notice of the damage or destruction and summarizing the initial Association determination made under section 12.1. If the Association fails to do so within sixty (60) days, then any owner or such eligible mortgagee may make the determinations required under section 12.1 and give the notice required under this section.

12.3 **Definitions: Restoration; Emergency Work.**

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

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

12.4 Repair or Replacement by Association.

Any portion of the Condominium for which insurance is required under section 11.1 of this Declaration which is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (a) The Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or, (c) eighty percent (80%) of the owners, including every owner of a unit or assigned limited common element which will not be rebuilt vote not to rebuild and sign a written approval of such decision. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense of the Association.

12.5 Election Not to Repair or Replace.

If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) The insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated or to lien holders as their interest may appear (the insurance proceeds must be allocated based upon the percentage ownership of each unit that is not repaired or replaced); (iii) the remainder of the proceeds shall be distributed to all the unit owners or lien holders as their interest may appear in proportion to the common element interest of all of the units. If the owners vote not to rebuild any unit, that unit's allocated interest in the common elements voting rights and responsibility for common expenses shall be automatically reallocated to the remaining units in proportion to the respective allocated interests of those units before the reallocation and the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations.

12.6 Restoration by Association.

Unless prior to the commencement of repair and restoration work (other than emergency work referred to in section 12.3) the owners shall have decided not to repair and reconstruct in accordance with the provisions of section 12.4, the Association shall promptly repair and restore the damage and destruction, use the available insurance proceeds therefor, and pay for the actual cost of repair and restoration in excess of insurance proceeds secured as a common expense which shall be specially assessed against all units in proportion to their percentages of interest in the common elements.

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

12.6.2 The Association may enter into a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to adjust and settle any claim for such loss in excess of Fifty Thousand Dollars (\$50,000.00), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

12.7 Minor Damage.

The provisions of this Article shall not apply to minor damage except as required by the Act. If the Association determines damage to be minor, then the Association shall promptly repair the damage. Minor damage shall be damage that costs less than Ten Thousand Dollars (\$10,000.00) to repair.

12.8 Emergency Repairs.

The Association may do emergency work without following the procedural requirements of this section. The determination as to whether or not the work is emergency work shall be made by the Association.

12.9 Miscellaneous.

The provisions of this Article shall constitute the procedure by which a determination is made by the unit owners to repair, restore, reconstruct or rebuild as provided in the Act. By the act of accepting an interest in the property, each unit owner and party claiming by, through or under such owner hereby consents and agrees to the provisions hereof. In the event that any provision of this Article 12 shall be determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not effect the validity of any other provision of this Declaration. The purpose of this Article 12 shall be to provide a fair and equitable method of allocating the costs of repair and restoration and making a determination for repair and restoration if all or a portion of the improvements are damaged or destroyed. The provisions of this Article 12 shall be liberally construed to accomplish such purpose.

ARTICLE 13

CONDEMNATION

The rules concerning total or partial condemnation of units or common elements shall be governed by the provisions of the Act.

ARTICLE 14

COMPLIANCE WITH DECLARATION

14.1 Enforcement.

Each owner shall comply strictly with the provisions of this Declaration and with the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration and the Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Association acting through its officers on behalf of the owners, or by the aggrieved owner on its own.

14.2 No Waiver of Strict Performance.

The failure of the Association in any one (1) or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment

for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Association of any assessment from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Association of any provision hereof shall be deemed to have been made unless expressed in writing and signed for the Association. This section also extends to the Declarant or Declarant's managing agent, exercising the powers of the Association during the initial period of operation of the Association and the Condominium development.

ARTICLE 15

LIMITATION OF LIABILITY

15.1 Liability for Utility Failure, etc.

Except to the extent covered by insurance obtained by the Association pursuant to Article 11, neither the Association nor the Declarant or Declarant's managing agent exercising the powers of the Association shall be liable for any failure of any utility or other service to be obtained and paid for by the Association; injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

15.2 No Personal Liability.

So long as an Association member, or Association Board member, or Association officer, or Declarant exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to an other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Association pursuant to Article 11.

15.3 Indemnification of Association Members and Officers.

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

ARTICLE 16

MORTGAGEE PROTECTION

16.1 Change in Manager.

In the event that professional management is employed by the Association, at least thirty (30) days notice of any contemplated change in the professional manager shall be given to any eligible mortgagee which has requested to be notified.

16.2 Partitions and Subdivision.

The Association shall not partition or subdivide any unit or the appurtenant common and limited common elements, or accept any proposal so to do, without the prior approval of sixty-eight percent (68%) eligible mortgagees of the unit being subdivided or partitioned.

16.3 Abandonment or Termination. The Association shall not by act or admission seek to abandon or terminate the Condominium project without the prior approval of 68% of the eligible mortgagees.

16.4 Common Areas. The Association shall not abandon, partition, subdivide, encumber, sell or transfer the common elements by act or admission without prior approval of 68% of the eligible mortgagees; provided this restriction shall not apply to the grant of easements that are not inconsistent with the intended use of the common elements by the Condominium project.

16.5 Notification of Default. Eligible mortgagees, upon written request, are entitled to written notification from the Association of any default in the performance by a unit owner under this Declaration or the Bylaws, Rules and Regulations of the Association.

16.6 Change in Percentages.

The Association shall not change the percentages of interest in the common elements without the prior approval of sixty-eight percent (68%) eligible mortgagees of the units, for which the percentages would be changed.

16.7 Copies of Notices.

In the event the Association gives to any owner of a unit any notice that such owner has for more than sixty (60) days failed to meet any obligation under the Condominium documents, it shall also give a copy of such notice to any eligible mortgagee which has requested to be so notified.

16.8 Effect of Declaration Amendments.

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

16.9 Insurance.

Where the mortgagee of a unit as defined in section 17.1 has filed a written request with the Association, or where the mortgagee of the Condominium has filed a written request with the Association or is known to the Association, the Association shall:

16.9.1 Furnish the mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the unit on which such mortgage has a lien;

16.9.2 Require any insurance carrier to give such mortgagee at least ninety (90) days written notice before cancelling any insurance with respect to such property on which mortgagee has a lien;

16.10 Inspection of Books.

Eligible mortgagees shall be entitled to inspect at all reasonable hours of weekdays all of the books and records of the Association.

16.11 Notice of Meetings.

Upon request, the eligible mortgagees shall be entitled to written notice of all meetings of the members of the Association and be permitted to designate a representative to attend all such meetings.

16.12 Annual Audit.

Eligible mortgagees shall be entitled to receive the annual audited financial statement of the Association within ninety (90) days following the end of the fiscal year of the Association; provided, audit may be waived pursuant to R.C.W. 64.34.372.

ARTICLE 17 MORTGAGEE'S RIGHTS AFTER FORECLOSURE

17.1 Unit and Condominium Mortgagee.

Mortgagee of the unit refers to the holder of the mortgage or deed of trust on a unit which was recorded simultaneous with or after the recordation of this Declaration. Mortgagee of the Condominium refers to the holder of the deed of trust or mortgage on the Real Property and which was executed and recorded prior to the recordation of this Declaration.

17.2 Obtaining Declarant's Powers.

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

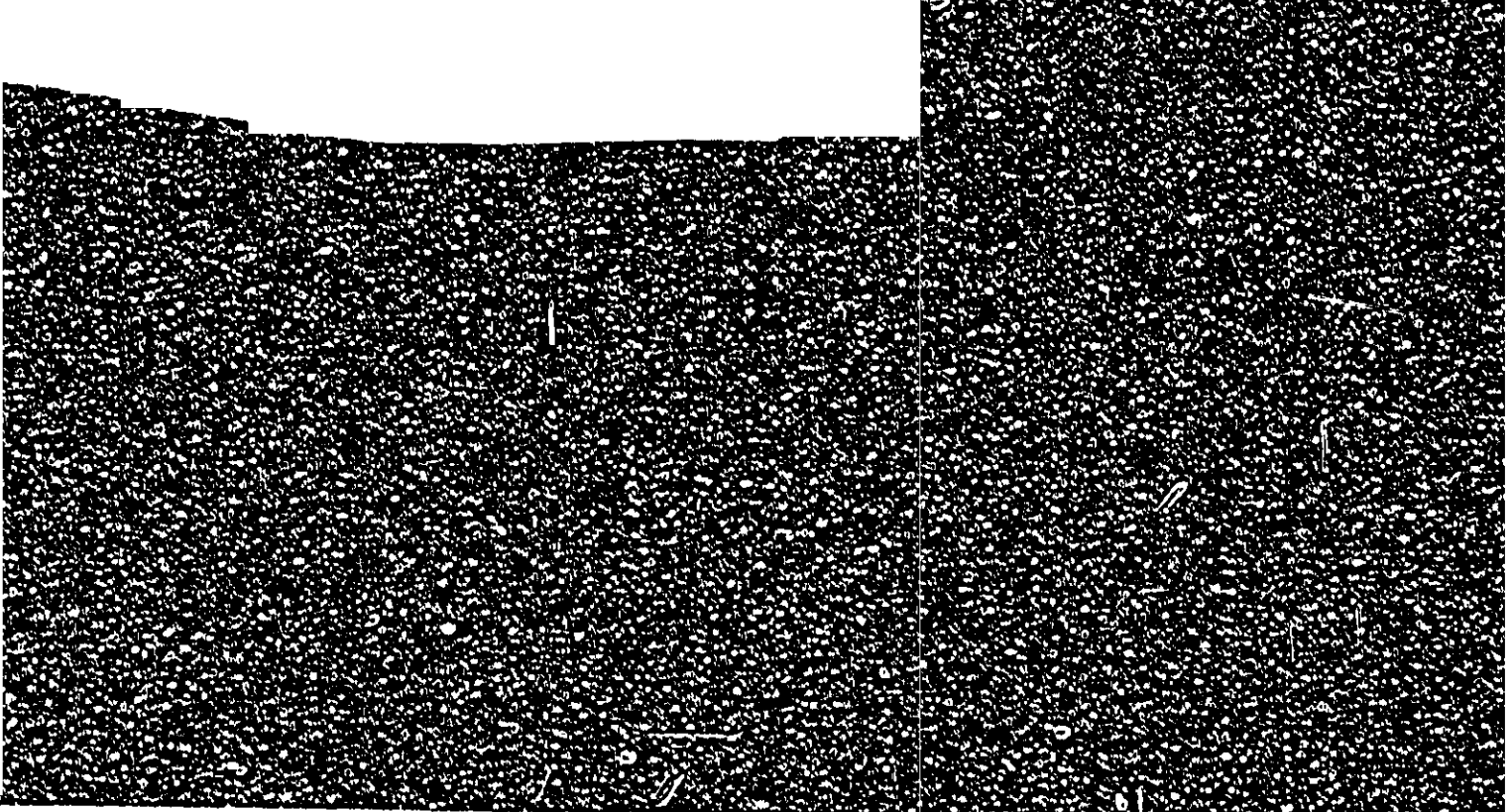
17.3 Lien Limitation.

In the event the mortgagee of a unit obtains possessory rights, legal title, or certificate of sale for a unit, such unit shall be subject to no more than six (6) months of the units unpaid dues or charges accrued before acquisition of title to the unit by the mortgagee.

ARTICLE 18 EASEMENTS

18.1 In General.

It is intended that in addition to rights under the Act, each unit has an easement in and through each other unit and the common and limited common elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan. Finally, each unit as it is constructed is granted an easement to which each other unit and all common



and limited common elements is subject for the location and maintenance of all the original equipment and facilities and utilities for such unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.

18.2 Association Functions.

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

18.3 Encroachments.

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

18.4 Easements Shown on Survey Map.

Easements shown on the Survey Map filed simultaneously with this Declaration are hereby declared and established.

ARTICLE 19

INTERPRETATION

19.1 Liberal Construction.

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

19.2 Consistent with the Act.

The terms used in this Declaration shall have the same meaning as given to them by RCW 64.34.020.

19.3 Covenant Running with the Land.

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

19.4 Unit and Building Boundary.

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

19.5 "Person", etc.

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

19.6 Declarant is Original Owner.

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

19.7 Captions and Schedules.

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

19.8 Interpretation.

The term "owner" shall be synonymous with the term "unit owner" and means the Declarant or other person who owns a unit including the vendee under a real estate contract.

19.9 Decisions.

All decisions that require owner approval shall be made at meetings of the Association or by written consent pursuant to the Bylaws of the Association.

19.10 The Act.

The Act and the specific references to sections of the Act refer to those sections of the Act as they existed on the date of this Declaration and subsequent changes and amendments to those sections are not incorporated unless required by law.

19.11 Declarant. Means the original declarant and any successor person or entity.

ARTICLE 20 PROCEDURES FOR SUBDIVIDING OR COMBINING

20.1 Procedure.

Subdivision and/or combining of any unit or units, common elements and facilities, or limited common elements and facilities are authorized only as follows:

20.1.1 Any owner of any unit or units may propose any subdividing or combining of a unit or units, and appurtenant common elements or limited common elements in writing, together with complete plans and specifications

for accomplishing the same and a proposed amendment to the Declaration and Survey Map and Plans covering such subdividing or combining, to the Association, which shall then notify all other unit owners of the requested subdivision or combination. The proposed amendment shall be presented with a statement from the City of Mountlake Terrace stating that such combination or subdivision of units is consistent with the zoning and building codes for the City.

20.1.2 Upon written approval of such proposal by sixty-eight percent (68%) of the owners, the owner making the proposal may proceed according to such plans and specifications; provided that the Association may in its discretion (but it is not mandatory that the Association exercise this authority) require that the Association administer the work or that provisions for the protection of other units or common elements or reasonable deadlines for completion of the work be inserted in the contracts for the work.

20.1.3 The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of section 21.1.

ARTICLE 21 AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS

21.1 Declaration Amendment.

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Association prior to its adoption by the owners. Amendments may be adopted at a meeting of the owners if sixty-eight percent (68%) of the owners consent in writing to such amendment, subject to further limitations set forth in RCW 64.34.264. Declarant may amend the Declaration for the purpose of exercising development right described in his Declaration. In all events, the amendment when adopted shall bear the signature of the President of the Association and shall be attested by the Secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Any decision changing the percentage of interest in the common elements, common expenses and voting expressed herein, shall require the unanimous consent of the unit owners and their eligible mortgagees. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the section being amended or the amendment itself.

21.2 Amendments to Conform to Construction.

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

21.3 Termination of Condominium.

The Condominium established pursuant to this Declaration shall be terminated as provided in RCW 64.34.268.

ARTICLE 22

MISCELLANEOUS

22.1 Service of Process.

EDWARD YOUNG, 4127 Eaglemont Drive, Mount Vernon, Washington, 98274, is the person upon whom process may be served as provided for in the Act. After transfer of control of the Association, service of process for the purposes provided in the Act may be made upon the President of the Association. The Association may, at any time, designate a new or different person or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change. Such amendment need only be signed and acknowledged by the then President of the Association. The Declarant may, at any time before transfer of control of the Association takes place, change such designation by amendment to the Declaration, signed and acknowledged only by Declarant.

22.2 Delivery of Notice.

Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered forty-eight (48) hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Association, in writing, for the purpose of service of such notice, or to the most recent address known to the Association. Notice to the owner or owners of any unit shall be sufficient if mailed to the unit of such person or persons if no other mailing address has been given to the Association by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Association. Notice to be given to the Association may be given to Declarant until the Association has assumed control and thereafter shall be given to the President or Secretary of the Association.

22.3 Mortgagee Notice.

Upon written request therefor, any eligible mortgagee shall be entitled to be sent a copy of any notices respecting the unit covered its security instrument until the request is withdrawn or the security right discharged.

22.4 Acceptance Upon First Conveyance.

Declarant shall not consummate the conveyance of title of any unit until mortgagees shall have accepted the provisions of this Declaration and made appropriate arrangements, in accordance with the Act, for partial release of units with their appurtenant limited common elements and allocated interest in common areas from the lien of such mortgage. The issuance and recording of the first such partial release by said mortgagee shall constitute its acceptance of the provisions of this Declaration and the Condominium status of the units remaining subject to its mortgage as well as its acknowledgment that such appropriate arrangements for partial release of units have been made; provided, that, except as to units so released, such mortgage shall remain in full effect as to all of the Real Property.

22.5 Severability.

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

22.6 Reservation of Development Rights.

The Declarant hereby reserves the right to create units, common elements, and limited common elements within the Real Property to be added to the condominium. This reservation includes the right to amend this Declaration and the Survey Map and Plans for that purpose without complying with Article 21.1 hereof.

The Declarant hereby reserves the right to withdraw Lots 1, 2, 4, 5, 6, 7, 8 & 10 from the condominium; provided if the Declarant elects to withdraw Real Property from the condominium, then each Lot withdrawn shall be subject to a covenant requiring the Lot owner to pay the prorata share of the cost of maintenance and repair of the private road that is located within the boundaries of the Real Property.

22.7 Effective Date.

This Declaration shall take effect upon recording.

22.8 Reference to Survey Map and Plans.

The Survey Map and Plans referred to herein were filed with the Auditor of Whatcom County, State of Washington, simultaneous with the recording of this Declaration under Skagit County Auditor's File No. **9905260006** volume 17 of condominiums, pages 67-71.

ARTICLE 23

LEASE RESTRICTION

23.1 Lease Restrictions.

With the exception of a lender in possession of a unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Bylaws and any failure by the Lessee to comply with the terms of such document shall be a default under the lease. All leases shall be in writing. A lease, as defined herein, shall include month-to-month rentals. Other than the foregoing, there is no restriction on the right of any unit owner to lease his unit.

23.2 Assignment or Subletting.

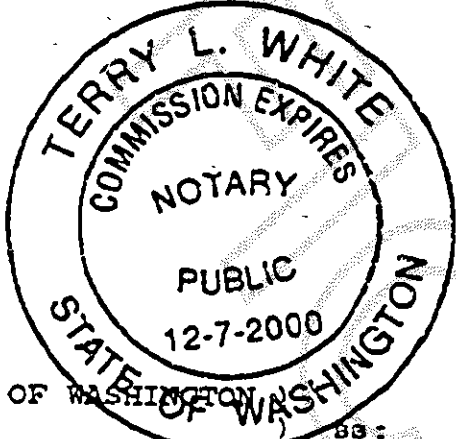
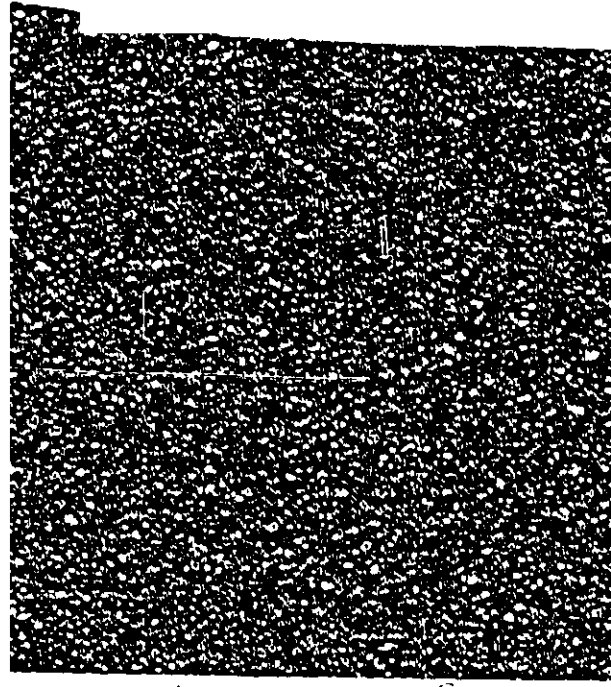
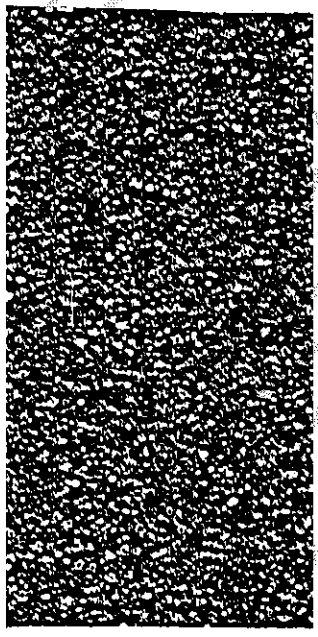
The assignment or subleasing or subrenting of a unit shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the owner under these covenants shall continue for subsequent transactions, notwithstanding the fact that he may have on one or more times assigned, leased or rented such unit and complied herewith.

DATED this 20TH day of May, 1999.

DECLARANT:

SEA-VAM INVESTMENTS ASSOCIATION

By: Edward Young
EDWARD YOUNG,



DECLARANT

LIGO CONSTRUCTION COMPANY, INC.

By: [Signature]
EDWARD YOUNG,

STATE OF WASHINGTON)
) ss:
COUNTY OF WHATCOM)

On this 20th day of May, 1999, before me the undersigned a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared EDWARD YOUNG known to me to be General Manager of SEA-VAN INVESTMENTS ASSOCIATION that executed the foregoing instrument and acknowledged such instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned, and on oath, stated that he was authorized to execute this instrument

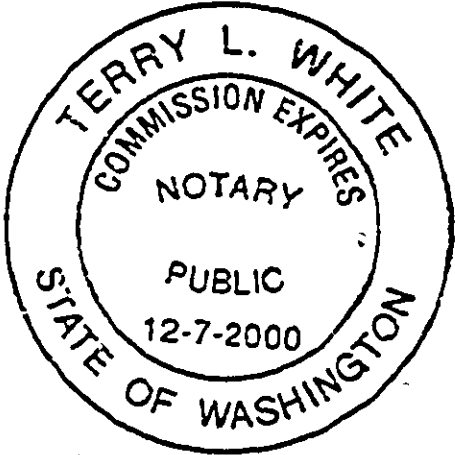
WITNESS MY HAND AND OFFICIAL SEAL hereto affixed, the day and year first above written.

[Signature]
NOTARY PUBLIC in and for the State of Washington, residing at Mounds View
My commission expires: 12-7-2000

STATE OF WASHINGTON)
) ss:
COUNTY OF WHATCOM)

On this 20th day of May, 1999, before me the undersigned a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared EDWARD YOUNG known to me to be General Manager of LIGO CONSTRUCTION COMPANY, INC., that executed the foregoing instrument and acknowledged such instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned, and on oath, stated that he was authorized to execute this instrument

WITNESS MY HAND AND OFFICIAL SEAL hereto affixed, the day and year first above written.



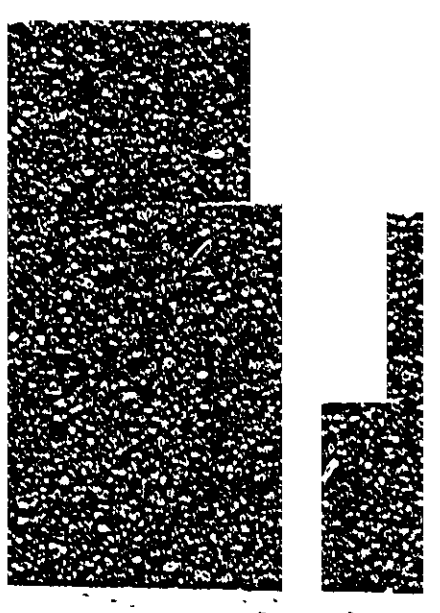
[Signature]
NOTARY PUBLIC in and for the State of Washington, residing at Mounds View
My commission expires: 12-7-2000

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EXHIBIT "A"
 TO
 COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR
 ALPINE PATRIWAY VILLA CONDOMINIUM

UNIT #	SQUARE FOOTAGE	NUMBER OF BATHROOMS	NUMBER OF BEDROOMS	LEVEL	NO. OF BUILT-IN FIREPLACES	COVERED PARKING SPACES PER UNIT
3A	1736	2	3	1	1	2
3D	1422	2	2	1	1	2
9A	1736	2	3	1	1	2
9D	1423	2	2	1	1	2



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