

Bruce Arter



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Kathy Hill, Skagit County Auditor  
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**DECLARATION**  
**AND**  
**COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS**  
**FOR**  
**SEABREEZE TOWNHOMES II**  
**A Condominium**

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**SCHEDULES:**

- A LEGAL DESCRIPTION
- B DESCRIPTION OF BUILDING AND UNITS
- C DESCRIPTION OF UNITS
- D ARTICLES OF INCORPORATION
- E BYLAWS



DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND RESERVATIONS FOR  
SEABREEZE TOWNHOMES II, A CONDOMINIUM

THIS DECLARATION is made and executed this 11<sup>th</sup> day of February, 2000 by BRUCE PRATER the sole holder of fee simple title to the real property herewithin described, pursuant to the provisions of the Washington Condominium Act, Chapter 64.34 of the Revised Code of Washington, as amended. The Survey Map and Plans for this condominium are recorded in Volume        at pages        of Condominiums, Recording Number 200002110092, Skagit County, Washington.

ARTICLE 1. DEFINITIONS

1.1. Words Defined. For the purposes of this Declaration, and any amendment hereto, the following definitions shall apply:

1.1.1. The Act shall mean the Washington Condominium Act, presently codified in Chapter 64.34, Revised Code of Washington, and amendments thereto. References to "sections" of the Act refer to subsections of RCW 64.34, as codified.

1.1.2. Allocated Interests shall mean the undivided interest in the Common Elements, the common expense liability, and the votes in the Association allocated to each unit.

1.1.3. Articles shall mean the Articles of Incorporation of the Association defined below in the form attached as **Schedule D**.

1.1.4. Assessment shall mean all sums chargeable by the Association against a unit 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 attorney fees, incurred by the Association in connection with the collection of a delinquent owner's account.

1.1.5. Association shall mean the Association of Unit Owners described in **Article 12** of this Declaration.

1.1.6. Board shall mean the Board of Directors of the Association--the governing body of the Association, elected pursuant to the By-Laws.

1.1.7. By-Laws shall mean the By-Laws of the Association in the form attached hereto as **Schedule E**, as they may, from time to time, be amended.

1.1.8. Common Elements shall mean all portions of the Condominium other than the units. Common elements are described in **Article 5**. This term is defined in RCW 64.34.020(6).

1.1.9. Common Expenses shall mean expenditures made by or financial liabilities of the Association, together with any allocations to reserves. This term is defined in RCW 64.34.020(7).

1.1.10. Common Expense Liability shall mean the liability for common expenses allocated to each unit pursuant to RCW 64.34.224. This term is defined in RCW 64.34.020(8).

1.1.11. Common Funds shall mean those assessments collected by the Association to be held for payment of common expenses.

1.1.12. Condominium shall mean real property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those units. This term is defined in RCW 64.34.020(9).

1.1.13. Declarant shall mean Bruce Prater and his representatives, successors and assigns. This term is defined in RCW 64.34.020(15).

1.1.14. Declaration shall mean this Declaration and Covenants, Conditions, Restrictions, and Reservations for SEABREEZE TOWNHOMES II as it may, from time to time, be amended, which is the instrument establishing a condominium pursuant to the Act.

1.1.15. Eligible mortgagee shall mean a holder of a first mortgage on a unit that has filed with the Association a written request that it be given copies of any action by the Association that requires the consent of mortgagees pursuant to **section 13.2**.

1.1.16. First mortgage and first mortgagee shall mean, respectively, (a) a recorded mortgage on a unit that has legal priority over all other mortgages thereon, and (b) the holder, insurer or guarantor of a first mortgage.

1.1.17. Foreclosure shall mean a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof. This term is defined in RCW 64.34.020(19).

1.1.18. Identifying Number shall mean a symbol or address that identifies only one unit in this Condominium. This term is defined in RCW 64.34.020(20).



1.1.19. Mortgage shall mean a recorded mortgage or deed of trust that creates a lien against a unit, and shall also mean a real estate contract for the sale of a unit. This term is defined in RCW 64.34.020(24).

1.1.20. Mortgagee shall mean the beneficial owner, designee of the beneficial owner, insurer or guarantor of an encumbrance on a unit created by a mortgage or deed of trust, and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a unit.

1.1.21. Owner shall be synonymous with "Unit Owner" as defined herein.

1.1.22. Person shall mean an individual, corporation, partnership, association, trustee, or other legal entity.

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

1.1.24. Real property shall mean 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 parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water. The real property of this Condominium is the entire parcel of real property described in **Schedule A**, and all improvements, easements, rights and appurtenances now and hereafter belonging thereto and located thereon.

1.1.25. Survey Map and Plans shall mean the survey map and set of plans recorded simultaneously with this Declaration, and any amendments, corrections, and addenda thereto subsequently recorded.

1.1.26. Transition date is synonymous with "termination date" and is defined in **section 14.1**.

1.1.27. Unit shall mean a physical portion of the Condominium designated for separate ownership. The boundaries of a unit are the walls, floors and ceilings of the unit, as described at RCW 64.34.204, and the unit includes both the portions of the building so described and the air space so encompassed. A unit is the area of the Condominium intended for





use solely by the persons holding title thereto and their respective tenants, licensees and invitees.

1.1.28. Unit Owner shall mean a Declarant or other person who holds legal record title to a unit, but does not include a person who has an interest in a unit solely as security for an obligation. "Unit Owner" means the vendee, not the vendor, of a unit under a real estate contract.

1.2. Form of Words. The singular form of words shall include the plural, and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

1.3. Statutory Definitions. Some of the terms defined above are also defined in the Act. The definitions in this Declaration are not intended to limit or contradict the definitions in the Act. If there is any inconsistency or conflict, the definition in the Act will prevail.

## ARTICLE 2. SUBMISSION OF THE PROPERTY TO THE ACT

2.1. Declaration of Purpose. The purpose of this Declaration is to submit the property to the condominium form of ownership and use pursuant to the Act, and to establish for the Declarant's benefit and for the mutual benefit of future owners or occupants of the property, or any part thereof, certain easements and rights in, over and upon said property and certain mutually beneficial restrictions and obligations with respect to the use, occupancy and maintenance thereof.

Declarant intends that all Unit Owners, mortgagees, occupants and all other persons acquiring any interest in the property shall hold their interests subject to the rights, easements, privileges and restrictions hereinafter set forth.

The Condominium shall be called "SEABREEZE TOWNHOMES II, a Condominium." Declarant declares that the property shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to the covenants, conditions, restrictions, reservations, and easements stated in this Declaration, all of which are in furtherance of the division of the property into condominium units and common elements, and shall be deemed to run with the land and be a burden and benefit to Declarant and all persons who own or acquire an interest in the units and common elements, or any part thereof, and their grantees, successors, heirs, executors, administrators, and assigns.

2.2. Seabreeze Townhomes II Owners' Association. The Seabreeze Townhomes II Owner's Association will be incorporated under RCW 24.03. The purpose of the corporation is to act as an



owners' association of condominium units, to generally do all those things in the management of the Condominium, pursuant to the terms of this Declaration, RCW 64.34, the Washington Non-Profit Corporation Act, RCW 24.03, and the Articles and By-Laws.

2.3. The Real Property. The real property is described in **Schedule A**, attached hereto and incorporated herein by this reference.

2.4. Access. Access to and from the property is described in **Schedule A**.

2.5. Taxes. Each unit together with its interest in the common elements shall be taxed separately. There are no development rights reserved by the Declarant.

### **ARTICLE 3. DESCRIPTION OF BUILDINGS AND IMPROVEMENTS**

3.1. Buildings. The buildings and improvements of the Condominium are described in **Schedule B**, attached hereto and incorporated herein by this reference.

3.2. Individual Units. The individual units are described in **Schedules B and C**, attached hereto and incorporated herein by this reference.

3.3. Unit Boundaries. As stated in Definition 1.1.27, the boundaries of units are the walls, floors and ceilings of the unit. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof are a part of the unit, and all other portions of the walls, floors, or ceilings are part of the common elements. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a unit are a part of the unit.

3.3.1. Physical Boundaries Controlling. The physical boundaries of a unit, constructed in substantial accordance with the original Survey Map and Plans thereof, become its boundaries rather than the metes and bounds expressed in the Survey Map and Plans, regardless of settling or lateral movements of the buildings or minor variances between boundaries shown on the Survey Map and Plans, and those of the buildings. This section does not relieve a Declarant or any other person of liability for failure to adhere to the Survey Map and Plans in all material respects.



**ARTICLE 4. DEVELOPMENT RIGHTS/NO DISCRIMINATION IN FAVOR OF DECLARANT**

4.1. No Development Rights are Reserved. Declarant does not reserve any development rights. This Condominium is complete as recorded herein. There is no discrimination in favor of the Declarant.

**ARTICLE 5. COMMON ELEMENTS**

5.1. Description. All portions of the property which are not part of the units shall be common Elements.

5.2. Common Elements. The common elements are the common wall between the units, the exterior siding/wall coverings, and the roof.

5.3. Use. Use and maintenance of the common elements shall be under the direction of the Association as provided for herein.

**ARTICLE 6. PARKING ASSIGNMENTS**

6.1. Parking. Each unit shall include a parking area as designated on the map of the condominium.

6.2. Rights to Use. The owner of each unit has the unqualified right to use the parking spaces which are assigned to and a part of his or her unit.

**ARTICLE 7. EASEMENTS**

7.1. In General. Each unit has an easement in and through each other unit and the common elements, and each unit acknowledges that it is specifically subject to the easement for the benefit of each of the other units for those common elements described in **Article 5.** The easement also exists for reasonable access to such portions of the common elements as required to effectuate and continue proper operation of the Condominium. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common elements reserved by law. The right of ingress to and egress from each unit shall be perpetual and appurtenant to the unit. All recorded easements are described in **Schedule A** and the Survey Map and Plans recorded herein.

7.2. Association Functions.

7.2.1. Reservation. There is hereby reserved to the Declarant and the Association and 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 Act, the By-Laws and this Declaration.

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

#### ARTICLE 8. ALLOCATED INTERESTS

8.1. Allocation. Each of the two units of the condominium shall have one vote in matters having to do with the Association, and each shall bear fifty percent (50%) of the common expenses.

#### ARTICLE 9. USE RESTRICTIONS; MAINTENANCE OF UNITS; CONVEYANCES

9.1. General Purpose. The property shall be used exclusively for residential and related common purposes.

##### 9.2. Unit and Building Uses and Alterations.

9.2.1. Residential Use. Each unit shall be used as a residence for a single family and such other uses permitted by this Declaration and for no other purpose. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Unit Owner from maintaining his or her personal professional library therein, keeping his or her personal business and professional records or accounts therein, or handling his or her personal business or professional telephone calls or correspondence therefrom.

9.2.2. Structural Alterations. The Unit Owner shall not, without first obtaining written consent of the Board, make or permit to be made any structural alteration, improvement or



addition in or to his or her unit or in or to the exterior of the buildings or any of the common elements.

9.2.3. Exterior Appearance. Unit Owners shall not display, hang, store or use any signs, clothing, sheets, blankets, laundry or other articles that may be visible in or from the common elements or the building exteriors (other than draperies, curtains or shades, which have a uniform exterior appearance in accordance with the rules and regulations adopted by the board), or paint or decorate or adorn the outside of any unit, or install any canopy or awning or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board. In order to preserve a uniform exterior appearance of the building, the Board shall provide standards for the painting or staining of the building and prescribe the type and color of paint or stain.

9.2.4. Maintenance of Units. Each owner shall, at the owner's sole expense, keep the interior of the unit and its equipment, fixtures, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair. Each owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating equipment, electrical fixtures, or appliances which are in the unit, or portions thereof, that serve that unit only, and shall replace any glass in the windows and in the exterior doors of the unit that becomes cracked or broken. Each unit owner shall maintain the driveway and yard which are part of the unit.

9.2.5. Signs. No signs of any kind shall be displayed to the public view on or from any unit or common or limited common element without the prior consent of the Board; PROVIDED, that the Board shall, by and subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a unit is for sale or lease; and PROVIDED, that this section shall not apply to Declarant or Declarant's agents in exercising any rights reserved by Declarant under this Declaration.

9.3. Vehicle Parking Restrictions. All parking spaces (except fully enclosed garages) are restricted to use for parking of operational motor vehicles; other items and equipment may be parked or kept therein only subject to the rules or regulations of the Board. The Board may require removal of any vehicle (and any other equipment or item) improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof.

9.4. Use of Equipment. No person shall overload the electric wiring in the buildings, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the



judgment of the board, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or air conditioning systems.

9.5. Pets. No animals shall be raised, bred or kept in any unit, except for dogs, cats or other household pets not kept for commercial purposes.

9.6. Illegal Uses. No unlawful, immoral, noxious or offensive activities shall be carried on in any unit or elsewhere on the property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall, in the judgment of the Board, cause unreasonable noise or disturbance to others.

9.7. Rental Restrictions. The leasing or renting of a unit by its owner shall be subject to the following provisions:

9.7.1. No Transient Purposes. With the exception of a lender in possession of a unit following a default in a mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Unit Owner shall be permitted to lease his or her unit for any period less than thirty (30) consecutive days.

9.7.2. Entire Unit. No Unit Owner may lease less than an entire unit.

9.7.3. Timesharing Prohibited. No unit may be subjected to or included in any timeshare program, whether in the nature of a "right to use" club or the sale of fractional fee interests.

9.7.4. Written Leases. All rental agreements shall be in writing and be subject to this Declaration and By-Laws.

9.8. No Impairment of Insurance. Nothing shall be done or kept in any unit or in the common or limited common elements which will increase the rate of insurance on the common elements or units without the prior written consent of the Board. No owner shall permit anything to be done or kept in his unit or in the common elements which will result in the cancellation of insurance on any unit or any part of the common or limited common elements.

9.9. Conveyances; Notice Required. The right of an owner to sell, transfer, or otherwise convey the unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. Requirements and notices to be made prior to unit conveyance are set forth in **Article 26** herein.





## ARTICLE 10. ENTRY FOR REPAIRS OR MAINTENANCE

The Association and its agents or employees may enter any unit, and areas appurtenant thereto, to effect repairs, improvements, replacements, maintenance, or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the owner has failed to perform, or to prevent damage to the common areas and facilities or to another unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the unit occupant to be given notice and an explanation of the need for entry as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the owners and occupants as practicable. Any damage caused by such entry shall be repaired by the Association as a common expense, unless the repairs or maintenance were necessitated by the acts or default of the owner or occupant of the unit entered, in which event the costs of the repairs or maintenance shall be specifically assessed to that unit.

## ARTICLE 11. SERVICE OF PROCESS

BRUCE PRATER, 1616 Skyline Way, Anacortes, Washington 98221, is the person upon whom process may be served as provided for in the Act. The Board may, at any time, designate a different person for such purpose by recording an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need be signed and acknowledged only by the President of the Association.

## ARTICLE 12. OWNERS' ASSOCIATION

12.1. Form of Association. The owners of units shall constitute an Owners' Association as defined in the Act. The Association will be a nonprofit corporation formed under the laws of the State of Washington, and will be known as the Seabreeze Townhomes II Owners' Association. It will be governed by a Board of Directors of two (2) directors elected from the owners. One director shall be elected from the owners of each unit. The rights and duties of the members and of the corporation shall be governed by the provisions of the Act and of this Declaration. In the event of a conflict between the Act and the enabling corporation act, Articles or By-Laws, the Act shall control.

12.2. Articles and By-Laws. Before the transition date, Declarant will adopt Articles of Incorporation in the form attached hereto as **Schedule D** and incorporated herein by this reference and, under its authority to act as the Board of Directors of the Association, will adopt By-Laws in the form attached hereto and incorporated herein by this reference as **Schedule E** to supplement this Declaration, and to provide for the administration of the Association and the property, and for other



purposes not inconsistent with the Act or this Declaration. Amendments to the Articles and By-Laws may be adopted at any meeting called for that purpose by a vote of the majority of the owners.

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

12.4. 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 transferred in any way, except upon the transfer of title to the unit, and then only to the transferee of title to the unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a unit shall operate automatically to transfer the membership in the Association to the new owner.

12.5. Number of Votes. The total voting power of all owners shall be two (2) votes. Each owner has available to him/her the number of votes allocated to each unit he/she owns. The total voting power of all owners and the allocation of votes for each unit is set forth in **Article 8**.

12.6. Joint Owner Disputes. The vote for a unit must be cast as a single vote. Fractional votes shall not be allowed. If joint owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

12.7. Pledged Votes. An owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a mortgagee. If the Board has been notified of any such pledge to a mortgagee, only the vote of the mortgagee will be recognized on the issues that are subject to the pledge.

12.8. Annual and Special Meetings. There shall be an annual meeting of the members of the Association in the first quarter of the fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the owners no less than 30 days before the meeting. The financial statement for the preceding year and the budget the Board has adopted for the current year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time, in the manner provided in the By-Laws, for the purpose of considering matters which require approval of all or some of the owners, or



for any other reasonable purpose. Any first mortgagee of a unit may attend or designate a representative to attend the meetings of the Association.

12.9. Financial Statements/Audits. As soon as is convenient after the close of each fiscal year, the Board shall have a financial statement prepared for that year.. The financial statement shall be completed in time for the Association's annual meeting and, in any event, within 90 days following the end of the fiscal year. Any mortgagee will, upon request, be entitled to receive the annual financial statement within 90 days following the end of the fiscal year. An owner, at his or her expense, may at any reasonable time conduct an audit of the books of the Board and Association.

12.10. Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles.

12.11. Inspection of Condominium Documents, Books and Records. The Association shall make available to owners, mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the By-Laws, and other rules governing the Condominium, and other books, records, and financial statements of the Association, and the most recent annual financial statement, if one is prepared. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

12.12. Resale Certificate. The Association, within ten (10) days after written request by an owner, shall furnish a resale certificate to such owner. The requesting owner must prepay the reasonable costs of copying and preparing the certificate, which fee will be set by the Board. The resale certificate shall contain fiscal and insurance information regarding the Condominium and the unit and shall certify to a purchaser any unpaid assessments due from the purchased unit. Other required information of the resale certificate is specified in RCW 64.34.425.

## ARTICLE 13. NOTICES

13.1. Form and Delivery of Notice. All notices given under the provisions of this Declaration, or the By-Laws, or rules or regulations of the Association, shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon



being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the owner of any unit shall be sufficient if mailed to the unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice, in writing, to the Board. Notices to the Board shall be given to Declarant until the transition date, and thereafter shall be given to the President or Secretary of the Association.

13.2. Notices to Holders, Insurers and Guarantors of Mortgages. An eligible holder, insurer or guarantor of a mortgage is, respectively, any holder, insurer or guarantor of a mortgage on a unit that files with the Secretary of the Board a written request that it must be given copies of the notices listed below. The request must state the name and address of the holder, insurer or guarantor, and the unit number. Until such time thereafter that the holder, insurer or guarantor withdraws the request or the mortgage held, insured or guaranteed by the holder, insurer or guarantor, as the case may be, is satisfied, the Board shall send to the holder, insurer or guarantor timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any unit, (ii) the exclusive easement rights, if any, appertaining to any unit, (iii) the percentage interest in the common areas and facilities appertaining to any unit, or the liability for common expenses appertaining thereto, (iv) the number of votes in the Association appertaining to any unit, or (v) the purposes to which a unit or the common areas are restricted; (b) any proposed termination of Condominium status, transfer of any part of the common areas; (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any unit on which a holder has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of assessments or charges owed by an owner of a unit on which a holder has a mortgage; (e) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association pursuant to **Article 20**; and (f) any proposed action that would require the consent of a specified percentage of holders pursuant to **Articles 21, 22 or 24**.

## **ARTICLE 14. MANAGEMENT OF CONDOMINIUM**

### 14.1. Declarant Control.

14.1.1. General. In order to assure that the Condominium will be adequately administered in the initial phases of development, and to assure an orderly transition to Association operations, the Condominium shall be managed by Declarant. During such time, Declarant or persons designated by Declarant may appoint and remove officers and directors. Prior to the sale



of units, the Declarant shall constitute the Association and its directors with full authority to transact the business of the Association.

14.1.2. Termination. Declarant's authority shall end and the Board's shall assume management upon the sooner of:

a. a date on which the Declarant records an amendment to this Declaration pursuant to which Declarant voluntarily surrenders the right to further appoint and remove officers and directors; or

b. upon the closing of the sale of both of the units.

14.1.3. Termination of Contracts and Leases. This section 14.1.3 applies to any contracts or leases entered into prior to the Board (that is elected by the owners) taking office. Upon ninety (90) days notice to the other party (or within such lesser notice, as provided for in such contract or lease), any of the following may be terminated without penalty by the Association at any time:

a. any management contract, employment contract or lease of recreational or parking areas or facilities;

b. any other contract or lease between the Association and a Declarant or an affiliate of Declarant; and

c. any contract or lease that is not bona fide or was unconscionable to the owners at the time entered into under the circumstances then prevailing.

This section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association in terminating a lease under this section.

14.1.4. Transfer of Control. Within sixty (60) days of the termination of Declarant control, Declarant shall deliver to the Association all property of the owners and of the Association held or controlled by Declarant.

#### 14.2. Directors.

14.2.1. Size and Term. The size of the Board and the term of its directors shall be as set forth in the By-Laws and as provided in section 12.1.



14.2.2. Initial Board and Officers. Within thirty (30) days after the termination of Declarant control, the owners shall elect a Board at a special meeting called for that purpose. The Board shall elect the officers. The Directors and officers shall take office upon election, to serve until the first annual meeting.

14.2.3. Election. At each annual meeting the owners shall elect directors to replace those whose terms have expired.

14.2.4. Vacancies. Any vacancies on the Board shall be filled by the Owner of the unit which is not represented on the Board.

14.2.5. Qualification. All directors must be owners or general partners of partnerships, or officers of corporations with ownership interests. The Board shall at all times consist of two directors, one elected from the owners of each unit. An owner who is elected but fails or refuses to participate in the business of the Board shall nevertheless be a member of the Board.

14.3. Authority of Board. All administrative power and authority of the Association vests in the Board.

14.3.1. General Authority. The Board, for the benefit of the Condominium and the owners, shall enforce this Declaration and of the By-Laws and shall have all powers and authority permitted under the Act and the Declaration. The Board shall act on behalf of the Association in carrying out all of the powers of the Association.

14.3.2. Standard of Care. In the performance of their duties, the officers and directors are required to exercise, if elected by the owners, ordinary and reasonable care.

14.3.3. Right to Contract. The Board shall have the exclusive right to enter into contracts on behalf of the Association.

14.3.4. Right of Entry. The Board may enter any unit or limited common element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, or in the event of emergencies. Such entry shall be made with as little inconvenience to the owner as practicable. Any damage caused thereby shall be repaired by the Board. If the repairs or maintenance were necessitated by or for the unit entered or requested by its owner, the costs thereof shall be specially assessed to such unit.

14.3.5. Not for Profit. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of any of the owners.

14.3.6. Authority to Contract. The Board, on behalf of the Association, may use common funds of the Association to acquire tangible and intangible personal property and may dispose of the same by sale or otherwise. Such property shall thereafter be held, sold, leased, rented, or otherwise dealt with for the benefit of the common fund of the Association as the Board may direct.

14.3.7. Disbursements. As part of the Board's authority, the Board shall acquire and pay for all goods and services as provided for in the budget or as the Board deems necessary or advisable for the proper functioning of the Condominium from common funds.

14.3.8. Adoption and Amendment of By-Laws, Rules and Regulations. The Board is empowered to adopt, amend and revoke, on behalf of the Association, By-Laws, detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Declaration, and to promote the comfortable use and enjoyment of the property. The rules and regulations of the Association shall be binding upon all owners and occupants and all other persons claiming any interest in the Condominium.

14.3.9. Enforcement of Declaration, Etc. The Board (or Declarant or the interim Board of Directors until the transition date) shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the By-Laws, and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the By-Laws, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs and attorney's fees in the amount awarded by the court.

14.3.10. Protection of Property. The Board may spend such funds and take such action as it may, from time to time, deem necessary to preserve the property, settle claims, or otherwise act in what it considers to be the best interests of the Condominium or the Association. The Board shall have the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium.



14.3.11. Other Authority. The Board shall be authorized to take the following actions:

a. Impose and collect charges for the late payment of assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and, in accordance with such procedures as provided in this Declaration or By-Laws or rules and regulations adopted by the board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the owners for violations of this Declaration, By-Laws and rules and regulations of the Association;

b. Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates and statements of unpaid Assessments;

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

d. Exercise any other powers conferred by the Act, this Declaration or the By-Laws;

e. Exercise all other powers that may be exercised in this state by the same type of corporation of the Association;

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

g. Maintain and repair any unit, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common element or to preserve the appearance and value of the Condominium, and the owner of said unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the board to the owner; PROVIDED that the Board shall levy a special charge against the unit of such owner for the cost of such maintenance or repair; and

h. 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 elements, rather than merely against the interest therein of particular owners.





14.3.12. Limitation of Authority. The Board's powers enumerated in this section 14.3 are limited by this section 14.3.12. The Board shall have no authority to pay or contract for goods or services (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) unless:

- a. it is approved by a unanimous vote of the owners at a meeting called specially for that purpose; or
- b. written consent of all of the owners is received.

#### ARTICLE 15. BUDGET AND ASSESSMENT FOR COMMON EXPENSES

15.1. Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

15.2. Preparation of Budget. Not less than thirty (30) days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget, the Board shall estimate the common expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. If during the year the budget proves to be inadequate for any reason, including nonpayment of any owner's assessment, the Board may prepare a supplemental budget for the remainder of the year.

15.2.1. Basis of Assessment. The common expenses shall be assessed to the units and the owners thereof on the basis of their allocated interest.

15.2.2. Common Expenses. Common expenses shall include:

- a. Expenses of administration;
- b. Expenses of maintenance, repair and replacement of common elements;
- c. Cost of insurance or bond required by the Act, this Declaration, the By-Laws or as obtained at the direction of the Board;
- d. Any general operating reserve established by the Board from time to time;
- e. Reserves for replacements and defined maintenance established by the Board from time to time;



f. Any other items properly chargeable as expenses of the Association.

15.2.3. Adoption of Budget. The owners shall review and consider ratification of the budget at a meeting called especially for that purpose. Unless at that meeting a majority of votes 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.

15.2.4. Assessment. The budget shall provide for an assessment against each unit for its common expense liability. After any assessment has been made by the Association, they must be made against both units based on the budget adopted.

15.2.5. Guidelines. To the extent any common expense is caused by the misconduct of any owner, the Association may assess that expense against the owner's unit.

15.2.6. Special Assessments. If a special assessment becomes chargeable against a unit under the authority of this Declaration or the By-Laws, the Board shall determine the amount of such special assessment and fix the month or months in which it is to be paid. The special assessment shall be added to the unit's monthly installment of common expenses and be included in the assessment against the unit.

15.2.7. Notice of Assessment. The Board shall notify each owner in writing of the amount of the monthly assessments to be paid for his unit, and shall furnish copies of each budget on which the assessments are based to all owners and, if so requested, to their respective mortgagees.

15.2.8. Payment of Assessments. On or before the first day of each calendar month or quarter each owner shall pay or cause to be paid to the Treasurer of the Association the assessment against the unit for that month or quarter. Any assessment not paid by the first day of the calendar month or quarter for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 16.

15.2.9. Declarant Liability. Declarant shall be liable for the common expense assessment related to any unit that it owns on the same basis as any other units.

15.2.10. Proceeds Belong to Association. All assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.





15.2.11. Monies Collected.

a. Purpose. All assessments shall be collected and held in trust and administered and expended for the benefit of the Association. All funds collected shall be expended for the purposes designated in this Declaration.

b. Separate Accounts. The Association shall maintain separate accounts for current operations and reserves.

c. Reserve Account. The Board shall establish an account in a federally-insured depository to be known as the reserve account. The purpose of the reserve account is to provide for:

i. Contingencies and operations and for the maintenance and repair of the common elements;

ii. Covering any deductible amounts which are included in the casualty insurance policy for the Condominium obtained by the Association;

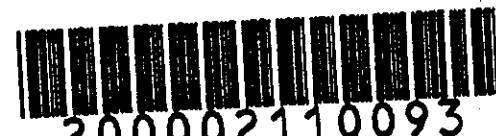
iii. Meeting deficiencies in the general funds that may occur from time to time as a result of delinquent payments of assessments; and

iv. Other contingencies.

The Board shall calculate the contributions to this reserve account so that there are sufficient funds available. The reserve account shall be established by the initial budget. If the sum estimated and budgeted at any time proves inadequate for any reason, the Board may at any time levy a further assessment.

15.2.12. Failure to Assess. Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessment amount established for the preceding year shall continue until a new assessment is established.

15.2.13. Certificate of Unpaid Assessments. Upon the request of any owner or mortgagee of a unit, the Board will furnish a certificate in recordable form stating the amount, if any, of unpaid assessments charged to the unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in



favor of all purchasers and mortgagees of the unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

#### ARTICLE 16. LIEN AND COLLECTION OF ASSESSMENTS

16.1. Assessments Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any unit, and any sums specially assessed to any unit under the authority of this Declaration or the By-Laws (together with interest, late charges, costs, and attorney's fees in the event of delinquency), shall constitute a continuing lien on the unit, and all its appurtenances from the date the assessment became due until fully paid. The lien for such unpaid assessments shall be subordinate to tax liens on the unit in favor of any assessing unit and/or special district, and to all sums unpaid on all mortgages of record, but shall have priority over all other liens against the unit. A mortgagee of a mortgage of record of a unit that obtains title through a mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale shall take the unit free of any claims for the share of common expenses or assessments by the Association chargeable to the unit that became due before taking title, but will be liable for the common expenses and assessments that accrue after taking title, in which event the unit's past-due share of common expenses or assessments shall become new common expenses chargeable to all of the owners, including the mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to their respective percentages of undivided interest in the common areas and facilities (common elements); however, the owner shall continue to be personally liable for such past-due assessments, as provided in section 16.3. For the purpose of this section, the terms "mortgages" and "mortgagee" shall not mean real estate contracts, or a vendor, or a designee, or assignee of a vendor under a real estate contract.

16.2. Lien May Be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The Board, acting on behalf of the Association, shall have the power to bid on the unit at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

16.3. Assessments Are a Personal Obligation. In addition to constituting a lien on the unit and all its appurtenances, all sums assessed by the Association chargeable to any unit (together with interest, late charges, costs, and attorney's fees in the event of delinquency), shall be the personal obligation of the

owner of the unit when the assessment is made. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

16.4. Late Charges and Interest on Delinquent Assessments. The Board may, from time to time, establish late charges and a rate of interest to be charged on assessments that may thereafter become delinquent. In the absence of another established non-usurious rate, delinquent assessments shall bear interest at the rate of twelve percent (12%) per annum. If a monthly assessment against a unit is not paid when due, the Board may elect to declare all monthly assessments against that unit for the remainder of the fiscal year to be immediately due and payable.

16.5. Recovery of Attorney's Fees and Costs. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover, as part of its judgment, a reasonable sum for attorney's fees and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

#### ARTICLE 17. FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE/NO WAIVER

The failure of the Board in any instance to insist upon the strict compliance with this Declaration, or the By-Laws, or rules and regulations of the Association, or to exercise any right 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 any term, covenant, condition, or restriction. The receipt by the Board of payment of an assessment for an owner, with knowledge of a breach by the owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed by the Board. This Article also extends to the Declarant, and the interim Board of Directors, exercising the power of the Board before the transition date.

#### ARTICLE 18. LIMITATION OF LIABILITY

18.1. Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board, neither the Association nor the Board shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the buildings, or from any of their 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.

18.2. No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or Declarant has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any owner, or to any other person, 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 is covered by insurance obtained by the Board.

## ARTICLE 19. INDEMNIFICATION

19.1. Indemnification of Board Members, Association, Committee Members and Declarant. Each Board member and Association committee member and Association officer and Declarant 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 or she may be a party, or in which he may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance, and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

## ARTICLE 20. INSURANCE

20.1. Required Policies. Commencing not later than the time of the first conveyance of a unit to any person other than a Declarant, the Association shall maintain, to the extent reasonably available:

20.1.1. Casualty Insurance. Casualty insurance on the entire Condominium which may, but need not, include equipment, improvements and betterments in a unit installed by the Declarant or the Unit Owners, insuring against all risks of direct physical



loss normally insured against under a standard fire and extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by a standard "all risk" endorsement. The total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from casualty policies and subject to deductibles which do not exceed the lesser of one percent (1%) of the policy face amount or Five Thousand Dollars (\$5,000). The policy shall contain a construction code endorsement to the extent the applicable building codes require changes to undamaged portions of the Condominium when only a part of the Condominium is destroyed by an insured hazard and, when deemed appropriate by the board or any mortgagee, a steam boiler and machinery coverage endorsement which provides for the insurer's minimum liability per accident of at least the lesser of (a) Five Hundred Thousand Dollars (\$500,000), or (b) the insurable value of the building;

20.1.2. Comprehensive General Liability Insurance. Comprehensive general liability insurance for the Condominium which provides coverage for bodily injury and property damage resulting from the operation, maintenance or use of the common elements in an amount of at least One Million Dollars (\$1,000,000.00) for any single occurrence and which contains a specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of the negligent act of the Association or other Unit Owners;

20.1.3. Other Insurance. Such other insurance as the Board deems advisable; PROVIDED, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental agencies involved in the secondary mortgage market, so long as any such agency is a mortgagee or owner of a unit within the project, except to the extent such coverage is not available or has been waived in writing by such agency.

20.2. Coverage Not Available. If the casualty insurance described in this section is not reasonably available or is modified, cancelled or not renewed, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Unit Owners, to such eligible mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.





20.3. Required Provisions. Insurance policies carried pursuant to this Article shall:

20.3.1. Named Insured. Provide that the Association is the named insured, and that each Unit Owner is an insured under the policy with respect to liability arising out of the owner's interest in the common elements or membership in the Association;

20.3.2. Waiver of Subrogation Rights. Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the owner of any unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

20.3.3. Acts or Omissions by Owners. Provide that no act or omission by any Unit Owner, unless acting within the scope of the owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy.

20.3.4. Primary Insurance. Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right to set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any mortgagee;

20.3.5. Option to Restore Damage; Insurance Trust Agreements. Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law; and that insurance trust agreements will be recognized;

20.3.6. Mortgagee Protection; Notice of Cancellation. Contain standard mortgagee clauses which name mortgagees and their successors and assigns. Provide at least ten (10) days' prior written notice to the insureds before the policy may be cancelled or substantially modified. Contain no provision (other than insurance conditions) which will prevent mortgagees from collecting insurance proceeds; and

20.3.7. Inflation Guard. Contain, if available, an agreed amount and inflation guard endorsement.



#### 20.4. Additional Undertakings.

20.4.1. Notice of Change. If the insurance described in this **Article 20** is modified, cancelled 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.

20.4.2. Certificates of Insurance. An insurer that has issued an insurance policy shall issue certificates or memoranda of insurance to the Association and upon request to any owner or mortgagee. 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 Revised Code of Washington Chapter 48.18 (The Insurance Contract) pertaining to the cancellation or nonrenewal of contracts of insurance.

20.4.3. Owner's Additional Insurance. Each owner may obtain additional insurance respecting his unit, at his own expense. No owner shall maintain insurance coverage in any manner which would decrease the amount which the Board (or any trustee for the Board, on behalf of all of the owners) will realize under any insurance policy which the Board may have in force on the Condominium at any particular time. Any owner who obtains individual insurance policies covering any portion of the Condominium, other than personal property belonging to such owner, is required to file a copy of such individual policy or policies with this Board within thirty (30) days after purchase of such insurance. The Board shall immediately review the effect of such insurance with the Board's insurance broker, agent or carrier.

#### 20.5. Insurance Proceeds.

20.5.1. Receipt of Funds. Insurance proceeds for damage or destruction to any part of the Condominium shall be paid to the Association which shall segregate such proceeds from other funds of the Association for use and payment as provided for in **Article 21.**

20.5.2. Settlement of Claim/Insurance Trustee. The Association, acting through its Board, shall have the exclusive authority to settle and compromise any claim under insurance obtained by the Association, and the insurer may accept a release and discharge of liability made by the board on behalf of the named insureds under the policy. Notwithstanding any of the provisions of **Article 20**, there may be named as an insured, on behalf of the Association, an "Insurance Trustee." If named, the Insurance Trustee will be the authorized representative of the



Association and may include the board or any other trustee with whom the Association may enter into any insurance trust agreement or any successor to such trustee. The Insurance Trustee shall have exclusive authority to negotiate losses under any policy providing for property or liability protection.

20.5.3. Authority. Each owner appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including:

- a. the collection and appropriate disposition of the proceeds thereof; and
- b. the negotiation of losses and execution of releases of liability; and
- c. the execution of all documents; and
- d. the performance of all other acts necessary to accomplish such purpose.

The Association or any Insurance Trustee is required to receive, hold or otherwise properly dispose of any proceeds of insurance in trust for owners and their first mortgagees, as their interests may appear.

20.6. Notification on Sale of Unit. Promptly upon conveyance of a unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the owners of the name and address of the new owner and request that the new owner be made a named insured under such policy.

## **ARTICLE 21. DAMAGE AND REPAIR OF DAMAGE TO PROPERTY**

21.1. Duty of the Association. The Association, Unit Owners, and anyone exercising any right in the Condominium and/or its property shall have rights and duties to promptly repair damage to the property as provided in this Article 21.

21.2. Initial Board Determination. In the event of damage to any part of the common areas and facilities, the Board shall promptly, and in all events within fifteen (15) days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems necessary:

21.2.1. The nature and extent of the damage, together with an inventory of the improvements and property directly affected thereby;





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

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

21.2.4. The amount, if any, by which the estimated cost of repair exceeds the expected insurance proceeds, and the amount of the assessments that would have to be made against each unit if the excess cost were to be paid as a maintenance expense and specially assessed against all the units in proportion to their allocated interest;

21.2.5. The Board's recommendation whether the damage should be repaired.

21.3. Notice of Damage. The Board shall promptly, and in all events within fifteen (15) days after the date of damage, provide each owner and each holder of a first mortgage on a unit with a written notice describing the damage and summarizing the initial Board determinations made under section 21.2. If the Board fails to do so within fifteen (15) days, any owner or mortgagee may make the determinations required under section 21.2 and give the notice required under this section 21.3.

21.4. Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article 21:

21.4.1. Damage shall mean all kinds of damage, whether of slight degree or total destruction.

21.4.2. Substantial Damage shall mean that in the judgment of a majority of the Board the estimated special assessment determined under subsection 21.2.4 for any one (1) unit exceeds ten percent (10%) of the full, fair market value of the unit before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation or damage which has a significant adverse impact on the habitability of any unit or the ability of any owner to use the property or any significant portion of the property for its intended purpose.

21.4.3. Repair shall mean restoring the improvements to substantially the condition they were in before they were damaged, with each unit and the common elements and limited common elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to applicable governmental rules and regulations or available means of construction may be made.



21.4.4. Emergency Work shall mean work that the Board deems reasonably necessary to avoid further damage or substantial diminution in value to the improvements, and to protect the owners from liability from the condition of the site.

21.5. Execution of Repairs.

21.5.1. The Board shall promptly repair the damage and use the available insurance proceeds therefor unless, before the repairs (other than emergency work) are begun;

a. The Condominium is terminated;

b. The repairs or replacement would be illegal under any state or local health or safety statute or ordinance; or

c. The Unit Owners decide in accordance with this Article not to repair.

21.5.2. The cost of repair or replacement in excess of insurance proceeds and reserves, if any, is a common expense.

21.5.3. The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law. The Board may enter into a written agreement with any reputable financial institution or trust or escrow company to engage such firm or institution to act as an insurance trustee to adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000) or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

21.6. Damage Not Substantial. If the damage as determined under sections 21.2 and 21.4 is not substantial, the provisions of this section 21.6 shall apply.

21.6.1. Either the Board or the requisite number of owners, within fifteen (15) days after the notice required under section 21.3 has been given, may, but shall not be required to, call a special owners' meeting in accordance with section 12.9 and the By-Laws to decide whether to repair the damage.



21.6.2. Except for emergency work, no repairs shall be commenced until after the 15-day period and until after the conclusion of the special meeting, if such a special meeting is called within the fifteen (15) days.

21.6.3. A unanimous decision of the owners and, in addition, the unanimous consent of the holders of first mortgages on units will be required to elect not to repair the damage. The failure of the Board and the owners within the 15-day period to call a special meeting shall be deemed a decision to repair the damage.

21.7. Substantial Damage. If the damage determined under sections 21.2 and 21.4 is substantial, the provisions of this section 21.7 shall apply.

21.7.1. The Board shall promptly, and in all events within fifteen (15) days after the date of damage, call a special owners' meeting to consider repairing the damage. If the Board fails to do so within fifteen (15) days, then, notwithstanding the provisions of section 12.8 and the By-Laws, any owner or first mortgagee of a unit may call and conduct the meeting.

21.7.2. Except for emergency work, no repairs shall be commenced until the conclusion of the special owners' meeting.

21.7.3. At the special meeting the following consent requirements will apply:

a. The owners shall be deemed to have elected to repair the damage in accordance with the original plan, unless the owners of one hundred percent (100%) of the total voting power of the Condominium, other than that held by Declarant, have given their written consent not to repair the damage.

b. The unanimous consent of all owners will be required to elect to rebuild in accordance with a plan that is different from the original plan above.

c. In addition to the consent of the owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the approval of eligible holders of first mortgages on units that have one hundred percent (100%) of the votes subject to eligible holder mortgages.

d. Failure to conduct the special meeting provided for under subsection 21.7.1 within ninety (90) days after the date of damage shall be deemed a unanimous decision



to repair the damage in accordance with the original plan.

21.8. Effect of Decision Not to Repair. In the event of a decision not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed pursuant to the Act and as follows:

21.8.1. Damage not Restored. If all or any portion of the damaged portions of the Condominium are not repaired (regardless of whether such damage is significant) (a) 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; (b) the insurance proceeds attributable to units and limited common elements which are not repaired 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 lienholders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to their allocated interests in the common elements.

## ARTICLE 22. CONDEMNATION

22.1. Consequences of Condemnation; Notices. If any unit, or portion thereof, or the common elements or limited common elements, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority (referred to herein as a "taking"), notice of the proceeding or proposed acquisition shall promptly be given to each owner and to each holder of a first mortgage, and the provisions of this Article 22 shall apply.

22.2. Power of Attorney; Proceeds. Each owner appoints the Association as attorney-in-fact for the purpose of representing the owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of common elements and limited common elements, or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the owners in carrying out the foregoing functions in lieu of the Association. All compensation, damages or other proceeds of the taking, the sum of which is hereinafter called the "Condemnation Award," shall be



payable to the Association or any trustee in trust for the owners and their first mortgagees as their interests may appear.

22.3. Complete Taking. If the entire property is taken, the Condominium ownership shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to their allocated interests; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the taking, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall, as soon as practicable, determine the share of the Condemnation Award to which each owner is entitled. Each owner's share shall be applied first to the payment of all mortgages and liens on the owner's interest in accordance with the existing priorities, and the balance of each share shall be distributed to the owner.

22.4. Partial Taking. If less than the entire property is taken, the Condominium ownership shall not terminate. Each owner shall be entitled to a share of the Condemnation Award determined in the following manner:

22.4.1. As soon as practicable the Board shall, reasonably and in good faith, allocate the Condemnation Award among compensation for property taken, severance damages or other proceeds;

22.4.2. The Board shall apportion the amounts so allocated to taking of or injury to the common elements and limited common elements, which in turn shall be apportioned among owners in proportion to their allocated interests;

22.4.3. The total amount allocated to severance damages shall be apportioned to the units that were not taken;

22.4.4. The amounts allocated to the taking of or injury to a particular unit and/or improvements an owner had made within the unit shall be apportioned to the unit;

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

22.4.6. If an allocation of the Condemnation Award has already been established in negotiation, judicial decree or otherwise, then in apportioning the Condemnation Award the Board shall employ that allocation to the extent it is relevant and applicable;



22.4.7. Distribution of apportioned proceeds shall be made to the owners and their respective mortgagees in the manner provided in **section 22.3**.

22.5. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in **Article 21** for repair of damage, provided that the Board may retain and apply such portion of each owner's share of the Condemnation Award as is necessary to discharge the owner's liability for any special assessment arising from the operation of **Article 21**.

## **ARTICLE 23. AMENDMENT**

### 23.1. Declaration Amendment.

23.1.1. Adoption. 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 in the Act or this Declaration, amendments may only be adopted by a vote or agreement in writing of owners having one hundred percent (100%) of the votes.

23.1.2. Exceptions--General. The following matters shall require the approval as set forth in the Act or appropriate section of the Declaration:

a. Declarant rights in RCW 64.34.232(6) or RCW 64.34.236;

b. Condemnation covered in **Article 22** and RCW 64.34.236;

c. Foreclosure of a portion of the real property in RCW 64.34.268;

d. Relocation of boundary between units by combination or subdivision, as provided in **Article 23**.

23.1.3. Matters Requiring One Hundred Percent (100%) Vote of Owners. Except to the extent expressly permitted by provisions of the Act, no amendment may:

a. Create or increase special Declarant rights;

b. Increase the number of units;

c. Change the boundaries of any unit;

d. Change the allocated interest of a unit; or





e. Change the uses to which any unit is restricted,

unless approved or agreed upon by the owners of each unit particularly affected and the owners of units to which one hundred percent (100%) of the votes are allocated (other than Declarant).

23.1.4. Statute of Limitations. No action to challenge the validity of an amendment to the Declaration or to the Survey Map and Plans may be brought more than one (1) year after the amendment is recorded.

23.2. Survey Map and Plans.

23.2.1. Adoption. The Survey Map and Plans may be amended by revised versions or revised portions thereof. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every owner. The amendment shall be adopted in the same manner as an amendment to the Declaration provided for in section 24.1.

23.2.2. Effectiveness. Any amendment to the Survey Map and Plans shall be effective upon recordation in the same manner as any amendment to the Declaration.

23.3. By-Laws. By-Laws may be amended as stated in section 12.2.

23.4. Special Declarant Rights.

23.4.1. Completion of Improvements. Declarant, its agents, employees and contractors shall have the right to complete improvements and otherwise perform work: (a) authorized by the Declarant; (b) indicated on the Survey Map and Plans; (c) authorized by building permits; (d) provided for under any Purchase and Sale Agreement between the Declarant and a unit purchaser, necessary to satisfy any express or implied warranty under which the Declarant is obligated; or (e) otherwise authorized or required by law.

23.4.2. Amendments to Conform to Construction. Declarant may, prior to the sale of all of the units, solely upon his/her signature, file an amendment to the Declaration as to the Survey Map and Plans to conform them to the actual location of any of the constructed improvements, or to establish, vacate and relocate utility easements, access road easements and parking areas.

23.4.3. Amendments to Conform to Lending Guidelines. As long as Declarant continues to own one or more units, the Declarant, solely on his/her signature, and as an attorney-in-



fact for all owners with an irrevocable power coupled with an interest, may file such amendment to the Declaration and to the Survey Map and Plans as necessary to meet the then current requirements of lender financing, or title insurance companies insuring, the purchase of a unit from the Declarant.

23.4.4. Amendments Purporting to Restrict Special Declarant Rights. 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 with a security interest in the special Declarant right or in any real property subject thereto excluding mortgagees of units owned by persons other than Declarant.

23.4.5. Termination of Declarant Rights. The foregoing special Declarant rights shall continue so long as Declarant is completing improvements within the Condominium, or Declarant owns any unit.

#### ARTICLE 24. TERMINATION OF CONDOMINIUM

24.1. Methods of Termination. This Condominium may be terminated by the following means:

24.1.1. The taking of all units by condemnation (see Section 22.3 of this Declaration);

24.1.2. Execution by the owners of a termination agreement.

24.2. Requisites of Termination Agreement. In order to be effective, a Termination Agreement must:

24.2.1. Be evidenced by the execution or ratification thereof in the same manner as a deed, by owners having one hundred percent (100%) of the votes;

24.2.2. Specify that the Termination Agreement will be void unless it is recorded prior to a date certain;

24.2.3. Contain a description of the manner in which the creditors of the Association will be paid or provided for;

24.2.4. Provide with regard to all of the common elements and units of the Condominium that they be held by the owners as tenants in common in accordance with their allocated interest.





24.3. Value of Interest Post Termination.

24.3.1. If any unit or limited common element is destroyed to the extent that an appraisal of the fair market value before destruction cannot be made, the interests of all owners are their respective allocated interests immediately before termination.

24.3.2. The respective interests of owners are the fair market values of their units, appurtenant limited common elements, and allocated interest immediately before the termination as determined by one or more independent appraisers selected by the Association. The decision of an independent appraiser shall be distributed to the owners and becomes final unless disapproved within thirty (30) days from the date of distribution by the owners having twenty-five percent (25%) or more of the votes. The proportion of any owner's interest to that of all owners is determined by dividing the fair market value of that Unit Owner's unit (including appurtenant limited common elements) and allocated interest in the common elements by the total fair market value of the Condominium.

24.3.3. Mortgagee Approval. Eligible mortgagees that represent units to which one hundred percent (100%) of the total voting power is assigned must consent to any decision to terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation of the property.

ARTICLE 25. CONSTRUCTION/INTERPRETATION

25.1. Binding Effect. The Declaration, together with the Survey Map and Plans, sets forth a common plan for the Condominium mutually beneficial to all of the units. The Declaration, together with the Survey Map and Plans, shall be operative as a set of covenants running with the land or equitable servitudes and are binding upon the Condominium and upon each unit. The Declaration is binding upon the owners and occupants of units and upon any person claiming by or through them, without requirement of further specific reference or inclusion in deeds, leases, rental agreements, mortgages or any other documents.

25.2. Captions. Captions are for convenience only. Captions are not intended to modify or affect the meaning of any of the substantive provisions of this Declaration.

25.3. 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 under the provisions of the Act.



25.4. Declarant is Original Owner. Declarant is the original owner of all units, allocated interest, and votes and will continue to be deemed the owner thereof until conveyances or documents changing such ownership regarding specifically-described units and appurtenant interest are filed of record.

25.5. Enforcement. Each owner, occupant of a unit, and any person claiming by or through either of them, shall be bound by and strictly comply with the provisions of the Declaration, the By-Laws, the Rules and Regulations and all decisions adopted by the Association. Failure to comply shall be grounds for a judicial action to recover sums due for damages, for injunctive relief, or both. Such action shall be maintainable by the Association or by any aggrieved owner on his/her own.

25.6. Inflationary Increase in Dollar Limits. The dollar amounts specified in these Articles may, at the discretion of the Association, be increased proportionately to the increase in the Consumer Price Index - All Urban Consumers for West A index prepared by the United States Department of Labor. The adoption date of this Declaration shall be deemed to be the base.

25.7. No Waiver of Strict Performance. The Association and the Board shall not be deemed to waive or relinquish any of their rights due to their failure:

25.7.1. In any one or more instances to insist upon the strict performance of any of the duties owed by any owner or occupant of a unit;

25.7.2. to exercise any right or option permitted;

25.7.3. to serve any notice; or

25.7.4. to institute any action.

The receipt of any assessment from an owner, with knowledge of any such breach, shall not be deemed a waiver of the breach. There shall be no waiver by the Association of any type unless expressed in writing and acknowledged by an authorized representative of the Association. This section also extends during the period of Declarant control.

25.8. References. Any reference in the Declaration to "Article," "section," or "subsection" shall refer to Articles, sections and subsections of this Declaration. Any reference to "Section \_\_\_\_\_ of the Act" shall refer to provisions of the Act.

25.9. Severability. The invalidity of any provisions of the Declaration shall in no way affect the validity of other provisions of the Declaration.



25.10. Terms. Plural and singular terms are used interchangeably. Gender-based pronouns are used interchangeably. Sometimes the plural refers to the singular, and sometimes the singular to the plural.

25.11. Rule Against Perpetuities. The rule against perpetuities may not be applied to defeat any portion of this Declaration.

25.12. Conflicts Among Act, Declaration and By-Laws. In the event of an express conflict between the provisions of this Declaration and the By-Laws, the Declaration shall be controlling. In the event of an express conflict between this Declaration and the Act, the Act shall be controlling.

#### ARTICLE 26. CONVEYANCES/NOTICE.

The right of an owner to dispose of his/her unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association. An owner intending to dispose of a unit shall deliver a written notice to the Association, at least two (2) weeks before closing, specifying:

1. the unit being sold;
2. the name and address of the purchaser;
3. the name and address of the closing agent;
4. the name and address of the title insurance company insuring the purchaser's interest; and
5. the estimated closing date.

The Association shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments, whether or not such information is requested. A violation of this section shall not invalidate the disposition of a unit which is otherwise valid.

#### ARTICLE 27. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

#### ARTICLE 28. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans were filed with the Auditor of Skagit County, Washington, simultaneously with the recording of this



Declaration, under file number as specified on page 1 of this Declaration.

**ARTICLE 29. ASSIGNMENT BY DECLARANT.**

Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned or leased by it, and reserves the right to assign all or any of its rights, duties and obligations created under this Declaration.

**ARTICLE 30. DECLARATION/CERTIFICATION OF SUBSTANTIAL COMPLETION.**

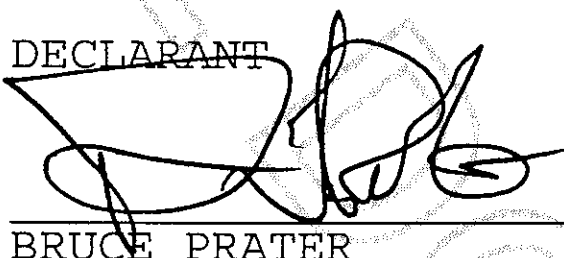
Declarant hereby certifies that all structural components and mechanical systems of the building are substantially completed.

**ARTICLE 31. SIGNATURES AND ACKNOWLEDGMENT.**

We hereby execute this Declaration as of the date set forth below.

DATED: 2-11-2000

DECLARANT

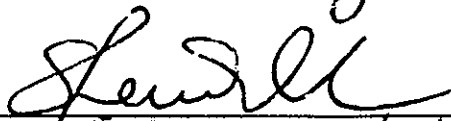
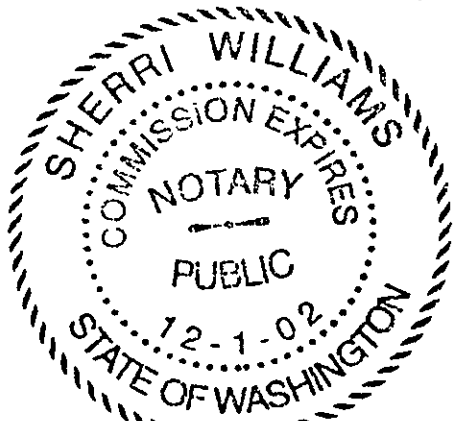


BRUCE PRATER

STATE OF WASHINGTON )  
COUNTY OF Spokane ) ss.

I certify that I know or have satisfactory evidence that BRUCE PRATER is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 11 day of February, 2000.



SHERRI WILLIAMS

[Legibly print name of notary]  
Notary Public in and for the State of  
Washington, residing at Spokane  
My commission expires 12-1-02



**SCHEDULE A**  
**to**  
**SEABREEZE TOWNHOMES II CONDOMINIUM DECLARATION**

**Property Description**

The street address of the Seabreeze Townhomes II Condominium is as follows:

1503 Burrows Court  
Units A and B  
Anacortes, Washington

The land on which the entire condominium is located is described as follows:

Lot 07 Skyline No. 16, as per plat recorded in Volume 10 of Plats, pages 23, 24 and 25, records of Skagit County, Washington.

Tax Parcel #4193-000-007-0002



200002110093

**SCHEDULE B**  
**to**  
**SEABREEZE TOWNHOMES II CONDOMINIUM DECLARATION**

**Description of the Building and Improvements**

The building is a townhouse with a common wall separating the two units.

The common areas of the building include only the common wall, the roof and the exterior siding of the building.



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Kathy Hill, Skagit County Auditor

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**SCHEDULE C**  
**to**  
**SEABREEZE TOWNHOMES II CONDOMINIUM DECLARATION**

**Description of the Units**

Each unit includes the physical structure as well as the parking area and yard area adjacent to the unit. There are no common exterior yard or parking areas.

Each unit is approximately 1894 square feet.

Each unit has 3 bathrooms.

Each unit has 3 bedrooms.

Each unit has one built-in fireplace.

Each unit consists of a first and second floor.

Each unit is heated by a forced air gas furnace.



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Kathy Hill, Skagit County Auditor  
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## SCHEDULE D

### ARTICLES OF INCORPORATION OF SEABREEZE TOWNHOMES II OWNERS' ASSOCIATION

THE UNDERSIGNED, acting as incorporator of a corporation under the provisions of the Washington Non-Profit Corporation Act (Revised Code of Washington 24.03), hereby adopts the following Articles of Incorporation for such a corporation:

#### ARTICLE I - NAME

The name of the corporation shall be SEABREEZE TOWNHOMES II OWNERS' ASSOCIATION.

#### ARTICLE II - DURATION

The period of duration of the corporation shall be perpetual.

#### ARTICLE III - PURPOSES AND POWERS

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lot and common areas within SEABREEZE TOWNHOMES II situated in the City of Anacortes, Skagit County, Washington, the legal description of which is attached hereto as **Exhibit A** and incorporated herein by this reference.

The powers of the Association shall include the following:

a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration" applicable to the subject property and recorded in the Office of the Skagit County Auditor under Auditor's File No. \_\_\_\_\_, as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth in full;

b) To pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes, and governmental charges levied or imposed against property of the Association.

c) To fix, levy, collect and enforce payment by any lawful means of all charges and assessments pursuant to the terms of the Declaration;



d) To acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

e) To promote the recreation, health, safety and welfare of the owners and residents of SEABREEZE TOWNHOMES II and adopt such rules and regulations as may be necessary to accomplish the same;

f) To have and to exercise any and all powers, rights and privileges which a corporation organized under Chapter 24.03 of the Revised Code may now or hereinafter have or exercise.

#### ARTICLE IV - MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any unit within the Plat of SEABREEZE TOWNHOMES II or a contract purchaser in possession of a unit, but excluding contract sellers or other parties having an interest in a unit merely as security for the performance of an obligation, shall be members of the Association. Membership shall be appurtenant to and may not be separated from ownership of any unit.

#### ARTICLE V - VOTING RIGHTS

Each unit shall have one vote in all matters of Association membership.

#### ARTICLE VI - BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

##### Names

BRUCE PRATER

##### Addresses

~~1616 Skyline Way~~ 5903 A SANDS WAY  
P.O. Box 728  
Anacortes, WA 98221

#### ARTICLE VII - DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than one hundred percent (100%) of all members of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be



granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

#### ARTICLE VIII - REGISTERED OFFICE AND AGENT


The address of the initial registered office of the corporation shall be 1616 Skyline Way, Anacortes, Washington 98221. The name of the initial registered agent of the corporation at such address shall be BRUCE PRATER.

#### ARTICLE IX - INCORPORATORS

The names and addresses of the incorporators of the corporation are as follows:

<u>Names</u>	<u>Addresses</u>
BRUCE PRATER	1616 Skyline Way PO Box 728 Anacortes, WA 98221

The undersigned, being each of the incorporators hereinbefore named, for the purposes of forming a corporation pursuant to the Non-Profit Corporation Act of the State of Washington, do make these Articles of Incorporation and hereby declare and verify that the facts herein stated are true and accordingly have hereunto set our hands and seals this 11 day of FEBRUARY, 2000.

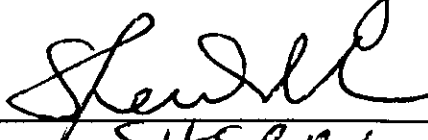
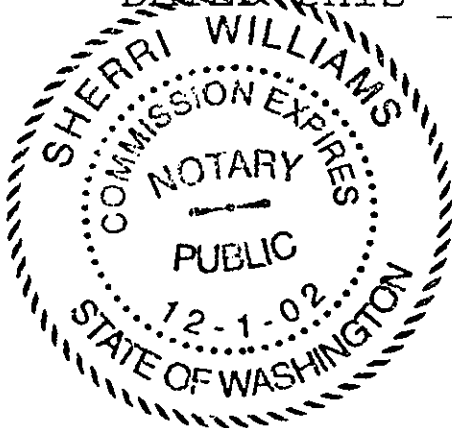


BRUCE PRATER, Incorporator

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SNOHOMISH )

I certify that I know or have satisfactory evidence that BRUCE PRATER is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 11 day of February, 2000.



SHERRI WILLIAMS

[Legibly print name of notary]  
Notary Public in and for the State of  
Washington, residing at Snoh Cty  
My commission expires 12-1-02



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## EXHIBIT A

### Property Description

The street address of the Seabreeze Townhomes II Condominium is as follows:

1503 Burrows Court  
Units A and B  
Anacortes, Washington

The land on which the entire condominium is located is described as follows:

Lot 07, Skyline No. 16, as per plat recorded in Volume 10 of Plats, pages 23, 24 and 25, records of Skagit County, Washington.

Tax Parcel #4193-000-007-0002



200002110093

Kathy Hill, Skagit County Auditor

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