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Skagit County Auditor

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CONDOMINIUM DECLARATION CONTAINING  
COVENANTS, CONDITIONS, RESTRICTIONS AND  
RESERVATIONS  
FOR  
MURDOCK VILLAGE CONDOMINIUM

TITLE OF DOCUMENT:

GRANTOR:

GRANTEE:

ABBREV. LEGAL DESCRIPTION:

TAX PARCEL NO.:

Reference Plat#: 200307150173

CONDOMINIUM DECLARATION FOR  
MURDOCK VILLAGE CONDOMINIUM

GARY & AINA McCORMICK

THE GENERAL PUBLIC

PTN. NW QTR SEC 24, T35, R43 W.M.

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## ARTICLE I

### SUBMISSION OF PROPERTY; PURPOSE

#### 1.1. Submission of Property.

GARY & AINA McCORMICK, hereinafter collectively referred to as the "Declarant," being the owner in fee simple of the land described in the attached Exhibit "A", hereby submits said land, together with all improvements, easements, rights and appurtenances thereunto belonging, collectively referred to hereinafter as "the Property", to the provisions of the Washington Condominium Act ("the Condominium Act", i.e., Chapter 64.34 of the Revised Code of Washington), and creates from such Property a Condominium which shall be known as "Murdock Village Condominium."

#### 1.2. Reference to Survey Map.

Contemporaneously with the recordation of this Declaration, the Declarant has recorded with the Auditor of Skagit County, Washington a certain survey map and Condominium plans, showing the location and dimensions of the land described in Exhibit "A" and the location and dimensions of the improvements thereupon constructed or contemplated to be constructed, together with other information required by the Condominium Act; this survey map and Condominium plans are hereinafter together referred to as the "Survey Map" or the "Survey Map and Plans"; the Survey Map is recorded at Auditor's File No. 20030715017.3

#### 1.3. Purpose.

This Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the Condominium development of the Property mutually beneficial to all of the described Units. The covenants, conditions, restrictions, reservations and plan, including without limitation the statutory lien for Assessments described at Section 10.15 hereof, which may be foreclosed by the Association nonjudicially under the Power of Sale granted herein, are binding upon the entire Property and upon each such Unit as a parcel of realty, and upon its Owners and their heirs, personal representatives, family members, guests, invitees, tenants, licensees, successors and assigns, through all successive transfers of any part of the Property, irrespective of whether specifically referred to in deeds, contracts or security instruments, and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments, or of any forfeitures, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

## ARTICLE II

### DEFINITIONS

2.1. "Allocated interest" means the undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to each Unit by the provisions of Sections 5.3, 7.4.2 and 10.6 of this Declaration, pursuant to RCW 64.34.224.

2.2. "Assessment" means 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 attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

2.3. "Association" or "Unit Owners' Association" means the Unit Owners' Association organized under RCW 64.34.300.

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

2.5. "City" means the City of Sedro-Woolley, a Washington Municipal Corporation.

2.6. "Common Elements" means all portions of a Condominium other than the Units.

2.7. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Such expenditures are described with particularity in Schedule 8.3.2 of Exhibit C to this Declaration.

2.8. "Common Expense liability" means the liability for Common Expenses allocated to each Unit pursuant to RCW 64.34.224, and Section 10.6 of this Declaration.

2.9. "Condominium Instruments" means the Declaration, the Survey Map and Plans, the Bylaws of the Association and any Rules and Regulations adopted by the Board of Directors, and any amendments to any such documents.

2.10. "Conversion condominium" generally means a condominium which, prior to its creation, was lawfully occupied wholly or partially by one or more residential tenants or subtenants. This term is specifically defined at RCW 64.34.020(10). This Condominium does not constitute a conversion condominium.

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

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

2.13. "Declarant control" means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Association pursuant to Sections 8.1 and 16.5, 16.6 of this Declaration and RCW 64.34.308(4) or (5).

2.14. "Declaration" means the document that creates a Condominium by setting forth the information required by RCW 64.34.216, and any amendments to that document.

2.15. "Development Rights" means any right or combination of rights reserved by the Declarant in the Declaration to: (a) Add real property or improvements to the Condominium; (b) create Units, Common Elements, or Limited Common Elements within real property included or added to the Condominium; (c)



subdivide Units or convert Units into Common Elements; (d) withdraw real property from the Condominium; or (e) reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant. Development rights are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. In this Condominium, Development rights are described in Section 3.3 hereof.

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

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

2.18. "Eligible Mortgagee" means the holder of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees. The term "Eligible Mortgagee" also includes the "servicer" of a mortgage which has been acquired or securitized by secondary mortgage market entities such as the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the like.

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

2.20. "Identifying number" means a symbol or address that represents the designation of each Unit or, in some cases, a Common Element component, in the Condominium. A list of identifying numbers for all the Units in the Condominium in existence as of the effective date of this original Declaration, along with other information required by the Condominium Act, is attached as Exhibit B to this Declaration, where such identifying numbers are listed in a column below the words "Unit No."

2.21. "Limited Common Element" means a portion of the Common Elements allocated by Article VI of the Declaration or by operation of RCW 64.34.204(2) or (4) for the exclusive use of one or more but fewer than all of the Units. This Condominium contains no Limited Common Elements. Limited Common Elements may, however, come into being through the subdivision of a Unit or through an exercise of Development Rights.

2.22. "Limited Common Assessment" means a portion of the Common Expenses of the Association which may be specially assessed against one or more but fewer than all of the Units pursuant to Section 10.8 of this Declaration.

2.23. "Master Association" means an organization described in RCW 64.34.276.

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

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

2.26. "Purchaser" means any person, other than the Declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a 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.

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

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

2.29. "Special Declarant Rights" means rights reserved for the benefit of the Declarant to: (a) Complete improvements indicated on survey maps and plans filed with the Declaration under RCW 64.34.232; (b) exercise any Development Right under RCW 64.34.236; (c) maintain sales offices, management offices, signs advertising the Condominium, and models under RCW 64.34.256; (d) use easements through the Common Elements for the purpose of making improvements within the Condominium or within real property which may be added to the Condominium under RCW 64.34.260; (e) make the Condominium part of a larger Condominium or a development under RCW 64.34.280; (f) make the Condominium subject to a master Association under RCW 64.34.276; or (g) appoint or remove any officer of the Association or any master Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during any period of Declarant control under RCW 64.34.308(4). In this Condominium, Special Declarant Rights are described in Section 16.5, 16.6 hereof.

2.30. "Timeshare" shall have the same meaning specified in the timeshare act, RCW 64.36.010(11).

2.31. "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to RCW 64.34.216(1)(d). "Separate ownership" includes leasing a Unit in a leasehold Condominium under a lease that expires contemporaneously with any lease, the expiration or termination of which will remove the Unit from the Condominium.

2.32. "Unit Owner" means the Declarant or any other person who owns a Unit or leases a Unit in a leasehold Condominium under a lease that expires simultaneously with any lease, the expiration or termination of which will remove the Unit from the Condominium, but does not include a person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee and not the vendor of a Unit under a real estate contract.

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

### ARTICLE III

#### DESCRIPTION OF LAND, IMPROVEMENTS & DEVELOPMENT RIGHTS

##### 3.1. Land and Street Address.

The land containing the Units and improvements of this Condominium is situated at 110 - 132 N. Murdock Street and 204 - 267 Murdock Court, Sedro-Woolley, Skagit County, Washington, and is more particularly described in Exhibit "A" which is attached hereto and incorporated herein.



### 3.2. Improvements.

The Condominium contains a private road, drainage improvements, sidewalk, curbs, gutters, parking areas and related improvements in areas generally depicted on the Survey Map and Plans.

### 3.3. Development Rights.

#### 3.3.1. Description.

Pursuant to RCW 64.34.216(1)(j), the Declarant has reserved Development rights which are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. These include the rights to: create Limited Common Element parking spaces within what are now portions of the General Common Elements as described more particularly in Section 6.1 of this Declaration and to reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant.

#### 3.3.2. Procedure for Exercise.

To exercise any Development Right reserved under Section 3.3.1 of this Declaration, the Declarant shall prepare, execute, and record an amendment to the Declaration. The amendment shall describe any Limited Common Elements thereby created and shall designate the Unit to which each is allocated to the extent required by RCW 64.34.228.

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

The Declarant may exercise the Development Rights described in Section 3.3.1 of this Declaration within three years from the date of the conveyance by the Declarant of the first Unit in the Condominium to a person other than the Declarant or until all the Units are sold to third parties, which will earlier terminate such rights. Declarant may commence construction of any improvements relating to such Development Rights at any time prior thereto, under the Easement Rights and Special Declarant Rights reserved in Sections 16.3 and 16.5 of this Declaration.

## ARTICLE IV

### UNITS

#### 4.1. Number and Location.

The Condominium contains thirteen (13) Units which are depicted on the Survey Map and Plans. The location of existing Units and the dimensions of those Units are shown on the Survey Map and Plans. Exhibit B hereto contains a list of all Units, their identifying numbers, size, the Allocated Interests appurtenant to each Unit, and other information required by the Condominium Act.

#### 4.2. Unit Boundaries.

The boundaries of each Unit are as follows:



4.2.1. Upper and Lower (horizontal) Boundaries.

The Units in this Condominium consist of horizontal planes in space. The lower boundary lies approximately 10 feet below grade. The upper boundary lies approximately 40 feet above grade, at an absolute elevation 50 feet higher than the lower boundary. Precise elevations are described on page 2 of the Survey Map and Plans, with reference to an elevation benchmark described therein.

4.2.2. Vertical (perimetric) Boundaries.

The vertical boundaries of the Unit shall consist of planes extending vertically from the location of those boundaries for the Unit depicted on the Survey Map and Plans, to the intersections of those planes with the upper and lower boundaries of the Unit.

4.2.3. Boundaries Independent of Improvements

Neither the exterior nor interior walls of any building or appurtenant structure constructed by an Owner shall constitute a boundary of the Unit. All such structures shall be maintained within the boundaries of the Unit.

4.3. Additional Items Included in Units.

Each Unit contains earth and airspace as described above. In addition, the Unit shall include, as an appurtenance to such property, the duplex residential dwelling structure and related improvements for parking, along with any driveway improvements, interior fixtures, appliances, mechanical, electrical and other systems and equipment, and any heating and/or air-conditioning units installed for the sole and exclusive use of the dwelling spaces within the Unit.

4.4. Maintenance of Units.

4.4.1. Maintenance of Improvements.

Each Unit Owner shall, at his or her sole expense, have the right and the duty to keep the exterior and interior portions of the dwelling structures and any lawfully constructed accessory structures within the Unit, along with their respective fixtures, equipment, and appurtenances in good order, condition and repair and shall do all maintenance, repair and replacements at any time necessary to maintain the good appearance and condition of such Unit. In the event that the Owner shall fail to perform any necessary maintenance or repairs, the Association shall have the authority, but not the obligation, to enter the Unit, cause needed work to be performed, and recover the costs so incurred through a Limited Common Assessment pursuant to Section 10.8 hereof.

4.4.2. Maintenance of Unimproved Areas.

Each Unit Owner shall in addition perform all landscaping and grounds maintenance at any time necessary to maintain the good appearance and condition of such Unit.

4.5. Alterations of Units.



Subject to the provisions of this Declaration and other provisions of law, a Unit Owner may make any improvements or alterations to the Owner's Unit that do not change the external appearance of the dwelling structure in a manner inconsistent with the provisions of Section 9.2 hereof.

**4.6. Combining Units and Relocation of Unit Boundaries.**

4.6.1. Subject to the provisions of any applicable building, zoning or other applicable regulations of the City of Sedro-Woolley, and with the consent of any Eligible Mortgagees holding mortgages in the affected Units pursuant to Section 15.3 hereof, the boundaries between adjoining Units may be relocated, or Units may be combined, but only by an amendment to the Condominium Instruments as provided in Article XVII hereof, following application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Where two or more entire Units are combined, the Allocated Interests allocated to the resulting Unit shall equal the sum of the Allocated Interests formerly allocated to each of the Units which were combined. Unless the Board of Directors determines within thirty days that the reallocations are unreasonable, the Association shall prepare an amendment to the Declaration that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee in the Office of the County Auditor.

4.6.2. The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers.

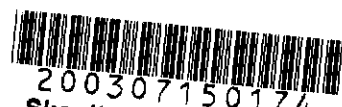
4.6.3. The reasonable costs incurred in preparing and recording amendments to the Condominium Instruments shall be paid by the Owners of the adjoining Units to the Association prior to recordation of such amendments.

**4.7. Subdivision of Units.**

4.7.1. Subject to the provisions of any applicable building, zoning or other applicable regulations, and with the consent of any Eligible Mortgagee holding a mortgage in the affected Unit pursuant to Section 15.3 hereof, a Unit may be subdivided into two or more Units. Upon application of a Unit Owner to lawfully subdivide a Unit, the Association shall, after determining the lawfulness of the application, prepare, execute, and record amendments to the Condominium Instruments subdividing that Unit. The amendment to the Declaration must be executed by the Owner of the Unit to be subdivided, assign an identifying number to each Unit created, and reallocate the Allocated Interests formerly allocated to the subdivided Unit to the new Units in any reasonable and equitable manner prescribed by the Owner of the subdivided Unit.

4.7.2. The subdividing Owner(s) may cause the boundaries of the resulting Units to be redefined in the manner described in RCW 64.34.204, and may unilaterally agree that their subdivided Unit will be governed by a non-profit sub-association established under RCW 64.34.278.

4.7.3. The reasonable costs incurred in preparing and recording amendments to the Condominium Instruments necessary to effect a subdivision of a Unit shall be paid by the Unit Owner to the Association prior to recordation. The Association shall obtain and record Survey Maps or Plans complying



with the requirements of RCW 64.34.232(4) necessary to show the boundaries of new Units and their dimensions and identifying numbers.

## ARTICLE V

### COMMON ELEMENTS

#### 5.1. Common Elements.

Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Elements of the Condominium, which may also be referred to as "General Common Elements," consist of the following:

5.1.1. The land described in Exhibit "A", except the portions thereof contained within the Units.

5.1.2. The private roadway known as Murdock Court and related improvements.

5.1.3. The Open Space areas depicted on the Survey Map as "G.C.E. No. 2".

5.1.4. Parking Spaces Numbered 11, 12, 23, 24, 25, 28, 37, 38 & 39 depicted on Page 4 of the Survey Map are subject to Development Rights set forth in Section 3.3.1 of this Declaration, and may be allocated to Units as Limited Common Elements at or after the time of sale of such Units.

5.1.5. All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use, including common drainage and sewer facilities.

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

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

#### 5.3. Allocated Interests.

Pursuant to RCW 64.34.224(1), the Declarant has allocated to each Unit in the Condominium an equal undivided interest in the Common Elements of the Condominium, which is known as the Unit's Allocated Interest in the Common Elements. Each Unit's Allocated Interest in the Common Elements is expressed as a percentage and is stated with particularity on the attached Exhibit B.

#### 5.4. Maintenance, Repair and Replacement - Upkeep.

##### 5.4.1. General Authority.

The Association, through its Board of Directors, is responsible for all required Upkeep of the Common Elements other than as provided in Section 5.4.3 below. The City of Sedro-Woolley required the creation of all the Common Elements as a condition of its approval of this Condominium and has also required that the Association maintain such Common Elements in perpetuity. The City of Sedro-Woolley



is not responsible for maintenance of any of the Common Elements, but has rights to do so under Section 5.6 hereof.

#### 5.4.2. Upkeep of Stormwater Drainage System.

All necessary Upkeep of the Infiltration Tract, catch basin, storm drain lines and other components of the Stormwater Drainage system shall be conducted in accordance with the provisions of the Maintenance Manual that has been prepared by Declarant's engineer, as the same may be updated from time. The dumping of solvents, oil, concrete or concrete residue, or water that is heavily laden with sediments, is expressly prohibited.

#### 5.4.3. Upkeep by Certain Owners of Portions of Common Area No. 2.

The Owners of Units 7, 8 and 13 shall mow and otherwise maintain those portions of General Common Element Area No. 2 lying southerly of and immediately adjacent to their respective Units.

#### 5.5. Right of Access.

Each Unit Owner shall afford to the Association and the City of Sedro-Woolley, and to their respective agents or employees, access through the Owner's Unit and any Limited Common Elements appurtenant thereto as may be reasonably necessary for the purposes of providing or performing Upkeep to the Common Elements. If damage is inflicted on the Common Elements, or on any Unit through which access is taken, the Association shall be liable for the repair thereof, as provided in Section 8.4 hereof.

#### 5.6. Rights of the City of Sedro-Woolley.

##### 5.6.1. General Rights and Benefits.

These Covenants contain provisions which require the owners of Units within the Condominium Plat to provide ongoing compliance with the conditions of approval of the Plat. The obligations of the Unit Owners to the City are for the benefit of the City, and shall not operate to create an obligation of the City to the Owners or to any third party. The rights of the City of Sedro-Woolley contained in this Section 5.6 are cumulative, and in addition to all other rights and privileges held by the City, and are not in lieu thereof. The obligations of the Owners to the City shall not be amended or altered without the express written consent of the City.

##### 5.6.2. Specific Rights.

The City of Sedro-Woolley shall have the right, for the benefit of the City and of the public health, safety and welfare, to perform or provide Upkeep to any or all of the Common Elements of the Community in the event that the Association or the Owners, or any of them, should fail to perform or provide such Upkeep in a competent and/or timely manner. In the event that the City of Sedro-Woolley shall incur any costs or expend any funds, directly or indirectly [including without limitation the cost of the City's own equipment and employees in performing or providing any such Upkeep], the Association and the individual Owners shall be jointly and severally liable to the City for all costs and expenses so expended or incurred.

##### 5.6.3. City's Lien to Secure Obligations of Association and/or Owners.



The City of Sedro-Woolley has a lien against all the Units and other Property within the Condominium, to secure payment of any costs incurred or expended by the City in performing any Upkeep for which the Association and/or the Owners are responsible. Recording of this Declaration of Covenants constitutes record notice and perfection of the City's lien. The City's lien is superior to the Association's lien for assessments, pursuant to Section 10.18 hereof. The City's lien may be foreclosed in the manner required for the foreclosure of real estate mortgages.

5.7. Parking Spaces.

The Condominium contains fifty-two (52) uncovered parking spaces, which are depicted on Page 4 of the Survey Map, along with garages attached to the dwelling structures within the Units. Parking spaces may be assigned for the exclusive use of individual Unit Owners as provided in Section 5.1.4 of this Declaration. Any unassigned parking spaces shall be considered to be visitors parking spaces or handicapped spaces, as the case may be. Use of all parking spaces shall be governed by the provisions of Section 9.1.3 hereof.

5.8. Annual Report to City of Sedro-Woolley Required.

Following the sale of the Units in the Condominium by the Declarant, the Association shall file an annual report by January 15 of each year with the City of Sedro-Woolley Planning Department specifying all maintenance activities undertaken by the Association with respect to the Common Elements in the previous year, all maintenance activities planned for the following year, and the budget therefor. The report shall include the names, addresses, and telephone numbers of the officers of the Association.

ARTICLE VI

OPEN SPACE AREAS

6.1. Community Play Area.

The Community Play Area depicted on the Survey Map as "General Common Element No. 2" exists for the exclusive use and enjoyment of the Owners and other lawful occupants of the Condominium and their guests and invitees.

6.2. Open Space Areas - Restrictions.

Since the Community Play Area also contains an underground drainage facility, no uses of the Community Play Area may be made which interfere with the proper functioning of the drainage facility. Further, no permanent structure of any sort may be erected on the Community Park tract. Otherwise, any lawful recreational activities which do not unduly disturb the occupants of adjacent Units shall be permitted, subject to Rules and Regulations adopted by the Association.

6.3. Perpetual Existence - Rights of City of Sedro Woolley.



The restrictions contained in this Article VI shall exist in perpetuity. No changes in the uses described herein for any Open Space portions of the Common Elements may occur without the advance written approval of the City of Sedro Woolley, following a public hearing before the Planning Commission.

## ARTICLE VII

### UNIT OWNERS ASSOCIATION

#### 7.1. Name and Form of Association.

The name of the Association shall be the "Unit Owners Association of Murdock Village Condominium." The Association has been or will be incorporated by the Declarant prior to the first conveyance of a Unit in the Condominium as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of the Condominium Act and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Condominium Act, the Condominium Act shall control.

#### 7.2. Powers of Association.

The Association shall, through its Board of Directors, have all powers available to condominium associations under the Condominium Act, including the power to assign its right to future income (including the right to receive common expense assessments), provided that such assignment is approved by a majority of the voting power of the membership of the Association. Such powers are set forth with particularity in the Bylaws of the Association.

#### 7.3. Membership.

Membership rights are specified in the Bylaws of the Association

#### 7.4. Voting.

##### 7.4.1. Voting Rights.

The manner of voting shall be as prescribed in the Bylaws.

##### 7.4.2. Allocated Interests.

Pursuant to RCW 64.34.224(1), the Declarant has allocated to each Unit in the Condominium an equal vote in the Association which is known as the Unit's Allocated Interest for voting, or "vote. Each Unit's Allocated Interest for voting is expressed as a percentage of the total voting power and is stated with particularity on the attached Exhibit B.

#### 7.5. Bylaws of Association.





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

7.6. Perpetual Existence - Rights of City of Sedro Woolley.

The Association shall have perpetual existence. The Association may not be dissolved or abandoned, nor may the Association's obligations under this Declaration be altered or abandoned absent the advance written approval of the City of Sedro Woolley, following a public hearing before the Planning Commission.

ARTICLE VIII

MANAGEMENT OF CONDOMINIUM ASSOCIATION

8.1. Management by Declarant.

The Declarant, pursuant to RCW 64.34.308, has reserved the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Association, and (b) veto or approve a proposed action of the Board or the Association, for a period of time known as the "Declarant Control Period". Limitations on the Declarant Control Period are specified in Section 5.1 of the Bylaws. At the termination of the Declarant Control Period, the Declarant shall provide the Association with all documents and things required under RCW 64.34.312.

8.2. Professional Management.

Standards for professional management of the Association are specified in Section 8.2 of the Bylaws.

8.3. Authority of the Board.

8.3.1. General Authority.

The Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of the Condominium Instruments and shall have all powers and authority granted to the Board or the Association under the Condominium Act and this Declaration which are not expressly subject to the approval of Unit Owners.

8.3.2. Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to, the items described in Schedule 8.3.2 appearing in Exhibit C to this Declaration.

8.3.3. Liens or Encumbrances.

The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board,

constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall constitute Special Assessments against the Units responsible, to the extent of their responsibility.

#### 8.3.4. Acquisition of Property.

The Board may acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise. Such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct.

#### 8.4. Right of Entry.

The Board and its agents or employees 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. Except in the case of an emergency, reasonable advance notice shall be given to the Unit Owner and, if applicable, to any lawful tenant or subtenant in the Unit. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner of the Unit entered, in which case the cost shall be specially assessed to the Unit entered) or for the purpose of maintenance, or repairs, to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially assessed to such Unit. See also Schedule 8.3.2(g) of Exhibit C to this Declaration.

#### 8.5. Board as Attorney in Fact.

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

#### 8.6. Limitations on Power of Board.

The Board of Directors shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to RCW 64.34.264, to terminate the Condominium, or to elect members of the Board of Directors or determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

### ARTICLE IX

#### PERMITTED USES; ARCHITECTURAL UNIFORMITY



9.1. Permitted Uses.

9.1.1. Residential Use.

The Units shall be used for lawful multifamily residential purposes, and for common social, recreational or other reasonable uses normally incident to such purposes.

9.1.2. Commercial Use.

The Board may also permit the use of portions of a Unit for a professional office or other low impact commercial use which will not create annoyance or disturbance of other Occupants, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority.

9.1.3. Vehicle Parking.

Portions of a Unit designed for parking of vehicles, and that are visible to the public and/or from other Units are restricted to use for parking of operable, properly registered automobiles, light trucks and family vans; other items and equipment may be parked or kept therein only if expressly permitted by Rules and Regulations and only in such areas, if any, as may be designated for such purpose by the Board of Directors. Garage areas are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles, and for storage of such other items that pose no unreasonable health, safety or fire risks to persons or property. Vehicle repairs other than ordinary light maintenance are not permitted on the Property. The Board may require removal of any inoperative or unregistered vehicle not maintained within a garage, and any other equipment or item improperly stored within Units. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by Rules and Regulations adopted by the Association. Parking is not permitted on Murdock Court.

9.1.4. Interference with Common Elements.

No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for storage by the Condominium Instruments) without the approval of the Board. Nothing shall be damaged, altered, constructed in or removed from the Common Elements except with the prior written consent of the Board of Directors.

9.1.5. Effect on Insurance.

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

9.1.6. Signs.

Initially, no sign of any kind shall be displayed to the public view on or from any Unit or Common Elements without the prior consent of the Board; provided that this section shall not apply to



Declarant or Declarant's agents, nor shall it be deemed to prohibit the Owner of a Unit from displaying a sign for a period of time in which the Owner's Unit is for sale or rent. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the community while giving due regard to members' democratic rights of free speech, religion and expression.

9.1.7. Animals.

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved animals which do not normally leave the Unit is permitted, subject to Rules and Regulations adopted by the Board of Directors. The owner of any animal maintained on the Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for such animal to remain anywhere on the Common Elements. Any Unit Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium. All animals shall be registered and inoculated as required by law. The Board of Directors may establish reasonable fees not to exceed the additional costs incurred by the Unit Owners Association resulting from the presence of such animals. The Board may at any time require the removal of any animal which it finds is or has become an unreasonable source of annoyance, and may exercise this authority for specific animals even though other animals are permitted to remain.

9.1.8. Offensive or Illegal Activity.

No noxious, offensive, smelly, excessively noisy or illegal activity shall be carried on in any Unit or the Common Elements, nor shall anything be done therein which is or may become a nuisance or an unreasonable source of annoyance to other Owners or other lawful occupants of the Property.

9.1.9. Television and Radio Antennas, Dishes.

Satellite TV antennas/dishes 1 meter or less (approximately 36") in diameter may be installed within a Unit. Larger satellite dishes and other types of reception or transmission antennas may be installed within a Unit only if reasonably screened from view from other Units. Ham radio and "citizens band" antennas may be used for transmission purposes only so long as they do not cause interference with electronic equipment of neighboring property owners.

9.1.10. Landscaping Restrictions.

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



cable or other similar transmission line shall be installed or maintained within any Unit above the surface of the ground.

9.1.11. Lease Restrictions.

Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of the Condominium Instruments, and that any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. All leases shall be in writing. A lease, as defined herein, shall include month-to-month rentals. Other than the foregoing, there is no restriction on the right of any Unit Owner to lease dwelling spaces within his or her Unit. Any tenant or subtenant of any portion of a Unit shall be deemed to have assumed all the responsibilities of an Owner under this Section of the Declaration.

9.1.12. Assignment or Subletting.

The assignment or subleasing of a Unit shall be subject to the same limitations as are applicable to the leasing or renting thereof. An Owner or tenant may not exempt himself or herself from any liability under the Condominium Instruments by assigning or subleasing the occupancy rights to his or her Unit.

9.1.13. Timesharing.

Timesharing is not permitted in this Condominium, and no Unit in the Condominium may be conveyed or held pursuant to any timeshare plan.

9.2. Architectural Control.

In order to preserve a uniform exterior appearance to the buildings within the Units, and other items contained within Units which are visible to the public, the Board may provide for the painting and other decorative finish of the buildings, and may prohibit or regulate any modification or decoration of the improvements within Units undertaken or proposed by any Owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of structures within each Unit and any Limited Common Elements appurtenant thereto. The Board may also require use of a uniform color of draperies, blinds, under-draperies or drapery lining for all Units.

ARTICLE X

COMMON EXPENSES AND ASSESSMENTS

10.1. Budget for Common Expenses.

Within thirty (30) days following the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Board of Directors or the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in Section 2.7 of this Declaration, to be paid during such year. The Budget shall make provision for creating, funding and maintaining reserves required by Section 10.3 hereof, and shall take into account any expected income and any surplus available from the prior year's operating fund. The Declarant or the initial Board may at any



suitable time establish the first such estimate. If deemed necessary by the Board of Directors, any annual budget may be revised prior to the end of its budget year, subject to the provisions of Section 10.2 hereof.

**10.2. Meeting of Association to Approve Budget.**

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

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

The Board of Directors shall establish and maintain reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association pursuant to Article XI hereof, by providing for such reserves in the Annual Budget, segregating such reserves on the books of the Condominium, and allocating and paying monthly to such reserves one-twelfth of the total amount budgeted for such reserves for the current fiscal year. The Board may also establish and maintain reserve funds for operations and for such other purposes as may appear advisable. The portion of the Units' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Unit Owners. Such reserves may be expended only for the purposes for which they were established unless the Unit Owners, at a duly-constituted meeting of the Association, otherwise decide.

**10.4. Assessments for Common Expenses.**

**10.4.1. Liability of Units.**

The total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Units in proportion to their respective Allocated Interests for Common Expense liability described in Section 10.6 hereof, except as may be provided in Section 10.8 below.

**10.4.2. Payable in Installments.**

Unless otherwise determined by the Board of Directors, with the written approval of all Eligible Mortgagees, the annual Assessment against each Unit for its proportionate share of the Common Expenses shall be payable in 12 equal, monthly installments, and each installment shall be payable in advance on the first day of the month.

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

Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests for Common Expense Liability at the time the judgment was entered.



10.6. Allocated Interests.

Pursuant to RCW 64.34.224(1), the Declarant has allocated to each Unit in the Condominium an equal liability for payment of the Common Expenses of the Association which is known as the Unit's Allocated Interest for Common Expense Liability. A Unit's liability for Common Expense Assessments under such Allocated Interests may be subject to adjustment under the provisions of Section 10.4.1 hereof.

10.7. Special Assessments.

The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board of Directors shall give notice to the Unit Owners of any such Special Assessment by a statement in writing giving the amount and reasons therefor, along with a date for a Special Meeting of the Association to be held not less than 14 days following such notice, for approval of the Special Assessment. Subject to the provisions of Section 10.2 hereof, such Special Assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly Assessment payment which is due more than thirty days after the delivery or mailing of such notice. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability.

10.8. Limited Common Assessments.

10.8.1 To the extent that any Common Expense is caused by the negligence or misconduct of any Unit Owner, the Association may, subject to the provisions of Section 7.10 of the Bylaws, levy a Limited Common Assessment for that expense against the Owner's Unit. In addition and without limitation, the liability of a Unit Owner to pay for any costs, fees, charges, insurance deductibles or fines imposed or incurred by the Association relating specially to the Unit, along with the costs and attorney's fees described in RCW 64.34.364(14), and interest on any delinquent account shall be deemed a Limited Common Assessment which, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

10.8.2 The costs of any necessary maintenance and repair to any Unit performed by the Association under Section 4.4 of the Declaration, shall constitute a Limited Common Assessment against such Unit.

10.8.3 Costs for insurance shall be assessed in proportion to risk.

10.8.4 Any other Common Expense or portion thereof benefitting fewer than all of the Units may be assessed exclusively against the Units benefitted.

10.9. Accounts; Commingling Prohibited.

Amounts collected by the Board of Directors as Assessments against the Units for operating expenses or Reserves shall be kept in accounts in the name of the Association and shall not be commingled with funds of any other Association, nor with the funds of any Managing Agent or any other person responsible for the custody of such funds. Any reserve funds shall be kept in one or more insured, segregated



accounts and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or Directors of the Association.

**10.10. Surplus Funds.**

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

**10.11. Liability of Unit Owners for Association Obligations.**

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

**10.12. Declarant Control Period.**

During the Declarant Control Period, until the Association makes a Common Expense Assessment, pursuant to RCW 64.34.360(1), the Declarant shall pay all Common Expenses.

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

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

**10.14. Liability Following Conveyance of Unit.**

A selling Unit Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid Assessments against the Unit up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore. Except as provided in Section 10.18.2 hereof, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does





not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided above.

**10.15. Statement of Unpaid Assessments.**

The Association, upon written request, shall furnish to a Unit Owner or a mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

**10.16. Lien for Assessments and Power of Sale.**

10.16.1. Pursuant to RCW 64.34.364, the Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the time the first installment thereof is due.

10.16.2. Each and every Unit Owner of any Unit in the Condominium, by virtue of his or her acquisition by any means of title to such Unit, shall take such title subject to the Association's lien for Assessments. Pursuant to RCW 64.34.364(9), the Declarant as "Grantor" does hereby grant, bargain, sell and convey to Chicago Title Insurance Company, a corporation, as "Trustee" in trust WITH POWER OF SALE, all the real property in the Condominium described in Exhibit A to this Declaration, which property is not used principally for agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any manner appertaining, and the rents, issues and profits thereof, to secure the obligations of the Unit Owners to the Association, as "Beneficiary", for the payment of any Assessments lawfully levied under this Declaration. Each and every Unit Owner shall be deemed for all purposes, as of the time of his or her acquisition of title to any Unit in the Condominium, to have joined as an additional "Grantor" in the conveyance in trust above described, and to have at that time bargained, sold and conveyed his or her Unit, along with its undivided Allocated Interest in the Common Elements and any Limited Common Elements assigned thereto, to such Trustee, to secure all obligations imposed by this Declaration on such Unit Owner to pay Assessments to the Association. The Power of Sale provided and granted herein shall be operative in the case of a default in the obligation to pay Assessments; upon default by such Grantor in the payment of any indebtedness secured hereby, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligations secured by this Declaration; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

**10.17. Perfection of Lien.**

Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this section in the real property records of any county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in Section 10.18.3 hereof.



**10.18. Priority of Lien.**

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

10.18.2. Except as provided in Sections 10.16.2, 10.18.3 and 10.19.2 hereof, the lien shall also be prior to the mortgages described in subpart (b) of Section 10.18.1 hereof, to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the annual Budget adopted by the Association which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of a trustee's sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract.

10.18.3. The priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee, or by a first mortgagee which has given the Association a written request for a notice of delinquent Assessments, shall be reduced by up to three months if and to the extent its foreclosure includes delinquencies which relate to a period after such holder becomes an Eligible Mortgagee or has given such notice and before the Association gives the holder a written notice of the delinquency. This Subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association. A lien under this section is not subject to the provisions of chapter 6.13 RCW relating to Homesteads.

**10.19. Enforcement of Lien.**

10.19.1. The lien arising under this section may be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW, or nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.19.2. If the Association forecloses its lien nonjudicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under Section 10.18.2 hereof.

**10.20. Limitation of Lien Enforcement.**

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

**10.21. Rent Subject to Lien for Assessments.**

From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Units as and



when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

10.22. Remedies Cumulative.

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

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11.1. Authority, Name of Insured.

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors. The name of the insured under each required policy shall be stated as follows: "Unit Owners Association of Murdock Village Condominium". The Board of Directors shall consult annually with its insurance agent(s) to ascertain that appropriate levels of coverage are obtained.

11.2. Coverage.

It is anticipated that most Unit Owners will opt to obtain separate coverage for the multifamily dwelling structures constructed within their Units, and that the Association will obtain only a liability policy covering liability arising from the Common Elements of the Condominium. The Association may, however, obtain standard "condominium master insurance" coverage for those Unit Owners opting to have the Association provide such coverage. The Association shall recover the costs of such coverage from the Unit Owners involved, pursuant to the provisions of Section 10.8 hereof.

ARTICLE XII

CONDEMNATION

Provisions dealing with the effect of condemnation proceedings affecting this Condominium appear in Schedule 12 in Exhibit C to this Declaration.

ARTICLE XIII



## COMPLIANCE WITH LAW AND COVENANTS

### 13.1. Compliance by Owners and Occupants.

Each Owner and occupant of a Unit shall comply strictly with the provisions of the Condominium Act or the Condominium Instruments. All remedies provided the Association in this Article may be enforced against any tenant or other occupant of a Unit.

### 13.2. Enforcement by Association.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Condominium Instruments. Without limiting the authority and powers conferred upon the Board by the Condominium Act, the Board shall have the rights and powers described in Section 7 of the Bylaws.

## ARTICLE XIV

### LIMITATION OF LIABILITY

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

Except to the extent covered by insurance obtained by the Board pursuant to Article XI, neither the Association nor the Board nor the Declarant shall be liable for any failure of any utility or other service obtained by the Board, or for injury or damage to person or property caused by the elements, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

#### 14.2. Liability of Officers and Directors, Indemnification.

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



14.3. No Bailment.

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

ARTICLE XV

MORTGAGEE PROTECTION

Mortgagees (lenders) in this Condominium project have various rights which are set forth with particularity in Schedule 15 in Exhibit C to this Declaration.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

16.1. Easements for Units and Unit Owners, and Association Functions.

Each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for support, and each Unit Owner has an unrestricted perpetual right of ingress to and egress from his or her Unit over the Common Elements. There is hereby reserved to the Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Condominium Instruments. See Section 8.4 hereof for further details.

16.2. Easement for Utilities and Emergency Access.

A non-exclusive perpetual easement is hereby granted on, over, under and across the private roadway and other Common Elements to all police, fire, ambulance and other rescue personnel for the lawful performance of their functions during *bona fide* emergencies, and for utilities service functions.

16.3. Easements for Declarant.

The Declarant reserves an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Special Declarant Rights.

16.4. Easements Shown on Survey Map.

16.4.1. General.

Easements shown on the Survey Map filed concurrently with this Declaration are hereby declared and established. Any easement shown on the Survey Map which benefits one or more Units in the



Condominium, or which benefits any real property not included within the Condominium, confers various rights and benefits upon the owner(s) of such real property, and may also impose obligations upon the Association. Reference should be made to the Survey Map and, if relevant, to Schedule 8.3.2 in Exhibit C to this Declaration.

**16.4.2. Sewer Easement.**

The sewer easement depicted on the Survey Map has been or will be granted to the City of Sedro-Woolley. No alterations of this area may be made without obtaining approval from the City of Sedro-Woolley.

**16.5. Special Declarant Rights.**

Pursuant to RCW 64.34.020(29), the Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Condominium: To complete any improvements indicated on the Survey Map and Plans filed with the Declaration; to exercise any Development Right under Section 3.3 hereof; to maintain sales offices, management offices, signs advertising the Condominium, and models on the Condominium Property; to use easements through the Common Elements for the purpose of making improvements within the Condominium, to make the Condominium part of a larger Condominium or a development under RCW 64.34.280; to make the Condominium subject to a master Association under RCW 64.34.276; and to appoint or remove any officer of the Association or any master Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during the Declarant Control Period described in Section 5.1 of the Bylaws. A failure by the Declarant to veto or approve any such proposed action within thirty (30) days after receipt of written notice of the proposed action shall be deemed to constitute approval thereof by the Declarant. Except with respect to the right to exercise Development Rights, which is governed by Section 3.3.3 hereof, or as limited in Section 5.1 of the Bylaws, Special Declarant Rights shall terminate upon the sale of the last Unit in the Condominium, or seven (7) years from the date of conveyance of a Unit to a purchaser other than the Declarant, whichever is earlier.

**16.6. Neighboring Farming Practices Recognized.**

Any Owner or tenant, in accepting a deed or lease to a Unit, shall be conclusively deemed to recognize that the Property in this Condominium adjoins natural resource lands used for lawful agricultural practices. For so long as the adjoining property is zoned for such activities, no Owner, tenant or representative of any such person shall object, on the grounds of nuisance or otherwise, any lawfully conducted agricultural activities or practices, including without limitation noises caused by animals or agricultural implements or other mechanical devices, or odors caused by manure storage, spraying, delivery, spreading or other causes.

**ARTICLE XVII**

**AMENDMENT OF DECLARATION, SURVEY MAP, PLANS**

**17.1. Procedure for Amendment of Declaration.**



Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.6 hereof, by the Association under Section 6.4 hereof or under statutory authority in the case of condemnation or a termination of the condominium, or by certain Unit Owners under Sections 4.6, 4.7 or 6.3 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association, who shall certify that the amendment was properly adopted.

17.2. Recordation Required.

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

17.3. Special Restrictions.

Except to the extent expressly permitted or required by other provisions of this Declaration, or of the Condominium Act, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant, and that percentage of Eligible Mortgagees and/or Eligible Insurers specified in Article XV hereof. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.

17.4. Amendment of Survey Map and Plans.

The Survey Map and Plans may be amended by revised versions referred to and described as to effect in an amendment to the Declaration adopted as required above. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for examination by every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county offices, along with the amendment to the Declaration which accompanies it.

17.5. Consent of Mortgagees Required.

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

17.6. Amendments by Declarant.



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

- (a) conform them to the actual location of any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas;
- (b) exercise any Development Right or Special Declarant reserved by the Declarant under this Declaration; or
- (c) correct title-related matters at the request of any title insurance company, or correct any nonmaterial technical errors contained in the Condominium Instruments or clarify provisions of same.

17.7. Certain Amendments Require Approval by City of Sedro-Woolley.

No amendment to this Declaration of Covenants shall be effective to modify, alter, diminish or abolish any right or benefit which is conferred upon the City of Sedro-Woolley herein, without the advance written consent of the City of Sedro-Woolley.

ARTICLE XVIII

TERMINATION OF CONDOMINIUM

The Unit Owners may not elect to terminate the Condominium status of the property except in strict accordance with the provisions of RCW 64.34.268, with the requisite approval of the City of Sedro-Woolley and such Mortgagees and other lienholders as may be required by law, or by Article XV hereof.

ARTICLE XIX

MISCELLANEOUS

19.1. Notices for All Purposes, Delivery.

19.1.1. Except as otherwise provided by law, or by Article 15 hereof as to certain notices to Eligible Mortgagees, any notice permitted or required to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to his or her Unit if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to the President or Secretary of the Association, or to the Association's Registered Agent.

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

19.2. Severability.





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

19.3. No Right of First Refusal.

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

19.4. Effective Date.

This Declaration shall take effect upon recording.

ARTICLE XX

CERTIFICATE OF COMPLETION

Declarant hereby certifies, pursuant to RCW 64.34.200(2), that all Units and Common Elements in the Condominium are substantially completed to a degree that facilitates normal excavation and construction activities associated with building dwelling structures within the Units.

DATED this 15<sup>TH</sup> day of July, 2003.

Declarant:

  
GARY D. McCORMICK

  
AINA McCORMICK

STATE OF WASHINGTON )

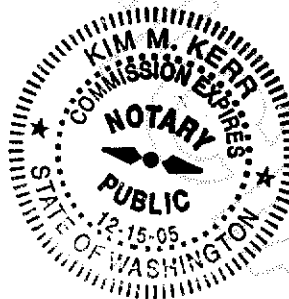
) ss.

COUNTY OF ~~WHATCOM~~

Skagit

I hereby certify that I know or have satisfactory evidence that GARY & AINA McCORMICK are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be the free and voluntary act of such persons for the uses and purposes mentioned in the instrument.

DATED: July 15, , 2003.



Kim M. Kerr  
NOTARY PUBLIC for the State of  
Washington. My Commission  
expires 12/15/05



EXHIBIT "A"  
TO DECLARATION FOR  
MURDOCK VILLAGE CONDOMINIUM

LEGAL DESCRIPTION OF LAND WITHIN THE CONDOMINIUM

The legal description of the land on which the buildings and improvements of the Condominium are located is as follows:

The South 200 feet of that portion of the Northeast 1/4 of the Northwest 1/4 of Section 24, Township 35 North, Range 4 East, W.M., lying East of the right-of-way of the Northern Pacific Railroad, EXCEPT that portion, if any, lying within the boundaries of a tract deeded to the State of Washington for State Highway 1-F by Deed recorded April 1, 1952 as Auditor's File No. 473397; ALSO EXCEPT that portion conveyed to the City of Sedro Woolley for street purposes by Deed recorded January 29, 1979, under Auditor's File No. 985656.

TOGETHER WITH that portion of the Southeast 1/4 of the Northwest 1/4 of Section 24, Township 35 North, Range 4 East, W.M., lying Northerly of the Plat of "MOORE'S ADDITION TO WOOLLEY", as per plat recorded in Volume 2 of Plats, page 62, records of Skagit County, Washington, and lying Easterly of that certain 100 foot wide strip of land conveyed to the Seattle, Lake Shore and Eastern Railway Company by documents recorded April 25, 1890 and April 9, 1891 in Volume 11 of Deeds, page 338 and in Volume 19 of Deeds, page 187, respectively; EXCEPT that portion thereof lying within the 25 foot wide strip of land conveyed to the Northern Pacific Railway Company by Deed recorded June 5, 1912 in Volume 92 of Deeds at page 203; ALSO EXCEPT the East 30 feet thereof conveyed to the City of Sedro Woolley for street purposes by Deed recorded January 29, 1979, under Auditor's File No. 985656; ALSO EXCEPT that portion, if any, within that certain 25 foot wide strip of land as conveyed to the State of Washington by Deed recorded April 1, 1952 in Volume 249 of Deeds at page 683 as Auditor's File No. 473397; ALSO EXCEPT that portion thereof quited in Lantanna Corporation by Judgment entered August 22, 1983 in Skagit County Cause No. 83-2-00112-1.

SITUATE IN SKAGIT COUNTY, WASHINGTON.

Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances and other matters of record, including matters depicted on the Survey Map and Plans.



**EXHIBIT "B"**  
**TO DECLARATION FOR MURDOCK VILLAGE CONDOMINIUM**

Unit No.	Street Address	Square Footage†	Number of Bedrooms per Dwelling	Number of Bathrooms per Dwelling	Number of Fireplaces	Type of Heat	Allocated Interest*
1	130 N. Murdock Street 132 N. Murdock Street	5,444	2	1	0	G. F. A.	7.6923%
2	238 Murdock Court 240 Murdock Court	4,951	2	1 ½	0	G. F. A.	7.6923%
3	230 Murdock Court 232 Murdock Court	4,502	2	1 ½	0	G. F. A.	7.6923%
4	218 Murdock Court 220 Murdock Court	4,241	2	1 ½	0	G. F. A.	7.6923%
5	210 Murdock Court 212 Murdock Court	5,855	2	1 ½	0	G. F. A.	7.6923%
6	204 Murdock Court 206 Murdock Court	4,876	2	1 ½	0	G. F. A.	7.6923%
7	205 Murdock Court 207 Murdock Court	6,918	2	1	0	G. F. A.	7.6923%
8	217 Murdock Court 219 Murdock Court	5,502	2	1 ½	0	G. F. A.	7.6923%
9	229 Murdock Court 231 Murdock Court	2,982	2	1 ½	0	G. F. A.	7.6923%
10	241 Murdock Court 243 Murdock Court	3,011	2	1 ½	0	G. F. A.	7.6923%



200307150174

Skagit County Auditor

Unit No.	Street Address	Square Footage†	Number of Bedrooms per Dwelling	Number of Bathrooms per Dwelling	Number of Fireplaces	Type of Heat	Allocated Interest*
11	253 Murdock Court 255 Murdock Court	3,575	2	1 ½	0	G. F. A.	7.6923%
12	265 Murdock Court 267 Murdock Court	4,709	2	1 ½	0	G. F. A.	7.6923%
13	110 N. Murdock Street 112 N. Murdock Street	4,368	2	1 ½	0	G. F. A.	7.6923%
Totals		60934					100%

\* Allocated interests are the percentages of undivided interests in the Common Elements, fractional liability for the Common Expenses of the Association, and portions of the votes in the Association, allocated to each Unit under Section 5.3, 7.4.2, and 10.6 of the Declaration, pursuant to RCW 64.34.224(1).

† Square footages reflect the quantity of raw land within each Unit.

G.F.A. = Gas Forced Air



200307150174  
Skagit County Auditor

**EXHIBIT "C"**  
**TO DECLARATION FOR MURDOCH VILLAGE CONDOMINIUM**

**SCHEDULE OF MISCELLANEOUS PROVISIONS AFFECTING THE CONDOMINIUM**

**SCHEDULE 8 – MANAGEMENT OF CONDOMINIUM ASSOCIATION**

**8.3.2 Common Expenses.**

Common Expenses of the Association include, but are not limited to the following:

(a) Common Water and sewer, common electrical and, if deemed necessary or desirable by the Board of Directors, common garbage and/or trash collection, common gas, and any other necessary utility service as required for the Common Elements. See Section 10.8 of the Declaration for Limited Common Assessment items.

(b) Policies of insurance or bonds required by Article XI.

(c) The services of persons or firms as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Elements, whether such personnel are employed directly by the Board or are furnished by a Manager.

(d) The services of attorneys, along with bookkeepers and accountants qualified to maintain Association records in the manner required by Section 8.4 of the Bylaws, and to perform the independent audit required under Section 8.5 of the Bylaws.

(e) Painting, maintenance, repair and all landscaping and gardening work for the Common Elements, and such furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

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

(g) Maintenance and repair of any Unit and its appurtenances, if such maintenance or repair is reasonably necessary, in the opinion of the Board, to protect the Common Elements or to preserve the appearance and value of the Condominium development, and the Owner of said Unit has failed or refused to perform said maintenance or repair as required by Section 4.4 of the Declaration, within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner. The cost of such maintenance or repair shall constitute a special Assessment against the Unit of such Owner, pursuant to Section 10.8 of the Declaration.

**SCHEDULE 12 – CONDEMNATION.**

**12.1. Condemnation Affecting Whole Unit.**

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

**12.2. Condemnation of Part of Unit.**



Except as provided in Section 12.1 hereof, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) that Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

12.3. Condemnation of Common Elements.

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

12.4. Condemnation of Limited Common Elements.

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

12.5. Association Necessary Party to Proceeding.

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

12.6. Complete Taking.

In the event of a complete taking of the Condominium, or in the event that the taking by the condemning authority is so substantial as to render the remainder of the Condominium unsuitable or undesirable for use by the remaining Unit Owners, then the Condominium shall (in the case of complete taking) or may (as to a partial taking) be terminated in accordance with the terms and conditions of RCW 64.34.268, and Article XV hereof.

12.7. Reconstruction and Repair.

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

12.8. Notice to Mortgagees.

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

12.9. Payment of Award.

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

SCHEDULE 15 – PROTECTION OF MORTGAGEES

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

15.1. Percentage of Eligible Mortgagees.



Wherever in this Declaration the approval or consent of a specified percentage of Mortgagees is required, it shall mean, pursuant to RCW 64.34.272, the approval or consent in writing of Eligible Mortgagees holding first lien mortgages on Units, and the percentage shall be based upon the votes attributable to Units with respect to which Eligible Mortgagees have an interest.

**15.2. Notice of Actions.**

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

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;
- (b) Any delinquency in the payment of Common Expense Assessments owed by a Unit Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 15.3 of this Schedule (in which case, notice shall be provided by certified or registered mail, "return receipt requested"); and
- (e) Any judgment rendered against the Association in excess of \$2,500 which is not covered by insurance.

**15.3. Consent and Notice Required.**

**15.3.1. Document Changes.**

Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, no amendment of any material provision of the Condominium Instruments by the Association or Unit Owners described in this Subsection may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 15.2(d) above, and the approval by Owners of Units to which at least 67% (or any greater Unit Owner vote required in Section 17.3 of this Declaration or the Condominium Act) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least 51% (or any greater Eligible Mortgagee approval required by this Declaration) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers. The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. A change to any of the following would be considered material:

- (a) Voting rights;
- (b) Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment liens or priority of Assessment liens;
- (c) Reductions in reserves for maintenance, repair and replacement of Common Elements;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the General Common Elements or Limited Common Elements, or rights to their use, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding mortgages in such Units need approve such action;
- (f) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or when a Unit is being lawfully subdivided by its Owner pursuant to Section 4.7, then only those Unit Owners and the Eligible Mortgagees holding mortgages in such Unit or Units need must approve such action;
- (g) Convertibility of Units into Common Elements or Common Elements into Units;
- (h) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;





- (i) Hazard or fidelity insurance requirements;
- (j) Imposition of any restrictions on the leasing of Units;
- (k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (l) If the Condominium consists of 50 or more Units, a decision by the Association to establish self-management when professional management had been required previously by the Condominium Instruments or by an Eligible Mortgagee;
- (m) Restoration or repair of the project after damage or partial condemnation in a manner other than that specified in the Condominium Instruments;
- (n) Any provision that expressly benefits mortgage holders, insurers, or guarantors.

15.3.2. Actions.

Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, the Association may not take any of the following actions (other than rights reserved by the Declarant as Development Rights), without notice to all Eligible Mortgagees and eligible Insurers as required by Section 15.2(d) above, approval by Owners of Units to which at least 67% (or the indicated percentage, if different) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least 51% (or the percentage indicated below, if different,) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers:

- (a) Any action to abandon or terminate the legal status of the Condominium after condemnation or substantial destruction.
- (b) Any action to abandon or terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.
- (c) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, and the procedures specified in Section 5.2 hereof must be followed. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;
- (d) Change any of the Allocated Interests allocated to any Unit other than as permitted in Sections 4.5 or 4.6 hereof; in any other case the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264 (4).
- (e) Increase the number of Units, change the boundaries of any Unit (other than as provided in Sections 4.6 and 4.7 hereof) or change the uses to which any Unit is restricted, as to which the approval of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264 (4).
- (f) The assignment of the future income of the Association, including its right to receive Common Expense Assessments.
- (g) The restoration or repair of the Property after hazard damage, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, pursuant to Section 11.8, 2 hereof, or after a partial condemnation, in a manner other than specified in the Condominium Instruments.
- (h) The merger of the Condominium with any other common interest community.

15.3.3. Timing of Payment of Assessments.

The Association may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly without the consent of all Eligible Mortgagees.



15.3.4. Implied Approval by Mortgagee.

The failure of an Eligible Mortgagee or Insurer to respond within thirty (30) days to any written request of the Association delivered by certified or registered mail, "return receipt requested" for approval of an amendment to the Condominium Instruments, wherever Eligible Mortgagee or Insurer approval is required, shall constitute an implied approval of the addition or amendment.

15.4. Development Rights.

No Development Rights may be exercised or voluntarily abandoned or terminated by the Declarant unless all persons holding mortgages in the Development Rights consent to the exercise, abandonment, or termination.

15.5. Inspection of Books.

The Association must maintain current copies of the Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, books and records and financial statements. The Association shall permit any Eligible Mortgagee, Eligible Insurer or other first mortgagee of a Unit, to inspect the books and records of the Association during normal business hours.

15.6. Financial Statements.

The Association shall provide any Mortgagee or Eligible Insurer who submits a written request, a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if:

- (a) The Condominium contains fifty or more Units, in which case the cost of the audit shall be a Common Expense;
- or
- (b) The Condominium contains fewer than fifty Units and any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

15.7. Enforcement.

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

15.8. Attendance at Meetings.

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

15.9. Appointment of Trustee.

In the event of damage or destruction under Article XI or condemnation of all or a portion of the Condominium, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 11.7 of this Declaration. Proceeds will thereafter be distributed pursuant to Article XI or pursuant to a condemnation award.

15.10. Limitations on Mortgagees' Rights.

No requirement for approval contained in this Article may operate to (1) deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board of Directors, or (2) prevent the Association or the Board of Directors from commencing, intervening in, or settling any litigation or proceeding, or receiving and distributing any insurance proceeds except pursuant to RCW 64.34.352.

