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**RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS FOR NORTHRIDGE ESTATES HOMEOWNERS ASSOCIATION**

Grantor	NORTHRIDGE ESTATES HOMEOWNERS ASSOCIATION
Grantee	NORTHRIDGE ESTATES HOMEOWNERS ASSOCIATION
Legal Description	Tracts B, C and D of Revision to Plat of Firwest Estates Division No. 1, as recorded in Volume 12 of Plats at Pages 89 and 90, records of Skagit County, Washington, being a portion of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) of Section 9, Township 34 North, Range 4 East W.M.

**FILED FOR RECORD AT THE REQUEST OF:
GOFF & DEWALT, LLP
Washington Mutual Tower
1201 Third Avenue, Suite 2905
Seattle, Washington 98101**

**RESTATED DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR
NORTHRIDGE ESTATES HOMEOWNERS ASSOCIATION**

ADOPTED:

SEPTEMBER 14, 2003



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**NORTHRIDGE ESTATES
RESTATED DECLARATION**

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**RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTHRIDGE ESTATES CONDOMINIUM**

1. INTERPRETATION.

1.1 Submission of the Property to the Act. Declarant, being the sole owner of the Property at the time of the initial recording of the Declaration, submitted the Property to the provisions of the Act and to the Condominium form of use and ownership. By acceptance of a conveyance, contract for sale, Lease, rental agreement, Mortgage, or any other form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any Unit in the Condominium, it is agreed that the Declaration, together with the Survey Map and Plans identified in Paragraph 1.10.40 of the Declaration states covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium project mutually beneficial to all of the Units, and that the covenants, conditions, restrictions, reservations and plan are binding upon the entire Property and upon each Unit as a parcel of real property, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Property or any security interests in all or a part of the Property, without the requirement of further specific reference or inclusion in deeds, contracts for sale, leases, rental agreements, mortgages, or other security instruments, and regardless of any subsequent forfeiture, foreclosure, or sale of Units under security instruments.

1.2 Consistent. The terms such as, but not limited to, "Apartment," "Apartment Owner," "Association of Apartment Owners," "Building," "Common Areas and Facilities," "Land," "Limited Common Areas" and "Property" used in the Declaration are intended to have meanings not inconsistent with the meanings given in or permitted under the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Captions and Exhibits. Captions given to the various Articles, Sections and Paragraphs in the Declaration are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions of the Declaration. Any exhibits referred to in and attached to the Declaration shall be deemed incorporated in the Declaration by reference as though fully set forth where the reference is made.

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

1.5 Covenants Running with Land. It is intended that the Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on all Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees, assigns, Tenants and Lenders, supplementing and interpreting the Act, and operating independently of the Act should the Act be, in any respect, inapplicable.



1.6 Unit and Building Boundaries. In interpreting the Survey Map and Plans, the existing physical boundaries of each Building and each Unit as constructed or reconstructed shall be conclusively presumed to be its boundaries.

1.7 Percentage of Lenders. For purposes of determining the percentage of First Lenders approving a proposed decision or course of action in cases where a Lender holds First Mortgages on more than one Unit, the Lender shall be deemed a separate Lender for each First Mortgage held.

1.8 Declarant was Original Owner. Declarant was the original Owner of all Units and the Property and continued to be deemed the Owner of all Units and the Property except as conveyances or documents changing the ownership of specifically described Units or other portions of the Property have been filed of record.

1.9 Inflationary Increase in Dollar Limit. Any dollar amounts specified in this Declaration, including without limitation Articles 10, 13, 14, and 18, may, in the discretion of the Board, be increased proportionately by the increase in the Consumer Price Index, 1982-84 base, U.S. City Average for All Urban Consumers, prepared by the United States Department of Labor for the base period, which shall be defined as the first index published after January 1 of the calendar year in which this Restated Declaration was recorded, to adjust for any change in the value of the dollar. In the event that index is modified or is no longer published, the successor index shall be used or, if none, a reasonable substitute index shall be used.

1.10 Definitions. For the purposes of the Declaration, the Bylaws, the Rules and Regulations, and any amendments to any of these documents, the following definitions apply.

1.10.1 "Act" means the Horizontal Property Regimes Act of Washington, Laws of 1963, Chapter 156 (RCW Chapter 64.32), as amended, together with the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34), as amended, to the extent that the provisions of the Washington Condominium Act are made applicable, either automatically as provided in RCW 64.34.010(1) or by the Declaration.

1.10.2 "Allocated Interest" means the undivided interest in the Common Elements, the Common Expense Liability, and Votes in the Association allocated to each Unit. The Allocated Interests are described in Article 8 of the Declaration and shown on Exhibit "C".

1.10.3 "Article" means the articles of incorporation of the Association, as they may from time to time be amended.

1.10.4 "Assessment" means all sums chargeable by the Association against a Unit and its Owner, including without limitation regular and special Assessments, fines imposed by the Association, interest and late charges on any delinquent account, costs of collection or enforcement, including reasonable attorney's fees, incurred by the Association in connection with the collection of a delinquent Owner's account or the enforcement of any provision of the Governing Documents, and all other sums payable by an Owner to the Association as provided in the Governing Documents, unless the context clearly indicates otherwise.

1.10.5 "Association" means the Northridge Estates Homeowners Association, a non-profit corporation formed under the laws of the State of Washington whose membership is composed



of all of the Unit Owners, acting in accordance with the Governing Documents, and any successor non-profit corporation or unincorporated association. The Association is the Association of Apartment Owners as defined in the Act, and as more particularly provided for in Article 9 of the Declaration.

1.10.6 "Board" means the board of directors of the Association provided for in Article 10 of the Declaration.

1.10.7 "Building" or "Buildings" means a building or buildings containing Units and comprising a part of the Property.

1.10.8 "Bylaws" means the bylaws of the Association provided for in Section 9.6 of the Declaration.

1.10.9 "Common Elements" is synonymous with the term Common Areas and Facilities, as used in the Act, and means all portions of the Condominium Property other than the Units, and includes the land described in Exhibit "A" to the Declaration and improvements to that Property, as provided in Article 6 as limited by Article 7.

1.10.10 "Common Expenses" means and includes the expenses of administration, operation, maintenance, repair, replacement, addition to or improvement of the Common Elements; all sums declared to be Common Expenses by the Governing Documents or by the Act; all sums agreed upon as Common Expenses by the Association; the financial liabilities of the Association; and all reasonable allocations for reserves established by the Association for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

1.10.11 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit as provided in RCW 64.34.224 and Article 8 of the Declaration and shown on Exhibit "C."

1.10.12 "Common Funds" means those funds held by the Association, whether collected from Owners by means of regular or special Assessments, or otherwise, for the payment of Common Expense or those expenses especially chargeable to a Unit or Units.

1.10.13 "Condominium" means the Northridge Estates Condominium, a Horizontal Property Regime created under the terms of the Declaration.

1.10.14 "Declarant" means Epicon Washington, Inc., a Washington Corporation, which signed the initial Declarations and was the sole owner of the Property described in and subjected to the Declaration at the time of the initial recording of the Declaration.

1.10.15 "Declaration" means the Declaration of Covenants, Conditions Restrictions and Reservations for Northridge Estates, A Condominium submitting real estate to the Act, as amended, restated and superseded by this RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS, and as thereafter amended of record.

1.10.16 "Eligible Mortgage" means a Lender that has requested notice from the Association as provided in Article 18 of the Declaration, and shall also include an Eligible Insurer or Eligible Guarantor.

1.10.17 "Eligible Insurer" or "Eligible Guarantor" means an insurer or guarantor of a Mortgage that has requested notice from the Association as provided in Article 18 of the Declaration.

1.10.18 "First Lender" means a Lender holding a First Mortgage.

1.10.19 "First Mortgage" means a Mortgage against a Unit which has priority over all other Mortgages against that Unit.

1.10.20 "FHLMC" means the Federal Home Loan Mortgage Corporation.

1.10.21 "FNMA" means the Federal National Mortgage Association.

1.10.22 "GNMA" means the Government National Mortgage Association.

1.10.23 "Governing Documents" means the Declaration, the Articles, the Bylaws and the Rules and Regulations of the Association adopted as provided in the Declaration and Bylaws, as these documents may be lawfully amended and/or adopted from time to time.

1.10.24 "HUD" means the United States Department of Housing and Urban Development.

1.10.25 "Interior Surfaces" (where that phrase is used in defining the boundaries of Units or Limited Common Elements) does not include paint, wallpaper, paneling, carpeting, tiles or other such decorative surface coverings or finishes. The decorative finishes and coverings, along with fixtures and other tangible personal property affixed to the Interior Surfaces (including furniture, planters, mirrors, and the like) located in and used in connection with the Unit or Limited Common Elements, shall be deemed a part of the Unit or Limited Common Elements.

1.10.26 "Lender" means the holder or the beneficial owner, or the servicing agent of the holder or beneficial owner, of a recorded encumbrance on a Unit created by Mortgage which was made in good faith and for value, and shall also mean the seller, or the designee or assignee of a seller, under a real estate, contract for the sale of a Unit. Lender also includes an institutional entity, which holds or insures a Mortgage, such as but not limited to FHLMC, FNMA, GNMA, HUD, and the VA.

1.10.27 "Limited Common Elements" synonymous with the term Limited Common Areas and Facilities, as used in the Act, and means those portions of the Common Elements described in Article 7, or by operation of RCW 64.34.204(2) or (4), as reserved for the exclusive use of one or more but fewer than all of the Units.

1.10.28 "Majority" or "Majority of Unit Owners" means the Unit Owners with more than fifty (50%) percent of the total Votes allocated to the Units on Exhibit "C" of the Declaration.

1.10.29 "Manager" means the person, if any, employed, engaged or retained by the Board under a written agreement between that person and the Association to perform those management and administrative functions and duties delegated to that person by the Board with respect to the Condominium.



1.10.30 "Date of Restated Declaration" means the effective date of the Declaration, which shall be the date on which this RESTATED DECLARATION FOR NORTHRIDGE ESTATES CONDOMINIUM is recorded in the records of Skagit County, Washington.

1.10.31 "Mortgage" means a recorded mortgage or recorded deed of trust that creates a lien against a Unit or a recorded real estate contract for the sale of a Unit.

1.10.32 "Mortgage Foreclosure" includes a deed of trust sale and a deed given in lieu of a mortgage foreclosure or deed of trust sale, and a real estate contract forfeiture or a deed given in lieu of a real estate contract forfeiture.

1.10.33 "Occupant" means anyone who occupies a Unit as a permanent residence or who more than thirty (30) days in any calendar year stays overnight in any Unit more than fourteen (14) days in any calendar month or than (30) days in any calendar year.

1.10.34 "Percent of Unit Owners" means Unit Owners entitled to cast the stated percentage of the Votes allocated to the Units on Exhibit "C" of the Declaration.

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

1.10.36 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described on Exhibit "A" and subject to the Declaration, including Buildings, 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. "Property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water, and all, personal property affixed there to and intended for use in connection therewith.

1.10.37 "Related Party" means a person who has been certified in a written document filed by a Unit Owner with the Association to be the parent, parent-in-law, sibling, sibling-in-law, parent's sibling, or lineal descendant of the Owner or the lineal descendant of any of the foregoing persons, the officer, director or employee of any Owner which is a corporation, the partner or employee of any Owner which is a partnership, or the beneficiary of any Owner which is a trust.

1.10.38 "Renting" or "Leasing" a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value); but does not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

1.10.39 "Rules and Regulations" means the rules and regulations adopted by the Board as provided in Paragraph 10.2.1 of the Declaration, or adopted by the affirmative vote of a Majority of Unit Owners at any regular or special meeting of the Association, for the use of the Units and Common Elements, and for the conduct of Persons within the Condominium.

1.10.40 "Survey Map and Plans" means the Survey Maps and Plans of the Northridge Estates Condominiums recorded simultaneously with the Restated Declaration of those Condominiums in



the records of Skagit County, State of Washington, and any amendments, corrections, and addenda to those instruments subsequently recorded, to wit, the Survey Map and Plans for Northridge Estates Condominium as filed in the office of the Auditor for Skagit County, Washington, and recorded under Recorder's Number 8405310048 and an amendment to said survey map and plans recorded in said office under Document No. 8409210028, and an amendment to said survey map and plans recorded in said office under Document No. 8508120021, and an amendment to said survey map and plans recorded in said office under Document No. 8609050016, and an amendment to said survey map and plans recorded in said office under Document No. 8709010045, and an amendment to said survey map and plans recorded in said office under Document No. 8901100090, and an amendment to said survey map and plans recorded in said office under Document No. 9002090093, and an amendment to said survey map and plans recorded in said office under Document No. 9008280038.

1.10.41 "Tenant" means and includes a tenant, lessee, renter or other non-Owner Occupant-of a Unit that is not occupied by its Owner. For the purposes of the Declaration, the term Tenant shall not include a Related Party.

1.10.42 "Unit" is synonymous with the term "Apartment" as used in the Act and means a part of the Property intended for single family residential use as specified in the Declaration, including one or more rooms or spaces located on one or more floors (or part or parts of floors) in a Building. The boundaries of a Unit are the unfinished interior surfaces of its perimeter walls, floors, ceilings, windows, and doors, and the Unit includes both the portions of the Building described and the air space encompassed within those boundaries.

1.10.43 "Unit Owner" or "Owner" are synonymous and mean the Person or Persons who owns a Unit, but does not include a person who has an interest in a Unit solely as security for an obligation "Unit owner" means the vendee, not the vendor, of a Unit under a real estate contract. The use of the term "Owner" or "Unit Owner" in the singular throughout the Declaration in the context of the ownership of a single Unit specifically includes the plural where applicable.

1.10.44 "VA" means the United States Veterans Administration.

1.10.45 "Votes" means the votes allocated to each Unit as shown on Exhibit "C" Any specified percentage, portion, or fraction of Unit Owners, unless otherwise stated in the Governing Documents, means the specified percentage, portion or fraction in the aggregate of the Votes allocated to all of the Units.

1.10.46 "Votes Cast" means the Votes cast by those Owners present and voting, in person or by proxy, at a meeting of the Association, or by written ballot held as provided in Paragraph 9.5.1 of the Declaration.

1.11 "Form of Words" The singular form of words includes the plural, and the plural includes the singular. Masculine, feminine and neuter pronouns are used interchangeably.



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2. DESCRIPTION OF LAND

2.1 Description of Land. The land on which the Buildings and improvements provided for in this Declaration are located is described on Exhibit "A" of the Declaration.

3. DESCRIPTION OF BUILDINGS AND IMPROVEMENTS

3.1 Buildings. A description of the principal materials of which the Buildings containing Units are constructed, the post office address of each Building, the number of floors containing Units in each Building and the number of Units and parking spaces is set forth on Exhibit "B" of the Declaration.

3.2 Building Location. Each Building is identified and shown on the Survey Map identified in Paragraph 1.10.40 of the Declaration.

3.3 Recreational Facilities. A description of the recreational facilities, if any, included within the Condominium project is set forth on Exhibit "D" of the Declaration.

4. DESCRIPTION OF UNITS, LOCATIONS, AREA AND NUMBER OF ROOMS

4.1 Unit Boundaries. The Unit boundaries are the interior surfaces of the perimeter walls, floors, ceilings, windows and doors and the Unit includes both the portions of the Building so described and the airspace so encompassed.

4.1.1 If any chute, flue, attic crawl space, duct, wire, conduit, pipe, valve, bearing wall, bearing column, or any other fixture, structural or other mechanical part of the Building lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Element.

4.1.2 Subject to the provisions of Paragraph 4.1.1 of this section, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit

4.2 Unit Location. Each Unit and parking space in the Condominium is identified by a number and letter. The location of each Unit and parking space is shown on the Plans identified in Paragraph 1.10.40 of the Declaration.

4.3 Unit Description. On Exhibit "B" of the Declaration, each Unit is described by Unit number, floor location, kind and number of rooms in the Unit, and the total square foot floor area in the Unit.

5. ACCESS

5.1 Access to Common Ways. Each Unit has direct access to Common Element yard areas, walks, parking areas and/or driveways.

5.2 Access to Common Street. The Common Elements have direct access to the public street(s) identified on Exhibit "B" of the Declaration.



6. DESCRIPTION OF COMMON ELEMENTS

Except as otherwise specifically reserved, assigned or limited by the provisions of Article 7 of the Declaration, the Common Elements consist of all parts of the Property, including the Buildings, except for the Units as defined in Article 4 and RCW 64.32.010(I).

**7. DESCRIPTION AND TRANSFER OF LIMITED COMMON ELEMENTS;
EASEMENTS FOR EXCLUSIVE USE RESERVED FOR CERTAIN UNITS**

7.1 Limited Common Elements. The Limited Common Elements are assigned to and reserved for the exclusive use of the Owner of the Unit to which they are adjacent or otherwise assigned and consist of:

7.1.1 Decks. The deck areas, which are adjacent to each Unit, as more particularly shown and designated on the Survey Map and Plans, the boundaries of the deck being defined by the interior surfaces of the walls, floor, ceiling, doors, windows, ground, railings, fence or curb enclosing the deck; provided, that, if no fence, curb or other enclosure exists, then the boundaries of the Limited Common Element shall be as depicted on the Survey Map and Plans. The Owner of the Unit to which a deck is assigned shall keep the deck in a neat, clean and sightly condition at all times.

7.1.2 Parking Areas. The parking spaces which shall be assigned by the Declaration to each Unit as more particularly shown attached hereto as Exhibit "D."

7.1.3 Additional Limited Common Element. Any other Limited Common Elements, if any, described on Exhibit "B." in Paragraph 4.1.1 of the Declaration.

7.2 Certain Common Elements Designated as Limited Common Elements to Be Provided by Owners. Certain items which could ordinarily be considered to be Common Elements such as, but not limited to, all exterior windows, exterior doors, garage doors, screen doors, window screens, storm windows, planter boxes, window boxes, and other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are designated as Limited Common Elements and, notwithstanding Section 11.6 of the Declaration, as items to be furnished and maintained by the individual Unit Owners (who are directly benefiting from or using those items) at their individual expense, in good order, according to standards and requirements set in the Rules and Regulations.

8. ALLOCATED INTERESTS

8.1 Allocation of Interest The table showing the Unit Numbers and their Allocated Interests is attached as Exhibit "C." These interests have been allocated in accordance with the formulas set out in Section 8.2.

8.2 Formulas for the Allocation of Interest. The interests allocated to each Unit have been calculated on the following formulas:

8.2.1 Undivided Interest in the Common Elements. Each Unit in the Condominium will have a percentage of undivided interest in the Common Elements allocated to it which shall be calculated as follows: Each unit shall, as nearly as practicable, be assigned a value which bears the same ratio to the value of the Property as the number of square feet contained in such Unit bears to the total



number of square feet in all of the Units. All square feet may be rounded to whole numbers, and all values may be rounded to whole dollars. Each Unit shall, as nearly as practicable, be assigned an undivided percentage interest in the Common Areas and Facilities based upon the ratio of said assigned value to the assigned value of the Property. The undivided interest appertaining to each Unit cannot be changed except as provided in Article 21. The undivided interest in the Common Elements and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit.

8.2.2 Undivided Interest in Common Areas. Percentages of interest for each apartment are expressed on Exhibit "C" attached hereto. Each apartment includes all the limited common areas appertaining thereto and the percentage of undivided interest in the common and limited common area appertaining thereto.

8.2.3 Votes. Each Unit in the Condominium will have one (1) Vote.

9. OWNER'S ASSOCIATION

9.1 Form of Association. The name of the Association shall be the Northridge Estates Homeowners Association. The Association is a Washington non-profit corporation. The Association is the "unit" owners association as defined in the Act and is the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Condominium and all other property the Association is required or permitted to maintain as provided in this Declaration. The Association shall have the powers prescribed by law and as provided in the Bylaws and this Declaration. As provided in Article 10 of the Declaration, the Board of Directors shall have the authority to incorporate the Association as a not-for-profit corporation under the laws of the State of Washington; and to revise the Bylaws as necessary to reflect the incorporated status of the Association.

9.2 Membership.

9.2.1 Qualification. Each Unit is entitled to one membership in the Association. Each Unit Owner shall be a member of the Association and shall be entitled to one membership for each Unit owned by that Owner. If a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, the Declaration, and the Bylaws, except as limited in this Declaration, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association.

9.2.2 Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Unit giving rise to the membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated except upon the transfer of title to the Unit and then only to the transferee of title to the Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant to the Unit to the new Owner of the Unit.



9.3 Voting.

9.3.1 Number of Votes. The total voting power of all Owners shall be one hundred (100) votes. The total number of votes available to the Owner of any one Unit shall be equal to the percentage of undivided interest in the common areas allocated to that Unit as provided in Paragraph 8.1 of the Declaration and shown on Exhibit "C."

9.3.2 Voting Owner. There shall be one voting representative of each Unit. If an Owner owns more than one Unit, that Owner shall have the votes for each Unit owned. The voting representative shall be designated by the Owner of each Unit by written notice to the Board, and need not be an Owner. The designation shall be revocable at any time by actual notice to the Board from a party having an ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Unit. This power of designation and revocation may be exercised by the guardian of a Unit Owner, and the administrators or executors of an Owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting representative of a Unit shall be the group composed of all of the Owners of that Unit.

9.3.3 Joint Owner Disputes. The Vote for a Unit must be cast as a single vote. The division of Votes allocated to a Unit shall not be allowed. If joint Owners are unable to agree among themselves as to how their Vote or Votes shall be cast, they shall lose their right to vote on the matter in question. If more than one Vote on a matter is cast by different Owners of a particular Unit and there is any conflict among the Votes so cast, none of the Votes cast for the Unit shall be counted and the Votes shall be deemed void; provided that the Votes of the Unit shall be counted for the purpose of constituting a quorum; and further provided, that multiple Votes cast in a consistent manner shall be counted only once for a Unit.

9.3.4 Pledged Votes. If the record Owner has pledged his or her right to Vote regarding special matters to a Lender under a duly recorded Mortgage, only the vote of the Lender will be recognized in regard to the special matters upon which the Vote is pledged if a copy of the instrument creating this pledge has been filed with the Board.

9.4 Meetings; Audits; Notices of Meetings.

9.4.1 Annual Meetings; Audits. There shall be an annual meeting of the Owners in each calendar year, or such other fiscal year as the Board may by resolution adopt, to be held in the manner provided in the Bylaws, at a reasonable place, date and time designated by written notice of the Board delivered to the Owners no less than ten (10) nor more than fifty (50) days prior to the date fixed for said meeting. At the annual meeting, there shall be presented a budget itemizing the estimated Common Expenses for the fiscal year, and a copy of the annual financial statements of the Association for the preceding fiscal year, which shall have been prepared in accordance with a generally accepted accounting principles. The annual financial statements of the Association shall be audited by an independent Certified Public Accountant unless an audit is waived annually by unit owners to which sixty (60%) percent of the votes are allocated. The Board, at any time, may require that an additional audit of the Association books and financial statements be made and presented at a special meeting of the Owners. The Board shall require that an audit of the Association's financial statements be made upon written request of at least forty (40%) percent of the Unit Owners, or upon written request of any Lender, including FHLMC, FNMA, HUD or VA, if it is the holder, insurer or guarantor of a Mortgage; provided,



that if an audit has been conducted for the most recent fiscal year of the Association, any special audit required by a Lender shall be at the expense of the party requesting the audit. A Unit Owner, at his or her own expense, may at any reasonable time cause an audit of the books and financial statements of the Association to be made. Any Lender will, upon request, be entitled to receive the annual audited financial statements of the Association within ninety (90) days following the end of the fiscal year.

9.4.2 Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of the Act or of the Declaration require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called by written notice of the President of the Association at such time and place as shall be determined by the President or by a majority of the Board, upon the decision of the President, or after request signed or resolution passed by a majority of the Board, or by written request by at least Twenty-Five (25%) Percent of the Unit Owners, which notice shall be delivered in the manner prescribed in Paragraph 9.4.3.

9.4.3 Notices. Written notice of any meeting of the membership of the Association for any purpose shall be given to all members in the manner specified in Section 22.2 of the Declaration not less than ten (10) nor more than fifty (50) days in advance of the meeting. Notice shall specify, to the extent known or anticipated by the Board at the time of the notice, the general nature of the business to be conducted at the meeting. Except to the extent that the Declaration, or Bylaws specifically requires the notice of meeting for the adoption or amendment of any Governing Document to contain a statement of the text of the provision(s) being proposed, the failure of the notice of the meeting to specify a particular item of business shall not act as a bar to the consideration of any matter that may properly be brought before the meeting by an Owner.

9.4.4 Quorum. The presence, in person or by proxy of Twenty-Five (25%) Percent of the Unit Owners shall constitute a quorum. If the required quorum is not present at any meeting of the Association, the chair may call another meeting on notice to all members of not less than ten (10) nor more than thirty (30) days

9.5 Actions Without A Meeting.

9.5.1 Written Ballot Authorized. Any action which may be taken by the Owners at a meeting of the Association may likewise be taken without a meeting after notice is sent to all members not less than thirty (30) nor more than sixty (60) days in advance of the date set for the counting of the ballots, if (a) the written ballot of every Owner is solicited specifying the proposed action and providing an opportunity to specify approval or disapproval of any proposal; (b) the number of ballots cast within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action; and, (c) the number of written approvals signed by Owners or their proxies setting forth the action to be approved received by the Association, equals or exceeds the number of Votes that would be required to approve at a meeting at which the total number of Votes Cast was the same as the number of Votes Cast by ballot.

9.5.2 Ballot Solicitation shall be solicited in a manner consistent with the requirements of law. All solicitations shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of Votes necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted.



9.5.3 Revocation of Ballots Subject to any applicable provisions of law, any Owner or other person entitled to cast a ballot, may revoke the ballot, or substitute another, by a writing received by the Association prior to the time specified in the solicitation for the counting of ballots, but may not do so after that time unless that time has been extended as provided in Paragraph 9.5.4. A revocation is effective upon receipt by the Association at the address specified for return of the ballots.

9.5.4 Extension of Time for Balloting If a sufficient number of ballots are not received by the Association by the date specified in the solicitation to either constitute a quorum as required under clause (b) of Paragraph 9.5.1, or to approve the proposal under clause (c) of Paragraph 9.5.1, the Board may extend the date for the solicitation of ballots on further notice to all members, of not less than ten (10) nor more than thirty (30) days, of the new date set for the counting of ballots. In that event, all ballots previously cast on the proposal shall be counted unless subsequently revoked as provided in Paragraph 9.5.3

9.5.5 Election of Directors By Mail Ballot In the case of election of Board members by mail, the Board by majority vote shall select a slate consisting of the names of proposed Board members who are willing to serve, sufficient in number to fill any positions on the Board which are up for election, and shall set a date at least fifty (50) days after selection by which all Votes are to be received. The Secretary within five days after the selection is made shall give written notice of the number of Board members to be elected and of the names of the Board's nominees to all Owners at their registered addresses. The notice shall state that any Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by notice in writing to the Secretary at the address specified in the notice. The notice shall specify a date for the closing of nominations fifteen (15) days from the date the notice is given by the Secretary, by which the nominations must be received. Within five days after the date of closing the nominations, the Secretary shall give written notice to all members, stating the number of Board members to be elected and the names of all nominees stating that each Owner may cast a Vote by mail and stating the date established by the Board, which shall be not less than ten (10) nor more than fifty (50) days after the date of notice, by which the Votes must be received by the Secretary at the address of the principal office of the Association, which shall be specified in the notice. Votes received after that date shall not be effective except as provided in Paragraph 9.5.4. All persons elected as Board members by mail election by receipt of the number of Votes required by the Bylaws shall take office effective five days after the date specified in the notice for counting of the Votes.

9.6 Bylaws of the Association

9.6.1 Adoption of Bylaws. Bylaws for the administration of the Association and the Condominium, and for other purposes not inconsistent with the Act or with the intent of the Declaration, shall be adopted by the Association by the affirmative vote of a Majority of Unit Owners. Notice of the time, place and purpose of the meeting and the proposed text of any Bylaws to be voted on, shall be delivered to each Unit Owner at least ten (10) days prior to any meeting at which the Owners are to consider the adoption or amendment of Bylaws. The requirement that the text of the proposed Bylaws be included with the notice shall not preclude the adoption of Bylaws language which has been amended by the Owners at the meeting. Notice of any mail vote, including the text of the Bylaws to be voted on, shall be given to each Unit Owner at least twenty (20) days prior to the date set for counting the vote. Amendments to the Bylaws may be adopted by the same vote at a regular or special meeting similarly called or by mail ballot similarly held.



9.6.2 Bylaws Provisions. The Bylaws shall be deemed to contain provisions identical to those provided in this Article 9, and may contain supplementary, not inconsistent, provisions regarding the operation of the Condominium and administration of the Condominium. The Bylaws shall establish the procedures necessary or desirable for the proper administration of the Association and the Condominium. To the extent required by RCW 64.32.090(11), the provisions of the Declaration, as applicable, shall constitute the Bylaws of the Association if Bylaws have not otherwise been adopted by the Association. If the Bylaws are inconsistent with the Declaration, they shall be deemed to have been amended by the Declaration.

10. MANAGEMENT OF ASSOCIATION

10.1 Management by Board. Administrative power and authority to manage the affairs of the Association shall be vested in a board of directors of three to seven persons elected from among the Unit Owners. Solely for the purpose of determining a person's qualifications to serve on the Board, the term "Unit Owner" shall include a director, trustee, officer, agent or employee appointed by a corporate Unit Owner as its voting representative, a partner, agent or employee appointed by a partnership Unit Owner as its voting representative, or any other Related Party occupying a Unit who has been appointed as the voting representative of the Unit Owner. The Board may delegate all or any portion of its administrative duties to a Manager or to an officer or officers of the Association, or in any other lawful manner provided by the Bylaws or by resolution of the Board. The members of the Board shall be elected by the Unit Owners in the manner and for such terms as are provided in the Bylaws. The Board shall elect a President from among its members, who shall preside over meetings of the Board and the meetings of the Association.

10.2 Authority of Association. The Association, acting by and through the Board, and any officers, Manager or other agents or representatives to whom the Board has delegated the power or authority to act, shall have all of the powers and authority permitted by law, including without limitation the following powers:

10.2.1 To adopt, amend and revoke reasonable Rules and Regulations which the Board deems necessary or convenient from time to time to administer the Association, properly manage and administer the Property, insure compliance with the general guidelines of the Declaration and promote the comfortable use and enjoyment of the Property and the welfare of its Owners and Occupants. The Rules and Regulations shall be binding upon all Owners and Occupants and all other persons claiming any interest in or using any part of the Condominium.

10.2.2 To enforce the provisions of the Governing Documents, together with any revisions of, or amendments to those documents.

10.2.3 To incorporate the Association as a not-for-profit corporation under the laws of the State of Washington; and to revise the Bylaws as necessary to reflect the incorporated status of the Association.

10.2.4 To arrange for all utility services serving the Common Elements, and the Units (except utility services separately metered and charged to the individual Units); provided that if one or more Units or the Common Elements are not separately metered, the utility service may be paid by the Association and the Board may by reasonable formula, including without limitation by dividing the total



expenses for the utility by the number of Units served, allocate a portion of the expense to each Unit served and collect the allocated amounts as Assessments.

10.2.5 To arrange for and supervise the painting, landscaping, gardening, maintenance, repair and replacement of all common and Limited Common Elements.

10.2.6 To arrange for the maintenance and repair of any Unit, its appurtenances and appliances, if that maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium or another Unit or Units and the Owner of the Unit has failed or refused to perform the maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair has been given to the Owner; provided that the Board shall levy a special Assessment against the Unit and that Owner for the cost of that maintenance or repair.

10.2.7 To purchase furniture, furnishings, supplies, equipment, goods or other personal property necessary or incidental to the maintenance, operation and proper functioning of the Common Elements and the Association.

10.2.8 To arrange for and supervise any alterations, capital additions or improvements to the Property. If the estimated cost of any separate alteration, capital addition or improvement (other than for the purpose of restoring, repairing or replacing portions of the Common Elements) shall exceed the sum of FIFTY THOUSAND DOLLARS (\$50,000), that work shall only be undertaken upon approval of the Owners by the vote of a majority of the Votes Cast in favor of a resolution authorizing the expenditure; and if the estimated cost shall exceed the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000), that work shall only be undertaken upon approval of the Owners by the vote of sixty-seven (67%) percent of the Votes Cast in favor of a resolution authorizing the expenditure.

10.2.9 Subject to the limitations contained in this Declaration or the Bylaws, to adopt and amend budgets for revenues, expenditures and reserves and determine the amount of Assessments to be collected from the Unit Owners for the Common Expenses of the Property as provided in the budgets, and to collect the Assessments and enforce the collection of the Assessments, as authorized by or provided in Article 12 of the Declaration, the Act or other laws of the State of Washington, as they now exist or may be amended in the future.

10.2.10 To pay or provide for the payment of all Common Expenses out of Assessments paid by the Unit Owners or by any other means permitted by the Declaration, the Bylaws, the Act or other laws of the State of Washington, as they now exist or may be amended in the future.

10.2.11 To obtain and maintain the insurance coverage required or authorized by Article 13 of the Declaration and the Act and any additional insurance coverage the Board deems advisable, and to adopt policies with respect to the self insurance by the Association of any risks the Board deems prudent, and the administration of claims under any policies issued to the Association.

10.2.12 To employ a Manager, and to employ attorneys, accountants, real estate firms, consultants, specialists, or other persons, reasonably necessary or convenient to assist the Association and the Board in the management and administration of the Association and the Condominium

10.2.13 To institute or defend actions at law, in equity or before administrative bodies, to further or protect the interests of the Association, two or more Unit Owners, or the Property, and to incur any expenses and attorneys' fees reasonable, necessary or convenient for the accomplishment of those purposes.

10.2.14 To pay any amount necessary to discharge any lien or encumbrance levied against the Property or any part of the Property 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 against the interests of particular Owners of less than all of the Units. Where one or more Owners are responsible for the lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of the lien shall be assessed against the Owners and the Unit or Units responsible to the extent of their responsibility.

10.2.15 To acquire from Common Funds of the Association 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 to dispose of the same by sale or otherwise. The beneficial interest in that property shall be owned by the Owners in the same proportion as their respective interests in the Common Elements, and that property shall be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Common Fund of the Association, and operated, maintained, repaired and improved, as a Common Expense, as the Board may direct. The Board shall not acquire real or personal property valued in excess of FIFTY THOUSAND DOLLARS (\$50,000) by lease or purchase, other than at a sale on foreclosure of a lien for Assessments by the Association or by acceptance of a deed in lieu of foreclosure, except upon approval of the Owners by the vote of a majority of the Votes Cast in favor of a resolution authorizing the acquisition; or valued in excess of ONE HUNDRED THOUSAND DOLLARS (\$100,000), other than at a sale on foreclosure of a lien for Assessments by the Association or by acceptance of a deed in lieu of foreclosure, except upon approval of the Owners by the vote of sixty-seven (67%) percent of the Votes Cast in favor of a resolution authorizing the acquisition.

10.2.16 To grant easements, leases and concessions through and over the Common Elements and petition for or consent to the vacation of streets and alleys.

10.2.17 To impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Article 7 of the Declaration, for moving in or out of the Condominium and for services provided to specific Unit Owners.

10.2.18 To impose and collect charges for late payment of Assessments and, after notice and an opportunity to be heard by the Board or by any other body, officer or representative designated in the Bylaws, in accordance with due process hearing procedures in the Bylaws or in Rules and Regulations, to levy reasonable fines for violations of the Governing Documents of the Association.

10.2.19 To impose and collect reasonable charges for the preparation and/or recording of amendments to the Declaration requested by an Owner, resale certificates required by law, certificates of unpaid Assessments or other information required or requested by an Owner in connection with the sale or financing of a Unit.

10.2.20 To settle, release, compromise and discharge on such terms as its deems advisable any liability owing to or owed by the Association.



10.2.21 To provide for the indemnification of the officers and Board of the Association and maintain directors' and officers liability insurance.

10.2.22 To exercise any other powers conferred by the Declaration or Bylaws.

10.2.23 To exercise and perform all other rights and duties which are authorized or required by the Act or are reasonably necessary or incidental to the management and administration of the Condominium or to the accomplishment of the purposes of the Association.

10.2.24 The Board and its agents, contractors and employees may enter any Unit or Limited Common Element when reasonably necessary or advisable in connection with the exercise of any power granted to, or the performance of any duty which is the responsibility of the Board under the Declaration, including any maintenance, operation, repair, construction or reconstruction for which the Board is responsible, or if an emergency occurs. Entry shall be made with as little inconvenience to the Owner as practicable. Any damage caused by the entry of the Unit shall be repaired by the Board out of Common Funds if the entry was due to an emergency (unless the emergency was caused by the Owner or Occupant 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 the Common Elements where the repairs were undertaken by or under the direction of the Board. If the repairs or maintenance were necessitated by or for the Unit entered or its Owner or Occupants, the costs of the repairs or maintenance and of the entry shall be specially assessed to the Unit.

10.2.25 Each Owner, by the act of becoming an Owner or contract purchaser of a Unit, does irrevocably appoint the Association as his or her attorney-in-fact with full power of substitution to take any action reasonably necessary to perform promptly the duties of the Association and the Board as provided in the Declaration, including, but not limited to, the duties to maintain, repair and improve the Property, to deal with the Unit upon damage, destruction, condemnation or a taking by a governmental entity (subject to the provisions of Articles 14 and 15) and to secure insurance proceeds.

10.2.26 Nothing in the Declaration shall be construed to authorize the Association or Board to enter into any contract, employment or other transaction between the Association and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, and any such contract, employment or other transaction shall be void unless, after the fact of such relationship or interest is disclosed or known to all of the Owners entitled to vote, such contract, employment or transaction has been authorized or approved by vote or written ballot by a Majority of Unit Owners, excluding the interested director or directors and the votes of any Unit of which they are Owners, and the contract, employment or transaction is fair and reasonable to the Association.

10.2.27 Nothing in the Declaration shall be construed to authorize the Association or Board to conduct an active business for profit on behalf of the Unit Owners.



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11. REGULATION OF USES AND RENTALS

11.1 Single-Family Occupancy; Residential Use. The Units shall be used exclusively for single-family residential purposes, for the common social, recreational or other reasonable uses normally incident to those purposes and for purposes of operating the Association and managing the Condominium. Residential purposes include sleeping, eating, food preparation for on-site consumption by Occupants and guests, entertaining by Occupants of personal guests and similar activities commonly conducted within a residential dwelling, without regard to whether the Unit Owner or Occupant resides in the unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis. No trade or business of any kind may be conducted in or from any Unit except that an Owner or Occupant residing in a Unit may conduct business activity within the Unit only if:

11.1.1 The existence or operation of the business activity within the Unit is not apparent or detectable by sight, sound or smell from the exterior of the Unit;

11.1.2 The business activity conforms to all zoning requirements for the Property;

11.1.3 The business activity does not involve significant numbers of persons coming onto the Property who do not reside in the Condominium;

11.1.4 The business activity does not increase the liability or casualty insurance obligation or premium of the Association; and

11.1.5 In the sole discretion of the Board, the business activity is consistent with the residential character of the Association and does not constitute a nuisance or hazardous or offensive use.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (a) the activity is engaged in full- or part-time; (b) the activity is intended to or does generate a profit; and (c) a license is required to engage in the activity.

11.2 Restriction on Number of Occupants per Unit. The maximum number of Occupants who shall be allowed to occupy a Unit at any one time shall not exceed two persons per bedroom plus one.

11.3 Vehicle Parking Restrictions. Parking spaces assigned to each Owner's Unit as Limited Common Area and any garage, are restricted for the parking of operable passenger motor vehicles. Parking spaces may not be used for parking trucks, trailers, recreational vehicles, boats, or commercial vehicles, or for any other purpose except by prior written approval of the Board or to the extent expressly allowed by Rules and Regulations adopted by the Board or the Association. The Board may, by written notice to an Owner, direct that any vehicle or other thing improperly parked, stored or kept in a parking space be removed. If it is not removed, and if the written notice has so specified, the Board may cause the item to be removed at the risk and cost of the Owner of the item. The Board may adopt any reasonable Rules and Regulations with regard to parking as it deems necessary or desirable.

11.4 Use of Common Elements and Facilities. Common drives, roadways, walks, corridors, hallways, stairways and other general Common Elements shall be used exclusively for access, ingress,



egress and normal transit to and from the Units by the Occupants of the Units, and their household help, visitors, invitees and guests, and for other purposes which are incidental to the residential use of the Units. No obstructions, decorations and/or other items shall be placed or kept on or in the Common Elements except with the express prior written approval of the Board. The recreational facilities set forth on Schedule D of the Declaration, if any, and any other special areas designated by the Board shall be used only for the purposes and in the manner approved by the Board.

11.5 Maintenance of Units.

11.5.1 Each Unit Owner shall, at his or her sole expense, have the right and the duty to keep the interior of his or her Unit and its windows, exterior doors, equipment, appliances, and appurtenances in good and sanitary order, condition and repair and shall do all redecorating and painting and provide all upkeep at any time necessary to maintain the good, clean and sanitary appearance and condition of his or her Unit. Each Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heat pumps, air conditioning, heating or other equipment, electrical fixtures or appliances which are located in his or her Unit, or which are for the sole and exclusive use of his or her Unit, whether located in the Unit or in the Common or Limited Common Elements.

11.5.2 Without limiting the generality of the foregoing, each Owner shall have the right and the duty, at his or her sole cost, to maintain, repair, paint, paper, panel, plaster, tile, and finish, as appropriate, the windows, window frames, doors, door frames and trim and the Interior Surfaces of the ceilings, floors, and the perimeter walls of the Unit and the Surfaces of the bearing and non-bearing walls located within his or her Unit. Each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on the ceilings, floors and walls. Each Owner has the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to the ceilings, floors or walls.

11.5.3 No Owner, without first obtaining the written consent of the Board, shall make or permit to be made any structural alteration, improvement or addition in or to a Unit or in or to the exterior of any Building or Common or Limited Common Areas. The Owner shall notify the Board in writing of his or her desire to make a modification to a Unit or the assigned Limited Common Area, including complete plans and specifications for the proposed work. The Owner shall provide the Board with any other details which the Board may reasonably request. The Board shall provide a written response to the Owner's request not later than ten (10) days after the Board meeting next following its receipt of the complete application, including any additional information requested by the Board. Nothing in this Declaration shall be construed as permitting any interference with or damage to the structural soundness or integrity of the Building or the safety of the Property, any structural alteration of a Unit, or any act which would impair any easement or hereditament, or interference with the use and enjoyment of the Common Areas or of the other Units or any of them by an Owner, nor shall it be construed to limit the powers or obligations of the Board as provided in the Declaration.

11.6 Maintenance of Limited Common Elements. Limited Common Elements, as defined in Article 7, are for the sole and exclusive use of the Units for which they are reserved or assigned; provided, that the use, condition and appearance of Limited Common Elements may be regulated under provisions of the Bylaws, Rules and Regulations, or the Declaration including the following:

11.6.1 Decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for, and manner of, caring for, maintaining,



repairing, restoring, reconstructing, repainting or redecorating Limited Common Elements (referred to in the Declaration as "Maintenance Work") shall be made by the Board.

11.6.2 Performance of Maintenance Work shall be carried out by the Board on behalf of the Owner of any Unit to which the Limited Common Element in question is assigned or reserved; provided, that by written notice, the Board may permit or require an Owner or to perform Maintenance Work.

11.6.3 Owners may not modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Elements without prior written approval of the Board.

11.6.4 Unit Owners will be responsible for the cost of Maintenance Work for the Limited Common Elements reserved for or assigned to their Units.

11.6.5 The cost of any Maintenance Work performed by the Board shall be levied as a special Assessment against the Unit or Units (and the Owner or Owners of the Unit or Units) to which the Limited Common Element is assigned or reserved, shall be a lien upon the Unit and upon any appurtenant Common Elements, and shall be collectable as are any other Assessments.

11.6.6 This Section shall not apply to the cost of any work involving Common Elements, which comprise the structure containing or enclosing the Limited Common Elements, the maintenance, repair and replacement of which are the responsibilities of the Association as a Common Expense.

11.7 Exterior Appearance. The Board shall require and provide for the painting and other decorative finish of the Building, patios and parking areas, and other Common or Limited Common Elements, and prescribe the type and color of any decorative finishes, and may prohibit, require or regulate any modification or decoration of the Building, patios parking areas and other Common or Limited Common Elements undertaken or proposed by any Owner. This power of the Board extends to windows, screens, doors, canopies, awnings, rails, antennas or other visible portions of each Unit and the Building. The Board may also require use of quality window dressing and covering visible from the exterior (including draperies, under-draperies, blinds, shades, etc.). No Owner shall modify, paint or decorate any portion of the exterior of the Building, or Limited Common Elements without first obtaining the written approval of the Board. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry, or other articles which in the sole determination of the Board are unsightly or inappropriate on his or her patio or outside the Unit, or which may be visible through the windows from the outside, other than as provided above, or install any screens, doors, canopies, awnings, rails, antennas, or other equipment, fixtures or items of any kind, without the prior written permission of the Board.

11.8 Liability for Damages. To the extent not covered by insurance maintained by the Association, each Owner shall be responsible for any damage done by that Owner, a Related Party or Tenant occupying the Unit, or the family, servants, employees, agents, visitors, licensees, or household pet of that Owner, Related Party or Tenant, to the Unit, the Common Elements, the Limited Common Elements and any other Unit. The uninsured costs for repair or replacement of any damage caused thereby shall be specially assessed to the Unit, shall be a lien upon the Unit and upon any appurtenant Common Elements, and shall be collectable, as are other Assessments.



11.9 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common or Limited Common Elements which will increase the rate of insurance on the Condominium without the prior written approval of the Board. No Owner or Occupant shall permit anything to be done or kept in his or her Unit or in the Common or Limited Common Elements which will result in the cancellation of insurance on the Condominium, or on any Unit or any part of the Common or Limited Common Elements, or which would be in violation of any law.

11.10 Waste. No Owner or Occupant shall permit or commit waste in any Unit or in any Common or Limited Common Elements.

11.11 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or Common or Limited Common Element without the prior written approval of the Board except as provided by Rules and Regulations adopted by the Board; provided that the Board shall, by and subject to appropriate Rule, designate an area or areas for the temporary display of signs indicating that a Unit is for sale or for lease.

11.12 Pets. No animals (which term includes dogs, cats, livestock, domestic animals, poultry, reptiles and non-human living creatures of any kind) shall be raised, bred, kept, or allowed to visit in any Unit or in the Common or Limited Common Elements, whether as pets or otherwise, except subject to reasonable Rules and Regulations or Bylaws. In particular, and in no way as a limitation on the right to regulate the keeping of pets, no more than three suitable small household pets, may be kept in any Unit or in the Limited Common Elements appurtenant. The Board may, after notice and an opportunity to be heard as provided in Section 16.3 of the Declaration, at any time require the removal of any animal it finds is disturbing Owners unreasonably, in the Board's sole determination, and may exercise this authority for specific animals even though other animals are permitted to remain. The Board may prohibit pets, which do not belong to Occupants of the Condominium from being brought onto the Property.

11.13 Offensive Activity.

11.13.1 No noxious or offensive activity shall be carried on in any Unit or Common or Limited Common Elements, nor shall anything be done therein which may be or become an annoyance, embarrassment, discomfort or nuisance to other Owners or Occupants or render any portion of the Condominium unsanitary, unsightly, offensive, or detrimental to persons using or occupying any portion of the Condominium.

11.13.2 No Owner or Occupant shall make or permit any disturbing noises or odors by himself or herself, his or her family, servants, employees, agents, visitors, or licensees, nor do or permit anything that will interfere with the rights, comforts, or convenience of any Unit Owner or Occupant.

11.13.3 No Owner or Occupant shall play upon or allow to be played upon any musical instrument, or operate or allow to be operated, any mechanical, electronic or other device which emits sound in a manner which unreasonably disturbs or annoys other Owners or Occupants of the Condominium. Special attention shall be given to lowering the volume of all activities within the Condominium between 10:30 p.m. and 8:00 a.m.



11.13.4 Major construction and remodeling activities shall be carried on in the Condominium only between 8:00 a.m. and 6:00 p.m. on weekdays, excluding holidays, unless prior approval for performing such work on weekends shall have been granted by the Board.

11.13.5 No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate in any portion of the Condominium except in appropriate containers and locations provided for the collection of same.

11.13.6 No Owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in any manner which, in the judgment of the Board, causes an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or air conditioning, or to the plumbing or electrical system which might overburden the facilities therefor or affect any other Unit or the Common Area, without the prior written approval of the Board.

11.14 Storage. No Owner or Occupant shall store or permit to be stored in any Unit or Limited Common Element any substance which is toxic, flammable, explosive or may otherwise be hazardous to the life, safety, health or property of an Owner or Occupant of the Condominium. Neither the Association nor its officers, directors, agents, servants or employees shall be responsible to an Owner or Occupant for loss or damage by casualty, theft or otherwise of personal property which may be kept or stored by the Owner or Occupant in a Unit or Limited Common Element.

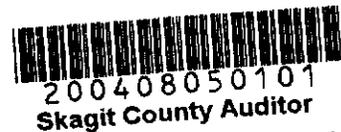
11.15 Common Element Alterations. Nothing shall be altered or constructed in, or (except for an Owner's personal property) removed from, the Common Elements except with the prior written approval of the Board and after following any procedures required in the Governing Documents or by law.

11.16 Rental of Units.

11.16.1 Rental Defined and Regulated. The Rental of a Unit shall be governed by the provisions of the Declaration, including without limitation this Article. As used in the Declaration the terms "to rent", "renting" or "Rental" shall refer to and include the Leasing or Renting of a Unit by its Owner and to the occupancy of a Unit solely by a person or persons other than its Owner; provided that for the purpose of the regulation of Leases as provided in Section 11.16, the terms "to rent", "renting" or "Rental" shall not refer to the occupancy of a Unit by a Related Party.

11.16.2 Minimum Lease Term Requirements. No Unit Owner shall be permitted to Rent or Lease less than the entire Unit or to Rent or otherwise permit his or her Unit to be used for hotel or transient purposes, which shall be defined as Rental for a period of less than ninety (90) days.

11.16.3 Lease Requirements. No Rental of a Unit shall be valid or enforceable unless it shall be by means of a written instrument or agreement between the Owner(s) and the Tenant(s) (referred to in the Declaration as a "Lease"). The occupancy of a Unit in the Condominium and every Lease shall be subject to the Governing Documents of the Association. By entering into occupancy of a Unit a Tenant agrees to be bound by the Governing Documents. The Association shall have and may exercise the same rights of enforcement and remedies for breach of the Governing Documents against a Tenant as it has against an Owner, and in addition, shall have the rights and remedies provided for in Section 16.5



of the Declaration. Each Lease shall contain language acknowledging the Association's rights and the Tenant's obligations under the Governing Documents.

11.16.4 Governing Documents to Be Provided to Tenants. Each Unit Owner who Rents or Leases a Unit in the Condominium to a Tenant or allows the occupancy of a Unit by a Related Party shall provide that Tenant or Related Party with a copy of the Governing Documents. If the Unit Owner fails to provide evidence to the Association that it has done so, the Association may furnish a copy of these documents to the Tenant or Related Party and charge the Owner an amount to be determined by the Board for each document provided. Unless otherwise set by the Board, the copying charge shall be twenty five (\$.25) cents for each page. The copying charge shall be collectable as a special Assessment against the Unit and its Owner.

11.16.5 Non-Discrimination. Neither the Association nor any Unit Owner shall discriminate against any person with regard to the sale, rental or occupancy of a Unit in the Condominium on the basis of race, color, creed, national origin, age, sex, sexual preference, religion, familiay status, marital status, handicap or any other legally protected classification.

11.17 Notice of Conveyance Required By Owner

11.17.1 The right of a Unit Owner to sell, transfer, or otherwise convey the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf.

11.17.2 An Owner intending to sell a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying: the Unit being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments, and charges outstanding against the Unit, whether or not that information is requested. A violation of this Paragraph shall not invalidate a sale, transfer or other conveyance of a Unit, which is otherwise valid under applicable law.

11.17.3 Any Owner who sells, transfers or otherwise voluntarily conveys his or her interest in a Unit shall notify the Board in writing of the name and address of the new Owner. An Owner shall remain jointly and severally liable with the new Owner for any Assessments which come due after the transfer of interest and before the notice required in this Paragraph has been given, without prejudice to the grantor's right to recover from the grantee the amounts paid by the grantor for Assessments coming due after the date of transfer.

11.18 Notice re Mortgage. Each Owner shall provide to the Board the name and address of each Lender holding a Mortgage which encumbers his or her Unit and the loan number used by the Lender to identify the loan. In the case of Mortgages of record at the time of adoption of this Amendment, the Owner shall provide the required information to the Board within thirty (30) days of the passage of the Amendment. In the case of future Mortgages, the Owner shall provide the required information to the Board within thirty (30) days of the recording of the Mortgage.



12. COMMON EXPENSES AND ASSESSMENTS.

12.1 Estimated Expenses. Within thirty (30) days prior to the beginning of each calendar year or any other fiscal year adopted by the Board by resolution, the Board shall estimate the charges (including Common Expenses, and, to the extent reasonably ascertainable, any special Assessments for particular Units) to be paid during the next year, make provision for creating, funding and maintaining reasonable reserves for contingencies, operations, and repair, replacement and acquisition of Common Elements, and take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the preceding sentence, but in furtherance of its requirements, the Board shall create and maintain from regular monthly Assessments a reserve fund adequate for replacement of those Common Elements which can reasonably be expected to require replacement prior to the end of the useful life of the Building. The Board shall calculate the contributions to the reserve fund so that there are sufficient funds in the reserve fund to replace each Common Element covered by the fund at the end of the estimated useful life of each Common Element. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment which shall likewise be assessed to the Owners in proportion to their undivided interest in the Common Elements.

Within thirty days (30) after the adoption of any proposed budget for the condominium, the Board shall provide a summary of the budget to all unit owners and shall set a date for a meeting of the unit owners to consider the ratification of the budget not less than fourteen (14) nor more than sixty (60) days after the 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.

12.2 Date of Commencement of Annual Assessments. The annual Assessments provided for in the Declaration shall commence on and become due and payable in twelve (12) equal monthly installments beginning on the first day of January of each year, or in any other manner which the Board reasonably requires.

12.3 Payment by Owners. Each Owner shall be obligated to pay Assessments made as provided in the budget and this Article to the treasurer of the Board or the Manager of the Association, as applicable, in equal monthly installments on or before the first day of each month during the year or in any other reasonable manner as the Board shall designate. Any unpaid Assessments shall bear interest at the rate specified in Section 12.16 from the due date until paid.

12.4 Purpose. All funds collected by the Association shall be expended for the purposes designated in the Declaration.

12.5 Separate Accounts. The Board shall maintain separate accounts for current operations, reserves for major repairs or replacement of capital items, and a special separate reserve account for payment of insurance. The funds of the Association shall not be commingled with the funds of any other Association, or with the funds of any manager of the Association or any other person responsible for the custody of such funds. All reserve accounts of the Association shall be maintained in segregated bank accounts. Any transaction involving funds in a reserve account, including the issuance of checks, shall



require the signature of two officers or directors of the Association. Each month the Board shall first deposit to the insurance reserve account that portion of the common expense Assessment necessary to pay at least one-twelfth of the total cost of all of the insurance policies of the Condominium required by the Declaration or obtained in the discretion of the Board as provided in the Declaration. The insurance reserve account shall be held separately and inviolate until utilized for payment of insurance premium. After providing for the insurance reserve, the remainder of the Assessments collected may be utilized for payment of other expenses or deposited or credited to other accounts.

12.6 Based on Percentage. Except for certain special Assessments, charges, fines and other items which may be levied against particular Units under the provisions of the Declaration, and except for the Reserve Equalization Assessments which may be levied under the provisions of Section 12.7, all Assessments for Common Expenses shall be assessed to Units and the Unit Owners on the basis of the Allocated Common Expense Liability provided in Paragraph 8.2.2 of the Declaration, as amended from time to time.

12.7 Omission of Assessment. The omission by the Board or the Association before the expiration of any year to estimate the budget and Assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or a release of an Owner from the obligation to pay Assessments or any installment of the Assessments for that or any later year, but the Assessment fixed for the year before shall continue until a new Assessment is fixed.

12.8 Records. The Board shall cause to be kept complete, detailed and accurate records, in accordance with generally accepted accounting principles and in a form sufficient to enable the Association to comply with the requirements of the Washington Condominium Act, of all receipts and expenditures of the Association, specifying and itemizing each expense incurred. The books and records of the Association, including the records and resolutions authorizing payments by the Association, shall be available for examination upon prior request by any Owner, Lender, prospective purchaser of a Unit, or prospective Lender, personally or by an authorized representative, and for copying, during normal business hours at the place at which the records are normally kept or at another reasonable time and location established by the Board. The Association may assess reasonable charges against an Owner and the Owner's Unit to cover the direct and indirect costs of examination and copying of Association records by an Owner or an Owner's representative and may require any other requesting party to pay a like charge.

12.9 Lien Indebtedness. The amount of any Assessment assessed to any Unit and the Owner and/or contract purchaser of any Unit shall be a lien upon the Unit and any appurtenant Common Elements. The lien for payment of Assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, to the extent provided in RCW 64.34.364 and Section 12.11. A payment on a Owner's Assessment account shall be applied first to outstanding fines, then to costs of collection, including attorney's fees, chargeable to an Owner as provided in the Declaration, then to interest and late fees, then to regular Assessments, and finally to special Assessments and charges.

12.10 Priority of Assessments. Notwithstanding any other provisions of the Declaration and as provided in the Washington Condominium Act, the liens created under this Declaration upon any Unit for Assessments shall be subject to (a) liens and encumbrances recorded before the recording of the Declaration; (b) a Mortgage on a 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. A lien for Assessments is not subject to the provisions of Chapter 6.13 RCW



regarding homesteads. Except as provided below in Section 12.11 or Section 12.12, the lien shall also be prior to the Mortgages on a Unit recorded after the date of recording of this Amendment to the Declaration to the extent of Assessments for common expenses, excluding any amounts for capital improvements, based on the periodic 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 non-judicial 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. All taxes, assessments and charges which may become liens shall relate only to the Units and not to the Condominium as a whole.

12.11 Priority of Assessments; Notice to Mortgagees. The priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Mortgage Holder or by a Lender 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 that, the lien priority under Section 12.11 includes delinquencies which relate to a period after such Lender becomes an Eligible Mortgage Holder or has given such notice and before the Association gives the Lender a written notice of the delinquency.

12.12 Priority of Assessments in Non-Judicial Foreclosure. If the Association forecloses its lien for Assessments non-judicially pursuant to chapter 61.24 RCW, as provided by Section 12.23, the Association shall not be entitled to the lien priority provided for under Section 12.11 with regard to Mortgages.

12.13 Liability for Assessments after Foreclosure. Except as provided in Section 12.10, where a Lender or other purchaser of a Unit obtains possession, or becomes entitled to possession, of a Unit as a result of a Mortgage Foreclosure, that person entitled to possession and the successors and assigns of that person shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to that Unit which became due prior to the Mortgage Foreclosure, but shall be liable for the share of Assessments coming due after the date of entitlement to possession. The unpaid share of Common Expenses or Assessments chargeable to the Unit prior to the Mortgage Foreclosure shall, at the discretion of the Board, be deemed to be Common Expenses collectable from all of the Unit Owners including the person now entitled to possession and the successors and assigns of that person. 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.

12.14 Assessments are Personal Obligations. In addition to constituting a lien on the Unit and all of the appurtenances to the Unit, each Assessment, including interest, late charges, costs and attorney's fees in the event of delinquency, shall be the joint and several personal debt and obligation of the fee owner or owners and the contract purchasers of Units for which they are assessed as of the time the Assessment is made, and, except as provided in Section 12.10, their grantees and successors in interest. In connection with the voluntary conveyance of a Unit, the grantee or successor in interest shall be jointly and severally liable with the grantor for all unpaid Assessments up to the time of conveyance, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee therefor. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing the Assessment is made, and, except as provided in Section 12.10, their grantees and successors in interest. In connection with the voluntary conveyance of a Unit, the grantee or successor in interest shall be jointly and severally liable with the grantor for all unpaid Assessments up to the time of conveyance, without prejudice to the grantee's right to recover from



the grantor the amount paid by the grantee therefor. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing the Assessments.

12.15 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on Assessments that may in the future become or remain delinquent. In the absence of other established non-usurious rates, the late fee on delinquent Assessments shall be the greater of, Twenty Five Dollars (\$25.00) or ten (10%) percent of the monthly and/or other Assessment which came due and remained unpaid during the month, which shall be added to any account which is not paid in full on the last day of each month, and the interest rate applicable to any account which is delinquent for more than thirty (30) days shall be one (1%) percent of the delinquent balance per month, compounded monthly.

12.16 Recovery of Attorney's Fees and Costs. In addition to any attorney's fees and costs recoverable in an action brought under Section 12.14, 12.20, or Section 12.22, the Association shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the collection of delinquent Assessments, whether or not the collection activities result in suit being commenced or prosecuted to judgment. In addition, the prevailing party shall be entitled to recover costs and reasonable attorney's fees on appeal and in the enforcement of a judgment, whether in the State of Washington or a sister state.

12.17 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board, the Manager, or another authorized agent of the Board if the president, treasurer, and Manager are not available, stating the debt (or lack of debt) for Assessments secured by the Assessment lien upon any Unit shall be conclusive upon the Board and the Owners as to the amount of the debt on the date of the certificate in favor of all persons who rely on the certificate in good faith. A certificate shall be furnished to any Owner or Lender within a reasonable time after request, in recordable form, at a reasonable fee to be set by the Board. Unless otherwise prohibited by law, any Lender holding a lien on a Unit may pay any unpaid Assessments payable with respect to the Unit and upon payment that Lender shall have a lien on the Unit for the amounts paid of the same rank as the lien of his or her encumbrance.

12.18 Acceleration. If any assessment chargeable to a particular Unit remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days written notice to the Unit Owner, accelerate and demand immediate payment of all or any portion set by the Board, of the monthly Assessments and special charges which the Board reasonably determines will become due during the next twelve (12) months with respect to the Unit. If the Board exercises the right to accelerate the monthly Assessments for a period of more than six months, the Board shall not also demand a security deposit as provided in Section 12.19. If a Mortgage Foreclosure takes place after acceleration under this Section but before payment of all accelerated amounts due, the Lender, and not the former Owner, shall be responsible for payment of all unpaid Assessments which would, in the absence of acceleration, have come due after the Mortgage Foreclosure.

12.19 Security Deposit.

12.19.1 A Unit Owner who has been delinquent in paying his or her Assessments may be required, by the Board or by the Manager, from time to time, to make and maintain a security deposit not in excess of three months estimated monthly Assessments and other charges. The security deposit may be collected as are other Assessments. The deposit shall be held in a separate bank account established



by the Association for security deposits collected from Owners, credited to the Owner. The Board may draw on an Owner's deposit at any time when the Owner is ten (10) days or more delinquent in paying his or her monthly or other Assessments or charges. The deposit shall not be considered as advance payment of Assessments.

12.19.2 If the Board should draw upon the deposit as a result of any Unit Owner's delinquency in payment of any Assessments, the Owner shall continue to be responsible for the immediate and full payment of the delinquent Assessment (and all interest, late fees, costs and attorneys' fees in connection with the Assessment) and thus the full restoration of the deposit, and the Board shall continue to have all of the rights and remedies for enforcing Assessment payment and deposit restoration as provided in the Declaration and by law

12.19.3 In the discretion of the Board, all or any portion of a deposit may at any time be refunded to an Owner by the Association as a cash refund or a credit against future Assessments or a combination of cash and credit.

12.20 Judicial Foreclosure of Assessment Lien. The Board or Manager on behalf of the Association may initiate an action to foreclose the lien of any Assessment judicially in the manner provided for mortgages. In any action to foreclose a lien against a Unit for nonpayment of delinquent Assessments, any judgment rendered against the Unit or the Owners of the Unit in favor of the Association shall include a reasonable sum for attorney's fees and all costs reasonably incurred in preparation for or in the prosecution of the action in addition to taxable costs permitted by law.

12.21 Rental Value. From the time of commencement of any action to foreclose a lien against a Unit for nonpayment of delinquent Assessments, the Owner or contract purchaser of the Unit shall pay to the Association the reasonable rental value of the Unit, to be fixed by the Board and the plaintiff in the foreclosure action shall be entitled to the appointment, without bond, of a receiver to collect the reasonable rental value, who may, if the rent is not paid, 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 rents received first to the costs and attorney's fees of the receivership and the receiver, including the costs of renting the Unit, then to the costs of refurbishing the Unit, then to costs, fees and charges of the foreclosure action, and then to the payment of any other delinquent Assessments or charges.

12.22 Non-Judicial Foreclosure of Assessment Lien.

12.22.1 The Owners by approval of this Amendment to the Declaration each hereby bargain, sell, and convey to Washington corporation, (referred to in this Declaration as the "Trustee") in Trust, for the benefit of the Association, as beneficiary, with power of sale, the real property which is subject to this Declaration, which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues and profits thereof.

12.22.2 This grant is made by each Unit Owner for the purpose of securing performance of the payment of all Assessments due hereunder against each Owner's respective Unit.

12.22.3 Upon default by any Unit Owner in the payment of any Assessment, upon the written request of the Association, Trustee shall sell the Unit subject to the lien for Assessments, in



accordance with the Deed of Trust Act of the State of Washington and the Washington Condominium Act, 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 expense of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this grant in trust, (3) the surplus, if any shall be distributed to the persons entitled thereto.

12.22.4 Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which the Unit Owner had or had the power to convey at the time of adoption of this Amendment, and such as he or she may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of the Declaration, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

12.22.5 In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the real property records of the county in which this Declaration is recorded, the successor trustee shall be vested with all powers of the original trustee.

12.23 Rental Units. If a Unit is rented by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. If the Assessments owed by the Owner of a rented Unit are delinquent, the Board may collect, and the Tenant shall pay to the Board, the rent for any Unit owned by the delinquent Owner or that portion of the rent equal to the amount due to the Association. The Tenant shall not have the right to question the Board's demand for payment. Payment by the Tenant to the Association will satisfy and discharge the Tenant's duty of payment to the Owner for rent, to the extent of the amount paid to the Association. No demand or acceptance of rent under this Section shall be deemed to be a consent or approval of the Unit rental or a waiver of the Owner's obligations as provided in the Declaration. The Board shall not exercise this power where a receiver has been appointed with respect to a Unit or Unit Owner; nor in a manner inconsistent with the exercise of any rights to rents by a Lender. If a Tenant fails or refuses to pay rent to the Association as provided for in this Section, the Association shall have the right to bring an action for unlawful detainer for non-payment of rent under RCW 59.12.030, and the costs and attorney's fees incurred by the Association in connection with that action shall be collectable from the Tenant in that action, and from the Owner of the Unit in the same manner as any other Assessment under this Article.

12.24 Termination of Utility Service. If an Owner is delinquent in paying his or her Assessments, and the delinquency continues in whole or in part after the Board or its designee has given the Owner ten (10) days written notice of the delinquency and that nonpayment of all sums owing shall result in cutting off any portion or all of the utilities used by the Unit, then, following the expiration of the ten (10) day period, the Association or its designee shall have the right and option, to cause any portion or all of the utility service to the Unit to be cut off, and may cause the interruption of service to remain in effect until all of the Owner's delinquent Assessments, plus any charges for termination or reconnection of the utilities, have been paid in full. This right may be exercised whether the utilities are separately or commonly metered and whether they are provided or paid for by the Association or otherwise. If the Unit is rented by its Owner, this right shall not be exercisable if the Tenant agrees in writing to pay rent to the Association as provided in Section 12.24, and is in compliance with that agreement. The remedy provided for in this Section is in addition to and not instead of any other remedies provided in the Declaration, the Act, at law or in equity. The failure of the Association or its



designee to invoke the remedy provided for in this Section or its discontinuance of the exercise of that right shall not constitute a waiver of the right to exercise that remedy for any continuing or future failure by an Owner to pay all Assessments promptly when due. The notices required under this Section shall be given in the manner provided in Section 22.2 of the Declaration.

12.25 Remedies Cumulative. The remedies provided for in the Declaration are cumulative and the Board may pursue them concurrently and may pursue any other remedies, which may be available under law now or in the future although not expressed in the Declaration.

13. INSURANCE

13.1 Insurance Coverage. To the extent reasonably available, the Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Board determines that any insurance described in this Article will not be maintained, the Board shall cause notice of that fact to be given in the manner provided in Section 22.2 to all Unit Owners and Eligible Mortgage Holders, and to each Lender to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. All insurance shall be obtained from an insurance carrier or carriers with a triple A general policyholder's rating and a Class A or better financial category by Best's Insurance Reports and with a license to do business in the State of Washington.

13.2 Property Insurance Coverage.

13.2.1 Coverage Required. Property insurance will cover:

13.2.1.1 The Property and all Buildings on the Property, including all Common Elements, Limited Common Elements, and Units and all fixtures, equipment and any improvements and betterments whether part of a Unit or of a Common Element or Limited Common Element, and such personal property of Unit Owners as is normally insured under building coverage, but excluding any land, excavations, portions of foundations below the undersurface of the lowest basement floors, underground pilings, piers, pipes, flues and drains or other items which are normally excluded from property policies; and

13.2.1.2 All personal property owned by the Association.

13.2.1.3 The policy or policies shall provide for separate protection for each Unit of the Condominium to the full insurable replacement value of that Unit (limited as above provided), and a separate loss payable endorsement in favor of the contract seller and/or Lender of each Unit, if any.

13.2.2 Amounts.

13.2.2.1 The Condominium insurance will be for an amount (after application of any deductibles in amounts determined by the Board) equal to one hundred (100%) percent of the full replacement cost of the Buildings and other improvements, including an "agreed amount" endorsement and/or an "inflation guard" endorsement, at the time the insurance is purchased and at each renewal date. Personal property owned by the Association will be insured for an amount equal to its actual cash value.



13.2.2.2 The Board is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the Condominium facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense.

13.2.2.3 The maximum deductible for insurance policies shall be the lesser of Ten Thousand Dollars (\$10,000) or one (1%) percent of the policy face amount, except that the maximum deductible for earthquake insurance policies shall be ten (10%) percent of the policy face amount.

13.2.3 Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured, including vandalism, malicious mischief, debris removal, cost of demolition, contingent liability from operation of building laws, increased cost of construction, and windstorm and water damage endorsements.

13.2.4 Other Provisions. Insurance policies required by this Section shall provide that:

13.2.4.1 The named insured under the policies for loss or damage to property referred to in Section 13.1 shall be the Association, as trustee for each of the Owners in accordance with their respective percentages of undivided interest in the Common Elements. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies.

13.2.4.2 Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Unit Owner and the Unit Owner's Lender. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining the insurance required or permitted under this Article, including: the collection and appropriate disposition of the proceeds of any insurance policy; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish these purposes.

13.3 Liability Insurance. General comprehensive liability insurance, including medical payments insurance, shall be maintained by the Association insuring the Board, Association, and Owners, against any liability to the public or to the Owners of Units, their invitees and Tenants incident to the ownership or use of the Common and Limited Common Elements (including, but not limited to, owned and non-owned automobile liability, water damage, host liquor liability, liability for property of others, and, if applicable, elevator collision and garagekeeper's liability). The limits of liability under this insurance shall be in an amount determined by the Board after consultation with its insurance consultants, but not less than One Million Dollars (\$1,000,000.00) combined single limit covering all claims for personal injury and/or property damage. The policy limits shall be reviewed at least annually by the Board and increased in the discretion of the Board. All insurance shall contain appropriate provisions or endorsements precluding the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner.

13.4 Fidelity Insurance. Fidelity insurance or blanket employee dishonesty insurance is required for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The policy shall name the Association as insured and shall cover the maximum funds that will be in the custody of the Association



or the Manager at any time while the policy is in force. In no event shall the policy be for any services. The policy shall name the Association as insured and shall cover the maximum funds that will be policy shall include a provision that calls for ten (10) days' written notice to the Association, each Lender, each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit and the insurance trustee, if any, before the policy can be canceled or substantially modified for any reason.

13.5 Unit Owner Policies. An insurance policy issued to the Association does not preclude Unit Owners from obtaining insurance for their own benefit. Each Owner may obtain additional insurance respecting his or her Unit as contemplated under R.C.W. 64.32.220 and 64.32.010(I), at his or her own expense. No Owner shall be entitled to exercise his or her right to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all the Owners, will realize under any insurance policy which the Board may have in force on the Condominium at any particular time. Each Owner is required and agrees to notify the Board of all improvements by the Owner to his or her Unit the value of which is in excess of One Thousand Dollars (\$1,000.00). Any Owner who obtains an individual insurance policy covering any portion of the Condominium other than personal property belonging to the Owner is required to file a copy of the individual policy or policies with the Board within thirty (30) days after purchase of that insurance. The Board, in its discretion, may review the effect of the policy or policies with the Association's insurance broker, agent or carrier.

13.6 Workers' Compensation Insurance. The Board shall if necessary, obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Washington.

13.7 Directors' and Officer's Liability Insurance. The Board may obtain and maintain directors' and officers' liability Insurance, if available, covering all of the directors and officers of the Association. This insurance will have limits determined by the Board.

13.8 Other Insurance. The Association may carry other insurance which the Board considers appropriate to protect the Association or the Unit Owners, provided, that notwithstanding any other provisions in the Declaration, the Association shall continuously maintain in effect casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by FNMA, FHLMC, HUD, VA, GNMA or any other governmental or quasi-governmental agency involved in the secondary mortgage market, so long as any of those agencies is a Lender, an insurer or guarantor of a Mortgage, or Owner of a Unit within the Condominium, except to the extent that the required coverage is not reasonably available or has been waived in writing by each involved agency.

13.9 Premiums. Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

13.10 Additional Insurance Provisions. The Board shall exercise its reasonable best efforts to obtain insurance policies under this Article containing the following:

13.10.1 A provision that the liability of the insurer under the policies shall not be affected by, and that the insurer shall not claim any right of setoff, counterclaim, apportionment, proration, or contribution by reason of, any other insurance obtained by or for any Unit Owner or any Lender.



13.10.2 No provision relieving the insurer from liability for loss because of any act or neglect not within the control of the Association or because of any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control.

13.10.3 A provision that an act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

13.10.4 A waiver of subrogation by the insurer as to any and all claims against the Association and the Owner of any Unit in the Condominium, or member of the household of a Unit Owner, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

13.10.5 A provision that despite any provision giving the insurer the right to restore Damage in lieu of a cash settlement, this option shall not be exercisable without the prior written approval of the Association or when in conflict with the provisions of any insurance trust agreement to which the Association is a party or with any requirement of law.

13.10.6 A provision that the insurer may not cancel or refuse to renew the policy until ten (10) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner and to each Lender to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

13.10.7 A provision that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

13.10.8 A standard mortgagee clause which shall, if reasonably obtainable:

13.10.8.1 Provide that any reference to a mortgagee in the policy shall mean and include all holders of Mortgages of any Unit or Unit lease or sublease of the project, in their respective order and preference, whether or not named in the policy;

13.10.8.2 Provide that the insurance as to the interest of any Lender shall not be invalidated by any act or neglect of the Board or Unit Owners or any persons whose rights or obligations are derived, directly or indirectly, by or through any of them;

13.10.8.3 Waive any provision invalidating the mortgagee clause by reason of failure of any Lender to notify the insurer of any hazardous use or vacancy, any requirement that the Lender pay any premium on the policy, and any contribution clause;

13.10.8.4 Name the loan servicer or its assigns as first mortgagee; and

13.10.8.5 Provide that without affecting any protection afforded by the mortgagee clause, any proceeds payable under the policy shall be payable to the Board or the insurance trustee.



13.11 Unacceptable Insurance Policies. Insurance policies requiring or permitting (a) contributions and assessments against the Association, the Board, the Owners, the Lenders or any guarantor of the above or (b) action by the insured's board of directors, policyholders or members as a condition precedent to loss payments, or limiting clauses (other than insurance conditions) which might prevent any of the above-mentioned persons from receiving insurance proceeds shall be unacceptable to satisfy the requirements of this Article.

13.12 Liability for Uninsured Amounts. Notwithstanding any other provision of this Declaration, including Article 14:

13.12.1 Liability for the amount of damage within the Limits of any applicable insurance deductible or otherwise uninsured, except if such lack of insurance results from the negligence or breach of a duty to insure of the Board, shall be the responsibility of an individual Unit Owner where the damage is to the Common Elements or to another Owner's Unit or the Limited Common Elements assigned to that other Unit and results from a negligent or intentional action or omission by an Owner, or that Owner's Tenant, or the family, servants, employees, agents, visitors or licensees of that Owner or Tenant, or from the failure to maintain any portion of the Condominium, including any appliance, equipment, or fixture in a Unit, which that Owner is responsible to maintain in good working order and condition.

13.12.2 Except as provided in Paragraph 13.12.1 liability for the amount of damage within the limits of any applicable insurance deductible or otherwise uninsured, except if such lack of insurance results from the negligence or breach of a duty to insure of the Board, shall be the responsibility of an individual Unit Owner where the damage involved is limited solely to damage to that Owner's Unit or the Limited Common Element assigned to that Owner's Unit.

13.12.3 Except as provided in Paragraphs 13.12.1 and 13.12.2, liability for the amount of damage within the limits of any applicable insurance deductible or otherwise uninsured shall be prorated between the Association and any involved Owners in proportion to the relative amounts of damage to the Common Element and to each of the affected Units, including the Limited Common Element assigned to such Unit or Units, where the damage involves both the Common Element and/or one or more Units or the Listed Common Element assigned to a Unit or Units.

14. DAMAGE OR DESTRUCTION: RECONSTRUCTION.

14.1 Definitions Significant Damage; Repair; emergency Work.

14.1.1 As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property which the Board is responsible to maintain or repair: (a) for which funds are not available in the maintenance and repair or contingency budget of the Association to make timely repairs; and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the Property or any significant portion of the Property for its intended purpose.

14.1.2 As used in this Article, the term "Repair" means to repair, reconstruct, rebuild or restore the Building or improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before.



Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

14.1.3 As used in this Article, the term "Emergency Work" shall mean that work which the Board deems reasonably necessary to, avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the Property.

14.2 Initial Board Determinations. In the event of Significant Damage to any part of the Property, the Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations, employing any advice the Board deems advisable:

14.2.1 The nature and extent of the Significant Damage, together with an inventory of the improvements and the portion of the Property directly affected.

14.2.2 A reasonably reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon three or more firm written bids obtained from responsible contractors.

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

14.2.4 The amount, if any, that the estimated cost of Repair exceeds the anticipated insurance proceeds available for that Repair and the amount of Assessments to each Unit if the excess was paid as a Common Expense and specially assessed against all the Units in proportion to their percentages of interest in the Common Elements.

14.2.5 The Board's recommendation as to whether the Significant Damage should be Repaired.

14.3 Notice of Significant Damage. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Owner, and each First Lender with a written notice Summarizing the initial Board determination made under Section 14.2. If the Board fails to do so within the thirty (30) day period, then any Owner or First Lender may make the determinations required under Section 14.2 and give the notice required under this Section.

14.4 Repair of Significant Damage by Board. In the event of damage or destruction to all or a part of the Property which the Board is responsible, to Repair, which is not determined by the Board to constitute Significant Damage, the Board shall promptly arrange the Repair, which shall be conducted in accordance with the original plans for the Condominium. The insurance proceeds, if any, shall be applied to the cost of the Repair, and the balance of the Repair costs, if any, shall be assessed to the Owners responsible for same, or paid as a Common Expense of the Association, or prorated between individual Owners and the Association, as otherwise provided in the Declaration.

14.5 Repair of Significant Damage by Board.

14.5.1 Unless prior to the commencement of the Repair (other than Emergency Work referred to in Paragraph 14.1.3) the Owners shall have decided not to Repair in accordance with the provisions of either Paragraph 14.6.3 or 14.7.3, the Board shall promptly Repair the Significant Damage, use the available insurance proceeds for that purpose, and pay for the actual cost of Repair in excess of insurance proceeds. Except to the extent otherwise provided in Section 13.12 of the Declaration, the costs of Repair shall be a Common Expense, which shall be specially assessed against all Units in proportion to their respective percentages of interest in the Common Elements.

14.5.2 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take any other action reasonably necessary to effectuate the Repair. Contracts for the Repair shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments or Common Funds, has provision for the costs of the work to be done under the contracts. The Board may authorize the insurance carrier to proceed with the Repair upon satisfaction of the Board that the work will be appropriately carried out.

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

14.6 Limited Damage; Assessment Under \$7,500. If the amount of the estimated Assessment determined under Section 14.2 does not exceed Seven Thousand Five Hundred Dollars (\$7,500) for any one Unit, then the provisions of this Section 14.6 shall apply.

14.6.1 The Board may, but shall not be required to, call a special Owners' meeting to consider the Repair. If a special Owner's meeting is called, notice of the meeting shall be given simultaneously with the notice required to be given by the Board under Section 14.3 above. If the Board fails to call a meeting, then the requisite number of Owners or any First Lender, within fifteen (15) days of receipt of the notice given by the Board under Section 14.3, or within fifteen (15) days of the expiration of the thirty (30) day period, whichever is less, may call a special Owners' meeting to consider the Repair. Any meeting called as provided in this Paragraph shall be convened not less than ten (10) nor more than twenty (20) days after the date of the notice of meeting.

14.6.2 Except for Emergency Work, no Repair shall be commenced until after the expiration of the notice period set forth in the preceding Paragraph and until after the conclusion of the special meeting if a meeting is called within the requisite period.

14.6.3 A unanimous written decision of the Unit Owners and First Lenders (based upon one vote for each First Mortgage held) will be required to avoid the provisions of Paragraph 14.5.1 and to determine not to Repair the Significant Damage in accordance with the Survey Map and Plans. The failure of the Board, the requisite number of Owners or a First Lender to call for a special meeting at the time or in the manner set forth in Section 14.6 shall be deemed a unanimous decision to undertake the Repair.



14.7 Major Damage; Assessment of Over \$7,500. If the amount of the estimated Assessment determined under Section 14.2 exceeds Seven Thousand Five Hundred Dollars (\$7,500) for any one Unit, then the provisions of this Section 14.7 shall apply:

14.7.1 The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, provide written notice of a special Owners' meeting to consider Repair of the Significant Damage. The notice of meeting shall be delivered with the notice required to be provided under Section 14.3 above. If the Board fails to do so within the thirty (30) day period, then notwithstanding the provisions of this Declaration or the Bylaws with respect to calling special meetings, any Owner or First Lender may, within fifteen (15) days of the expiration of the thirty (30) day period, or within fifteen (15) days of receipt of the notice required to be provided by the Board under Section 14.3, whichever is less, call a special meeting of the Owners to consider Repair of the Significant Damage by providing written notice of the meeting to all Owners and First Lenders. Any meeting held as provided in this Section 14.7 shall be called by written notice and shall be convened not less than ten (10) nor more than twenty (20) days from the date of the notice of meeting.

14.7.2 Except for Emergency Work, no Repair shall be commenced until the conclusion of the special Owners' meeting required under Paragraph 14.7. 1.

14.7.3 A concurrence in writing of more than seventy-five (75%) percent of the First Lenders (based upon one vote for each First Mortgage held), and more than seventy-five (75%) percent of the Owners of the Units will be required to avoid the provisions of Paragraph 14.5.1 and to determine not to Repair the Significant Damage. The failure to obtain the seventy-five (75%) percent concurrence in writing shall be deemed a decision to Repair the Significant Damage in accordance with the Survey Map and Plans. The failure of the Board, or Owners or First Lenders to convene the special meeting required under Paragraph, 14.7.1 within ninety (90) days after the date of Significant Damage shall be deemed a unanimous decision not to undertake the Repair.

14.8 Decision Not to Repair; Disposition. In the event of a decision under either Paragraphs 14.6.3 or 14.7.3 not to Repair any Significant Damage, the Board may nevertheless expend any of the insurance proceeds and Common Funds as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include, but is not necessarily limited to, removal of the damaged or destroyed Building and clearing, filling and grading the real property), and the remaining funds, if any, and the Property shall then be held and distributed as follows:

14.8.1 The Property shall be owned in common by the Unit Owners and shall no longer be subject to this Declaration or to condominium ownership;

14.8.2 The undivided interest in the Property owned in common which appertains to each Unit Owner shall be the percentage of undivided interest previously owned by the Owner in the Common Elements;

14.8.3 Any Mortgages or liens affecting any of the Units shall be deemed transferred in accordance with the existing priorities to the percentage of the undivided interest of the Unit Owner in the Property as provided in this Section 14.8; and



14.8.4 The Property shall be subject to an action for partition at the suit of any Unit Owner or the Association, in which event the net proceeds of sale, together with the net proceeds of the insurance of the Property, if any, shall be considered as one fund; the fund shall be divided into separate shares one for each Unit Owner in a percentage equal to the percentage of undivided interest owned by each the Owner in the Property; then, after first paying out of the respective share of each Unit Owner, to the extent sufficient for the purposes, all Mortgages and liens on the undivided interest in the Property owned by that Unit Owner, the balance remaining in each share shall then be distributed to each Unit Owner respectively.

14.9 Miscellaneous. The provisions of this Article shall constitute the procedure by which a determination is made by the Unit Owners to repair, restore, reconstruct or rebuild as provided in the Act. By the act of accepting an interest in the Property, each Unit Owner and party claiming by, through or under the Owner hereby consents and agrees to the provisions of this Article. If any provision of this Article is determined to be invalid or unenforceable by any court of competent jurisdiction, the determination shall not affect the validity of any other provision of this Declaration. The purpose of this Article is to provide a fair and equitable method of allocating the costs of Repair if all or a portion of the improvements suffer Significant Damage. The provisions of this Article shall be liberally construed to accomplish that purpose. By unanimous vote of the Unit Owners, taken within ninety (90) days after the Significant Damage, the Owners may determine to do otherwise than provided in this Article.

15. CONDEMNATION.

15.1 In General. 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 the 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, 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 section is thereafter a Common Element.

15.2 Partial Unit Condemnation. Except as provided in Section 15.1, 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.

15.3 Common Element Condemnation. 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 interests in the Common Elements. Any portion of the 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.



15.4 Recording of Judgement. The court judgment shall be recorded in every county in which any portion of the Condominium is located.

15.5 Association to Represent Owners. The Association shall represent the Unit Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Condominium, and any condemnation proceeds shall be payable to the Association for the benefit of the Owners of affected Units and their Lenders. Should the Association not act on the Owners' behalf in a condemnation process, the affected Owners may individually or jointly act on their own behalf.

16. COMPLIANCE WITH DECLARATION.

16.1 Strict Compliance. Each Owner, Tenant, and other Occupant of a Unit in the Condominium shall comply strictly with the provisions of the Governing Documents and with all decisions of the Board adopted as provided in the Governing Documents (referred to in the Declaration as "Board Decisions"). The acceptance of a deed or conveyance or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Governing Documents, as they may be amended from time to time, are accepted and ratified by the Owner, Tenant, or other Occupant and all provisions of the Governing Documents shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though the provisions were recited and stipulated at length in each and every deed, conveyance or Lease of the Unit.

16.2 Failure to Insist on Strict Performance No Waiver. The failure of the Board or Manager in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Governing Documents, or to exercise any right or option contained in the Governing Documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of that term, covenant, condition or restriction, but the term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board or Manager of any Assessment from an Owner, with knowledge of any breach shall not be deemed a waiver of that breach and no waiver by the Board of any provision of the Governing Documents shall be deemed to have been made unless expressed in writing and signed by the appropriate officers on behalf of the Board.

16.3 Hearing Board. The Board, or other body or person designated in the Bylaws ("Hearing Board"), is authorized and empowered, as provided in procedures to be set forth in the Bylaws, to investigate, hear and determine all complaints concerning violations by any Unit Owner, Tenant, or other Occupant or by the Association of any provision of the Governing Documents or of any Board Decision and to order compliance therewith. The Hearing Board is further authorized and empowered to levy reasonable fines against any person who shall have been found to be in violation of any provision of the Governing Documents or Board Decision after notice stating the nature of the violation and an opportunity for a hearing and to require the non-prevailing party to reimburse the Association for its costs, including reasonable attorney's fees, in connection with the matter. Fines shall not exceed the maximum amounts to be established from time to time by resolution of the Board. Fines and costs shall constitute Assessments secured by a lien upon any Unit belonging to or occupied by the person against whom they were assessed and shall be collectable in the manner provided in Article 12 for the collection of Assessments. The hearing shall be conducted as provided in due process procedures to be contained in the Bylaws. If a Hearing Board other than the Board is designated in the Bylaws, any party to a matter heard by the Hearing Board shall have the right to appeal the decision of the Hearing Board to the Board on the record of the proceeding before the Hearing Board. Any member of the Hearing Board or the Board who is incapable of impartial, disinterested and objective consideration of the case shall disclose



that fact to the respective body and shall remove himself or herself from participation in the proceedings and have it so recorded in the minutes.

16.4 Judicial Enforcement. Failure to comply with a provision of the Governing Documents or a Board Decision, or to comply with a decision of the Hearing Board following notice of a violation and an opportunity for a hearing, shall be grounds for an action to recover sums due for damages, which shall include any fines levied by the Hearing Board and any costs incurred by the Association in connection with the proceedings before the Hearing Board, maintainable by the Association (acting through the Board) on behalf of the Owners. Such failure shall further be sufficient grounds for the issuance of injunctive relief in such action. Nothing contained in the Declaration shall be deemed or construed as a waiver of the Association's right to bring an action as provided in this Section without first exhausting the Association's internal enforcement procedures in cases where the Board deems immediate legal action to be necessary or appropriate. If the Board fails or refuses, after demand by an aggrieved Owner, to take appropriate action to enforce compliance with any provision of the Governing Documents, any Board Decision, or any Hearing Board decision, an aggrieved Owner on his or her own may maintain an action for damages or injunctive relief against the party (including an Owner or the Association) failing to comply. In any action brought as provided in this Section, the prevailing party shall be entitled to recover as part of its judgment a reasonable sum for attorneys' fees incurred in connection with the action, in addition to taxable costs permitted by law.

16.5 Enforcement Against Tenants. If a Tenant or a Related Party occupying a Unit fails to comply with a provision of the Governing Documents, a Board Decision or a decision of the Hearing Board, then, in addition to all other remedies which it may have, the Board shall notify the Unit Owner of the violation(s) and demand that the same be remedied through the Unit Owner's efforts within thirty (30) days' after the notice. If the violation(s) is (are) not remedied within the thirty (30) day period, then the Unit Owner shall immediately, at his or her own cost, institute and diligently prosecute an unlawful detainer action under the Washington Residential Landlord Tenant Act or any successor statute on account of the violation(s). The action shall not be compromised or settled without the prior written approval of the Board. If the Unit Owner fails to fulfill the foregoing obligation, then the Board shall have the right, but not the duty, to institute and prosecute the action as attorney-in-fact for the Unit Owner and at the Unit Owner's sole cost, including all attorney's fees incurred. The costs of the action, including attorney's fees, shall be recoverable from the Tenant, and in addition, shall be deemed to constitute Assessments secured by a lien on the Unit involved as well as the personal obligation of the Unit Owner, and collection of those costs may be enforced by the Board in the manner described in Article 12 of the Declaration. Each and every Unit Owner does hereby automatically and irrevocably name, constitute, appoint and confirm the Association as his or her attorney-in-fact for the purposes described in this Section.

16.6 Recovery of Attorney's Fees and Costs. In addition to any attorney's fees and costs recoverable in an action brought under Section 16.5, or awarded by the Hearing Board as provided in Section 16.3, the Association shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the enforcement of any provision in the Governing Documents, any Board decision, or any Hearing Board decision, whether or not the enforcement activities result in suit being commenced or prosecuted to judgment or a hearing before the Hearing Board being held. In addition, the prevailing party shall be entitled to recover costs and reasonable attorney's fees on appeal and in the enforcement of a judgment, whether in the State of Washington or a sister state.



17. LIMITATION OF LIABILITY.

17.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board, neither the Association nor the Board, nor the Manager exercising the powers of the Board, shall be liable for any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements or resulting from electricity, water, rain or sand which may leak or flow from outside or from any parts of the Building or from any of its pipes, drains, conduits, appliances, or equipment or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or order of a governmental authority; or for injury or damage suffered as a result of the failure of any Owner or Occupant to comply with a provision of the Governing documents; or for injury, or damage suffered as a result of the failure of the Association or its Manager to enforce any provision of the Governing Documents against a non-complying Owner or Occupant. No diminution or abatement of 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. This Section shall not be interpreted to impose any form of liability by implication upon the Board or the Association, or the Manager exercising the powers of the Board.

17.2 No Personal Liability. So long as a Board member, Association committee member, Association officer, or the Manager, exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, or self dealing, upon the basis of the information possessed by that person, then that person shall not be personally liable to any other Owner, to any Tenant or Related Party or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of that person; provided, that this limitation shall not apply where and to the extent that the consequences of such act, omission, error, or negligence are covered by insurance obtained by the Board.

17.3 Indemnification of Board Members. Each Board member, Association committee member, and Association officer, exercising the powers of the Board, shall be indemnified by the Association and the Owners against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of holding or having held that position, or which may be threatened against him or her, or any settlement of a proceeding or threatened proceeding, whether or not that person holds the position at the time the expenses or liabilities are incurred, except in those cases in which the person is adjudged guilty of willful or intentional misconduct, self dealing or bad faith in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approved the settlement and reimbursement as being in the best interests of the Association.

18. LENDER PROTECTION.

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

18.2 Eligible Mortgage Holders. To be entitled to receive notice of any proposed action that requires the approval of a specified percentage of Eligible Mortgage Holders, an Eligible Mortgage

Holder must send a written request to the Association, stating both its name and address and the Unit number or address of the Unit on which it holds, insures or guarantees the Mortgage.

18.3 Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee of:

18.3.1 Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit in which there is a Mortgage held, insured or guaranteed by that Eligible Mortgagee;

18.3.2 Any delinquency in the payment of Assessments owed by a Unit Owner which remains uncured for a period of sixty (60) days and whose Unit is subject to a Mortgage held, insured or guaranteed by that Eligible Mortgagee;

18.3.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

18.3.4 Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Section 18.4 of the Declaration; and

18.3.5 Any judgment rendered against the Association.

18.4 Consent and Notice Required.

18.4.1 Document Changes. Notwithstanding any requirement permitted by this Declaration or the Act, no amendment by the Association or Unit Owners of any material provision of the Declaration or Bylaws described in this Section may be effective without notice to all Eligible Mortgage Holders, as required by Section 18.3 above, without the vote of at least sixty-seven (67%) percent of the Unit Owners (or any greater Unit Owner vote required in this Declaration or the Act) and without approval by at least fifty-one (51%) percent of the Eligible Mortgage Holders (or any greater Eligible Mortgage Holder approval required by this Declaration). A change to any of the following portions of the Declaration or Bylaws would be considered a Material Amendment:

18.4.1.1 Voting rights;

18.4.1.2 Assessments, assessment liens or priority of assessment liens;

18.4.1.3 Reserves for maintenance, repair and replacement of Common Areas;

18.4.1.4 Responsibility for maintenance and repairs;

18.4.1.5 Reallocation of interests in the Common Elements or Limited Common Elements, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgage Holders holding Mortgages in those Units need approve the action;



18.4.1.6 Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgage Holders holding Mortgages in the Unit or Units need approve the action;

18.4.1.7 Convertability of Units into Common Elements or Common Elements into Units;

18.4.1.8 Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;

18.4.1.9 Insurance or fidelity bonds;

18.4.1.10 Leasing of Units;

18.4.1.11 Imposition of any restrictions on Unit Owners' right to sell or transfer their Units;

18.4.1.12 Restoration or repair of the project after hazard damage or partial condemnation in a manner other than that specified in the Documents;

18.4.1.13 Termination of the Condominium after occurrence of substantial destruction or condemnation; and

18.4.1.14 Any provision that expressly benefits mortgage holders, insurers or guarantors.

18.4.2 Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, without notice to all Eligible Mortgage Holders, as required by Section 18.3 above, and approval of at least fifty one percent (51%) (or the indicated percentage, if higher) of the Eligible Mortgage Holders:

18.4.2.1 Convey or encumber the Common Elements or any portion of the Common Elements, for which an eighty (80%) percent Eligible Mortgage Holder approval is required. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium will not be deemed a transfer within the meaning of this clause); and

18.4.2.2 The termination of the Condominium for reasons other than substantial destruction or condemnation, for which sixty-seven (67%) percent of the Votes of Eligible Mortgage Holders is required.

18.4.2.3 The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), for which only the owners of Units affected and Eligible Mortgage Holders of those Units need approve the action.

18.4.2.4 The granting of any easements, leases, licenses or concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Condominium and also excluding any leases, licenses or concessions lasting for no more than one year).



18.4.2.5 The restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than specified in the Instruments.

18.4.2.6 The merger of the Condominium with any other common interest community.

18.4.2.7 The assignment of the future income of the Association, including its right to receive Assessments.

18.4.2.8 Any action taken not to repair or replace the Property in the event of substantial destruction of any part of a Unit or the Common Elements.

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

18.4.4 Lender Approval Implied. The failure of an Eligible Mortgage Holder to respond within thirty (30) days to any written request for approval of an addition or amendment to the Governing Document wherever Eligible Mortgage Holder approval is required, when such request is delivered by certified or registered mail, return receipt requested, shall constitute an implied approval of the addition or amendment.

18.5 Inspection of Books. The Association must maintain current copies of the Declaration, Bylaws, Rules, books, records and financial statements. The Association shall permit any Owner, Eligible Mortgage Holder, or other Lender of a Unit, to inspect the books and records of the Association during normal business hours.

18.6 Financial Statements. The Association shall provide any Eligible Mortgage Holder who submits a written request with a copy of an annual financial statement. It shall be provided within ninety (90) days following the end of each fiscal year of the Association. This financial statement shall be audited by an independent Certified Public Accountant.

18.7 Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which a Unit Owner may attend.

18.8 Change in Manager. If professional management is employed by the Association, at least thirty (30) days' notice of any contemplated change in the professional Manager shall be given to any Eligible Mortgage Holder. The agreement with the professional Manager shall permit cancellation by the Association without cause and without payment of a termination fee upon thirty (30) days' written notice and shall have a term of not more than one year, renewable by agreement of the parties for successive one-year periods. Where professional management has been required by FHA, VA, FNMA, or FHLMC, the Association shall not elect to terminate professional management and assume self-management without the prior approval of Owners having sixty seven (67%) percent of the votes of the Association and the approval of Eligible Mortgage Holders who represent at least fifty-one (51%) percent of the Units that are subject to Mortgages held by Eligible Mortgage Holders; provided, that prior approval shall not be required to change from one professional Manager to another professional Manager.



18.9 Insurance. Where an Eligible Mortgage Holder of a Unit has filed a written request with the Board, the Board shall:

18.9.1 Furnish the Eligible Mortgage Holder with a copy of any insurance policy or evidence of insurance which is intended to cover the Common Areas, Limited Common Areas and the Unit on which the Lender has a lien;

18.9.2 Require any insurance carrier or issuer of a fidelity bond to give the Board and any and all insureds (including any Lenders) at least ten (10) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any fidelity bond or any insurance with respect to the Common Areas, Limited Common Areas and the Unit on which the Eligible Mortgage Holder has a lien (including cancellation for a premium nonpayment);

18.9.3 Not make any settlement of any insurance claims for loss or damage which affects a material portion of any Unit or Limited Common Areas, or of the Common Areas without the approval of the Eligible Mortgage Holder; provided, that approval shall not be unreasonably withheld.

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

19. EASEMENTS.

19.1 General. It is intended that, in addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to carry out and continue proper operation of the Condominium. Without limiting the generality of the preceding sentence, each Unit and all Common and Limited Common Elements, are specifically subject to an easement for the benefit of each of the other Units in the Building for all duct work for the several Units, and for heating, ventilation, air conditioning and fireplaces and associated flues or chimneys, if any. In addition, each Unit and all the Common and Limited Common Elements are specifically subject to easements as required for the intercom and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each Unit, for the vacuum system roughed-in each Unit, if any, and for the master or community antenna cable system, if any. Finally, each Unit as it is constructed is granted an easement to which each other Unit and all Common and Limited Common Elements are subject to the location and maintenance of all the original equipment and facilities and utilities for that Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

19.2 Utility, Easements, etc. The Board, on behalf of the Association and all members, shall have authority to grant utility, road and similar easements, licenses and permits, under, through or over the Common Elements, which the Board determines are reasonably necessary or convenient to the ongoing development and operation of the Property.

19.3 Association Functions. The Association and its duly authorized agents and representatives have reserved to them under this Declaration any easements necessary for emergency



repairs and/or to perform the duties and obligations of the Association under the Governing Documents, as more fully set forth in Paragraph 10.2.24 of the Declaration.

19.4 Encroachments. Each Unit and all Common and Limited Common Elements are hereby declared to have an easement over all adjoining Units and Common and Limited Common Elements, for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, reconstruction, repair, settlement or shifting or movement of any portion of the Building, or any other similar cause, and any encroachment due to Building overhang or projection. There shall be valid easements for the maintenance of those encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by any encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created under this Section in favor of an Owner or Owners if the encroachment occurred due to the willful act or acts with full knowledge of the Owner or Owners. If a Unit or Common or Limited Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Elements shall be permitted. There shall be valid easements for the maintenance of the encroachments permitted under this Section so long as they exist. These encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

20. **SUBDIVISION AND COMBINING OF UNITS, RELOCATING UNIT BOUNDARIES, OPENINGS BETWEEN ADJOINING UNITS, AND REALLOCATION COMMON AND LIMITED COMMON ELEMENTS.**

20.1 Subdivision of Units. If permitted by applicable law, a Unit may be subdivided into two or more Units. Subject to the provisions of the Declaration and other provisions of law, upon application of a Unit Owner to subdivide a Unit, the Association shall prepare, execute, and record an amendment to the Declaration, and an amendment to the Survey Map and Plans, subdividing that Unit. The amendment to the Declaration must also be executed by the Owner of the Unit to be subdivided, assign an identifying number to each Unit created, and reallocate the percentage of undivided interests in the Common Elements formerly allocated to the subdivided Unit to the new Units in any reasonable and equitable manner prescribed by the Owner of the subdivided Unit.

20.2 Combining of Units and Relocation of Unit Boundaries. Subject to the provisions of the Declaration and other provisions of law, two or more adjoining Units, or portions of Units, may only be combined, and the boundaries between adjoining Units may only be relocated, by an amendment to the Declaration upon application to the Association by the Owners of those Units. The application shall specify a proposed reallocation to each resulting Unit of the undivided interests in the Common Elements allocated to the existing Units. Unless the Board of Directors determines within forty five (45) days that the reallocations are unreasonable, the Association shall prepare, execute and record an amendment to the Declaration that identifies the Units involved, states the reallocations, is also executed by those Unit Owners, contains words of conveyance between them, and is recorded in the names of the Condominium, the grantor and the grantee. The Association shall obtain and record amended 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.

20.3 Openings Between Adjoining Units. The Owner or Owners of adjoining Units or adjoining parts of adjoining Units, may, with approval of the Board of Directors, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems



or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this Section is not a relocation of Unit boundaries. The Owner or Owners shall submit a written request which shall include the plans and specifications for the proposed removal or alteration to the Board. The Board of Directors shall approve the request under this Section within forty-five (45) days, unless the proposed alteration impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board of Directors to act upon a request within such period shall be deemed approval of the request. No amendment of the Declaration or the Survey Map and Plans shall be necessary under this Section.

20.4 Reallocation of Limited Common Elements Between Units. A Limited Common Element may only be reallocated between Units with the approval of the Board of Directors and by an Amendment to the Declaration executed by Association and the Owners of the Units to which the Limited Common Element was and will be allocated. The Board of Directors shall approve the request of the Owner or Owners under this Section within forty-five (45) days, unless the proposed reallocation does not comply with the RCW Chapter 64.34 or the Declaration. The failure of the Board of Directors to act upon a request within such period shall be deemed approval of the request. The amendment shall be recorded in the names of the parties and of the Condominium.

20.5 Other Reallocations of Common Elements and Limited Common Elements. Unless otherwise provided in the Declaration, Sixty-Seven (67%) Percent of the Unit Owners, including the Owner or Owners of the Unit or Units to which the Common Element or Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Common Element or Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in amendments to the Declaration, and the Survey Map, or Plans executed by the Association and the Owner or Owners of any Units affected. The amendment shall be recorded in the names of the parties and of the Condominium.

20.6 Lender Approval Required. In the case of a subdivision, combination, or alteration of Units under Sections 20.1, 20.2, or 20.3, or the reallocation of Limited Common Elements between Units under Section 20.4, the Owner or Owners making the proposal shall obtain the written consent of all First Lenders holding Mortgages on a Unit to be affected prior to the approval of the application by the Board of Directors. In the case of a reallocation of Common Elements or Limited Common Elements under Section 20.5, the Owner or Owners making the proposal shall obtain the written consent of fifty-one (51%) percent of the votes of Eligible Mortgage Holders of Units that are subject to Mortgages held by Eligible Mortgage Holders, and the consent of all First Lenders holding Mortgages on a Unit to be affected prior to the approval of the application by the Board of Directors.

20.7 Commencement of Work. Upon receipt of the approval of the Board of Directors, and upon the receipt of the approval of Sixty-Seven (67%) Percent of the Unit Owners if required by Section 20.5, the Owner or Owners making the proposal may proceed according to the approved plans and specifications, provided, however, that the Board may, in its discretion, require that the Board administer the work for the protection of other Units or Common Elements.

20.8 Conditions and Costs. The Board may condition the approval of any structural alteration of a Unit, or the Common Elements on the Unit Owner's submission of plans prepared by an architect or structural engineer for such alterations and the certification of such professional that the proposed alteration will not impair the structural integrity of the Building or any Building system. The Board may condition approval of the conversion of Common Elements into Limited Common Elements or the



incorporation of Common Elements or Limited Common Elements into a Unit on the payment of reasonable compensation to the Association. The Board may further condition approval of any alterations to the Condominium on the Unit Owner executing an agreement imposing reasonable conditions on any work to be done, including, without limitation, a requirement that all work be in compliance with all governmental code and permit requirements, a requirement that the work be done by licensed contractors, a requirement that the Owner indemnify the Association against any loss or damage as a result of the work to be done, a requirement that the Owner assume the costs of future maintenance and repair of any alterations, and a requirement that reasonable deadlines for completion of the work be inserted into the contracts for the work. All costs associated with any subdivision, combination, alteration or reallocation permitted under this Article, including the expenses of preparation and review of any plans and specifications, the costs of solicitation of any necessary Owner or Lender approvals, and the costs of preparation and recording the amendments to the Survey Map, if any, and the amendments to the Plans and Declaration shall be at the expense of any Owner proposing the changes.

20.9 Impact on Percentages and Values. Any approved subdivision or combination of Units or reallocation of Limited Common Elements only shall affect the allocation of the established percentages of interest in the Common Elements and the values between or among the altered Units and shall not affect the value or percentages allocated to any other Unit. Neither the reallocation of a Common Element as a Limited Common Element or its incorporation into a Unit nor the incorporation of a Limited Common Element into a Unit shall affect the value or the allocation of the percentage of interest in the Common Elements to the affected Unit.

21. AMENDMENT OF DECLARATION, SURVEY MAP, PLANS.

21.1 Declaration Amendment. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the Owners if Unit Owners, exercising not less than Sixty-Seven (67%) Percent of the Votes of the Association, vote for such amendment, or without any meeting if all Owners have been duly notified and Unit Owners, exercising not less than Sixty-Seven (67%) Percent of the Votes of the Association, consent in writing to the amendment. The amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the official real estate records of the county in which the Condominium is located. Any amendment to a provision of the Declaration which is deemed a Material Amendment as provided in Paragraph 18.4.1 of the Declaration shall, in addition to the required consent of the Owners, require the consent of Fifty-One (51%) Percent of the votes of Units subject to Mortgages held by Eligible Mortgage Holders. An Eligible Mortgagee who fails to respond within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request, as provided in Paragraph 18.4.4 of the Declaration. Any Amendment altering the value of the Property and of each Unit and the percentage of undivided interest in the Common Elements shall require unanimous consent of the Unit Owners and the consent of Eligible Mortgage Holders that represent Fifty-One (51%) Percent of the votes of Units subject to Mortgages held by Eligible Mortgage Holders, and in addition, shall require unanimous consent of all Lenders with Mortgages against a Unit for which it is proposed to change the percentage interest in the Common Elements appertaining to that Unit. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants,



conditions and restrictions contained in the Declaration which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the Section being amended or the amendment itself.

21.2 Survey Map and Plans Amendment. Except as otherwise provided in the Declaration, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to affect in an amendment to the Declaration adopted as provided for in this Article. Copies of any proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. The amendment to the Survey Map and Plans shall be effective, once properly adopted, upon recordation in the official real estate records of the county in which the Condominium is located in conjunction with the Declaration amendment.

21.3 Discontinuance of Condominium. Except as provided in Article 14 or 15 of the Declaration, the condominium status of the Property shall not be abandoned or terminated by reason of any act or omission by the Owners or the Association except with the consent of Unit Owners holding Eighty (80%) Percent of the Votes in the Association by an instrument to that effect duly recorded, and then only if Eligible Mortgage Holders that represent at least Sixty-Seven (67%) Percent of the votes of Units subject to Mortgages held by Eligible Mortgagees consent to the termination or agree, in either case by an instrument duly recorded, that their Mortgages be transferred to the percentage of the undivided interest of the Unit Owner in the Property. It is further specifically covenanted that any decision or failure to act by the Owners under this Declaration or any applicable provision of law which intends or requires discontinuance of this Condominium or removal of the Property from the provisions of the Act, shall, if such decision or failure to act is sufficient with respect to Condominium under the Act, also terminate and discontinue the effect of any and all of the covenants, conditions, and restrictions set forth in the Declaration, and all provisions of the Survey Map and Plans, unless other specific provision is made by recorded amendments to the Declaration, and, if required, to the Survey Map and Plans. Notwithstanding the preceding Paragraph, following the termination of the Condominium and until a sale of the Property has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had prior to termination of the Condominium. Following the termination of the Condominium, the proceeds of any sale of the Property, together with the assets of the Association, are held by the Association as trustee for the Unit Owners, Lenders, holders of liens on the Units, and creditors of the Association as their interests may appear.

22. MISCELLANEOUS.

22.1 Service of Process. The Board may from time to time cause an Amendment to the Declaration for the Association to be recorded in the real property records for the County of Skagit, State of Washington, designating the name and address of the person in that County for the service of process in matters pertaining to the Property as required under the Act. The amendment shall be executed by the president of the Association and attested by the secretary. No further approval of the Owners shall be necessary. Until otherwise designated in the manner specified in this Section, the name and address of the registered agent for service of process is:

Daniel J. DeWalt, Esq.
GOFF & DEWALT, LLP
1201 Third Avenue, Suite 2905
Seattle, Washington 98101



22.2 Notice for All Purposes.

22.2.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered personally, by electronic means of written communication or by mail. If delivery is made by mail, any notice shall be deemed to have been delivered when a copy has been deposited in the United States mail, first-class postage prepaid, addressed to the person entitled to the notice at the most recent address given by that person to the Board, in writing, for the purpose of service of notice, or to the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if directed to the Owner's Unit if no other address has been given to the Board as the Registered Address of the Unit Owner as required by the Bylaws. Notice to a Tenant shall be directed to the Unit address. Notice to be given to the Board shall be given to the President or Secretary of the Board, or to the Manager, if any. Addresses for the delivery of notice may be changed from time to time by notice in writing as provided in this Section.

22.2.2 Lender Notice. Upon written request for notice, and for the period specified in the request, a Lender shall be entitled to be sent a copy of any notices respecting the Unit covered by the Lender's Mortgage until the request is withdrawn or the Mortgage discharged. A Lender's written request may be renewed an unlimited number of times.

22.3 Severability. The provisions of this Declaration and the Bylaws shall be deemed independent and severable, and the invalidity or partial invalidity or un-enforceability of any one provision or portion of a provision shall not affect the validity or enforceability of any other provision of the Declaration if the remainder complies with the Act or as covenants effect the common plan.

22.4 Construction of Governing Documents. In the event of a conflict between the provisions of the Declaration and the Bylaws or the Rules and Regulations, the Declaration prevails except to the extent the Declaration is inconsistent with the provisions of the Act. In the event of a conflict between the provisions of the Bylaws and the Rules and Regulations, the Bylaws prevail except to the extent the Bylaws are inconsistent with the provisions of the Act.

22.5 Effective Date. This Restated Declaration shall take effect upon recording.

DATED this 28th day of June 2004.

**NORTHRIDGE ESTATES
HOMEOWNERS ASSOCIATION**

By: *Theresa Farrells*
President



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Skagit County Auditor

EXHIBIT A

Tracts B, C, and D of Revision to Plat of Firwest Estates
Division No. 1, as recorded in Volume 12 of Plats at
Pages 89 and 90, records of Skagit County, Washington,
being a portion of the Southeast Quarter of the Southwest
Quarter (SE1/4SW1/4) of Section 9, Township 34 North,
Range 4 East W.M.



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EXHIBIT B

<u>Unit Number</u>	<u>Approximate Square Feet</u>
97	1285
98	1280
99	1424
100	1465
101	1296
102	1389
103	1434
104	1260
105	1315
106	1271
107	1405
108	1469
109	1439
110	1252
111	1277
112	1391
113	1281
114	1267
115	1418
116	1466
117	1411
118	1461
119	1288
120	1273
121	1281
122	1394
123	1451
124	1247
125	1292
126	1286
127	1417
128	1467
129	1432
130	1299
131	1288
132	1385
201	1392
202	1652
203	1651
204	1389



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EXHIBIT B (cont.)

<u>Unit Number</u>	<u>Approximate Square Feet</u>
205	1607
206	1367
207	1619
208	1599
209	1354
210	1587
211	1598
212	1355
301	1535
302	1542
303	1557
304	1533
305	1545
306	1539
307	1560
308	1534
309	1536
310	1537
311	1536
312	1547
314	1720
315	1698
316	1701
317	1868
318	1902
319	1905
320	1905
321	1864
322	1865



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EXHIBIT C

<u>Unit Number</u>	<u>Unit Value</u>	<u>Unit % of Interest</u>
97	64,250	1.26
98	64,400	1.26
99	71,200	1.39
100	73,250	1.44
101	64,800	1.27
102	69,450	1.36
103	71,700	1.41
104	63,000	1.24
105	65,750	1.29
106	63,550	1.25
107	70,250	1.38
108	73,450	1.44
109	71,950	1.41
110	67,600	1.33
111	63,850	1.25
112	69,550	1.36
113	64,050	1.26
114	63,350	1.24
115	70,900	1.39
116	73,330	1.44
117	70,550	1.39
118	73,050	1.43
119	64,400	1.26
120	63,650	1.25
121	64,050	1.26
122	69,700	1.36
123	72,550	1.42
124	62,350	1.22
125	64,600	1.27
126	64,300	1.26
127	70,850	1.39
128	73,350	1.44
129	71,600	1.41
130	64,950	1.28
131	64,400	1.26
132	69,750	1.37
201	69,600	1.36
202	82,600	1.62
203	82,550	1.62
204	69,450	1.36



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EXHIBIT C (cont.)

<u>Unit Number</u>	<u>Unit Value</u>	<u>Unit % of Interest</u>
205	80,350	1.58
206	68,350	1.34
207	80,950	1.59
208	79,950	1.57
209	67,700	1.33
210	79,350	1.56
211	79,900	1.57
212	67,750	1.33
301	76,750	1.50
302	77,100	1.50
303	77,850	1.53
304	76,650	1.50
305	77,250	1.52
306	76,950	1.50
307	78,000	1.53
308	76,700	1.50
309	76,800	1.50
310	76,850	1.50
311	76,800	1.50
312	77,350	1.52
314	86,000	1.69
315	84,900	1.67
316	85,050	1.67
317	93,400	1.83
318	95,100	1.87
319	95,250	1.87
320	95,250	1.87
321	93,200	1.83
322	93,250	1.83

*Unit Values reference Document 9011140056 (Ninth Amendment to Declaration of Covenants, Conditions and Restrictions for Northridge Estates Condominium), incorporated herein by this reference. Pursuant to Section 1.9 in the Restated Declarations, the Board may proportionately increase any dollar amounts relative to increases in the Consumer Price Index.



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EXHIBIT D

The Survey map and plans of the Condominium as filed in the Office of the Auditor for Skagit County, Washington, and recorded as document No. 8405310048 are incorporated by this reference as if fully set forth herein.



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