

Filed for Record at Request of
When Recorded Return to:

Mary L. Stone, Inc. P.S.
Attorney at Law
P.O. Box 623
Friday Harbor, WA 98250



200612180153

Skagit County Auditor

12/18/2006 Page 1 of 36 2:25PM

Document Title: DECLARATION OF CONDOMINIUM

Grantor/Declarants: BERNICE C. HOCHFELD

Grantee: MOUNT BAY VISTA CONDOMINIUM

Short Legal: LOTS 7-10, BLK 1, HAGADORN'S & STEWART'S

TPN's: 3792-001-010-0002

Related Docs: N/A

NOTICE TO RECORDER:

AS REQUIRED BY RCW CHAPTER 64.34, AT THE TIME OF RECORDING
THIS DECLARATION INSERT IN ARTICLE 31, PAGE 29 THE CROSS
REFERENCE RECORDING DATA OF THE SURVEY MAP AND PLANS
RECORDED IN CONNECTION HEREWITH.

**DECLARATION ESTABLISHING
COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS AND
EASEMENTS
FOR
MOUNT BAY VISTA CONDOMINIUM**

TABLE OF CONTENTS

		Page No.
ARTICLE	1. INTERPRETATION	1
	1.1 Liberal Construction	1
	1.2 Consistent With Act	1
	1.3 Covenant Running With Land	1
	1.4 Captions and Exhibits	1
	1.5 Inflationary Increase in Dollar Amounts	1
	1.6 Definitions	2-4
ARTICLE	2. NAME	4
	2.1 Name of Project	4
	2.2 Name of Owners' Association	4
ARTICLE	3. SUBMISSION OF THE PROPERTY TO THE CONDOMINIUM ACT	4
ARTICLE	4. DESCRIPTION OF LAND	4
ARTICLE	5. UNITS	4
	5.1 Number of Units	4
	5.2 Identification of Each Unit	5
	5.3 Unit Boundaries	5
ARTICLE	6. COMMON ELEMENTS	5
	6.1 Description	5
	6.2 Use	6
	6.3 Prohibition Against Abandonment, Partition, etc.	6



ARTICLE	7.	LIMITED COMMON ELEMENTS	6
	7.1	Description	6
	7.2	Appurtenant to Units	6
ARTICLE	8.	ACCESS	6
ARTICLE	9.	ALLOCATION OF COMMON ELEMENT INTERESTS, VOTES, AND COMMON EXPENSE LIABILITIES	7
	9.1	General	7
	9.2	Formula	7
ARTICLE	10.	PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES	7
	10.1	Residential Purposes	7
	10.2	Driveways, Walkways, etc.	7
	10.3	Maintenance of Units and Limited Common Elements	7
	10.4	Right to Modify Unit	7-8
	10.5	Exterior Appearance	8
	10.6	Effect on Insurance	8
	10.7	Alteration of Common Elements	8
	10.8	Signs	8
	10.9	Offensive Activity	8
ARTICLE	11.	ENTRY FOR REPAIRS OR MAINTENANCE	8-9
ARTICLE	12.	OWNERS' ASSOCIATION	9
	12.1	Form of Association	9
	12.2	Articles and Bylaws	9
	12.3	Qualification for Membership	9
	12.4	Transfer of Membership	9
	12.5	Number of Votes	9
	12.6	Voting Representative	9-10
	12.7	Joint Owner Disputes	10
	12.8	Pledged Votes	10
	12.9	Annual and Special Meetings	10
	12.10	Books and Records	10
	12.11	Inspection of Condominium Documents, Books and Records	10
ARTICLE	13.	NOTICES	11
	13.1	Form and Delivery of Notice	11
	13.2	Notices to Holders, Insurers, and Guarantors of Mortgages	11



ARTICLE	14.	ADMINISTRATION OF PROPERTY; RIGHTS RETAINED BY DECLARANT	11
	14.1	Transition Date	11
	14.2	Declarant's Powers Until Transition Date	12
ARTICLE	15.	AUTHORITY OF THE BOARD	12
	15.1	Adoption of Rules and Regulations	12
	15.2	Enforcement of Declaration, Etc.	12
	15.3	Goods and Services	12
	15.4	Additions and Improvements	13
	15.5	Managing Agent	13
	15.6	Protection of Property	13
ARTICLE	16.	BUDGET AND ASSESSMENTS FOR COMMON EXPENSES	13
	16.1	Fiscal Year	13
	16.2	Preparation of Budget	13-14
	16.3	Monthly Assessments for Common Expenses; Initial Contribution to Working Capital	14
	16.4	Special Assessments	14
	16.5	Notice of Assessment	14
	16.6	Payment of Periodic Assessments	14
	16.7	Proceeds Belong to Association	14
	16.8	Failure to Assess	15
	16.9	Certificate of Unpaid Assessments	15
ARTICLE	17	LIEN AND COLLECTION OF ASSESSMENTS	15
	17.1	Assessments Are a Lien; Priority	15
	17.2	Lien May be Foreclosed	15-16
	17.3	Assessments are Personal Obligation	16
	17.4	Late Charges and Interest on Delinquent Assessments	16
	17.5	Recovery of Attorneys' Fees and Costs	16
	17.6	Delinquent Assessments - Rental Units	16
	17.7	Remedies Cumulative	16
	17.8	Security Deposit	16
ARTICLE	18	FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE NO WAIVER	17
ARTICLE	19	LIMITATION OF LIABILITY	17
	19.1	Liability for Utility Failure, Etc.	17
	19.2	No Personal Liability	17
ARTICLE	20	INDEMNIFICATION	17-18



ARTICLE	21	INSURANCE	18
	21.1	General Requirements	18
	21.2	Property Insurance	18-19
	21.3	Comprehensive Public Liability Insurance	19
	21.4	Insurance Trustee; Power of Attorney	19
	21.5	Additional Policy Provisions	19-20
	21.6	Owner's Individual Insurance	20
ARTICLE	22	DAMAGE AND REPAIR OF DAMAGE TO PROPERTY	20
	22.1	Initial Board Determination	20-21
	22.2	Notice of Damage	21
	22.3	Definitions; Damage, Substantial Damage, Repair, Emergency Work	21
	22.3.1	Damage	21
	22.3.2	Substantial Damage	21
	22.3.3	Repair	21
	22.3.4	Emergency Work	22
	22.4	Execution of Repairs	22
	22.5	Damage Not Substantial	22
	22.6	Substantial Damage	22-23
	22.7	Effect of Decision Not to Repair	23-24
ARTICLE	23	CONDEMNATION	24
	23.1	Consequences of Condemnation; Notice	24
	23.2	Power of Attorney; Proceeds	24
	23.3	Complete Taking	24
	23.4	Partial Taking	25
	23.5	Reconstruction and Repair	25
ARTICLE	24	EASEMENTS	25
	24.1	In General	25
	24.2	Encroachments	26
	24.3	Utility Easements Granted by Declarant	26
ARTICLE	25	PROCEDURES FOR SUBDIVIDING OR COMBINING UNITS	26
	25.1	Submission of Proposal	26
	25.2	Approval Required for Subdivision	26
	25.3	Approval Required for Relocation of Boundaries	26
	25.4	Procedure After Approval	26-27
	25.5	Change in Allocated Interests	27
ARTICLE	26	AMENDMENTS OF DECLARATION OR SURVEY MAP AND PLANS OR BYLAWS	27
	26.1	Procedures	27



	26.2	Percentages of Consent Required	27
ARTICLE	27	ABANDONMENT OR TERMINATION OF CONDOMINIUM STATUS	27
ARTICLE	28	DISPUTE RESOLUTION/ARBITRATION	27-28
ARTICLE	29	SEVERABILITY	29
ARTICLE	30	EFFECTIVE DATE	29
ARTICLE	31	REFERENCE TO SURVEY MAP AND PLANS	29
ARTICLE	32	ASSIGNMENT BY DECLARANT	29
ARTICLE	33	CERTIFICATE OF COMPLETION FOR MECHANICAL SYSTEMS AND STRUCTURAL COMPONENTS	29



**DECLARATION ESTABLISHING
COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS AND
EASEMENTS
FOR
MOUNT BAY VISTA CONDOMINIUM**

THIS DECLARATION is made by the party signed as Declarant at the end hereof, to submit the property hereinafter described to the Washington Condominium Act (RCW 64.34):

ARTICLE 1. INTERPRETATION

Section 1.1 **Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of Washington law. Insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative shall be liberally construed to effectuate the intent of this Declaration.

Section 1.2 **Consistent With Act.** The terms used herein are intended to have the same meaning as given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

Section 1.3 **Covenant Running with the Land.** This Declaration shall operate as a set of covenants running with the land, or equitable servitudes, binding on Declarant, her heirs, successors and assigns, all subsequent owners of the property or a unit, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Act, and operating independently of the Act, should the Act or any part thereof be, in any respect, inapplicable.

Section 1.4 **Captions and Exhibits.** Captions given to the various sections herein are for convenience only and are not intended to modify or affect the meaning of any substantive provisions of this Declaration. Any exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference.

Section 1.5 **Inflationary Increase in Dollar Limits.** Any dollar amounts specified in the Declaration in connection with any proposed action or decision of the Board or Association shall be increased proportionately by the increase in the consumer price index for the city of Seattle, Washington for All Urban Consumers ("Index"), prepared by the United States Department of Labor over the base index of January 1 of the calendar year following the year in which the Declaration is recorded, to adjust for any deflation in the value of the dollar. In the event this index is discontinued, the Board shall select a comparable index for this purpose.



200612180153
Skagit County Auditor

12/18/2006 Page

7 of 36 2:25PM

Section 1.6 Definitions.

The Act. The Act means the Washington Condominium Act (RCW 64.34), as amended from time to time.

Administration. Administration means all forms of activities in the managing, operating or administering of any affairs or functions relating to the condominium project or property which are allocated to the Board or Association or Declarants' authority, including maintenance, repair, replacement, restoration, rebuilding, or reconstruction, or the making of alteration, improvements or additions, and all aspects of operation.

Allocated Interests. Allocated interests means the undivided interest in the common elements, the common expense liability, and votes in the association allocated to each unit.

Assessment. Assessment means all sums chargeable by the association against a unit including, without limitation: (a) Regular and special assessments for common expenses, charges, and fines imposed by the association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorney fees, incurred by the association in connection with the collection of a delinquent unit owner's account.

Association. Association means the unit owner's association organized in accordance with The Act, the bylaws and with this Declaration as it is recorded, or as they may be amended.

Board of Directors. Board of directors means the body, regardless of name, with primary authority to manage the affairs of the association.

Bylaws. Bylaws means the Bylaws of the Association as initially promulgated by the Declarant and as amended from time to time which, with this Declaration, provide for the organization of the association and for the administration of the property.

Common Elements. Common elements means all portions of a condominium other than the units.

Common Expenses. Common expenses means the overall costs and expenses of operation and maintenance of the Condominium and all easements appurtenant thereto, together with any allocations to reserves.

Common Expense Liability. Common expense liability means the liability for common expenses allocated to each unit pursuant to this declaration and The Act.

Declarant. Declarant means the person or group of persons acting in concert who (a) executes as Declarant this Declaration of Condominium, or (b) reserves or succeeds to any special Declarant right under the Declaration.



Declaration. Declaration means this instrument, as amended from time to time, by which the property is submitted to provisions of The Act.

Eligible Mortgagee. Eligible mortgagee means the holder of a mortgage on a unit that has filed with the secretary of the association a written request that it be given copies of notices of any action by the association that requires the consent of mortgagees. For the purpose of this declaration the term "eligible mortgagee" includes insurers and guarantors of mortgages. With respect to any action requiring the consent of a specified number or percentage of mortgages, the consent of only Eligible Mortgagees holding a first lien mortgage need be obtained and the percentage shall be based upon the votes attributable to the units with respect to which eligible mortgages have an interest.

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

Identifying Number. Identifying number means the number, letter, or combination thereof, designating only one unit in this declaration as it is recorded or as it may be amended.

Limited Common Elements. Limited common elements means a portion of the common elements allocated by this declaration or by operation of the Act for the exclusive use of one or more but less than all of the units.

Majority. Majority, for the purposes of this declaration, means the unit owners with 51% or more of the votes in accordance with the allocated interests assigned to the units by this Declaration.

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

Mortgagee. Mortgagee means the secured party under a mortgage, deed of trust, or other real property security interest covering a unit. For the purposes of this declaration this term includes the vendor under a real estate contract.

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

Real Property. Real property means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereof which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance.

Unit. Unit means a portion of the condominium designated for separate ownership, the boundaries of which are described pursuant to Article 5.3 which are intended for residential use and occupancy, as provided herein, referred to as a "unit" in the Act.



Unit Owner. Unit owner means the Declarant or other person or persons owning a unit in fee simple, 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. This definition shall not include persons who, on a month-to-month or other basis, rent or lease their unit from a unit owner.

ARTICLE 2. NAME.

Section 2.1 Name of Project. The name of this project shall be Mount Bay Vista Condominium.

Section 2.2 Name of Owners' Association. The name of the owners' association shall be Mount Bay Vista Owners' Association.

ARTICLE 3. SUBMISSION OF THE PROPERTY TO THE CONDOMINIUM ACT.

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

ARTICLE 4. DESCRIPTIONS OF LAND.

The land on which the homes and improvements provided for in this declaration is legally described as Lots 7 through 10, Block 1, Hagadorn's & Stewart's First Addition to the City of Anacortes, according to the plat thereof recorded in Volume 1 of Plats, page 37, records of Skagit County, Washington.

ARTICLE 5. UNITS.

Section 5.1 Number of Units. Declarant hereby establishes a condominium consisting of two (2) units, located at 3313 K Avenue, Anacortes, Washington, which are both designated for residential purposes.



Section 5.2 Identification of Each Unit. Each unit is identified as follows, with the approximate square footage figures being calculated to interior dimensions. The exact location of each unit is shown in the plans filed in conjunction herewith.

UNIT ONE

Approximate square footage - living space: 2134
Approximate square footage - garage: 562
Number of bathrooms (whole or partial): 3
Number of bedrooms: 3
Number of built-in fireplaces: 1
Number of parking spaces (enclosed): 2
Level at which unit is located: 1st and 2nd

UNIT TWO

Approximate square footage - living space: 2134
Approximate square footage - garage: 562
Number of bathrooms (whole or partial): 3
Number of bedrooms: 3
Number of built-in fireplaces: 1
Number of parking spaces (enclosed): 2
Level at which unit is located: 1st and second

Section 5.3 Unit Boundaries. The boundaries of a unit are the lower surface of the sub-floors, the ceilings windows, doors and the exterior perimeter walls. The two units adjoin each other at a party wall which was constructed using two separate bottom plates and two wall assemblies with a one inch airspace separating them. This one inch airspace divides the two units from each other. All shutters, awnings, window boxes, dormers, doorsteps and stoops are included in the unit's boundaries. The enclosed parking garages are part of the units.

ARTICLE 6. COMMON ELEMENTS.

Section 6.1 Description. The common elements consist of those specified in the Washington Condominium Act, as well as the following:

- 6.1.1 The roof system and foundation.
- 6.1.2 The landscape corridor in the back of the units as a dividing line between the limited common element yards of each unit.
- 6.1. The pipes, wires, conduits and other fixtures, equipment and appurtenances for utilities except as defined as limited common elements.



Section 6.2 Use. Each owner shall have the right to use the common elements (except the limited common elements reserved for other unit) in common with the other owners. The right to use the common elements shall extend not only to each owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the common elements, including the limited common elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 6.3 Prohibition Against Abandonment, Partition, etc. The owners shall not by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the common elements and no other person shall have the right to have them partitioned or divided. The granting of permits, licenses and easements over the common elements, roads or other purposes reasonably necessary for the proper maintenance or operation of the condominium shall not be deemed a partition or division.

ARTICLE 7. LIMITED COMMON ELEMENTS

Section 7.1 Description. Some common elements, called limited common elements, are reserved for the exclusive use of the unit to which they are adjacent or assigned. They consist of the following:

7.1.1 The front, rear and side yards including the patios and decks constructed thereon shall be limited common elements for the unit to which it is attached.

7.1.2 The paved entrance to the garage shall be a limited common element for the unit to which it is attached.

Section 7.2 Appurtenant to Units. Conveyance of a unit includes the exclusive rights to the use of the limited common elements appurtenant to that unit.

ARTICLE 8. ACCESS

Each unit has direct access to the limited common elements adjacent to the unit entrance and thence across the limited common elements to the public streets and sidewalks. The right of ingress to and egress from each unit shall be perpetual and appurtenant to the unit.



ARTICLE 9. ALLOCATION OF COMMON ELEMENT INTERESTS, VOTES, AND COMMON EXPENSE LIABILITIES

Section 9.1 General. The established allocated interests are not separate from the Unit and shall be deemed to be conveyed and encumbered with the unit, although not mentioned in the instrument evidencing the encumbrance or conveyance.

Section 9.2 Formula. The allocated interests of each unit in (a) common elements, (b) common expenses of the Association and (c) votes in the Association shall be one equal share for each unit. This formula is used solely to establish the required allocated interest. The formula is not based upon the respective values or sizes of the units.

ARTICLE 10. PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES

Section 10.1 Residential Purposes. The units shall be used, on an ownership, rental or lease basis for single family residential purposes, and for the purposes of operating the Association and managing the condominium if required. Timesharing (as defined in RCW 64.36/010(11)) is prohibited. Other than as stated in this Section 10.1, there is no restriction on the right of any owner to lease or otherwise rent his or her unit.

Section 10.2 Driveways, Walkways, etc. Driveways, walks, walkways and other portions of the common elements used for access shall be used exclusively for normal ingress and egress and no obstructions shall be placed therein unless permitted by the Board of Directors or rules and regulations adopted for or by the association.

Section 10.3 Maintenance of Units and Limited Common Elements. Each owner shall, at the owner's sole expense, keep the unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of his unit. Each owner shall be responsible for the maintenance of the exterior portion of his Unit, including the roof and exterior walls. Each owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, heating equipment, electrical fixtures, or appliances which are in the unit or portions thereof that serve that unit only, and shall replace any glass in the windows and in the exterior doors of the unit that becomes cracked or broken and shall repair or replace their own roofs as needed. Each owner will be responsible for care, maintenance, cleanliness, and orderliness of the limited common elements that are appurtenant to the unit. Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective limited common elements without prior written approval of the Board.

Section 10.4 Right to Modify Unit. Each owner shall have the right, at the owner's sole cost and expense, to modify, repair, paint, paper, panel, plaster, tile and finish the windows,



window frames, doors, door frames and trim and the interior surfaces of the ceilings, floors, and the perimeter walls of the unit (except that they footprint of the unit shall not be expanded) and the surfaces of the bearing walls located within his unit and may substitute, add or remove any non-structural walls and partitions within his unit, utility lines, wire and pipes within and serving only said unit, and fixtures attached to ceilings, floors or walls. This section shall not be construed as permitting an interference with or damage to the structural integrity of the unit or interference with the use and enjoyment of the common elements or utility services or of the other units or any of them, nor shall it be construed to limit the powers or obligations of the Board hereunder.

Section 10.5 Exterior Appearance. In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the painting or staining of the units and prescribe the type and color of paint or stain. No owner may modify or decorate the exterior of the units, or screens, doors, awnings, or other portions of any unit visible from outside the unit without the prior written consent of the Board or in accordance with rules or regulations of the Board. No radio or television antennae or other appliances may be installed on the exterior of any building without prior written consent of the Board,

Section 10.6 Effect on Insurance. Nothing shall be done or kept in any unit or in any common elements that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any unit or in any common area that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.7 Alteration of Common Elements. Nothing shall be altered or constructed in or removed from any common element except upon the prior written consent of the Board.

Section 10.8 Signs. Signs may be displayed so long as they comply with local ordinances.

Section 10.9 Offensive Activity. No noxious or offensive activity shall be carried on any unit or common element, nor shall anything be done therein that may be or become an annoyance or nuisance to other owners. The Board's decision shall be binding as to this definition.

ARTICLE 11. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any unit and limited common elements appurtenant thereto to effect repairs, improvements, replacements, maintenance, or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the owner has failed to perform, or to prevent damage to the common elements or another unit. Except in cases of great emergency that preclude advance notice, the Board shall cause that unit occupant to be given notice and an explanation of the need for entry

as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the owners and occupants as practicable. Any damage caused by such entry shall be repaired by the Association as a common expense unless the repairs or maintenance were necessitated by the acts or default of the owner or occupant of the unit entered, in which event the costs of the repairs or maintenance shall be specially assessed to that unit.

ARTICLE 12. OWNERS' ASSOCIATION.

Section 12.1 Form of Association. The owners of units shall constitute an Owners Association. The Association will be a nonprofit corporation formed under the laws of the State of Washington and will be known as the Mount Bay Vista Owners' Association. It will be governed by a board of directors and the number of directors shall be set forth in the bylaws. The rights and duties of the members and of the corporation shall be governed by the provisions of the Condominium Act and of this Declaration.

Section 12.2 Articles and Bylaws. Declarant has adopted Articles of Incorporation and Bylaws.

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

Section 12.4 Transfer of Membership. The Association membership of each owner (including Declarant) shall be appurtenant to the unit giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the unit and then only to the transferee of title to the unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a unit shall operate automatically to transfer the membership in the Association to the new owner.

Section 12.5 Number of Votes. The total voting power of all owners shall be two votes and the total number of votes available to the owner of any one unit shall be one. A person (including Declarant) who owns more than one unit shall have the votes appertaining to each unit owned.

Section 12.6 Voting Representative. An owner may, by written notice to the Board, designate a voting representative for the unit. The voting representative need not be an owner. The designation may be revoked at any time by written notice to the Board from a person 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, excepting cases in which the person designated is a mortgagee of the unit. This power of designation and revocation may be



exercised by the guardian of an owner, the attorney-in-fact for the owner under a durable power of attorney, and the administrators or executors of an owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each unit shall be the group composed of all of its owners. If a unit is owned by a husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 12.7 Joint Owner Disputes. The vote for a unit must be cast as a single vote. Fractional votes shall not be allowed. If joint owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

Section 12.8 Pledged Votes. An owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a mortgagee. If an owner is in default under a first mortgage on the unit for 90 consecutive days or more, the mortgagee shall automatically be authorized to declare at any time thereafter that the owner has pledged his or her vote on all issues to the mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a mortgagee, only the vote of the mortgagee will be recognized on the issues that are subject to the pledge.

Section 12.9 Annual and Special Meetings. There shall be an annual meeting of the members of the Association in the first quarter of the fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the owners no less than 30 days before the meeting. The unaudited financial statement for the preceding year and the budget the Board has adopted for the current year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time, in the manner provided in the Bylaws, for the purpose of considering matters which require the approval of all or some of the owners, or for any other reasonable purpose. Any first mortgagee of a unit may attend or designate a representative to attend the meetings of the Association.

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

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



ARTICLE 13. NOTICES.

Section 13.1 Form and Delivery of Notice. All notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the owner of any unit shall be sufficient if mailed to the unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to Declarant until the Transition Date and thereafter shall be given to the president or secretary of the Association.

Section 13.2 Notices to Holders, Insurers, and Guarantors of Mortgages. An eligible holder, insurer or guarantor of a mortgage is, respectively, any holder, insurer or guarantor of a mortgage on a unit that files with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the eligible holder, insurer, or guarantor and the unit number. Until such time thereafter that the eligible holder, insurer, or guarantor withdraws the requests or the mortgage held, insured or guaranteed by the eligible holder, insurer, or guarantor, as the case may be, is satisfied, the Board shall send to the eligible holder, insurer, or guarantor timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any unit, (ii) the exclusive easement rights, if any, appertaining to any unit, (iii) the percentage interest in the common or limited common areas and facilities appertaining to any unit or the liability for common expenses appertaining thereto, (iv) the number of votes in the Association appertaining to any unit, or (v) the purposes to which a unit or the common elements are restricted; (b) any proposed termination of condominium status, transfer or any part of the common elements, or termination of professional management of the condominium; (c) any condemnation loss or casualty loss that affects a material portion of the condominium or that affects any unit on which an eligible holder has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of assessments or charges owed by an owner of a unit on which an eligible holder had a mortgage; (e) any lapse, cancellation or material modification of any insurance policy; (f) any proposed action that would require the consent of a specified percentage of eligible holders pursuant to Articles 25, 26 or 27.

ARTICLE 14. ADMINISTRATION OF PROPERTY; RIGHTS RETAINED BY DECLARANT.

Section 14.1 Transition Date. The "Transition Date" shall be the date upon which the authority and responsibility to administer and manage the Association and the condominium, subject to this Declaration and the Bylaws, passes to the Association. The Transition Date will be either (1) the date designated by Declarant in a written notice to the owners, which date may at Declarant's election be any date after this Declaration has been recorded; or (2) on the date of title transfer of the second unit, whichever occurs first.



Section 14.2 Declarant's Powers Until Transition Date. Until the Transition Date, Declarant shall have the full power and authority to exercise all of the rights, duties, and functions of the Association and the offices of the Association, including but not limited to the adoption of rules and regulations, contracting for the purchase of goods and services, buying insurance, and collecting and expending all assessments and other Association funds. Declarant shall have the power to contract with an experienced professional managing agent and delegate to the managing agent all of the powers and duties of the Association. Declarant may at such times as it deems appropriate select and from time to time replace an interim board of directors, who need not be owners or purchasers, who shall have all the powers, duties and functions of the Association. In selecting directors for the interim board, Declarant will have in mind the desirability of early participation in management of the condominium by able purchasers of units. Any contract made by Declarant, its managing agent, of the interim board (including management contracts) that would otherwise extend beyond the Transition Date shall be terminable by the Association after the Transition Date upon 30 day's written notice.

ARTICLE 15. AUTHORITY OF THE BOARD.

Section 15.1 Adoption of Rules and Regulations. The Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the property. The rules and regulations of the Association shall be binding upon all owners and occupants and all other persons claiming any interest in the condominium.

Section 15.2 Enforcement of Declaration, Etc. The Board (or Declarant, Declarant's managing agent, or the interim board of directors until the Transition Date) shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the bylaws and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the Bylaws, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorney's fees in the amount awarded by the court.

Section 15.3 Goods and Services. The Board shall acquire and pay for as common expenses of the Association all goods and services reasonable necessary or convenient for the efficient and orderly functioning of the condominium. The goods and services shall include (by way of illustration and not limitation) utility services for the common elements; policies of insurance and fidelity bonds; legal and accounting services; maintenance, repair, landscaping, gardening, and general upkeep of the common elements; and all supplies, materials, fixtures, and equipment that are in the Board's judgment necessary or desirable for the operation of the condominium and enjoyment of it by the owners. The Board may hire such full-time or part-time employees at it considers necessary.



Section 15.4 Additions and Improvements. The Board shall have the authority to arrange for and supervise any addition or improvement to the condominium, (except the individual units) subject to the following limitations:

15.4.1 If the estimated cost of any separate addition or improvement exceeds \$1,000, the approval of the owners holding a majority of the votes in the Association shall be required; and if such estimated cost exceeds \$10,000, the approval of the owners holding 75% of the votes in the Association shall be required.

Section 15.5 Managing Agent. The Board may contract with an experienced professional managing agent to assist the Board in the management and operation of the condominium and may delegate such of its powers and duties to the managing agent as it deems to be appropriate, except as limited herein. If professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation, the procedure for terminating professional management and assuming self-management is set forth in Article 26. Only the Board can approve an annual budget or a supplemental budget, and only the Board can impose a special assessment on a unit or authorize foreclosure of an assessment lien. Any contract with a managing agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (1) for cause, on 30 days' written notice, or (2) without cause, on not more than 90 days' written notice.

Section 15.6 Protection of Property. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the property, settle claims, or otherwise act in what it considers to be the best interests of the condominium or the Association. The Board shall have the right to grant permits, licenses and easements over the common elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the condominium.

ARTICLE 16. BUDGET AND ASSESSMENTS FOR COMMON EXPENSES.

Section 16.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 16.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the common expenses of the Association to be paid during the year, make suitable provisions for accumulation of reserves, including amounts reasonably anticipated to be required for maintenance, repair, and replacement of the common elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. Declarant or the interim Board shall prepare a budget for

the remainder of the fiscal year which this Declaration is recorded and for subsequent years until the Transition Date. If during the year the budget proves to be inadequate for any reason, including nonpayment of any owner's assessment, the Board may prepare a supplemental budget for the remainder of the year.

Section 16.3 Monthly Assessments for Common Expenses; Initial Contribution to Working Capital. The sums required by the Association for common expenses as reflected by the annual budget and any supplemental budgets shall be divided into equal installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly installments shall be assessed to the units (including units owned by Declarant) and their respective owners in proportion to the units' percentages of undivided interest in the common elements. Assessments begin accruing with respect to each unit upon the closing of the initial sale of that unit by Declarant or its earlier occupancy. Assessments shall begin accruing on all units that have not been sold or occupied 120 days after the closing of the sale of the first unit. During such time as garbage collection charges or other utility or service charges are based on the number of occupied units, any units owned by the Declarant and not occupied shall be exempt from assessment for such charges. In connection with the closing of the sale of the first unit and of the sale of each additional unit during the next 120 days, the initial purchaser from Declarant shall pay to the Association a nonrefundable initial contribution to the Association's monthly assessment against the unit. To provide more initial working capital to the Association, Declarant shall make the initial contribution equal to two times the estimated monthly assessment for any units remaining unsold after such 120-day period.

Section 16.4 Special Assessments. If a special assessment becomes chargeable against a unit under the authority of this Declaration or the Bylaws, the Board shall determine the amount of such special assessment and fix the month or months in which it is to be paid. The special assessment shall be added to the unit's monthly installment of the common expenses and be included in the assessment against the unit.

Section 16.5 Notice of Assessment. The Board shall notify each owner in writing of the amount of the monthly assessments to be paid for his unit and shall furnish copies of each budget on which the assessments are based to all owners and, if so requested, to their respective mortgagees.

Section 16.6 Payment of Monthly Assessments. On or before the first day of each calendar month each owner shall pay or cause to be paid to the treasurer of the Association the assessment against the unit for that month. Any assessment not paid by the first day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 17.

Section 16.7 Proceeds Belong to Association. All assessments and other receipts received by the Association on behalf of the condominium shall belong to the Association.



Section 16.8 Failure to Assess. Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessment amount established for the preceding year shall continue until a new assessment is established.

Section 16.9 Certificate of Unpaid Assessments. Upon the request of any owner or mortgagee of a unit, the Board will furnish a certificate in recordable form stating the amount, if any, of unpaid assessments charged to the unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

ARTICLE 17. LIEN AND COLLECTION OF ASSESSMENTS.

Section 17.1 Assessments Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any unit and any sums specially assessed to any unit under the authority of this Declaration or the Bylaws (together with interest, late charges, costs, and attorneys' fees in the event of delinquency) shall constitute a continuing lien on the unit and all its appurtenances from the date the assessment became due until fully paid. A lien under this section shall be prior to all other liens and encumbrances on a unit except: (a) Liens and encumbrances recorded before the recording of the declaration; (b) a mortgage on the unit recorded before the date on which the assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the unit. A mortgagee of a mortgage of record of a unit that obtains title through a mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, or the Administrator of Veterans Affairs of he is grantee of a deed in lieu of foreclosure, shall take the unit free of any claims for the share of common expenses or assessments by the Association chargeable to the unit that became due before taking title, but will be liable for the common expenses and assessments that accrue after taking title; in which event the unit's past-due share of common expenses or assessments shall become new common expenses chargeable to all of the owners, including the mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to their respective percentages of undivided interest in the common elements; however, the owner shall continue to be personally liable for such past-due assessments, as provided in Section 17.3. For the purpose of this section, the terms "mortgages" and "mortgagee" shall not mean real estate contracts or a vendor or a designee or assignee of a vendor under a real estate contract.

Section 17.2 Lien May be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the managing agent or Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The managing agent or the Board,



acting on behalf of the Association, shall have the power to bid on the unit at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 17.3 Assessments are Personal Obligation. In addition to constituting a lien on the unit and all its appurtenances, all sums assessed by the Association chargeable to any unit (together with interest, late charges, costs and attorneys' fees in the event of delinquency) shall be the personal obligation of the owner of the unit when the assessment is made. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 17.4 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on assessments that may thereafter become delinquent. In the absence of another established non-usurious rate, delinquent assessments shall bear interest at the rate of 12% per annum. If a monthly assessment against a unit is not paid when due, the Board may elect to declare all monthly assessments against that unit for the remainder of the fiscal year to be immediately due and payable.

Section 17.5 Recovery of Attorneys' Fees and Costs. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorneys' fees and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

Section 17.6 Delinquent Assessments - Rented Units. If assessments are more than 30 days delinquent for a unit which is rented, the Association may collect from the tenant of the unit so much of the rent for the unit as is required to pay any amounts due for assessments, plus interest and costs. The tenant shall have no right or duty to question payment to the Association, and the payment to the Association will discharge the tenant's obligation to the owner for rent.

Section 17.7 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Section 17.8 Security Deposit. An owner who has been delinquent in paying his monthly assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months' estimated monthly assessments, which shall be collected and shall be subject to penalties for nonpayment as are other assessments. The deposit shall be held in a separate fund, credited to such owner, and may be resorted to at any time when such owner is ten days or more delinquent in paying his assessments.



ARTICLE 18. FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE NO WAIVER.

The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an assessment from an owner, with knowledge of a breach by the owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board. This Article also extends to the Declarant, Declarant's managing agent, and the interim Board of Directors, exercising the power of the Board before the Transition Date.

ARTICLE 19. LIMITATION OF LIABILITY.

Section 19.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board, neither the Association nor the Board (nor the Declarant, Declarant's managing agent, or the interim board of directors) shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the units, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.2 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or Declarant or the managing agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any owner, or to any other person, including the Association, for any damage, loss, of prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

ARTICLE 20. INDEMNIFICATION.

Each Board member and Association committee member and Association officer, and Declarant and the managing agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or



she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE 21. INSURANCE.

Section 21.1 General Requirements. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies and bonds necessary to provide property; comprehensive liability insurance; fidelity bonds; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs; and such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from an insurance carrier that is generally acceptable for similar projects, licensed to do business in the state of Washington, and meet the specific requirements of FNMA and FHLMC regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, flood, and liability insurance and fidelity bonds that meet the insurance and fidelity bond requirements for condominium projects established by the FNMA, HUD, FHLMC, and the VA, so long as any of them is a holder of a mortgage or owner of a unit within the condominium, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies and fidelity bonds shall provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days' prior written notice to any and all insureds named therein, including owners, holders of mortgages, and designated services of mortgagees.

Section 21.2 Property Insurance. The casualty insurance shall, at the minimum, consist of a "master" type policy of property insurance with extended coverage endorsement in an amount equal to the full replacement value (i.e., 100% of current replacement cost exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the common and limited common areas and facilities, units, all fixtures and personal property belonging to the Association, and any fixtures, equipment, or other property within the unit as originally constructed by Declarant with an "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement", and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement", a "Contingent Liability from Operation of Building Laws Endorsement", an "Increased Cost of Construction Endorsement", and such other such endorsements as FNMA or FHLMC deems necessary and are available. The policy shall provide protection against loss or damage by fire, other hazards covered by the standard extended coverage endorsement, and such other risks as are customarily covered with



respect of residential condominium projects of similar construction by the standard "all-risk" endorsement, if available in the local metropolitan area. A "master" type policy of property insurance policy shall provide for separate protection for each unit to the full insurable replacement value thereof (limited as above provided), and a separate loss payable endorsement in favor of the mortgagee or mortgagees of each unit. The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the owners and their mortgagees, as their interests may appear. Each owner and the owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of undivided interest appertaining to the owner's unit. Certificates of insurance shall be issued to each owner and mortgagee upon request.

Section 21.3 Comprehensive Public Liability Insurance. The comprehensive policy of public liability insurance shall insure the Board, the Association, the owners, Declarant, and the managing agent, and cover all of the common areas and facilities in the condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an owner because of the negligent acts of the Association or of another owner, and shall cover liability of the insureds for property damage, and bodily injury and death of persons arising out of the operation, maintenance and use of the common areas and facilities, liability in connection with employment contracts of the Association, host liquor liability, employers' liability insurance, contractual and all-written contract insurance, comprehensive automobile liability insurance, and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location and use. The limits of liability shall be in amounts generally required by mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence.

Section 21.4 Insurance Trustee; Power of Attorney. The named insured under the policies referred to in Sections 21.2 and 21.3 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. 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 such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution for releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purposes.

Section 21.5 Additional Policy Provisions. The insurance obtained pursuant to Sections 21.2 and 21.3 shall contain the following provisions:

21.5.1 Such policies shall not provide for contribution by or assessment against mortgagees or become a lien on the property superior to the lien of a first mortgage.



21.5.2 In no event shall the insurance coverage be brought into contribution with insurance purchased by the owners of the units or their mortgagees.

21.5.3 Coverage shall not be prejudiced by (a) any act or neglect of the owners of units when such act or neglect is not within the control of the Association or the owners collectively, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

21.5.4 A waiver of subrogation by the insurer as to any and all claims against the Association, the owner of any unit and/or their respective agents, employees, or tenants, and of any defenses based upon co-insurance or upon invalidity from the acts of the insured.

21.5.5 A standard mortgagee clause which shall:

(a) 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 in their respective order of preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or owners or any persons under any of them;

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

(d) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

Section 21.6 Owner's Individual Insurance. Each owner may obtain additional insurance on his unit and its contents at his own expense but only if the owner's insurance does not decrease the amount that the Board, or any trustee for the Board, on behalf of all of the owners, will realize under any insurance policy that the Board may have in force on the property. Each owner shall notify the Board of all improvements by the owner to his unit the value of which is in excess of \$1,000.00. Any owner who obtains individual insurance policies covering any portion of the property other than personal property belonging to him shall file a copy of his individual policy or policies with the Board within 30 days after he buys it, and the Board shall immediately review its effect with the Board's insurance broker, agent or carrier.

ARTICLE 22. DAMAGE AND REPAIR OF DAMAGE TO PROPERTY.

Section 22.1 Initial Board Determination. In the event of damage to any part of the common elements, the Board shall promptly, and in all events within 30 days after the date of



damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

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

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

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

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

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

Section 22.2 Notice of Damage. The Board shall promptly, and in all events within 30 days after the date of damage, provide each owner and each holder of a first mortgage on a unit with a written notice describing the damage and summarizing the initial Board determinations made under Section 22.1. If the Board fails to do so within said 30 days, any owner or mortgagee may make the determinations required under Section 22.1 and give the notice required under this Section 22.2.

Section 22.3 Definitions: Damage, Substantial Damage, Repair, Emergency Work.
As used in this Article 22:

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

22.3.2 **Substantial Damage** shall mean that in the judgment of a majority of the Board the estimated special assessment determined under subsection 22.1.4 for any one unit exceeds ten percent of the full, fair market value of the unit before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

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

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

Section 22.4 Execution of Repairs.

22.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor unless before the repairs (other than emergency work) are begun the owners decide in accordance with this Article not to repair. If the cost of repair exceeds the available insurance proceeds the Board shall impose a special assessment against all units in proportion to their percentages of undivided interest in the common areas in an amount sufficient to pay the excess costs.

22.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.

Section 22.5 Damage not Substantial. If the damage as determined under subsection 22.3.2 is not substantial, the provisions of this Section 22.5 shall apply.

22.5.1 Either the Board or the requisite number of owners, within 15 days after the notice required under Section 22.2 has been given, may but shall not be required to, call a special owners' meeting in accordance with Section 14.1 and the Bylaws to decide whether to repair the damage.

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

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

Section 22.6 Substantial Damage. If that damage determined under subsection 22.3.2 is substantial, the provisions of this Section 22.6 shall apply.

22.6.1 The Board shall promptly, and in all events within 30 days after the date of damage, call a special owners' meeting to consider repairing the damage. If the Board fails to

do so within 30 days, then notwithstanding the provisions of Section 14.1 and the Bylaws, any owner or first mortgagee of a unit may call and conduct the meeting.

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

22.6.3 At the special meeting the following consent requirements will apply:

(a) The owners shall be deemed to have elected to repair the damage in accordance with the original plan unless the owners of at least 67% of the total voting power of the condominium other than that held by Declarant have given their written consent not to repair the damage.

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

(c) In addition to the consent of the owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the approval of eligible holders of first mortgages on units that have at least 51% of the votes subject to eligible holder mortgages.

(d) Failure to conduct the special meeting provided for under subsection 22.6.1 within 90 days after the date of damage shall be deemed a unanimous decision to repair the damage in accordance with the original plan.

Section 22.7 Effect of Decision Not to Repair. In the event of a decision under subsection 22.5.3 or 22.6.3 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as follows:

22.7.1 The property shall be owned in common by the owners and shall no longer be subject to this Declaration or to condominium ownership.

22.7.2 Each unit owner's percentage of undivided interest in the property shall be the same as the percentage of the undivided interest he previously owned in the common elements.

22.7.3 Any mortgages or liens affecting any of the units shall be deemed transferred in accordance with the existing priorities to the unit owner's percentage of the undivided interest in the property.



22.7.4 The property shall be subject to an action for partition at the suit of any owner in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund. The fund shall be divided into separate shares, one for each owner in a percentage equal to the percentage of undivided interest owned by each such owner in the property. After first paying out of the respective share of each owner, to the extent sufficient for the purpose, all mortgages and liens on the owner's interest, the balance remaining in each share shall be distributed to the owner. No owner shall have any preemptive right with respect to insurance proceeds over the holder of a mortgage on the owner's unit.

ARTICLE 23. CONDEMNATION.

Section 23.1 Consequences of Condemnation; Notice. If any unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority (referred to herein as a "taking") notice of the proceeding or proposed acquisition shall promptly be given to each owner and to each holder of a first mortgage and the provisions to this Article 23 shall apply.

Section 23.2 Power of Attorney; Proceeds. Each owner appoints the Association as attorney-in-fact for the purpose of representing the owners in condemnation proceedings and negotiation, settlements and agreements with the condemning authority for acquisition of common elements or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the owners in carrying out the foregoing functions in lieu of the Association. All compensation, damages, or other proceeds of the taking, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association or any trustee in trust for the owners and their first mortgagees as their interests may appear.

Section 23.3 Complete Taking. If the entire property is taken the condominium ownership shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to their respective percentages of undivided interest in the common elements; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the taking, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled. Each owner's share shall be applied first to the payment of all mortgages and liens on the owner's interest in accordance with the existing priorities and the balance of each share shall be distributed to the owner. No owner shall have any priority with respect to the Condemnation Award over the holder of a mortgage on the owner's unit.



Section 23.4 Partial Taking. If less than the entire property is taken the condominium ownership shall not terminate. Each owner shall be entitled to a share of the Condemnation Award determined in the following manner:

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

23.4.2 The Board shall apportion the amounts so allocated to taking of or injury to the common areas and facilities, which in turn shall be apportioned among owners in proportion to their respective undivided interests in the common areas and facilities.

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

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

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

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

23.4.7 Distribution of apportioned proceeds shall be made to the owners and their respective mortgagees in the manner provided in Section 23.3.

Section 23.5 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 22 for repair of damage, provided that the Board may retain and apply such portion of each owner's share of the Condemnation Award as is necessary to discharge the owner's liability for any special assessment arising from the operation of Article 22.

ARTICLE 24. EASEMENTS.

Section 24.1 In General. Each unit has an easement in and through the common elements for all utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the condominium. In addition, each unit and all the common elements are specifically subject to easements as required for the electrical wiring and plumbing for each unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.



Section 24.2 Encroachments. To the extent not provided by the definition of unit in the Condominium Act, each unit and all common elements are hereby declared to have an easement over all adjoining units and common elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching units, areas, and facilities so long as the encroachments shall exist, and the rights and obligations of owners shall not be altered in any way by the encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of a unit if the encroachment was caused by the willful act with full knowledge of the owner. The encroachments described in this Section 24.2 shall not be construed to be encumbrances affecting the marketability of title to any unit.

Section 24.3 Utility Easements Granted by Declarant. Declarant grants to each company or municipality providing utility services to the condominium or to the owners of units in the condominium an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the condominium or the owners, including, without limitation, such utilities services as water, sanitary sewer, storm sewer, electricity, cable television and telephone, and an easement for access over and under the roadways and common areas of the condominium to the utility service facilities.

ARTICLE 25. PROCEDURES FOR SUBDIVIDING OR RELOCATING UNIT BOUNDARIES.

Section 25.1 Submission of Proposal. No unit or units shall be subdivided and/or relocate unit boundaries either by agreement or legal proceedings, except as provided in this Article. An owner may propose the relocation of boundaries and/or combining of a unit or units by submitting the proposal in writing to all other owners and the mortgagees of the units to be subdivided or to have the boundaries relocated. If the proposal contemplates the subdivision of a unit the proposal must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Survey Maps and Plans.

Section 25.2 Approval Required for Subdivision. A proposal that contemplates subdivision of a unit will be accepted only if approved in writing by all owners and mortgagees of all units.

Section 25.3 Approval Required for Relocation of Boundaries. A proposal that contemplates the relocation of unit boundaries without subdividing any of them will be accepted if approved in writing by all the owners and mortgagees.

Section 25.4 Procedure After Approval. Upon approval of the proposal, the owner making it may proceed according to the proposed plans and specifications; provided that the Board may in its discretion require that the Board administer the work or that provisions for the

protection of other units or common elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments thereto.

Section 25.5 Change in Allocated Interests. In the event units are subdivided or the boundaries relocated, the fraction of undivided interest in common elements shall be determined by dividing the square footage of the unit by the total square footage of all the units combined.

ARTICLE 26. AMENDMENTS OF DECLARATION OR SURVEY MAP AND PLANS OR BYLAWS.

Section 26.1 Procedures. An owner may propose amendments to this Declaration or the Survey Map and Plans or the Bylaws to the Board. One member of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of 100% of members entitled to vote, after notice has been given to all persons (including eligible holders) entitled to receive notices. Upon the adoption of an amendment and the obtaining of any necessary consents of eligible holders of mortgages as provided below, the amendment will become effective when a certificate of the amendment, executed by two officers of the Association, has been recorded in the public records.

Section 26.2 Percentages of Consent Required. Because this is a two unit condominium, the percentages of consent of owners and mortgages required for the adoption of amendments to the Declaration, Survey Map and Plans, Articles, and Bylaws shall be 100%.

ARTICLE 27. ABANDONMENT OR TERMINATION OF CONDOMINIUM STATUS.

Except in cases of substantial damage to the property as provided in Article 22 or taking of the property as provided Article 23, 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 all owners by an instrument to that effect duly recorded, and then only if the mortgages and holders of all liens affecting any of the units consent thereto or agree, in either case by an instrument duly recorded, that their mortgages and liens be transferred to the percentage of the undivided interest of the owner in the property.

ARTICLE 28. DISPUTE RESOLUTION/ARBITRATION

In the event that the Owners become deadlocked and cannot reach a decision regarding management of the condominium, then the deadlock shall be decided by arbitration as set forth

MOUNT BAY VISTA DECLARATION OF CONDOMINIUM -



in this Section. No legal right of action may arise out of any such deadlock until arbitration has been completed. Each party, however, will have complete access to the courts to compel compliance with these arbitration provisions, enforce an arbitration award, or to seek injunctive relief, whether or not arbitration is available or under way. Unless otherwise unanimously agreed by the unit owners, the arbitration shall take place as follows:

The dispute shall be determined in accordance with the Fast Track Construction Industry Dispute Resolution Procedures of the American Arbitration Association (AAA) as modified below. The ruling of the arbitrator shall be consistent with the Declaration and the Act, but otherwise shall be final and binding upon all parties.

There shall be one arbitrator agreed upon by the parties, or if the parties cannot agree, then the arbitrator shall be selected by the administrator of the AAA office in Seattle. The arbitrator shall be an attorney with at least 15 years experience in real estate disputes and condominium law in the Skagit/Whatcom/Snohomish County area. The venue of the arbitration shall be Skagit County.

There shall be no discovery or dispositive motions practice (such as motions for summary judgment or to dismiss or the like) except as may be permitted by the arbitrator, who shall authorize only such discovery as may be shown to be necessary to ensure a fair hearing and no such discovery permitted by the arbitrator shall extend the time limits contained herein.

The arbitrator shall not be bound by the rules of evidence or of civil procedure, but rather may consider such writings and oral presentation as reasonable business persons would use in the conduct of their day-to-day affairs, and may require the parties to submit some or all of their cases by written declaration or such other manner of presentation as the arbitrator may determine to be appropriate. It is the intention to limit live testimony and cross-examination to the extent necessary to ensure a fair hearing to the parties on significant and material issues.

The arbitrator shall take such steps as may be necessary to hold the hearing within sixty (60) days of the initial request for arbitration and to conclude the hearing within two (2) days; and the arbitrator's written decision shall be made not later than fourteen (14) calendar days after the hearing. These time limits are intended in order to expedite the proceeding, but they are not jurisdictional and the arbitrator may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claims determined and the award made on each claim. Absent fraud, collusion or willful misconduct by the arbitrator, the award shall be final and judgment may be entered in any court having jurisdiction thereof. The arbitrator may award attorney fees and costs to the prevailing party.

These arbitration provisions limiting the scope and extent of the arbitration are included with the intention of providing for prompt, economic and fair resolution of any deadlock between the unit owners.



ARTICLE 29. SEVERABILITY

The provisions of this Declaration shall be independent and severable and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remainder complies with the Condominium Act, or, as covenants.

ARTICLE 30. EFFECTIVE DATE

This Declaration shall take effect upon recording.

ARTICLE 31. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans were filed with the Auditor of Skagit County, Washington, simultaneously with the recording of this Declaration under File No. *, in Volume _____ of Condominiums, pages _____ through _____.

* 200612180152

ARTICLE 32. ASSIGNMENT BY DECLARANT.

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

ARTICLE 33. CERTIFICATE OF COMPLETION FOR MECHANICAL SYSTEMS AND STRUCTURAL COMPONENTS

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


Bernice C. Hochfeld



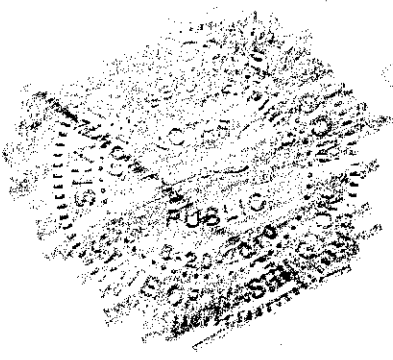
STATE OF WASHINGTON)

) ss

COUNTY OF SKAGIT)

On this day personally appeared before me Bernice C. Hochfeld to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that she signed as her free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 18 day of December, 2006.



Shaunon Hootenboom
NOTARY PUBLIC in and for the State
of Washington, residing at: Sedro Woolley
My commission expires: 08/20/2010



200612180153

Skagit County Auditor

12/18/2006 Page

36 of

36

2:25PM