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Skagit County Auditor

12/30/2008 Page 1 of 33 10:01AM

**DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR BAKERVIEW CONDOMINIUM**

Grantor:	Bakerview Investments LLC
Grantee:	Bakerview Condominium
Legal Description:	Lots 19 & 20, Blk 1, Nelson's Addition to City of Anacortes
Additional Legal Description:	Page 31 (Exhibit A)
Assessor's Tax Parcel No:	3807-001-020-0003; P58063

**DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR BAKERVIEW CONDOMINIUM**

THIS DECLARATION is made and executed this 30 day of December, 2008, by Bakerview Investments LLC, a Washington Limited Liability Company, hereafter referred to as "Declarant", the sole owner and holder of fee simple title to the real estate located at 820 - 21st Street, Anacortes, Skagit County, Washington, which is more particularly described on Exhibit A attached hereto and which is hereafter referred to as the "Property".

THIS DECLARATION is further made pursuant to provisions of the *Washington Condominium Act*, Chapter 64.34 of the *Revised Code of Washington*, as amended, hereafter referred to as the "Act". The *Survey Map* and *Plans* for the Bakerview Condominium, hereafter referred to as the "Condominium" are recorded under Skagit County Auditor's File No.

200812300052

Pursuant to the *Act* and for the purpose of submitting the Property to the provisions of the *Act*, the undersigned, being the sole owner of the Property, makes this *Declaration*. 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 this *Declaration*, together with the Survey Map and Plans sets forth covenants, conditions, restrictions and reservations affecting a common plan for the Condominium development mutually beneficial to all the described Units, and that the covenants, conditions, restrictions, reservations and plans are binding upon the entire Condominium and upon each Unit as a parcel of real estate, and upon its owners or occupants, as well as their heirs, personal representatives, successors and assigns 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. "Unit" as referred to above and throughout this *Declaration* means the physical portion of the Condominium designed for separate ownership, the boundaries of which are described as set forth in the *Act* and pursuant to Article 3.5.



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ARTICLE 1. NAME OF CONDOMINIUM AND ASSOCIATION

The name of the Condominium is Bakerview Condominium. The name of the Condominium association is Bakerview Condominium Owners Association.

ARTICLE 2. CERTIFICATE OF SUBSTANTIAL COMPLETION

The Declarant hereby certifies pursuant to RCW 64.34.200(2) that all of the structural components and mechanical systems of all buildings containing or comprising any Units that are to form a part of the Condominium have been substantially completed.

ARTICLE 3. UNITS

- 3.1. This *Declaration* creates six (6) residential Units.
- 3.2. The Condominium consists of one building depicted on the Survey Map and Plans.
- 3.3. The Units are identified by street address on the *Survey Map* and *Plans* as:

	Address:
1	2009 Q Avenue, Anacortes, Washington
2	2011 Q Avenue, Anacortes, Washington
3	2013 Q Avenue, Anacortes, Washington
4	2015 Q Avenue, Anacortes, Washington
5	2017 Q Avenue, Anacortes, Washington
6	2019 Q Avenue, Anacortes, Washington

- 3.4. The identifying numbers, allocated interest appurtenant to each Unit, the approximate number of square feet, the number of whole or partial bathrooms, bedrooms and fireplaces in each Unit and the level or levels on which each Unit is located is set forth in Exhibit B attached hereto.
- 3.5. The interior surfaces of perimeter walls, floors, and ceilings are designated as the boundaries of a Unit. All spaces, interior partitions, and other fixtures, appliances, interior doors and improvements within the boundaries of a Unit and which are not otherwise defined herein as a "Common Element" (Article 5) or a "Limited Common Element" (Article 6) are part of such Unit.



200812300053

Skagit County Auditor

- 3.6. The parking garages shown on the Survey Map and Plans are included as part of the corresponding Unit. The interior surface of the parking garage shall be defined as in Article 3.5 above and the concrete floor slab and garage door are part of the Unit.
- 3.7. A Unit Owner may make improvements or alterations to the Owner's Unit that do not adversely affect the structural integrity or mechanical or electrical systems, lessen the support of any portion of the Condominium, affect the exterior enclosure of the building or violate the use restrictions in this *Declaration*.
- 3.8. Subject to the provisions of this *Declaration* and other provisions of the *Act*, the boundaries between adjoining Units may only be relocated by an amendment to this *Declaration* upon the affected Unit Owner's application to the Board of Directors ("Board") of the Bakerview Condominium Owners Association ("Association"). The Owners of the adjoining Units shall give to the Board a written proposal showing the relocation of their common boundary between the Units and their proposed reallocation of the Allocated Interest. The Board shall within thirty (30) days after receiving the application accept, reject or modify the proposed relocation of the Unit boundaries and reallocation of Allocated Interest. If the application is approved and accepted by the Unit Owners making such application, then the Unit Owners making application shall at their expense prepare an amendment to the Survey Map and Plans and *Declaration* that complies with the *Act* and shall record such amendment to the Survey Map and Plans and the *Declaration*. Any costs incurred by the Association for reviewing the amended Survey Map and Plans and amended *Declaration* shall be the expense of the Owners making application for the relocation of boundaries and reallocation of Allocated Interest.

ARTICLE 4. ALLOCATED INTERESTS

The Allocated Interests assigned to the Units shall be based upon a formula that gives each Unit a fractional or percentage interest in the Common Elements, a share of the liability for common expenses and voting percentages that approximate the ratio the floor area in such Unit bears to the total floor area of all the Units. Based upon such formula, the Unit shall have the Allocated Interest set forth in **Exhibit B** attached hereto.

ARTICLE 5. COMMON ELEMENTS

Except as otherwise specifically reserved, assigned or limited by the provisions of Article 6 hereof, the Common Elements consist of portions of the Property which are not part of the Units and including the following:

- 5.1. The portions of the Property and improvements thereon that are not a part of a Unit.



200812300053

Skagit County Auditor

- 5.2. Installation of central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, garbage chutes, conduits, wires, tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus and installations existing for common use rather than for any one Unit, but excluding plumbing, electrical and similar fixtures which fixtures are located within a Unit for the exclusive use of that Unit.
- 5.3. The driving areas which are not part of the Unit or not allocated as Limited Common Elements by this *Declaration* which provide access to the Units, and parking areas which are not part of a Unit or are not located as to Units as Limited Common Elements by this *Declaration*.
- 5.4. The yards, gardens, landscaped areas, retaining walls, fences and walkways, if any, which surround and/or provide access to the building and which are not allocated to Units as Limited Common Elements.
- 5.5. Basements, attics, and other portions of the Building which are not part of a Unit or are not allocated to Units as Limited Common Elements by this *Declaration*.
- 5.6. Mechanical equipment space and any storage areas which are not part of a Unit or allocated to Units as a Limited Common Element by this *Declaration*.
- 5.7. All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.
- 5.8. Portions of the Common Elements which are not necessary for the habitability of any Unit for its intended purpose may be conveyed or subjected to a security interest by the Association if the Owners of Units to which at least sixty-seven percent (67%) of the total voting power agree to that action; provided, however, all of the Owners of Units to which any Limited Common Elements is allocated must agree in order to convey that Limited Common Element or subject it to a security interest.

ARTICLE 6. LIMITED COMMON ELEMENTS

The Limited Common Elements are reserved for the exclusive use of the Unit Owners of the Units to which they are assigned in the *Act* and this *Declaration*, are a portion of the Property, and shall consist of the following:

- 6.1. All portions of the Property designated as Limited Common Elements by the *Act*.
- 6.2. If any chute, fireplace box, flue, duct, wire, conduit, bearing wall, bearing column or any other fixture lies partially within and partially outside (and including without limitation any individual heating, ventilating or air conditioning equipment) 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 Elements.



200812300053
Skagit County Auditor

ARTICLE 7. EASEMENTS

- 7.1. 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 each Unit Owner shall have an unrestricted right of ingress to and egress from its Unit for reasonable access thereto, all as required to effectuate and continue the proper operation of the Condominium. Each Unit Owner's right of access to its Unit shall be perpetual and shall pass with the Unit as transfers of the ownership of such Unit occurs. Without limiting the generality of the foregoing, each Unit and all Common and Limited Common Elements are subject to an easement for the benefit of each of the other Units in the Condominium for all duct work for the several Units, and for heating, ventilation, air conditioning and any fireplaces and associated flues or chimneys. In addition, each Unit and all Common and Limited Common Elements are subject to easements as required for the intercom, security and electrical entry systems, if any, for vacuum systems in each Unit, if any and for cable television, telephone, sound and other systems wired into each Unit. Each Unit as it is constructed is granted an easement, to which each other Unit and all Common and Limited Common Elements are subject, for the location and maintenance of all of the original equipment, facilities and utilities for each Unit.
- 7.2. 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, or errors in original construction, reconstruction, repair of any portion of the building, to shifting and settling or any other similar cause, and any encroachment due to building overhang or projection so long as the physical boundaries of the Units are in substantial accord with the description of those boundaries in this *Declaration*.

ARTICLE 8. USE RESTRICTIONS

8.1. Unit Uses

Each unit shall be used as a residence for a single family and such other uses expressly permitted by this *Declaration* and for no other purpose. However, the foregoing restriction shall not prohibit a Unit Owner from maintaining a professional library therein, keeping its personal business and professional records therein, or handling personal business or professional telephone calls or correspondence therefrom to the extent doing so complies with all applicable laws and ordinances.

8.2. Exterior Appearance

Unit Owners shall not display, hang, store or use any signs, clothing, sheets, blankets, laundry or other articles which may be visible in or from the Common Elements or the



building exterior (other than draperies, curtains or shades, which have a uniform exterior appearance), or paint or decorate or adorn the outside of any Unit, or install any canopy or awning or outside radio or television antenna, satellite dish or other equipment, fixtures or items of any kind without the prior written permission of the Board.

8.3. Common Element Uses

Except for the Declarant's exercise of rights and the permitted uses of the easements granted in the Survey Map and Plans or this *Declaration* or any amendment thereto or by the Association, the Common Elements shall be used only for access, ingress and egress to and from the Units by their respective owners or tenants residing therein and their guests and other authorized visitors, and for such other purposes which are incidental to the permitted respective uses of the Units. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner. Nothing shall be altered or constructed in, or removed from the Common Elements except upon the written consent of the Board and after complying with the procedures required herein or by law.

8.4. Refuse Disposal

At the time of recording this *Declaration*, each Unit Owner is responsible for their own garbage and refuse disposal. Each Unit Owner shall place all garbage and refuse in containers stored within their Unit or a Limited Common Element storage area and each Unit Owner shall be responsible for contracting with the proper sanitation company for pickup and disposal of such garbage and refuse. If in the future, the Board provides or designates a service for picking up refuse and garbage, the Unit Owners shall use the same.

8.5. Plumbing Facility

No Unit Owner shall use the plumbing facilities for any purpose other than those for which they were constructed or for any purpose that is inconsistent with this *Declaration* or applicable law.

8.6. Electrical Equipment

No Unit Owner shall install, operate or maintain in any Unit any electrical equipment which will overload the building's electrical system beyond its capacity for proper and safe operation as determined by the Board.

8.7. Vibration, Noise and Odor

No Unit Owner shall permit any offensive or obnoxious vibration, noise or odor to emanate from a Unit.



200812300053
Skagit County Auditor

Page 6

8.8. Use of Equipment

No person shall operate any machines, appliances, accessories or equipment in such a manner as to cause, in the judgment of the Board, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the heating or air conditioning system.

8.9. Pets

No animals shall be raised, bred or kept in any Unit and dogs, cats or other household pets are not permitted and may not be brought onto the Property.

8.10. Smoking

Smoking is prohibited throughout the Condominium except for the interior of Units.

8.11. Parking

Garages are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles and for storage of such other items that pose no unreasonable health, safety or fire risk to persons or property. Vehicle repairs are not permitted on the Property. All parking spaces are restricted to use for parking of motor vehicles and all residential parking spaces are restricted to use for parking of motor vehicles by the Unit Owners, tenants and guests. Except for emergencies, no other portion of the Condominium or any streets or lanes within the Property may be used for vehicular parking. The Board may require removal of any vehicle (and any other equipment or item) improperly stored in parking areas. All parking spaces and areas are subject to rules adopted by the Board.

8.12. Illegal Uses

No unlawful, noxious or offensive activity shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which will constitute a nuisance or which shall, in the judgment of the Board, cause unreasonable noise or disturbance to others.

8.13. Written Leases

All leases of residential Units shall be in writing and shall be subject to this *Declaration* and the *Bylaws* and rules of the Association.

8.14. Declaration and Rules Binding Upon Tenants

Each and every term, covenant, provision and restriction relating to the use of the Property that is imposed upon a Unit owner by this *Declaration*, Association *Bylaws*, or any rules shall apply to such Unit Owner's tenants and other occupants of such Unit.



200812300053
Skagit County Auditor

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8.15. Rules

All Unit Owners and their tenants and invitees shall comply with any rules governing operation of their respective portions of the Condominium and the use of the Common Elements as may be adopted and amended from time to time by the Board as authorized by this *Declaration*.

ARTICLE 9. DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

9.1. Special Declarant Rights

The Declarant reserves the following special declarant rights so long as the Declarant owns a Unit:

- 9.1.1. To complete, maintain and repair any improvements shown on the Survey Map and Plans;
- 9.1.2. To maintain management offices and signs advertising the Condominium;
- 9.1.3. To maintain a model Unit;
- 9.1.4. To elect, appoint or remove any officer of the Association or any member of the Board during the period of Declarant control as provided by Article 9.4; and
- 9.1.5. To exercise development rights reserved in this *Declaration*.

9.2. Development Rights

Declarant reserves the following development rights in the Condominium, reserving to the Declarant the right to:

- 9.2.1. Add real property and improvements to the Condominium;
- 9.2.2. Create Units, Common Elements or Limited Common Elements within the real property included or added to the Condominiums;
- 9.2.3. Subdivide Units or convert Units into Common Elements; and
- 9.2.4. Reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant.

9.3. Time Limitation

The special Declarant rights and development rights reserved herein shall expire seven (7) years from the date of recording of the *Declaration* unless earlier terminated by Declarant or by operation of law.



200812300053
Skagit County Auditor

9.4. Declarant Control

9.4.1. Declarant Control Until Transition Date

Until the transition date, the Declarant shall have the right to appoint or remove all officers and members of the Board and veto or approve any proposed action of the Board or Association (Declarant control).

9.4.2. Transition Date

Declarant control of the Association shall terminate on the transition date. The transition date shall be no later than the earlier of sixty (60) days after conveyance of one hundred percent (100%) of the Units that may be created to owners other than the Declarant, or the last exercise of a development right to create Units, or the date on which the Declarant records an amendment to the *Declaration* pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board.

9.4.3. Declarant's Transfer of Association Control

Within sixty (60) days after the transition date, the Declarant shall deliver to the Association all property of the Unit owners and of the Association held or controlled by the Declarant as required under RCW 64.34.312.

9.4.4. Audit of Records Upon Transfer

Upon termination of the period of Declarant control, the records of the Association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted auditing standard unless the owners, other than the Declarant, by a two-thirds (2/3) vote, elect to waive the audit. The cost of the audit shall be a Common Expense.

ARTICLE 10. ASSOCIATION

10.1. Association

The Unit Owners shall be members of the Association, which shall be the Association created pursuant to RCW 64.34.300.

10.2. Incorporation

The Association shall be incorporated as a non-profit Washington corporation. The rights and duties of the members and the Association shall be governed by the provisions of the *Act*, this *Declaration* and the *Bylaws* of the Association.



10.3. Membership

Each Unit Owner shall be a member of the Association so long as it is a Unit Owner of record and such membership shall automatically terminate when such person ceases to be a Unit Owner of record.

10.4. Transfer of Membership

The membership of each owner in the Association shall be appurtenant to the Unit giving rise to such membership, and may not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of record title to said Unit and then only to the transferee of record title to such Unit. Any transfer of record title to a Unit shall operate to automatically transfer the membership in the Association to the new owner.

10.5. Management by Board

Except as otherwise provided in this *Declaration*, the *Bylaws* of the Association, and the *Act*, the Board shall act on behalf of the Association. The Board members and officers of the Association shall exercise ordinary and reasonable care in performance of its duties.

10.6. Composition of Board

The Board shall be comprised of three (3) Directors who shall be members and who shall be appointed or elected as provided in the *Bylaws*.

10.7. Board Quorum and Voting

At any meeting of the Board, the Board quorum and voting shall be as provided in the *Bylaws* of the Association.

10.8. Authority of Condominium Association

The Association, acting by and through the Board shall enforce the provisions of this *Declaration* and of the Association's *Bylaws* and shall have all powers and authority permitted to the Association under and subject to the *Act* and this *Declaration*, including, without limitation the right and authority to:

- 10.8.1. Adopt and amend bylaws, rules, and regulations;
- 10.8.2. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from Unit owners;
- 10.8.3. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;



200812300053

Skagit County Auditor

Page 10

- 10.8.4. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit owners on matters affecting the Condominium;
- 10.8.5. Make contracts and incur liabilities;
- 10.8.6. Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- 10.8.7. Cause additional improvements to be made as a part of the Common Elements;
- 10.8.8. Acquire, hold, encumber, and convey in its own name any right, title, or interest in real or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to RCW 64.34.348;
- 10.8.9. Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- 10.8.10. 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 RCW 64.34.204(2) and (4), and for services provided to Unit owners;
- 10.8.11. Impose and collect charges for late payment of assessments pursuant to RCW 64.34.364(13) and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the *Declaration* or *Bylaws* or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the owners for violations of the *Declaration*, *Bylaws*, and rules and regulations of the Association;
- 10.8.12. Impose and collect reasonable charges for the preparation and recording of amendments to the *Declaration*, resale certificates required by RCW 64.34.425, and statements of unpaid assessments;
- 10.8.13. Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;
- 10.8.14. Assign its right to future income, including the right to receive common expense assessments, but only to the extent the *Declaration* provides;
- 10.8.15. Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably



200812300053
Skagit County Auditor

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necessary in the discretion of the Board to protect the Limited Common Element or to preserve the appearance and value of the Condominium, and the owner of said Unit has failed or refused to perform any maintenance or repair for which it is responsible within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the owner; provided that the Board shall levy a special charge against the Unit of such owner for the cost of such maintenance or repair;

- 10.8.16. Except for any liens which are bonded by the Declarant, pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorneys' fees) incurred by the Board by reason of such lien or liens shall be specially charged against the owners and the Units responsible to the extent of their responsibility;
- 10.8.17. Exercise any other powers conferred by the *Declaration* or *Bylaws*;
- 10.8.18. Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and
- 10.8.19. Exercise any other powers necessary and proper for the governance and operation of the Association.

10.9. Limitation of Board's Liability

Except and to the extent covered by insurance, no members of the Board shall be liable for any service to be obtained and paid for by such Board or for injury or damage to person or property caused by the elements or by another Unit Owner or person in the Condominium or resulting from the flow of electricity, water or gas from outside or from any parts of the building or from any of their pipes, drains, conduits, appliances or equipment or from any other place. No member of the Board shall be responsible to Unit Owners for loss or damage by theft or otherwise of articles which may be used or stored by Unit Owners on the Property.

10.10. No Personal Liability

So long as the Board member, Association committee member or Association officer has acted in good faith, without intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or



prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), decision, or failure to make a decision; provided that this Section shall not apply if and to the extent the consequences of such act, omission, error, negligence or decision are covered by insurance obtained by the Association.

10.11. Indemnification of Board and Officers

Each member of the Board and each officer of the Association shall be indemnified by its members against all expenses and liabilities, including attorneys' fees, reasonably incurred 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 being, or having been, such a member or officer, including the settlement of any proceeding, whether or not he or she is such a member or officer at the time such expenses are incurred, except in such case where the member or officer is adjudged guilty of intentional misconduct.

10.12. Association's Records and Funds

The Association shall keep financial records sufficiently detailed to enable the Association to provide resale certificates as required by the *Act* and current copies of the *Declaration* and the Association's Articles of Incorporation, *Bylaws* and rules. All financial and other records of the Association, including but not limited to, checks, bank records and invoices, shall be the property of the Association. All of the items referred to in this Section and the Association's books, records and financial statements shall be made available for examination and copying by a Unit Owner, a Unit Owner's authorized agent and all mortgagees during normal business hours. At least annually, the Association shall prepare, or cause to be prepared, its financial statement in accordance with generally accepted accounting principles. So long as the Condominium consists of fewer than fifty (50) Units, an annual audit is required that may be waived annually by the owners of Units who have at least sixty percent (60%) of the total voting power.

ARTICLE 11. ASSESSMENTS

11.1. Owner's Obligations

Each owner shall be obligated its share of common expenses and special charges made pursuant to the *Act*, this *Declaration* and the *Bylaws* to the Treasurer of the Association in any reasonable manner which requires assessments to be due and payable monthly as the Board shall establish from time to time.

11.2. Common Expenses

Common expenses shall include the following expenses of the Association:

11.2.1. Expenses of administration;



- 11.2.2. Expenses of maintenance, repair, replacement and landscaping of Common Elements and Limited Common Elements;
- 11.2.3. Costs of insurance or bond required by the *Act*, this *Declaration* and the *Bylaws* or as obtained at the direction of the Board;
- 11.2.4. Bills for any utility services furnished to the Common Elements or to Units that are not separately metered;
- 11.2.5. Any general operating reserves established by the Board from time to time;
- 11.2.6. Reserves for replacements and deferred maintenance established by the Board from time to time;
- 11.2.7. Reserves for insurance;
- 11.2.8. Any deficit in common expenses for any prior period; and
- 11.2.9. Any other items properly chargeable as expenses of the Association.

11.3. Assessment Authority

All assessments shall be levied by the Association through its Board.

11.4. Budget

The Board shall prepare and approve a budget for the Association at least annually, estimate the common expenses expected to be incurred by the Association and assess the common expenses to each Unit in proportion to the Unit's allocated interest as provided in this *Declaration*. Within thirty (30) days after adoption of the proposed budget for the Condominium, the Board shall provide a summary of the budget to all of the Association's members and shall set a date for a meeting of the Association's members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. Unless at the meeting the members 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.

11.5. Reserve Funds

In establishing its regular budget of common expenses and assessments, the Board shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations for the maintenance, repair, replacement and acquisition of the Common Elements and Limited Common Elements and shall take into account any expected income and any surplus available from the prior year's operating fund. The initial Board, whether appointed by Declarant or elected by Unit Owners, may at any suitable time establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate the Board may at any time levy a further assessment.



200812300053
Skagit County Auditor

age 14

11.6. Commencement of Assessments

The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making assessments; provided, that in all events, assessments shall commence on a date within sixty (60) days of the date on which one of the Units which may be created has been conveyed to an owner or owners other than the Declarant. Until the Association makes an assessment, the Declarant shall pay all common expenses. After any assessment has been made by the Association, assessments must be made against all Units, based upon the budget adopted by the Association.

11.7. Limited Common Element Expenses

Any common expenses associated with the operation, maintenance, repair or replacement of a Limited Common Element shall be assessed against the Unit or Units to which that Limited Common Element is assigned.

11.8. Governmental Assessments

If governmental assessments or charges are imposed against all or any portion of the Condominium but not charged directly to the Unit Owners, the amount of such assessments or charges shall be assessed against the Unit Owners on the same basis as the assessment or charges are imposed by the governmental authority.

11.9. Assessment for Judgments

Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) shall be made only against the Units owned by members in the Association at the time the judgment was entered in proportion to their respective allocated interests at the time the judgment was entered.

11.10. Owner Misconduct

To the extent that any common expense is caused by the misconduct or neglect of any Unit Owner, the Board may assess that expense against the owner's Unit.

11.11. Special Assessment

The Board may levy a special assessment for any expense incurred by the Association that is charged, assessed or allocated to a specific Unit, as provided in this *Declaration*, and for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board shall give notice to the Unit Owners of any such special assessment by statement in writing giving the amount and reasons therefor, along with the date for a special meeting of the Association to be held not less than fourteen (14) days following such notice, for approval of such assessment.



ARTICLE 12. ASSOCIATION'S RIGHTS AND REMEDIES

12.1. Enforcement

Each owner shall comply strictly with the provisions of this *Declaration*, the *Bylaws* and rules. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both maintainable by the Board or by an aggrieved owner against the party (including an owner or the Association) failing to comply.

12.2. Access to Property

The Board, its agents, or employees may enter any of the Units or Limited Common Elements when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the owners as practicable.

12.3. Owner Liability

Each assessment shall be the joint and several obligations of the owner or owners of the Unit to which the same are assessed as of the time the assessment is due. Following a voluntary conveyance of a Unit, the grantee thereof shall be jointly and severally liable with the grantor for all unpaid assessments up to the time of the grantor's conveyance. Suit to recover a personal judgment for any delinquent assessments shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

12.4. Mortgagee Liability

The holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for assessments or installments that became due prior to such right of possession. Such unpaid assessment shall be deemed to be common expenses collectible from all members of the Association.

12.5. Lien for Assessments

The Association shall have a lien on a Unit for any unpaid assessments levied against that Unit from the time the assessment is due. Recording of this *Declaration* constitutes record notice and perfection of the Association's lien for unpaid assessments. The Association may record a notice of claim of lien for assessments at its sole discretion. The Association's lien may be enforced judicially by the Association or its authorized representative or by the Association as its assignee in the manner set forth in Chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. The Association shall have the right to foreclose its assessment lien non-judicially in the manner provided for trustees' sales under the Washington *Deed of*



Trust Act, RCW Chapter 61.24. For such purpose, the Property is hereby conveyed, transferred and assigned to Chicago Title Company - Anacortes Branch as trustee, in trust, with power of sale for the benefit of the Association. Said power of sale may be exercised with respect to any given Unit or Units upon the failure of the owner to pay any amounts which are secured by said lien. The Declarant confirms that no portion of the Property is used principally for agricultural or farming purposes. The Association or its authorized representative shall have the power to purchase the Unit at the trustee's sale and to acquire, hold, lease, mortgage or convey the same. The Association's lien for an unpaid assessment shall not be affected by the sale or transfer of a Unit except in the event of sale by foreclosure, trustee's sale, contract forfeiture or deed in lieu thereof which has priority.

12.6. Late Charges

The Association may from time to time establish reasonable late charges at a rate of interest to be charged on all subsequent delinquent assessments or installments thereof. In the absence of another established non-usurious rate, delinquent assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the assessments became delinquent.

12.7. Attorney's Fees

The prevailing party shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the enforcement of this *Declaration*, the *Bylaws* or the rules adopted by the Board, including the collection of delinquent assessments, whether or not such 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 enforcement of a judgment.

ARTICLE 13. ORDINARY MAINTENANCE AND REPAIR

13.1. Units

Each Unit Owner shall, at its sole expense, keep its Unit in good order, condition and repair. Each Unit Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating equipment, lighting fixtures, fireplaces, or other fixtures or appliances that comprise a part of its Unit.

13.2. Common Elements

The Association shall cause the Common Elements and the building exterior to be maintained in a good, clean, sanitary and operating condition. The Association is responsible for maintenance, repair and replacement of the Common Elements,



including the Limited Common Elements, except as may be provided elsewhere in this *Declaration*.

13.3. Limited Common Elements

Limited Common Elements are for the sole and exclusive use of the Units to which they are reserved or assigned; provided, that the use, condition and appearance thereof may be regulated by the Board. Each Unit Owner to which Limited Common Elements are appurtenant shall be responsible for cleaning and caring for such Limited Common Elements and keeping them in good and sightly condition. Decisions with respect to standard of appearance and condition of Limited Common Elements and with respect to the necessity for, and manner of caring for, maintaining, repairing, repainting and redecorating the Limited Common Elements shall be made by the Board.

13.4. Damage Caused by Misconduct or Neglect

If, due to the misconduct or neglect of an owner or an owner's invitee or guest, the Common Elements or any Unit owned by others is damaged, the Unit Owner associated with the person who caused the damage, shall pay for repair and replacement of such damaged areas as may be determined by the Board to the extent not covered by Association insurance.

ARTICLE 14. INSURANCE

14.1. Required Policies

Commencing not later than the time of the first conveyance of a Unit to any person other than a Declarant, the Association shall maintain to the extent reasonably available:

14.1.1. Casualty insurance on the entire Condominium, which may, but need not include equipment, improvements, and betterments in a Unit installed by the Declarant or the standard fire and extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by a standard "all risk" endorsement. The total amount of insurance after applicable deductible shall be not less than one hundred percent (100%) of the current replacement cost of the insured property at the time the insurance is purchased and at each review date, exclusive of the land, excavations, foundations and other items normally excluded from casualty policies and subject to deductibles which do not exceed the lesser of one percent (1%) of the policy face amount or Ten Thousand Dollars (\$10,000).

14.1.2. Comprehensive general liability insurance for the Condominium which provides coverage for bodily injury and property damage resulting from the

operation, maintenance or use of the Common Elements in the amount of at least One Million Dollars (\$1,000,000) for any single occurrence and which contains specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of the negligent act of the Association or other Unit Owners.

- 14.1.3. Workers compensation insurance to the extent required by applicable law.
- 14.1.4. Insurance against loss of personal property of the Association by fire, theft or other loss with deductible provisions as determined by the Board.
- 14.1.5. Such other insurance as the Board deems advisable, provided, that notwithstanding any other provision herein, the Association shall continuously maintain in effect such casualty, flood, rent loss, liability insurance and fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association, Governmental National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, or other governmental agencies involved in the project, except to the extent such coverage is not available or has been waived in writing by such agency.

14.1.6. Required Provisions

Insurance policies carried pursuant to this *Article* shall:

- 14.1.6.1. Provide that the Association is the named insured and that each Unit Owner is insured under the policy with respect to liability arising out of the owner's interest in the Common Elements or membership in the Association;
- 14.1.6.2. Provide that the insurer waives its right to subrogation under the policy against any Unit Owner, member of the owner's household, and lessee of the owner;
- 14.1.6.3. Provide that no act or omission by any Unit Owner, unless acting within the scope of the owner's authority on behalf of the Association, will void the policy or be a condition to recover under the policy; and
- 14.1.6.4. Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.



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» 19

14.1.7. Claims Adjustment

Any loss covered by property insurance must be adjusted with the Association, and each Unit Owner, by acquiring a Unit subject to this *Declaration*, appoints the Association as their attorney-in-fact for such purposes. The insurance proceeds are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a mortgage subject to provisions of the *Act*, the proceeds must be disbursed first for the repair and restoration of the damaged property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or the Condominium is terminated.

14.1.8. Owner's Additional Insurance

An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for the owner's own benefit.

14.1.9. Certificate

An insurer that has issued an insurance policy under this Section shall issue a certificate or memorandum of insurance to the Association and, upon written request, to any Unit Owner or holder of a mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance. The insurer shall not modify the amount or extent of coverage of the policy, or cancel or refuse to renew the policy without complying with this Section.

14.1.10. Insurance Unavailable

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

14.1.11. Additional Insurance

The Association may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.



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14.1.12. Repair and Rebuilding

Any portion of the Condominium for which insurance is required under this Section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless the Condominium is terminated, repair or replacement would be illegal under any state or local health or safety statute or ordinance, or eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of those Units and the owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders as their interests may appear in proportion to the Common Elements interests of all Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under RCW 64.34.060(1) and the Association shall promptly prepare, execute and record an amendment to the *Declaration* reflecting the re-allocations. Notwithstanding these provisions, RCW 64.34.268 governs distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 15. PROTECTION OF MORTGAGEES

15.1. Abandonment of Condominium Status

Except when acting pursuant to the provisions of the *Act* involving damage, destruction, or condemnation, the Association shall not: without prior written approval of Owners holding sixty-seven percent (67%) of the Total Voting Power and Eligible Mortgagees of Units with fifty-one percent (51%) of the Total Voting Power seek by act or omission to abandon or terminate the condominium status of the Property or to abandon, encumber, sell or transfer any of the Common Elements.

15.2. Partitions and Subdivision

The Association shall not combine nor subdivide any Unit or the appurtenant Limited Common Elements, nor abandon, partition, subdivide, encumber or sell any Common



Elements, or accept any proposal to do so, without the prior written approval of Owners holding sixty-seven percent (67%) of the Total Voting Power and eligible Mortgagees of Units with fifty-one percent (51%) of the Total Voting Power of Owners of Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of Unit(s), so affected.

15.3. Material Amendments/Changes in Percentages

The Association shall not make any material amendment to this *Declaration* or *Bylaws* (including changes in the percentages of interest in the Common Elements) without the prior written approval of fifty-one (51%) of all Eligible Mortgagees and sixty-seven percent (67%) of Owners of record of the Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of the Unit(s), so affected. A change to any of the following would be considered a material amendment:

- 15.3.1. Voting rights;
- 15.3.2. Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%) or changes in priority of assessment liens;
- 15.3.3. Reductions in reserves for maintenance, repair, and replacement of Common Elements;
- 15.3.4. Responsibility for maintenance and repairs;
- 15.3.5. Reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use, except that when Limited Common Elements are reallocated by agreement by Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding mortgages in such Units need approve such action;
- 15.3.6. Reallocation of boundaries of Units, except that when boundaries of only adjoining Units are involved or when the Unit is being lawfully subdivided by its Owner, then only those Unit Owners and the Eligible Mortgagees holding Mortgages in such Unit or Units need approve such action;
- 15.3.7. Convertibility of Units into Common Elements or Common Elements into Units;
- 15.3.8. Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- 15.3.9. Hazard or fidelity insurance requirements;
- 15.3.10. Imposition of any restrictions on the leasing of Units;



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15.3.11. Imposition of any restrictions on a Unit Owners right to sell or transfer his/her Unit;

15.3.12. Restoration or repair of the project after damage after partial condemnation in a manner other than specified in the Condominium documents; and

15.3.13. Any provision that expressly benefits Mortgage holders, insurers or guarantors.

15.4. Mortgagee Approval Requirements

Any approval of a Mortgagee required by this *Declaration* shall be preceded by a written proposal of such amendment, to which (a) such Mortgagee has responded with its approval thereof in writing, or (b) such Mortgagee has failed to respond within sixty (60) days after it receives proper notice of the proposed amendment so long as the notice was delivered by certified or registered mail with return receipt requested.

15.5. Copies of Notices

A Mortgagee of a Unit (and any insurer or guarantor of such Mortgage) shall be entitled to receive timely written notice: (a) that the Owner/Mortgagor of the Unit has for more than sixty (60) days failed to meet any obligation under the Condominium documents; (b) of all meetings of the Association and be permitted to designate a representative to attend all such meetings; (c) of any condemnation loss or casualty loss affecting a material portion of the Property or the Unit on which it holds a Mortgage; (d) of any lapse, cancellation or material modification of insurance policies or fidelity bonds maintained by the Association; and (e) of any proposed action that requires the consent of a specified percentage of Mortgagees. To be entitled to receive notices under this Section 15.5, the Mortgagee (or Mortgage insurer or guarantor) 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 has (or insures or guarantees the Mortgage).

15.6. Effect of Declaration Amendments

No amendment of this *Declaration* shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such Mortgage. Any provision of this Article 15 conferring rights upon Mortgagees, which is inconsistent with any other provision of this *Declaration*, or the *Bylaws* shall control over such inconsistent provisions.

15.7. Provisions for Insurance Proceeds and Condemnation Awards

Any provision under this *Declaration* to the contrary notwithstanding, the rights of any first Mortgagee of a Unit pursuant to its Mortgage shall have priority over the rights of



any other person in the payment of insurance proceeds or condemnation awards for losses to or taking of a Unit or its undivided interest in the Common Elements.

15.8. Mortgagee Liability for Assessments

No Mortgagee shall have liability for any Assessments prior to acquiring title to a Unit. Any first Mortgagee who obtains title to a Unit pursuant to the remedies in its Mortgage will not be liable for more than six (6) months of the foreclosed Unit's unpaid regularly budgeted assessments (excluding special assessments) or charges accrued before the date such title was acquired by the Mortgagee, together with any fees or costs related to the collection of unpaid dues to the extent the same is secured by the Association's lien provided for in this *Declaration*.

15.9. Insurance Requirements

With respect to a first Mortgage of a Unit, the Condominium Board shall:

- 15.9.1. Cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any mortgagee who makes written request to the Board to be so named;
- 15.9.2. Furnish any such Mortgagee with a copy of any insurance policy or evidence thereof, which is intended to cover the Unit on which such Mortgagee has a lien;
- 15.9.3. Require any insurance carrier to give the Board and any and all insured (including such Mortgagees) at least thirty (30) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium non-payment);
- 15.9.4. Not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Element exceeding Five Thousand Dollars (\$5,000) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of this *Declaration*;
- 15.9.5. Give such Mortgagee written notice of any loss or taking affecting Common Elements, if such loss or taking exceeds Ten Thousand Dollars (\$10,000); and
- 15.9.6. Give such Mortgagee written notice of any loss, damage or taking affecting any Unit or Limited Common Elements in which it has an interest, if such loss, damage or taking exceeds One Thousand Dollars (\$1,000).

15.10. Additional Policy Provisions

In addition, the insurance policy acquired shall:



200812300053
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age 24

- 15.10.1. Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;
- 15.10.2. Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Unit Owners or any persons claiming under any of them; and
- 15.10.3. Waive any provision invalidating such Mortgage clause by reason of: the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy; any requirement that the Mortgagee pay any premium thereon; and any contribution clause.

15.11. Inspection of Books and Financial Statements

Owners, Mortgagees, insurers and guarantors of any Mortgage on any Unit shall be entitled to inspect during all normal business hours all of the books and records of each Association for which they or their borrowers are Members, including current copies of this *Declaration*, the Association's Articles of Incorporation, *Bylaws*, the Rules governing the Condominium, and other books, records and financial statements of the Association (within a reasonable time following request). Upon written request of any holder, insurer or guarantor of a first Mortgage at no cost to the party so requesting (or if the Condominium contains fewer than fifty(50) Units, upon the written request of any Mortgagee at its expense if an audited statement is not otherwise available), to receive an annual audited financial statement of the Association within one hundred and twenty (120) days following the end of its fiscal year.

ARTICLE 16. ARBITRATION AGREEMENT

- 16.1. The Declarant, the Association and all Owners agree that any claim arising from or related to the sale of any Unit or the Common Elements, or to any defect in or to any Unit or any real property on which such Unit is situated, or which is part of the Common Elements, including without limitation, any claim of breach of contract, negligent or intentional misrepresentation or non-disclosure in the inducement, execution or performance of any contract, including this *Arbitration Agreement*, any alleged statutory violation, and any claim of bodily injury, shall be settled by arbitration.
- 16.2. Any dispute concerning the interpretation or enforceability of this *Arbitration Agreement*, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense based upon waiver or estoppel, shall be decided by the arbitrator. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.



200812300053
Skagit County Auditor

Page 25

16.3. This *Arbitration Agreement* shall inure to the benefit of, and be enforceable by, Declarant's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person alleged to be liable for any defect in or to any Unit or the Common Elements; and shall be binding upon all family members and tenants of all Owners. Any party shall be entitled to recover reasonable attorney's fees and costs incurred in enforcing this *Arbitration Agreement*.

16.4. The arbitration shall be conducted by the American Arbitration Association, by Construction Arbitration Services, Inc., by DeMars & Associates, Ltd., or by an arbitrator mutually agreed upon by all parties to the matter being arbitrated pursuant to their applicable arbitration rules not inconsistent with this *Arbitration Agreement*. The choice of arbitration service shall be that of the claimant. All administrative fees of the arbitration service and fees of the arbitrator shall be borne equally by the parties to the arbitration, subject to the discretion of the arbitrator to reallocate such fees in the interests of justice.

16.5. No participation by any party in any judicial proceeding involving a matter which is arbitrable under this *Arbitration Agreement* shall be deemed a waiver of the right of such party to enforce this *Arbitration Agreement*.

16.6. If any provision of this *Arbitration Agreement* shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

16.7. Limitation Upon Amendments

The Declarant, the Association and all Owners hereby acknowledge and agree that no amendment of this *Declaration* shall modify, alter or delete any portion of the *Arbitration Agreement* in this *Declaration* without the written consent of the Declarant attached to and recorded with such amendment, regardless of whether Declarant continues to maintain an ownership interest in any Unit or membership in the Association.

16.8. Binding Upon Successors and Assigns

The Declarant, the Association and all Owners hereby acknowledge and agree that, by virtue of the recording of this *Declaration*, this *Arbitration Agreement* shall run with the title to the real property subject to this *Declaration*, and shall be binding on all persons having any right, title or interest in all or any portion of the real property subject to this *Declaration*, their respective heirs, legal representatives, successors, successors-in-title, and assigns, and shall be for the benefit of the Declarant and all Owners of the property subject to this *Declaration*, regardless of whether Declarant continues to maintain an ownership interest in any Unit or membership in the Association.

ARTICLE 17. AMENDMENTS

- 17.1. Except in cases of amendments that may be executed solely by the Declarant, the Association or Unit Owners as otherwise stated herein, this *Declaration*, including the Survey Map and Plans, may be amended only by a vote or agreement of owners of Units to which at least sixty-seven percent (67%) of the total voting power is assigned. Amendments to this *Declaration* required by the *Act* to be recorded by the Association shall be prepared, executed, recorded and certified on behalf of the Association by the President of the Association or other officer designated for that purpose. Every amendment to this *Declaration* must be recorded in every county in which any portion of the Condominium is located and is effective only upon recording.
- 17.2. No amendment to this *Declaration* may affect the voting rights, the voting percentages allocated to any Unit, or how such votes are to be cast or counted, without approval of at least ninety percent (90%) of the total voting power.
- 17.3. Except to the extent expressly permitted or required by other provisions of this *Declaration* or the *Act*, no amendment may increase the number of Units, change the boundaries of any Unit, the allocated interest of a Unit, or uses to which any Unit is restricted, in the absence of the vote or agreement of the owner of each Unit particularly affected and the owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant. Notwithstanding the foregoing, Declarant may amend this *Declaration* unilaterally to the extent it is required to do so to exercise any development right. No amendment may restrict, eliminate, or otherwise modify any such development right without the consent of the Declarant and any mortgagee of record with a security interest in the Declarant's rights or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.
- 17.4. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this *Declaration* adopted as provided herein.

ARTICLE 18. TERMINATION

Except in the case of a taking of all Units by condemnation, the Condominium may be terminated only by agreement of the Unit Owners of Units to which at least eighty percent (80%) of the total voting power is assigned. Such vote must be evidenced by the execution of a termination agreement in the same manner as a deed by the requisite number of Unit Owners, and said agreement shall specify a date after which it will be void unless it is recorded before that date and shall contain a description of the manner in which the creditors of the Association will be paid or provided for. No termination shall be effective until the termination agreement is recorded. The termination agreement may provide that the Property be sold following termination in the manner



200812300053
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and with the consequences prescribed by the *Act*. If the Property is not sold following termination, title therein shall vest in the Unit Owners upon termination as tenants in common with the owners' respective undivided interests to be allocated as provided in the *Act*.

ARTICLE 19. CONSTRUCTION AND INTERPRETATION

- 19.1. The provisions of this *Declaration* shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Washington law.
- 19.2. The provisions of this *Declaration* shall be interpreted in a manner that facilitates the administration of a residential use condominium, avoids oppression or inequitable treatment, preserves the value of the residential Units, and ensures the first-class appearance of the building exterior and Common Elements so as to retain its attraction to the Unit Owners.
- 19.3. The creation of the Condominium shall not be impaired and title to Units and Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this *Declaration* or the Survey Map and Plans or any amendment thereto to comply with the *Act*.
- 19.4. If any term, covenant, condition, restriction or reservation contained in this *Declaration* should be held to be unenforceable or invalid by any court of competent jurisdiction, such holding shall not invalidate this *Declaration* as creating a condominium and shall be limited to the extent practicable to the provisions so invalidated.
- 19.5. The terms used in this *Declaration* are intended to have the same meanings given in the *Act* unless the context clearly requires otherwise or to so define the terms would produce illegal or improper results. Any dollar amounts specified in this *Declaration* in connection with any proposed action or decision of the Board or Association may, in the discretion of the Board, be increased proportionately by the increase in the consumer price index for the City of Seattle, Washington for All Items, All Urban Consumers, prepared by the United States Department of Labor to adjust for any changes in the value of the dollar after the effective date of this *Declaration*.
- 19.6. The rule against perpetuities may not be applied to defeat any provision of this *Declaration*.
- 19.7. In the event of an express conflict between the provision of this *Declaration* and the *Bylaws*, this *Declaration* shall be controlling. In the event of an express conflict between the *Declaration* and the *Act*, the *Act* shall be controlling.
- 19.8. The failure of the Board in any one or more instances to insist upon the strict performance of this *Declaration*, of the *Bylaws*, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not



be construed as a waiver or relinquishment for the future of such term, covenant, condition, restriction or reservation, but such term, covenant, conditions, restriction or reservation shall remain in full force and effect. The receipt by the Board of any delinquent assessment from an owner with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

- 19.9. Any notice permitted or required to be delivered under the provisions of this *Declaration* or any *Bylaw*, may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, postage prepaid, by first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board. Notice to the owner or owners of any Unit shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Notice to be given to the Board shall be given to the President or Secretary of the Association.

ARTICLE 20. EFFECTIVE DATE

This *Declaration* shall take effect upon recording.

IN WITNESS WHEREOF, the Declarant has caused this *Declaration* to be duly executed the day and year first above written.

BAKerview INVESTMENTS LLC
A Washington Limited Liability Company

By: Patrick J. Lang
PATRICK J. LANG, Member

By: Lynne M. Lang
LYNNE M. LANG, Member

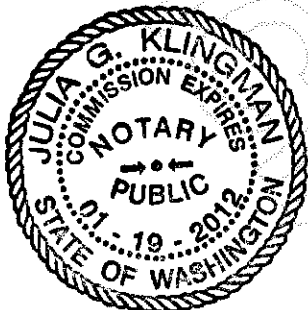


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STATE OF WASHINGTON)
(ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that **Patrick J. Lang** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Member of **Bakerview Investments LLC**, a Washington Limited Liability Company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 23 day of December, 2008.

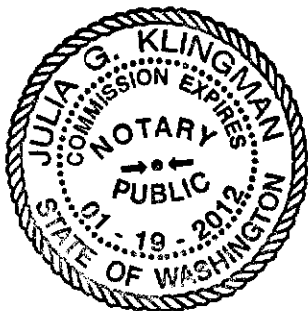


Julia G. Klingman
(Signature)
Julia G. Klingman
(Print Name)
NOTARY PUBLIC
My appointment expires: 1-19-12

STATE OF WASHINGTON)
(ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that **Lynne M. Lang** is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Member of **Bakerview Investments LLC**, a Washington Limited Liability Company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 23 day of December, 2008.



Julia G. Klingman
(Signature)
Julia G. Klingman
(Print Name)
NOTARY PUBLIC
My appointment expires: 1-19-12



EXHIBIT A

CONDOMINIUM PROPERTY LEGAL DESCRIPTION

Lots 19 and 20, Block 1, Nelson's Addition to the City of Anacortes,
according to the plat thereof recorded in Volume 2 of Plats, Page 102,
records of Skagit County.

End of Exhibit A



200812300053
Skagit County Auditor

Page 31

EXHIBIT B

Unit Address	Approximate Sq. Footage	No. of Whole or Partial Bathrooms	No. of Bedrooms	No. of Fireplaces	Level	Allocated Interest
2009 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6
2011 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6
2013 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6
2015 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6
2017 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6
2019 Q Avenue, Anacortes, Washington	1050	1.5	2	1	3	1/6

End of Exhibit B

Page 32



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Skagit County Auditor