



201002260161  
Skagit County Auditor

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Document Title: Declaration of Covenants

Reference Number:

Grantor(s):

☐ additional grantor names on page \_\_\_\_.

1. 480 North Hangar Phase II Owners Association
- 2.

Grantee(s):

☐ additional grantee names on page \_\_\_\_.

1. Public
- 2.

Abbreviated legal description:

☐ full legal on page(s) \_\_\_\_.

The portions of the NE quarter of Section 27, Township 35  
North, Range 1 East, w.m. parcel #1 hangar pad #1, parcel #2 hangar  
pad #1

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page \_\_\_\_.

P106729  
P32356

**DECLARATION  
AND  
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS  
FOR  
48° NORTH HANGAR PHASE II, A LEASEHOLD CONDOMINIUM**

Pursuant to the Washington Condominium Act, RCW Chapter 64.34, and for the purpose of submitting the Property hereinafter described to the provisions of said Act, the undersigned, being sole lessee and possessor of said Property, make the following Declaration. By acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any Unit in the Condominium created by this Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and that the covenants, conditions, restrictions, reservations and plan are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments.

The name of this Condominium is 48° North Hangar Phase II.

**ARTICLE I  
INTERPRETATION**

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.

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

1.3 Covenant Running With Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitude, binding on Declarant, its successors and assigns, all subsequent Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, until

48° North Hangar  
Condominium Declaration

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SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax  
PAID

FEB 23 2010

Amount Paid \$  
Skagit County Treasurer  
By: *LP* Deputy

the Ground Lease shall terminate, supplementing and interpreting the Act, and operating independently of the Act should the Act be, in any respect, inapplicable.

1.4 Declarant is Original Owner. Declarant is the original owner of the leasehold interest Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are recorded.

1.5 Captions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.6 Declaration Definitions.

1.6.1 "The Act" means the Washington Condominium Act, codified at RCW Chapter 64.34 as amended.

1.6.2 "Allocated Interests" means those undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit more particularly provided for in Article 8.

1.6.3 "Articles" means the Articles of Incorporation for the Association.

1.6.4 "Assessment" means all sums chargeable by the Association against a Unit including, without limitation: (a) general and special Assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

1.6.5 "Association" means all of the Owners acting as a group in accordance with the Bylaws and with this Declaration as it is duly recorded and as they may be lawfully amended, which Association is more particularly provided for in Article 9.

1.6.6 "Board" means the Board of Directors of the Association provided for in Section 10.3.

1.6.7 "Bylaws" shall mean the bylaws of the Association including amendments thereto provided for in Article 9.

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

1.6.9 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.6.10 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to Article 8.

1.6.11 "Condominium" means the condominium created by this Declaration and related Survey Map and Plans pursuant to the Act.

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

1.6.13 "Declarant" means 48° North Aviation, LLC, a Washington limited liability company, and its representatives, successors, and assigns.

1.6.14 "Declaration" means this Declaration and any amendments thereto.

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

1.6.16 "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.

1.6.17 "Ground Lease" means the lease between the Declarant and the Port of Anacortes as more particularly described in paragraph 3.2.

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

1.6.19 "Leasehold Condominium" shall mean a Condominium in which all, or a portion of, the real property is subject to a lease, the expiration or termination of which will terminate or reduce the size of the Condominium. This Condominium is a



leasehold condominium because the land on which the building(s) and other improvements are situated is leased from the Port of Anacortes and is not owned by the Declarant. The subject Ground Lease with the Port of Anacortes has a total initial term of thirty years beginning December 4, 2007 and a total potential duration of fifty years. Upon termination of the Ground Lease, title to the land and the building(s) and improvements will be retained by the Port of Anacortes, free and clear of such Ground Lease and this Condominium.

1.6.20 "Limited Common Element" means a portion of the Common Elements allocated by this Declaration (or by subsequent amendments thereto) or by operation of law for the exclusive use of one or more but fewer than all of the Units as provided in Article 7.

1.6.21 "Manager" means the person retained by the Board to perform such management and administrative functions and duties with respect to the Condominium as are delegated to such person and as are provided in a written agreement between such person and the Association.

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

1.6.23 "Mortgagee" means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit created by mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit.

1.6.24 "Owner" means the Declarant or other person who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation, or is merely renting or leasing. The vendee, not the vendor, of a real estate contract is the owner.

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

1.6.26 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Exhibit A, including buildings, structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Property" included parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water, and all personalty intended for use in connection therewith. All Property or Real Property is held by Declarant as a leasehold interest pursuant to the Ground Lease.



1.6.27 "Purchaser" means any person, other than Declarant, who by means of a Disposition acquires a legal or equitable interest in a Unit other than as security for an obligation.

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

1.6.29 "Survey Map and Plans" means the survey map and the plans recorded simultaneously with this Declaration and any amendments, corrections, and addenda thereto subsequently recorded.

1.6.30 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to Article 4.

1.6.31 "Unit Owner" means the Declarant or other person who owns a Unit, but does not include a person who has an interest in a Unit solely as security for an obligation; or is merely "renting" or "leasing" a Unit as defined in Section 1.6.28. "Unit Owner" means the vendee, not the vendor of a Unit under a real estate contract.

1.7 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.

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

## ARTICLE II CONSTRUCTION AND VALIDITY OF DECLARATION

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the 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 Condominium Act.

### ARTICLE III DESCRIPTION OF REAL PROPERTY

3.1 Real Property Description and Interest. The Real Property included in the Condominium is described in Exhibit A attached hereto. The interest of the Declarant in the Real Property included in the Condominium is a leasehold interest pursuant to the Ground Lease.

3.2 Ground Lease. Declarant is the original lessee under a lease, as amended (the "Ground Lease") covering the Real Property with the Port of Anacortes, a public entity, (the "Ground Lessor") as Lessor, which owns and operates the Anacortes Airport, located in Skagit County, Washington. The Ground Lease is recorded under Skagit County Auditor's Recording Number \* 201002260162. All terms of the Ground Lease are incorporated within this document by this reference. Each Unit Owner is charged with a responsibility to be knowledgeable with all terms and conditions of the Ground Lease. In the event of a conflict between the provisions of this Declaration and the Ground Lease, the Ground Lease provisions shall prevail, so long as they are consistent with the Act. The Port of Anacortes has signed this Declaration pursuant to the requirements of RCW 64.34.220(1). The Port of Anacortes has not approved any provisions of this Declaration which are not specifically required to be approved by a Lessor pursuant to the provisions of RCW 64.23.220(1).

3.2.1 Term. The initial term of the Ground Lease term expires December 3, 2037.

3.2.2 Reversion. There is no right to redeem the reversion in the Ground Lease.

3.2.3 Improvements. There is no right to remove improvements upon expiration of the Ground Lease.

3.2.4 Renewal. There is no right of renewal upon expiration of the Ground Lease, except for two (2) potential ten-year extensions subject to a delivery by Declarant of written notice to the Ground Lessor of its intention to extend the term of the Ground Lease ("Extension Notice") not less than one hundred twenty (120) days prior to the expiration of the current term and subject to the Ground Lessor agreeing to the extension by written notice to Declarant within thirty (30) days of the of the Ground Lessor's receipt of the Extension Notice.



3.2.5 Scope of Lease and Legal Description. This Condominium is created from the building, improvements, paved areas, easements, the lessee's interest in the Ground Lease, and other rights and appurtenances constructed upon, and belonging to, the land encompassed under the Ground Lease, which land is legally described in Exhibit A attached hereto. The land itself, which is owned by the Port of Anacortes, does not constitute a part of the Condominium. This Declaration and the Condominium is subject, and subordinate in all respects, to the terms of the Ground Lease. Any provisions of this Declaration which are inconsistent with any provision of the Ground Lease will be of no force and effect as against the Port of Anacortes.

3.3 Relationship of Declarant, Unit Owners, Ground Lessor and Association. Declarant is the original lessee under the Ground Lease. With the Ground Lessor's consent, the Declarant shall assign the Ground Lease to the Association in the form of the Assignment of Lease attached hereto as Exhibit C. Immediately after the assignment of Ground Lease from the Declarant to the Association, the Association shall sublease each of the fourteen (14) Units to the Declarant in the form of the Sublease attached hereto as Exhibit D. For each Unit that the Declarant sells, it shall, with the Ground Lessor's consent, assign the sublessee's interest in the Sublease for that Unit to the Unit Owner contemporaneously with a conveyance of Declarant's interest in the improvements for that Unit in the form of the Assignment of Sublease and Conveyance Condominium Unit attached hereto as Exhibit E. Unit Owners are not parties or third-party beneficiaries under the Ground Lease. The Association will be responsible for paying rent and all other sums due under the Ground Lease to the Ground Lessor. Unit Owners are each responsible for paying to the Association a share (computed according to the Allocated Interests) of the rent and other sums due under the Ground Lease. The Association will collect the proportionate rents paid on the Ground Lease by the Unit Owners in the form of Assessments. For purposes of sections 64.34.220(2) and (3) of the Revised Code of Washington, the Association is designated as the representative of the Unit Owners on all matters relating to the Ground Lease including the collection of proportionate rents paid on the Ground Lease by the Unit Owners.

3.3.1 Notwithstanding any of the assignments or subleases identified above, at all times the Declarant shall remain liable to the Ground Lessor under the Ground Lease.

3.4 Default Under the Ground Lease. In the event that the Association fails to pay in full the rent due under the Ground Lease to Ground Lessor, or otherwise fails to cure a default under the Ground Lease which would entitle the Ground Lessor to terminate the Ground Lease (whether such default is due to the action of the Association, other unit owner(s), the Declarant or others), the Ground Lessor may terminate the entire Ground Lease and the entire interest of the any and/or all unit owners in their respective Units, including the interests of those Unit Owners who make timely payment of their share of the rent for the Ground Lease and/or otherwise comply with all covenants other



than the payment of rent which if violated would entitle the Ground Lessor to terminate the Ground Lease.

3.5 Transfer of Units. Units may not be transferred without the prior written consent of the Ground Lessor, which consent may not be unreasonably denied or delayed.

3.6 Termination of the Condominium. Pursuant to the provisions of the Ground Lease and the Act, as a leasehold condominium, upon the termination or expiration of the Ground Lease (for any reason) and non-renewal, the condominium shall terminate and each Unit Owner's title to their Unit shall be extinguished.

#### **ARTICLE IV DESCRIPTION OF UNITS**

Exhibit B, attached hereto sets forth the following:

4.1 Number of Units. There are a total of 14 Units.

4.2 Unit Number. Supplied on Exhibit B.

4.3 Unit Description. Exhibit B specifies the following, with respect to each existing Unit:

4.3.1 The approximate square footage.

4.3.2 Whether the Unit has a bathroom.

4.3.3 Level: all Units are located on the ground level.

4.3.4 Allocated Interest: the Allocated Interest for each Unit.

4.3.5 Votes: the number of votes allocated to each Unit.

4.3.6 Parking: no parking spaces are allocated to Units.



4.4 Access to Common Ways and Public Streets. Each Unit has direct access to common element driveways, apron areas, the Pilots' Lounge, and all such common elements have access across airport property to Airport Road, which provides access to public streets.

## **ARTICLE V BOUNDARIES**

### **5.1 Unit Boundaries**

5.1.1 Interior Surfaces. The Interior Surfaces of perimeter walls, floors, and ceilings are the boundaries of a Unit. Decorative and finished surface coverings (including paint, wallpaper, paneling, carpeting, tiles, and finished flooring) are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.

5.1.2 Ducts, Wires, Etc. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to the Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

5.1.3 Partitions, Etc. Subject to the provisions of Section 5.1.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

5.1.4 Shutters, Etc. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

### **5.2 Monuments as Boundaries**

The physical boundaries of a Unit constructed in substantial accordance with the original Survey Map and Plans thereof become its boundaries rather than the metes and bounds expressed in the Survey Map and Plans, regardless of settling or lateral movements of the Building or minor variances between boundaries shown on the Survey Map and Plans and those of the Building. This Section does not relieve a Declarant or any other person of liability for failure to adhere to the Survey Map and Plans.



## ARTICLE VI DESCRIPTION OF COMMON ELEMENTS

6.1 Except as otherwise specifically allocated by the provisions of Articles IV, V and VII or other provisions of this Declaration or amendments hereto, the Common Elements consist of all portions of the Condominium except units and include the following:

6.1.1 When it is assigned from the Declarant or the Association, the leasehold interest in the Ground Lease for the Real Property described in Exhibit A.

6.1.2 The windows, roofs, foundations, columns, girders, studding, joists, beams, supports, walls (excluding non-bearing interior partitions of Units), chimneys, and all other structural parts of the Buildings, to the boundaries of the Units as the boundaries are defined in Section V, and any replacements thereto.

6.1.3 Installations of central services such as: power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating; pipes, conduits, and wires, tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use; but excluding plumbing, electrical and similar fixtures, which fixtures are located within a Unit for the exclusive use of that Unit.

6.1.4 The driving areas (not allocated as Limited Common Elements by this Declaration or amendments thereto) which provide access to the Limited Common Elements for parking; and any guest parking or other parking areas (not allocated to Units as Limited Common Elements by this Declaration or amendments thereto).

6.1.5 All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

6.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends 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.



**ARTICLE VII  
DESCRIPTION OF LIMITED COMMON ELEMENTS**

7.1 There are no Limited Common Elements described on the Survey Map and Plans.

**ARTICLE VIII.  
ALLOCATED INTERESTS**

The Allocated Interests of each Unit (that is, the undivided interest in the Common Elements and the Common Expense Liability) allocated to each Unit are those percentages shown on Exhibit B for each Unit. The Allocated Interests shown on Exhibit B are calculated as a percentage of the area of each Unit in square feet compared to the combined area of all of the Units, rounded to the nearest one-thousandth of a percent, and the percentage for the smallest Unit adjusted to make the total of all allocated interests equal 100%. The Allocated Interest and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the Unit to which that Interest is allocated is void.

**ARTICLE IX.  
OWNERS' ASSOCIATION**

9.1 Form of Association. The Association shall be organized as a non-profit mutual benefit corporation under Chapter 24.06 of the Revised Code of Washington and shall be known as 48° North Hangar Phase II Owners Association.

9.2 Membership. Each Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, the Declaration, and the Bylaws, except as 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.



### 9.3 Voting.

9.3.1 Number of Votes. The total voting power of all owners shall be 99 votes, and votes are allocated to each Unit based on rounding the Allocated Interests to the nearest whole percentage point, as shown on Exhibit B.

9.3.2 Multiple Owners. Where a unit is owned by more than one party, such parties must reach a majority agreement regarding the casting of their vote.

9.3.3. Proxies. A vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner.

### 9.4 Meetings, Notices and Quorums

9.4.1 Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or by unit owners having fifty percent of the votes in the Association. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the secretary or other officer secured in the bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer.

9.4.2 Quorum. A quorum is present throughout any meeting of the Association if the owners of units to which twenty-five percent of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.

### 9.5 Bylaws of Association

9.5.1 Adoption of Bylaws. Bylaws (and amendments thereto) for the administration of the Association and the Property, and for other purposes not inconsistent with the Act or with the intent of this Declarant, shall be adopted by the Association upon concurrence of those voting owners holding a majority of the total voting power. Amendments to the Bylaws may be adopted at any regular or special meeting. Declarant may adopt initial Bylaws.

9.5.2 Bylaws Provisions. The Bylaws may contain supplementary, not inconsistent, provisions regarding the operation and administration of the Condominium.



**ARTICLE X.  
MANAGEMENT OF CONDOMINIUM**

**10.1 Election and Removal of Board and Officers.**

**10.1.1 Taking Office: Officers.** The Board shall elect the officers of the Association. Such members of the Board and officers shall take office upon election,

**10.1.2 Removal.** An officer or Board member may only be removed by a 75% vote.

**10.1.3 Duties of Directors and Officers.** In accordance with RCW 64.34.308, the Board shall act in all instances on behalf of the association. In the performance of their duties, the officers and members of the board shall exercise: (a) If appointed by the Declarant, the care required of fiduciaries; or (b) if elected by the Unit Owners, ordinary and reasonable care.

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

**10.2 Authority of the Association**

**10.2.1** The Association acting by and through the Board, for the benefit of the condominium and the Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under the Act and this Declaration, including without limitation:

- (a) Adopt and amend Bylaws, rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Unit Owners;
- (c) Hire and discharge or contract with managing agents and other employees, agents and independent contractors;



- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself on matters affecting the Condominium;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (g) Cause additional improvements to be made as a part of the Common Elements;
- (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- (i) Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited common elements described in Article VII and for services provided to Unit Owners;
- (k) Impose and collect charges for late payment of assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in 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;
- (l) 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;
- (m) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;
- (n) Exercise any other powers conferred by the Declaration, Bylaws or the Act;
- (o) Exercise all other powers that may be exercised in the state of Washington by the same type of corporation as the Association, and all other powers necessary and proper for the governance and operation of the Association;



(p) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Element or preserve the appearance and value of the Condominium, and the owner of said Unit has failed or refused to perform said maintenance or repair and notice has been delivered by the Board to the owner; provided that the Board shall levy a special charge against the Unit of such owner for the cost of such maintenance or repair; and

(q) 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 attorney 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.

A Manager appointed by the Board shall have the authority to carry out the decisions and policies of the Board.

#### 10.2.2 [Reserved]

10.2.3 Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all of the owners or any of them.

10.2.4 The Board and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board paid for as a common Expense if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common or Limited Common elements where the repairs were undertaken by or under the direction or authority of the Board; provided, if the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units and Limited Common Elements,





10.3 **Borrowing by Association.** In the discharge of its duties and the exercise of its powers, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said unit. Provided, that the owner of Unit may remove said Unit and the Allocated Interest in the Common Elements appurtenant to such Unit from the lien of such assessment by payment of the Allocated Interest in Common Expense Liability attributable to such Unit. Subsequent to any such payment, discharge, or satisfaction, the Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged.

#### 10.4 Association Records and Funds

10.4.1 The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All financial and other records shall be made reasonably available for examination by any Unit Owner, the Owner's authorized agents and all Mortgagees. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles.

10.4.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the Association. The Association may authorize repetitive or routine expenditures upon the signature of a designated officer or director,

### ARTICLE XI

#### USE: REGULATION OF USES; ARCHITECTURAL UNIFORMITY

11.1 Use. All Units are restricted to nonresidential use.

11.1.1 Primary Use. All Units must be used solely as airplane hangars and related aeronautical activities. "Aeronautical activities" are those which involve, make possible, or are required for the operation of aircraft, or which contributes to or is required for the safety of such operations.



11.1.2 Incidental Use. Units may be used for storage of vehicles, equipment, machinery, inventory, parts, office fixtures and furnishings if such uses are incidental to aeronautical activities in the Unit. All such incidental use shall be subject to the reasonable rules and regulations and shall be in compliance with all applicable rules and restrictions regarding zoning, health, safety, environmental and licensing regulations.

11.1.3 Offices and Crew Quarters. Executive Hanger Units may be used for offices and related crew quarters as an occasional, temporary and incidental use, only in connection with their primary use for aeronautical activities. Any overnight use of a Unit for crew quarters shall be subject to compliance with any and all applicable zoning, housing, and fire codes and regulations, including the rules of the Port of Anacortes and/or the Board.

11.2 Vehicle Parking Restrictions. Users of the Unit shall park in designated parking areas on the airport property only, and shall not use any public streets, rights of way or other areas for parking of vehicles in connection with the use of any Unit. Limited Commons Element parking spaces, if any, are restricted to use for parking of motor vehicles; other items and equipment may be parked or kept therein only subject to the rules or regulations of the Board. The Board may require removal of any vehicle (and any other equipment or item) improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof. Use of all Limited Commons Element parking areas may be regulated by the Board and is subject to the provisions of Article 7 of this Declaration.

11.3 Common Drive and Walks. Common drives, apron areas, walks, corridors, stairways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

11.4 Interior Unit Maintenance. Subject to the provisions of Section 11.5:

11.4.1 Standard of Condition. Each Unit Owner shall, at his sole expense, have the right and the duty to keep the interior of his Unit and its equipment, appliances, and appurtenances in good order, condition and repair. Each Owner shall be responsible for the construction, alteration, maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which may be in or connected with his Unit.

11.4.2 Additional Rights and Duties. Without limiting the generality of the foregoing, each Owner shall have the right, at his sole cost and expense, to construct, alter, maintain, repair, paint, paper, panel, plaster, tile and finish: the windows; window frames; doors; door frames and trim; interior non-load bearing partitions; and the interior surfaces of the ceilings, floors, and the perimeter walls of the Unit and the surfaces of the



bearing and non-bearing walls located within his Unit; and shall not permit or commit waste of his Unit or the Common Elements.

11.5 Alterations of Units. Subject to the provisions of Section 11.4, a Unit Owner:

11.5.1 Non-Structural. May make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium;

11.5.2 Common Element. May not change the appearance of the Common elements or the exterior appearance of a Unit without permission of the Association;

11.5.3 Board Decisions. The Board shall be allowed 30 days for decisions. All requests for additions and alterations shall be made in writing and the Board shall respond in written form. Except as otherwise provided herein, no work of any kind shall be conducted without the express written approval of the Board. This subsection shall also apply to section 11.6

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

11.6.1 Decisions by Board. Decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting or redecorating Limited Common Elements ("Maintenance Work" herein), shall be made by the Board.

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

11.6.3 Board Approval. 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;

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



11.6.5 Multiple Owners. With respect to a Limited Common Element reserved for or assigned to more than one Unit for the mutual and joint use thereof, the cost of such maintenance Work for such Limited Common Element shall be divided in equal shares among the Units for which such Limited Common elements is reserved.

11.7 Exterior Appearance. In order to preserve a uniform exterior appearance to the Building, and the Common and Limited Common Elements visible to the public, the Board shall require and provide for the painting and other decorative finish of the Building, or other Common or Limited Common elements, and prescribe the type and color of such decorative finishes, and may prohibit, require or regulate any modification or decoration of the Building, apron, patio/yard areas or other Common or Limited Common Elements undertaken or proposed by any owner. This power of the Board extends to visible portions of each Unit and Building. The Board may also require use of a uniform color and kind of Unit window covering (including draperies, blinds, shades, etc.) visible from the exterior or from Common elements.

11.8 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common or Limited Common Element which will increase the rate of insurance on the Common Elements or Units without the prior written consent of the Board. No owner and/or Purchaser shall permit anything to be done or kept in his Unit or in the Common or Limited Common elements which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Elements, or which would be in violation of any laws.

11.9 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or Common or Limited Common Element without the prior consent of the Board; provided, that the Board shall, subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a Unit is for sale or lease.

11.10 Regulations; Offensive Activity. All use of any Unit shall at all times be in full compliance with all applicable laws and regulations, including but not limited to all environmental laws, the regulations of the FAA and the grant assurances provided by the Ground Lessor to the FAA. All uses of any Unit shall be carried out in a manner which will assure the safe, lawful and healthful use of the Unit, and will not interfere with any lawful user of another Unit. No user or a Unit shall permit any disturbance or any unusual noise, vibration or other disturbing condition in the Unit. No noxious or offensive activity shall be carried on in any Unit or Common or Limited Common Element, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners.



11.10.1 No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common element of the project outside of the disposal facilities provided for such purposes.

11.10.2 Every Unit owner and occupant shall at all times keep his Unit in a strictly clean and sanitary condition, free of rodents and pests, and observe and perform all laws, ordinances, rules and regulations.

11.11. Rental Units. All Leasing or Rental agreements shall be in writing and be subject to the Declaration and Bylaws (with a default by the tenant in complying with this Declaration and/or Bylaws constituting a default under the Lease or Rental agreement), as well as the Lease set forth in Section 3.2.

## **ARTICLE XII. COMMON EXPENSES AND ASSESSMENTS**

12.1 Estimated Expenses. Within sixty (60) days prior to the beginning of each calendar year, or such other fiscal year as the Board may adopt, the Board: shall estimate the charges including Common Expenses, and any special charges for particular Units to be paid during such year; shall make provision of creating, funding and maintaining reasonable reserves for contingencies and operations, as well as for maintenance, repair, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular Assessments a reserve fund for replacement of those Common elements which can reasonably be expected to require replacement or a major repair prior to the end of the useful life of the Buildings. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace, or perform such major repair, to each Common Element covered by the fund at the end of the estimated useful life of each such Common element. 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 for any reason (including non-payment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment, which shall be assessed to the owners according to Article VIII. Similarly, if the sum estimated and budgeted, and being collected and/or already collected, at any time proves excessive, the Board may reduce the amount being assessed and/or applying existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.

12.2 Payment by Owners. Each Unit owner shall be obligated to pay his share of Common Expenses and special charges made pursuant to this Article to the treasurer for the Association in equal quarterly or monthly installments on or before the first day of



each calendar quarter during such year, or first day of the month, or in such other reasonable manner as the Board shall designate. The Board may impose special Assessments as needed in accordance with the Act. No Owner may exempt himself from liability for payment of assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the owner's Unit.

12.3 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making Assessment; provided, that in all events Assessments shall commence on a date within six (6) months after the date of first conveyance of a Unit to an owner (other than Declarant or an Affiliate of Declarant). Until the Association makes an Assessment, the Declarant shall pay all Common Expenses.

12.4 Insurance Costs. The Board may elect that the costs of insurance must be assessed in proportion to risk.

12.5 Utility Costs. The Board may elect that the costs of utilities must be assessed in proportion to usage.

12.6 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Unit Owner, the Association shall assess that expense against the Owner's Unit.

12.7 Lien For Assessments

12.7.1 Lien. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due.

12.7.2 Priority. A lien under Section 12.7 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.

12.7.3 Mortgage Priority. Except as provided in Sections 12.7.4 and 12.7.5, the lien shall also be prior to the Mortgages described in Section 12.7.2 (b) to the extent of Assessments for Common Expenses, excluding any amount of capital improvements, based on the periodic budget adopted by the Association pursuant to Section 12.1, which would have become due during the six months immediately preceding the date of the sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgage, the date of trustee's sale in a non-judicial foreclosure by a mortgagee, or the date of recording of the Declaration of forfeiture in a proceeding by the vendor under a real estate contract.

12.7.4 Mortgagee Notice. The priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible mortgagee or by a mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that the lien priority under Section 12.7.3 includes delinquencies which relate to a period after such holder becomes an Eligible Mortgagee or has given such request for notice and before the Association gives the holder a written notice of the delinquency. This Section does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

12.7.5 Recording as Notice. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessment under this section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this Section in the real property records of any county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in Section 12.7.3

12.7.6 Limitation on Action. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

12.7.7 Foreclosure. The lien arising under Section 12.7 may be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW or any other applicable law. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure.

12.7.8 Receiver. From the time of commencement of an action by the Association to foreclosure a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorney's fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take



possession and collect rents under this section, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

12.7.9 Lien Survives Sale. The lien arising under Section 12.7 shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure.

12.7.10 Owner Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee thereof. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. Foreclosure of a mortgagee does not relieve the prior Owner of personal liability for Assessments accruing prior to the date of sale.

12.7.11 Late Charges. The Association may from time to time establish reasonable late charges and 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.

12.7.12 Attorney's Fees. The prevailing party shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with 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 if it prevails on appeal and in the enforcement of a judgment.

12.8 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular Unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days' written notice to the Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly Assessments and special charges which the Board reasonably determines will become due the next succeeding twelve (12) months with respect to such Unit.





## ARTICLE XIII INSURANCE

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

13.1.1 Property insurance on the Condominium, which may, but need not, include equipment, improvements, and betterments in a unit installed by the Declarant or the Unit Owners, insuring against all risks or direct physical loss commonly insured against.

13.1.2 Liability insurance, including medical payments insurance, in an amount determined by the Board but not less than One Million Dollars, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

13.1.3 Workmen's compensation insurance to the extent required by applicable laws.

13.2 Coverage Not Available. If the insurance described in Section 13.1 is not reasonably available or is modified, canceled or not renewed, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid first class to all Unit Owners and to each Eligible Mortgagee. The Association in any event may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

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

13.3.1 Provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

13.3.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;

13.3.3 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, nor any failure of the Association to comply with any warranty or condition regarding any portion of the



premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy; and

13.3.4 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, and the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right of set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee;

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

13.3.6 Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds.

13.4 **Claims Adjustment.** Any loss covered by the property insurance under this Article must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit owners and lien holders as their interests may appear. Subject to the provisions of Article 14, the proceeds must be disbursed first for as their interests may appear. Subject to the provisions of Article 14, the proceeds must be disbursed first for the repair or 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 restored or the Condominium is terminated.

13.5 **Certificate.** An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda 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 nonrenewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

13.6 **Notification of Sale of Unit.** Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit



Owner's name and address, The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners under Article 13 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

#### **ARTICLE XIV DAMAGE OR DESTRUCTION; RECONSTRUCTION**

**14.1 Definitions: Significant Damage: Repair: Emergency Work.**

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

14.1.2 As used in this Article, the term "Repair" means to repair, reconstruct, rebuild or restore the Building or improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

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

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

14.2.1 The nature and extent of the Significant Damage, together with any inventory of the improvements and property directly affected thereby.



14.2.2 A reasonably reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor.

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

14.2.4 The amount, if any, that the estimated cost of Repair exceeds the anticipated insurance proceeds therefor and the amount of Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interest in the common elements.

14.2.5 The Board's recommendation as to whether such significant Damage should be Repaired.

#### 14.3 General Provisions.

14.3.1 Duty to Restore. Any portion of the condominium for which insurance is required under this Article which is Significantly Damaged shall be Repaired promptly by the Association unless: (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) seventy-five percent of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be Repaired, vote not to Repair. Even if the Significant Damage is not to be Repaired, the Board shall still have authority to perform emergency work. The cost of Repair in excess of insurance proceeds and reserves is a common Expense.

14.3.2 Damage not Repaired. If all or any portion of the damaged portions of the condominium are not Repaired (regardless of whether such damage is Significant): (a) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units and Limited Common Elements which are not Repaired shall be distributed to the Owners of those Units and owners of the Units to which those Limited commons Elements were allocated, or to lien holders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interest may appear, in proportion to the Common Element interests of all the Units.

14.4 Restoration by Board. If the damage (regardless of whether such damage is Significant) is to be Repaired pursuant to Section 14.3, then the board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractor and other, and to take such other action as is reasonably necessary to effectuate the Repair and Restoration. Contracts for such repair and restoration shall be awarded when



the Board, by means of insurance proceeds and sufficient Assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with Repair upon satisfaction of the Board that such work will be appropriately carried out.

14.5 Decision to Terminate. In the event of a decision to terminate the Condominium and not to Repair and Restore damage and destruction, the Board may nevertheless expend such of the insurance proceeds and funds of the Association as the Board deems reasonably necessary for emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged or destroyed buildings and clearing, filling and grading the real property), and the remaining funds, if any, and Property shall thereafter be held and distributed as provided in RCW 64.34.268.

## **ARTICLE XV COMPLIANCE WITH DECLARATION**

15.1. Enforcement. Each Owner shall comply strictly with the provisions of this Declaration, the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration, the bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Owners), or by the aggrieved Owner on his own against the party (including an Owner or the Association) failing to comply.

15.2 Waiver of Strict Performance. 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 a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any 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 thereof shall be deemed to have been made unless expressed in writing and signed by the Board.

## **ARTICLE XVI LIMITATION OF LIABILITY**

16.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to Article 13, neither the Association nor the Board nor the Manager shall be liable for any failure of any utility or other service to be obtained and paid for by the Board, or for injury or damage to person or property caused by the



elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust or sand which may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of governmental authority, No set-off, diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

16.2 No Personal Liability. To the maximum extent permitted by law, so long as a Board member, Association committee member, or Association officer has in good faith, without willful or intentional misconduct, acted 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 of prejudice suffered or claimed on account of any act, omission, error or negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; provided, that this Section shall not apply to acts or omissions that involve intentional misconduct by a person or a knowing violation of law by a person, for any transaction from which the person will personally receive a benefit in money, property, or services to which the person is not legally entitled, or where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 13

16.3 Indemnification. To the maximum extent permitted by law, each Board member or Association committee member, or Association officer, 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 may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or knowing violation of the law in the performance of his duties and except for any transaction from which the person will personally receive a benefit in money, property, or services to which the person is not legally entitled.

## ARTICLE XVII MORTGAGE PROTECTION

17.1 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 a majority of all Eligible Mortgagees, in addition to the approvals required of Owners, seek by act or omission to abandon or terminate the condominium status of the project, or abandon, encumber, sell or transfer any of the Common elements.

17.2 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, 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 insure; or guaranties) the Mortgage.

17.3 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 hold of such Mortgage.

17.4 Inspection of Books. Owners, Mortgagees, insurers and guarantors of any mortgage on any Unit shall be entitled to inspect at all reasonable hours of weekdays (or under other reasonable circumstances) all of the books and records of the Association including current copies of this Declaration, bylaws and other rules governing the Condominium, and other books, records and financial statements of the Association.

## ARTICLE XVIII EASEMENTS

18.1 General. It is intended that in addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan. Without limiting the generality of the foregoing, each Unit and each Common and Limited Common Element is specifically subject to an easement for 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 fireplaces and associated flues or chimneys. In addition, each Unit and all the Common and Limited common Elements is specifically subject to easements as required for the intercom, security and electrical entry systems, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each Unit, for the vacuum system roughed-in each Unit, if any, and for the master antenna cable system, if any. Finally, each Unit as it is constructed is granted an



easement to which each other Unit and each Common and Limited Common element is subject to the location and maintenance of all the original equipment and facilities and utilities for such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common elements reserved by law.

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

18.3 Encroachments. Each Unit and each Common and Limited Common Element is 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, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common or Limited Common Element is partially and/or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

## ARTICLE XIX MISCELLANEOUS

### 19.1 Notices for All Purposes

19.1.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered forty eight (48) hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice as the most recent address given by such person to the Board, in writing, for the purpose of service of such notice, or to the most recent address known 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. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until the Board has been constituted and thereafter shall be given to the President or Secretary of the Board,

19.1.2 Mortgagee Notice. Upon written request therefor, and for a period specified in such notice, the Mortgagee of any Unit shall be entitled to be sent a copy of any notice respecting the Unit covered by his security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

19.2 Severability. The provisions hereof shall be deemed independent and severable, and the validity or partial invalidity or enforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof if the remainder complies with the Act or as covenants effect the common plan.

19.3 Conveyances; Notice Required. The right of a Unit Owner to sell, transfer, or otherwise convey the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf, but shall be subject to approval by the Ground Lessor under the terms of the Ground Lease. An owner intending to sell a Unit shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Unit to be sold; the name and address of the Purchaser, of the closing agent, and of the title insurance company insuring the Purchaser's interest; and the estimated closing date. The Board shall have the right to notify the Purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that violation of this Section shall not invalidate a sale, transfer or other conveyance of a Unit which is otherwise valid under applicable law.

19.4 Effective Date. This Declaration shall take effect upon recording.

19.5 Amendment. This Declaration may only be amended in conformity with the Act and with the consent of the Ground Lessor which shall not be unreasonably withheld, conditioned or delayed.

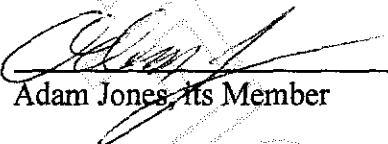
19.6 Reference to Survey Map and Plans. The survey map and Plans of the Condominium referred to herein consist of 3 sheets as prepared by Herrigstad Engineering and were filed with the Recorder of Skagit County, Washington, simultaneously with the recording of the Declaration under file No. 201002260160




19.7 Structural Component/Mechanical System Completion. Declarant certifies that the structural components and mechanical systems of all Buildings containing or comprising any units hereby created are substantially completed.

DATED AS OF: February 10, 2010

**DECLARANT:**  
48° North Aviation, LLC

By:   
Adam Jones, its Member

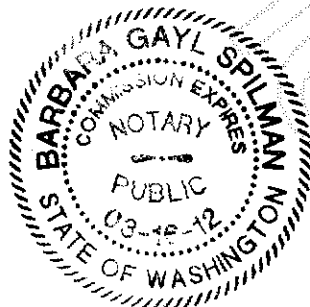
By:   
Michael K. Freeman, its Member



State of Washington )  
County of Snohomish ) ss.

On this day personally appeared before me **Adam Jones**, to me known to be a member of the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this 10<sup>th</sup> day of February, 2010.

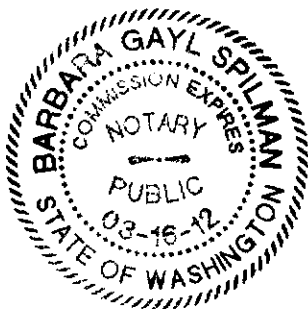


Barbara Gayl Spilman  
Notary Public in and for the State of Washington  
Residing at Lake Stevens  
My appointment expires: 3/16/12

State of Washington )  
County of Snohomish ) ss.

On this day personally appeared before me **Michael K. Freeman**, to me known to be a member of the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this 10 day of February, 2010.



Barbara Gayl Spilman  
Notary Public in and for the State of Washington  
Residing at Lake Stevens  
My appointment expires: 3/16/12



### SIGNATURE OF GROUND LESSOR

Port of Anacortes, a Washington municipal corporation, as holder of the Ground Lease, signs the foregoing Declaration in conformity with RCW 64.34.220(1). The Port of Anacortes is not a declarant of this Declaration.

**Port of Anacortes**

By:   
Robert W. Hyde, Executive Director

2-18-10  
Date



201002260161  
Skagit County Auditor

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

THOSE PORTIONS OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M. DESCRIBED AS FOLLOWS:

**PARCEL 1, HANGER PAD NO. 6**

COMMENCING AT THE NORTHEAST CORNER OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, WM; THENCE SOUTH 1°04'21" WEST A DISTANCE OF 1320.52 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 27; THENCE NORTH 89°08'28" WEST ALONG THE SOUTH LINE OF THE SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER 296.30 FEET; THENCE NORTH 2°07'21" EAST 80.02 FEET TO THE SOUTHEAST CORNER OF THE FURTHEST EASTERN PROJECTION OF THE PORT OF ANACORTES AIRPORT PROPERTY AS DESCRIBED ON RECORD OF SURVEY AF #200104030063; THENCE NORTH 2°07'21" EAST ALONG THE EASTERN BOUNDARY OF SAID SURVEY 28.84 FEET; THENCE NORTH 1°59'34" EAST ALONG THE EASTERN BOUNDARY OF SAID SURVEY 89.54 FEET; THENCE NORTH 89°08'03" WEST 93.26 FEET TO THE POINT OF BEGINNING; THENCE NORTH 0°51'57" EAST 80.20 FEET; THENCE NORTH 89°08'03" WEST 420.30 FEET; THENCE SOUTH 0°51'57" WEST 90.20 FEET; THENCE SOUTH 89°08'03" EAST 240.20 FEET; THENCE NORTH 0°51'57" EAST 10.00 FEET; THENCE SOUTH 89°08'03" EAST 180.10 FEET TO THE POINT OF BEGINNING. CONTAINING 36,110 SQUARE FEET OR 0.83 ACRES.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

**PARCEL 2, HANGER PAD NO. 7**

COMMENCING AT THE NORTHEAST CORNER OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 1 EAST, WM; THENCE SOUTH 1°04'21" WEST A DISTANCE OF 1320.52 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 27; THENCE NORTH 89°08'28" WEST ALONG THE SOUTH LINE OF THE SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER 296.30 FEET; THENCE NORTH 2°07'21" EAST 80.02 FEET TO THE SOUTHEAST CORNER OF THE FURTHEST EASTERN PROJECTION OF THE PORT OF ANACORTES AIRPORT PROPERTY AS DESCRIBED ON RECORD OF SURVEY AF #200104030063; THENCE NORTH 2°07'21" EAST ALONG THE EASTERN BOUNDARY OF SAID SURVEY 28.84 FEET; THENCE NORTH 1°59'34" EAST ALONG THE EASTERN BOUNDARY OF SAID SURVEY 288.78 FEET; THENCE NORTH 89°08'03" WEST 102.18 FEET TO THE POINT OF BEGINNING; THENCE NORTH 89°08'03" WEST 350.30 FEET; THENCE SOUTH 0°51'57" WEST 80.20 FEET; THENCE SOUTH 89°08'03" EAST 350.30 FEET; THENCE NORTH 0°51'57" EAST 80.20 FEET TO THE POINT OF BEGINNING. CONTAINING 28,094 SQUARE FEET OR 0.64 ACRES.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.



## EXIHIBIT B

### Description of Units

Unit Number	Square Feet	Allocated Interest %	Number of Votes	Bathroom
4017-1	4,900	8.6	9	yes
4017-2	4,900	8.6	9	yes
4017-3	4,900	8.6	9	yes
4017-4	4,900	8.6	9	yes
4017-5	3,600	7.4	7	yes
4017-6	3,600	7.4	7	yes
4017-7	3,600	7.4	7	yes
4019-1	3,000	6.2	6	yes
4019-2	3,000	6.2	6	yes
4019-3	3,000	6.2	6	yes
4019-4	3,000	6.2	6	yes
4019-5	3,000	6.2	6	yes
4019-6	3,000	6.2	6	yes
4019-7	3,000	6.2	6	yes
<b>Totals</b>		100.000	99	



## Exhibit C

### Form of Assignment of Ground Lease

#### ASSIGNMENT OF GROUND LEASE

WHEREAS, the Assignor, 48° North Aviation, LLC, a Washington limited liability company, is lessee of land under that certain Lease Agreement between Assignor and The Port of Anacortes, a Washington municipal corporation ("Ground Lessor") dated December 4, 2007 and recorded under Skagit County Auditor's Recording Number \_\_\_\_\_, (the "Ground Lease");

WHEREAS, Assignor established a leasehold condominium ("the Condominium") on the land that is subject to the Ground Lease by filing a Declaration of Condominium recorded in Skagit County, Washington on [date] under Auditor's Number [recording number] (the "Declaration") and to that end, has caused a nonprofit mutual benefit corporation known as 48° North Hangar Phase II Owner's Association ("Owners Association") to be formed under Chapter 24.06 of the Revised Code of Washington to serve as the owners association for condominium unit owners as provided in the Declaration;

NOW, THEREFORE, in consideration of the mutual promises, covenants and contingencies, the parties agree as follows:

- (1) **Assignment.** In consideration of the sublease by the Owners Association to Assignor of each one of the 25 Units of the Condominium, Assignor hereby assigns all of its right, title and interest in the Ground Lease to the Owners Association, and the Owners Association hereby agrees to comply with each and every term and condition of the Ground Lease.
- (2) **Subleases.** The Owner's Association shall sublease to Assignor each one of the 25 Units of the Condominium. All terms of the Ground Lease shall be incorporated by reference in each such sublease.
- (3) **Grantor's Liability.** Notwithstanding anything contained herein, Assignor shall at all times remain liable to the Ground Lessor for any and all obligations of the lessee contained in the Ground Lease.
- (4) **Termination of Ground Lease.** In the event that the Owners Association fails to pay in full the rent due under the Ground Lease to Ground Lessor, or otherwise fails to cure a default under the Ground Lease which would entitle the Ground Lessor to terminate the Ground Lease (whether such default is due to the action of the Association, Assignor, unit owners or others), the Ground Lessor may terminate the entire Ground Lease and the interest of the Grantee and/or all the other unit owners in their respective Units, including where Grantee or other unit owners make timely payment of their



proportionate share of the rent for the Ground Lease and/or otherwise comply with all covenants other than the payment of rent which if violated would entitle the Ground Lessor to terminate the Ground Lease.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**48° North Aviation, LLC**

By: \_\_\_\_\_  
Adam Jones, its Member

By: \_\_\_\_\_  
Michael K. Freeman, its Member

**48° North Hangar Phase II Owners Association**

By: \_\_\_\_\_  
Adam Jones, its President

State of Washington )  
 ) ss.  
County of \_\_\_\_\_ )

On this day personally appeared before me **Adam Jones**, to me known to be a member of the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated he was





authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

State of Washington )  
 ) ss.  
County of \_\_\_\_\_ )

On this day personally appeared before me **Michael K. Freeman**, to me known to be a member of the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

State of Washington )  
 ) ss.  
County of \_\_\_\_\_ )

On this day personally appeared before me **Adam Jones**, to me known to be the **president of 48° North Hangar Phase II Owners Association**, a Washington nonprofit mutual benefit corporation, that executed the within and foregoing instrument, and



acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

### **CONSENT OF GROUND LESSOR**

Port of Anacortes, a Washington municipal corporation, as lessor of the Ground Lease, hereby consents to the assignment of the Ground Lease by 48° North Aviation, LLC to 48° North Hangar Phase II Owners Association as described above.

**Port of Anacortes**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print name and title



## Exhibit D

### Form of Sublease of a Unit from Association to Declarant

#### SUBLEASE OF UNIT \_\_\_\_\_

WHEREAS, 48° North Aviation, LLC, a Washington limited liability company, ("48° North") is the original lessee of land under that certain Lease Agreement between 48° North and The Port of Anacortes, a Washington municipal corporation ("Ground Lessor") dated December 4, 2007 and recorded under Skagit County Auditor's Recording Number \_\_\_\_\_, (the "Ground Lease");

WHEREAS, 48° North established a leasehold condominium ("the Condominium") on the land that is subject to the Ground Lease by filing a Declaration of Condominium recorded in Skagit County, Washington on [date] under Auditor's Number [recording number] (the "Declaration");

WHEREAS, the Declarant has assigned the Ground Lease to the owners association of the Condominium, 48° North Hangar Phase II Owner's Association, a Washington nonprofit mutual benefit corporation formed under Chapter 24.06 of the Revised Code of Washington ("Owners Association"); and

NOW, THEREFORE, in consideration of the mutual promises, covenants and contingencies, the parties agree as follows:

(1) **Sublease.** In consideration of the assignment by 48° North to the Owners Association of the Ground Lease, the Owners Association hereby subleases to 48° North the following condominium Unit, for a term commencing upon consent by the Port of Anacortes as contained herein, and ending upon the expiration date of the Ground Lease or its sooner termination according to its terms, which Unit is described as follows:

Unit \_\_\_\_\_ of 48° North Hangar Condominium, according to the Declaration of Condominium recorded in Skagit County, Washington on [date] under Auditor's Number [recording number].

(2) **Rent Paid By Sublessee.** The Sublessee (along with the other owners of condominium units) is responsible for paying to the Owners Association a share (computed according to the Allocated Interests) of the rent and other sums due under the Ground Lease in the form of Assessments.

(3) **Sublease Subject to Ground Lease.** This Sublease is subject to all the terms and conditions of the Ground Lease which is incorporated herein by reference.

(4) **Sublessor's Liability.** Notwithstanding anything contained herein, the Owners Association shall at all times remain liable to the Ground Lessor for any and all obligations of the lessee contained in the Ground Lease. The Owners Association will be



responsible for paying rent and all other sums due under the Ground Lease to the Ground Lessor. The Association will collect the proportionate rents paid on the Ground Lease by the Unit Owners in the form of Assessments. For purposes of sections 64.34.220(2) and (3) of the Revised Code of Washington, the Association is designated as the representative of the Unit Owners on all matters relating to the Ground Lease including the collection of proportionate rents paid on the Ground Lease by the Unit Owners

(5) **Termination of Ground Lease.** In the event that the Owners Association fails to pay in full the rent due under the Ground Lease to Ground Lessor, or otherwise fails to cure a default under the Ground Lease which would entitle the Ground Lessor to terminate the Ground Lease (whether such default is due to the action of the Owners Association, 48° North, unit owners or others), the Ground Lessor may terminate the entire Ground Lease and the interest of the Owners Association, 48° North, and all the unit owners in their respective Units, including where 48° North or other unit owners make timely payment of their proportionate share of the rent for the Ground Lease and/or otherwise comply with all covenants other than the payment of rent which if violated would entitle the Ground Lessor to terminate the Ground Lease.

(6) **No Merger of Sublease Interests.** The acquisition of the sublessee's interest in this Sublease shall not result in a merger of the Sublessor's interest with the Sublessee's interest except by express written consent of the Sublessor.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**48° North Hangar Phase II Owners Association**

By: \_\_\_\_\_  
Adam Jones, President

**48° North Hangar Aviation LLC**

By: \_\_\_\_\_  
Adam Jones, its Member

By: \_\_\_\_\_  
Michael K. Freeman, its Member



State of Washington )  
 ) ss.  
County of \_\_\_\_\_)

On this day personally appeared before me **Adam Jones**, to me known to be the **president of 48° North Hangar Phase II Owners Association**, a Washington nonprofit mutual benefit corporation, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

State of Washington )  
 ) ss.  
County of \_\_\_\_\_)

On this day personally appeared before me **Adam Jones**, to me known to be a **member of 48° North Aviation, LLC**, a Washington limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_



State of Washington )  
 ) ss.  
County of \_\_\_\_\_)

On this day personally appeared before me **Michael K. Freeman**, to me known to be a **member of 48° North Aviation, LLC**, a Washington limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

Given under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public in and for the State of Washington

Residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

### CONSENT OF GROUND LESSOR

Port of Anacortes, a Washington municipal corporation, as lessor of the Ground Lease, hereby consents to the sublease of the above-described Unit by 48° North Hangar Phase II Owners Association to 48° North Aviation, LLC as described above.

**Port of Anacortes**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print name and title



## Exhibit E

### Form of Assignment of Sublease and Conveyance of Condominium Unit

#### ASSIGNMENT OF SUBLEASE AND CONVEYANCE OF CONDOMINIUM UNIT

WHEREAS, the Grantor, 48° North Aviation, LLC, a Washington limited liability company, is the original lessee of land under that certain Lease Agreement between Grantor and the Port of Anacortes ("Ground Lessor") dated December 4, 2007 and recorded under Skagit County Auditor's Recording Number \_\_\_\_\_, (the "Ground Lease"); and

WHEREAS, Grantor has constructed improvements on the land and created a leasehold condominium in the land and improvements; and

WHEREAS, on \_\_\_\_\_, and recorded under Skagit County Auditor's Recording Number \_\_\_\_\_, Grantor assigned its interest in the Ground Lease to the 48° North Hangar Phase II Owners Association (the "Association"); and

WHEREAS, on \_\_\_\_\_, the Association subleased that portion of the Ground Lease allocated to the Unit (identified and described in section 1 below) to the Grantor (the "Sublease"); and

NOW, THEREFORE, in consideration of the mutual promises, covenants and contingencies, the parties agree as follows:

(1) **Sublease.** In consideration of ten dollars and other good and sufficient consideration in hand paid, Grantor assigns its interest in the Sublease to the Grantee, \_\_\_\_\_ for the following condominium unit, for a term commencing upon consent by the Port of Anacortes as contained herein, and ending upon the expiration date of the Ground Lease or its sooner termination according to its terms, including all of Grantor's interest in that portion of the improvements that are allocated to the Unit under the terms of the Declaration, which Unit is described as follows:

Unit \_\_\_\_\_ of 48° North Hangar Condominium, according to the Declaration of Condominium recorded in Skagit County, Washington on [date] under Auditor's Number [recording number] (the "Declaration").

(2) **Ground Lease.** All terms of the Ground Lease are incorporated within this document by this reference. Grantee is charged with a responsibility to be knowledgeable with all terms and conditions of the Ground Lease.



(3) **Condominium Association.** Grantee is not a party or third-party beneficiary under the Ground Lease. The Association will be responsible for paying rent and all other sums due under the Ground Lease to the Ground Lessor. Grantee and other Unit Owners are each responsible for paying to the Association a share (computed according to the "Allocated Interest" for their respective Unit as defined in the Declaration) of the rent and other sums due under the Ground Lease. The Association will collect the proportionate rents paid on the Ground Lease by the Unit Owners in the form of Assessments. For purposes of sections 64.34.220(2) and (3) of the Revised Code of Washington, the Association is designated as the representative of the Unit Owners on all matters relating to the Ground Lease including the collection of proportionate rents paid on the Ground Lease by the Unit Owners.

(4) **Termination of Ground Lease.** In the event that the Association fails to pay in full the rent due under the Ground Lease to Ground Lessor, or otherwise fails to cure a default under the Ground Lease which would entitle the Ground Lessor to terminate the Ground Lease (whether such default is due to the action of the Association, Grantee, other unit owner(s), or others), the Ground Lessor may terminate the entire Ground Lease and the entire interest of the Grantee and/or all the other Unit Owners in their respective Units, including where Grantee or other Unit Owners make timely payment of their proportionate share of the rent for the Ground Lease and/or otherwise comply with all covenants other than the payment of rent which if violated would entitle the Ground Lessor to terminate the Ground Lease.

(5) **Grantor's Liability.** Notwithstanding anything contained herein, Grantor shall at all times remain liable to the Ground Lessor for any and all obligations of the lessee contained in the Ground Lease.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[Signature of 48° North Aviation, LLC]

[Jurat]



### **Consent to Assignment of Sublease and Conveyance**

Port of Anacortes, a Washington municipal corporation, consents to the foregoing assignment of sublease and conveyance.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[Signature of Port of Anacortes]

