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Skagit County Auditor

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After Recording Return To:

Ted Filler
1012 12th Street
Anacortes, WA 98221

Document Title: Declaration of Condominium for OLD TOWN 6th STREET CONDOMINIUM

Grantor: Swish Ventures, LLC

Legal Description: Parcel A
The West ½ of Lot 4, all of Lots 5 and 6, Block 140, MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON, as per plat recorded in Volume 2 of Plats, pages 4, Records of Skagit County, Washington
Situated in Skagit County, Washington

Tax Parcel ID#: _____

Grantee: Swish Ventures, LLC

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS, RESTRICTIONS, RESERVATIONS AND EASEMENTS
FOR OLD TOWN 6TH STREET CONDOMINIUM
SKAGIT COUNTY**

DATED July 6, 2010,

Notice to recorder

As required by RCW 64.34, at the time of recording of this Declaration, insert into Section 24.4, page 25, the cross reference recording data of the Survey Map and Plans recorded in connection herewith.

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR OLD TOWN 6TH STREET CONDOMINIUM
SKAGIT COUNTY, WASHINGTON**

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DECLARATION ESTABLISHING COVENANTS,
CONDITIONS, RESTRICTIONS, RESERVATIONS AND EASEMENTS
FOR OLD TOWN 6TH STREET CONDOMINIUM

Pursuant to the Washington Condominium Act, RCW 64.34, for the purpose of submitting the Real Property hereinafter described to the provisions of the Act, Swish Ventures, LLC make this Declaration.

It is agreed 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 Real Property or any Unit in the condominium created by this Declaration, that this Declaration, together with the Survey Map and Plans referred to herein, covenants, conditions, restricts and reserves a common plan for the condominium development mutually beneficial in all of the described Units, and that the covenants, conditions, restrictions, reservations and plans are binding upon the entire Real Property 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 Real Property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Units under security instruments.

ARTICLE 1
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. Insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative, shall be liberally construed to effectuate the intent of this Declaration.

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

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

1.4 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 substantive provisions of this Declaration. The various Exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference.

1.5 Percentage of Owners or Mortgagees. For purposes of determining the percentage of Owners of Mortgagees, or percentage of voting power for approving a proposed decision or course of action in cases where an Owner owns, or a Mortgagee holds Mortgagees on more than one Unit, such Owner shall be deemed a separate Owner for each such Unit so owned and such Mortgagee shall be deemed a separate Mortgagee for each such Mortgage held.



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

1.7 Definitions.

1.7.1 "Act" means the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34), as amended from time to time.

1.7.2 "Allocated Interest" 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 and as shown in Exhibit "B".

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

1.7.4 "Association" means the OLD TOWN 6TH STREET CONDOMINIUM ASSOCIATION, a non-profit corporation, organized as the condominium owners' association pursuant to the Act.

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

1.7.6 "Bylaws" means the Bylaws of the Association as initially promulgated by the Declarant, as amended from time to time.

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

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

1.7.9 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to this Declaration and the Act.

1.7.10 "Condominium" means the OLD TOWN 6TH STREET CONDOMINIUM created by this Declaration and related Survey Map and Plans pursuant to the Act.

1.7.11 "Declarant" means Swish Ventures, LLC and their representatives, successors, and assigns.

1.7.12 "Declaration" means this instrument as amended from time to time, by which the Property is submitted to provisions of the Act.



1.7.13 "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 consent of Mortgagees. For the purposes of this Declaration the term "Eligible Mortgagee" includes insurers and guarantors of mortgages. With respect to any action requiring the consent of a specified number or percentage of mortgages, the consent of only Eligible Mortgagees holding a first lien mortgage need be obtained and the percentage shall be based upon the votes attributable to the Units with respect to which eligible mortgages have an interest.

1.7.14 "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage or a deed in lieu thereof.

1.7.15 "Identifying Number" means the designation of each Unit in a Condominium.

1.7.16 "Limited Common Elements" means a portion of the Common Elements allocated by this Declaration (or by subsequent amendments thereto) for the exclusive use of one or more but fewer than all of the Units.

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

1.7.18 "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.

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

1.7.20 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Exhibit "A", including Structures, fixtures and other improvements thereon and easements, rights and interests appurtenant thereof which by custom, usage or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Property" or "Real Property" includes parcels, with or without upper or lower boundaries and space that may be filled with air or water and all personally intended for use in connection therewith.

1.7.21 "Structure" means any building, fence, wall, pole, walkways or the like.

1.7.22 "Survey Map and Plans" means the Survey Map and Plans of the Condominium simultaneously recorded herewith, as amended from time to time, which are incorporated into this Declaration by reference.

1.7.23 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Article 5.

1.7.24 "Unit Owner" or "Owner" means a Declarant or other persons owning a Unit in fee simple, but does not include a person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

1.8 Nature of the Units. The Units created as part of this Condominium are of the kind commonly referred to as "air space units," meaning that the boundaries of each Unit are not defined by



any portion of a particular building, but rather by reference to planes of space established by the Survey Map and Plans.

ARTICLE 2
NAME OF CONDOMINIUM AND ASSOCIATION

The name of this Condominium is OLD TOWN 6TH STREET CONDOMINIUM, and the name of the Association is OLD TOWN 6TH STREET CONDOMINIUM ASSOCIATION.

ARTICLE 3
CERTIFICATE OF SUBSTANTIAL COMPLETION

The Declarant hereby certifies pursuant to RCW 64.34.200(2) that all Units and Common Elements in the Condominium are substantially completed and the duplex dwelling Structure standard components and mechanical systems have been substantially completed.

ARTICLE 4
DESCRIPTION OF REAL PROPERTY

4.1 Legal Description. The real property included in the Condominium is described in Exhibit "A" attached hereto, which by this reference is incorporated herewith.

ARTICLE 5
DESCRIPTION OF UNITS

5.1 Number of Units. The Condominium has two (2) Units.

5.2 Identifying Number. The Identifying Number of each Unit is set forth in Exhibit "B". The location of the Units as so identified is set forth in the Survey Map and Plans and consist of spaces of air without physical boundaries.

5.3 Unit Description. Exhibit "B" sets forth the approximate square footage of each Unit and the identifying number of each Unit. Because each Unit is an envelope of defined space (currently containing a portion of a duplex dwelling Structure) the Declaration does not need to include the number of bathrooms, bedrooms and fireplaces within each Unit or building levels on which the Unit is located. However, to the extent the existing duplex dwelling Structure includes the above referenced items they are described in Exhibit "B". Further, any Unit Owner could change the Structure within the Unit in a way that would make the information on Exhibit "B" inaccurate or incomplete.

Unless otherwise stated in the Declaration on Exhibit "B", there are no recreational facilities, assigned parking spaces or moorage slips.

5.4 Unit Boundaries

5.4.1 Unit Boundaries. The Units are air space Units and consist of an envelope of space, the perimeter boundaries of which on the surface of the land are as located and depicted on the Survey Map and Plans and which boundaries extend above and below the ground elevation for each Unit as shown on the Survey Map and Plans. A Unit shall include all Structures, improvements, and fixtures now or hereafter located within said space.



5.4.2 Monuments as Boundaries. Any 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 said physical boundaries or minor variances between boundaries shown on the Survey Map and Plans and those of any said physical boundaries. This Section does not relieve a Declarant or any other person of liability for failure to adhere to the Survey Map and Plans.

5.5 Access to Public Street. Each Unit has access directly to a public street as shown on the Survey Map and Plans for the Condominium.

5.6 Reallocation of Unit Boundaries. Subject to the provisions of any applicable building, zoning or other applicable regulations and with consent of any Eligible Mortgagees, boundaries of Units may be relocated as provided in RCW 64.34.244 and subject to the provisions of this Declaration.

ARTICLE 6 COMMON ELEMENTS

6.1 Description. The Common Elements consists of all portions of the Condominium other than the Units, including but not limited to the following:

6.1.1 The Real Property described in Exhibit "A" except the portions thereof contained within a Unit.

6.1.2 Any utility lines providing service to more than one Unit.

6.1.3 Any fence constructed by Declarant separating the Units.

6.1.4 The common wall located between the Units as shown on the Survey Map and Plans.

6.1.4 Any Common Elements shown on the Survey Map and Plans.

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

ARTICLE 7 LIMITED COMMON ELEMENTS

7.1 Description. There are no Limited Common Elements.

ARTICLE 8 ALLOCATED INTERESTS

8.1 General. The Allocated Interests of each Unit in (a) the Common Elements, (b) the Common Expense Liability, and (c) votes in the Association are allocated as equal to the Units (regardless of the relative square footage of a Unit) with each Unit having a fifty percent (50%) undivided interest in the Common Elements, fifty percent (50%) Common Expense Liability and one vote. The Allocated Interests appertaining to each Unit cannot be changed except as provided in this Declaration. The Allocated Interest and the title to the respective Unit 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 without the Unit to which that interest is allocated is void.

ARTICLE 9

PARKING

9.1 Parking. There are no parking spaces in the Condominium outside of the Units. Each Unit Owner must park in their enclosed garage or in the adjacent driveway within their Unit. The adjacent driveway is restricted to use for parking of operative automobiles, other items and equipment must be parked or kept inside of the garage. All parking within a Unit shall only take place in the garage or in the driveway area within the Unit. The Board of Directors may require removal of any inoperative or unsightly vehicles, and any other equipment or items, not stored in parking spaces in accordance with this provision. The Board may adopt such rules and regulations as it deems appropriate to govern the parking of vehicles.

ARTICLE 10

MAINTENANCE AND ALTERATIONS

10.1 Maintenance and Repair of Units

10.1.1 Each Unit Owner, at his or her sole expense, has the right and the duty to keep the interior and exterior of his Structures, buildings, landscaping and all other improvements within the Unit including the duplex dwelling Structure, all fixtures, equipment, appliances, and appurtenances in good order, condition and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of his Unit. Each Owner shall be responsible for the maintenance, 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. Each Unit Owner shall maintain the lawn, landscaping and yard continuously in a good, clean, attractive, safe and sanitary condition in full compliance with any rules and regulations adopted by the Board.

10.1.2 The Association shall supervise and cause to be performed any repairs resulting from an insured loss by using available insurance proceeds. Otherwise, the Unit Owner shall be responsible for the replacement or repair of any Structure in each Unit if all, or any portion thereof, is destroyed by fire or any other cause. In the event the duplex dwelling Structure or any portion thereof is destroyed by fire or other cause, such work shall be completed within six (6) months from the date of damage. In the event that the Unit Owner fails to repair or replace the portion of the duplex dwelling Structure located within their Unit within said six months, then the Association shall have the right (but not obligation) to undertake and complete said repairs or replacement. Upon demand any insurance proceeds with respect to the damage or borrowed funds shall be paid to the Association by the Unit Owner or insured. Any funds expended by the Association on the repair or replacement of the Unit shall constitute a special assessment against the damaged Unit and a lien under the provisions of the Declaration, together with applicable interest and attorney fees. This right to rebuild is not intended to constitute the sole remedy of the Association for the failure of a damaged or destroyed Unit Owner to repair or rebuild, but all rights for such breach are preserved. In the event that the Association fails to exercise its rights to rebuild under this section, the Owner of the Unit adjoining the damaged Unit shall have the right to do so and shall have all rights granted to the Association hereunder.

10.1.3 Unless the Association votes unanimously otherwise, the building exteriors shall be painted once every ten (10) years. Replacement roofing and siding material shall be the same, as far as possible, in color and style as the original roofing and siding materials, including paint, on residences



within the development. Utilization of different exterior materials including, without limitation, roofing materials, building siding materials and fencing must be approved by both Unit Owners before installation.

10.1.4 Subject to the provisions of this Declaration and other provisions of law, a Unit Owner may make any improvements to the Owners Unit that does not cause the external appearance of the Structure to be in any manner inconsistent with this Declaration and does not affect the structural integrity or mechanical or electrical systems or lessen the support of any Unit or any portion of the Condominium.

10.1.5 The Association is authorized and empowered, but not required, to assess monies for maintenance, repair and replacement of the roof, siding and for exterior painting of the duplex dwelling Structure. This includes the right to establish reserve accounts for said work. The Association shall supersede and manage all work on the roof, siding and all exterior painting.

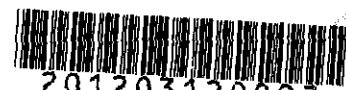
10.1.6 The current duplex dwelling Structure shall continue to be attached single family units and both sides shall remain architecturally the same.

10.1.7 Subject to the provisions of this Declaration, there are no regulations with respect to exterior alterations of or repairs to a Structure or other Improvements in a Unit, or the construction of a Structure or other Improvements in a Unit, except that no Structure or other Improvements shall be erected, altered, placed, or permitted to remain in any Unit unless the Structure or other Improvements complies with applicable laws, ordinances, building codes.

10.2 Maintenance Construction Work in Common Elements. The Common Elements shall not be reconstructed, rebuilt, altered, removed or replaced except by the Association acting through the Board, or as and in the manner the Association acting by the Board may authorize, and such action and authorization must also be in accordance with the Act, this Declaration and Bylaws.

10.3 Utility and Access for Repair Easements. Each Unit shall have a non exclusive easement over the other Unit for all existing utility lines that serve the Owner's Unit and for a right of access to the utility line serving the Owners Unit for the purpose of repair and replacement, provided the Owner promptly restores the other Unit to its prior condition. In addition, each Unit shall have a nonexclusive easement over that portion of the other Unit which is adjacent to the boundary of the Owners Unit for the purpose of accessing the Structures in the Owners Unit for repair and maintenance of the Structures, provided the Owner promptly restores the other Unit and any Common Element to its prior condition.

10.4 Governmentally Required Maintenance, etc. Any insurance, maintenance, repair, replacements, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi governmental entity or agency), regardless of whether such requirement is now or hereafter established, whether imposed in connection with a building permit, other governmental approval, requirement and whether involving land within public rights of way or subject to ownership or exclusive use of one owner shall be the sole and exclusive responsibility of the Association (not the Declarant) and any cost incurred in connection therewith shall be Common Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include maintenance of any grass lined swales and proper disposal of clippings, maintenance of wetland plantings, replacement of wetland and landscape plantings that die during any required maintenance period, maintenance of public and private storm sewer and retention systems. Declarant shall have the right, but not the obligation, to perform any such work if the Association fails to do so.



ARTICLE 11
USES, COVENANTS AND RESTRICTIONS

11.1 Residential Use. The Structures and Units shall be used for and restricted to use as single family residences only, on an ownership, rental or lease basis.

11.2 Business Use. No business of any kind shall be conducted in any Unit with the exception of: (a) the business of Declarant in developing and selling all of the Units and (b) such home occupation which may be permitted by the appropriate local government and which is not otherwise in violation of the provisions of this Declaration. However, the home occupation shall in no way affect the appearance of the residential structure and/or garage, shall be fully enclosed without outside storage and shall not create noise, vibrations, smoke, dust odors, light or glare beyond what is acceptable in a residential area.

11.3 Leases. No Owner or other person shall be permitted to lease or otherwise rent a Unit for a term less than thirty (30) days. No lease or rental of a Unit may be of less than the entire Unit. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration, Bylaws and the rules and regulations of the Association and that any failure by the tenant to comply with the terms of said documents shall be a default under the lease or rental agreement and that the Owner grants to the Board and the managing agent the authority to evict the tenant on the Owner's behalf for such default, upon only such notice as is required by law. If any lease does not contain the foregoing provisions, such provisions nevertheless are deemed to be a part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. Neither the Board nor the managing agent shall be liable to the Owner or the tenant for any eviction under this section that is made in good faith. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences.

11.4 Timesharing. Timesharing as defined in the Washington Timeshare Act is prohibited.

11.5 Signs. No signs of any kind, nor for any uses shall be erected, painted, or displayed within any Unit, except: public notices by a political division of the State or County or as required by law; one professional sign per Unit of not more than two square feet; Declarant or the Declarant agent may erect and display signs of any size during the period the Declarant is selling Units in the Condominium; and any Unit Owner or the Unit Owner's agent wishing to sell or lease that Owner's Unit may place a sign not larger than five square feet within the Unit.

11.6 Oil and Mining Requirements. No oil drilling, oil development, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Unit. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Unit.

11.7 Mobile or Manufactured Housing. There shall be no mobile or manufactured housing.

11.8 Utilities. With the exception of utilities as existing at the time of the recording of this Declaration, all utilities shall be installed underground, except that fuel tanks may be installed above ground as permitted by applicable law if screened from view.

11.9 Storage Sheds. Any storage shed within a Unit shall conform to the general style of the residence itself and not detract from the general appearance of the residence or Unit. Storage sheds shall not be located in front yards.



11.10 Antennas. Any visible radio or television antenna, satellite dish, clothes line or other similar type of exterior equipment shall be in a location approved by the Board of Directors.

11.11 Garbage and Refuse. No garbage, refuse, rubbish, cuttings, debris, inoperable vehicles, equipment or waste of any kind shall be deposited on or left upon any Unit unless placed in an attractive container suitably located and screened from the view of any other Unit Owner. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No building material of any kind shall be placed or stored on the property until the Unit Owner is ready to commence construction, and then such materials shall be placed within the boundary lines of the Unit upon which it is intended. Garbage cans may only be placed in public view on the day of garbage pickup. The proper removal and disposal of all such materials shall be the sole responsibility of the individual Unit Owner.

11.12 Pets. Domestic animals, birds, or reptiles (hereinafter referred to as "pets") may be kept in units subject to rules and regulations adopted by the board, or bylaws adopted by the association. Board may at any time, after notice and an opportunity to be heard, require the removal of any pet which it finds, in its sole discretion, disturbing other owners unreasonably, and may exercise this authority for specific pets, even though other pets are permitted to remain. The board's decision to require removal of a pet under this section shall be final and not subject to judicial review. The owner of any pet in the condominium shall be responsible for any damage to any person or property caused by the pet and shall indemnify and hold the association and board harmless from any and all liability arising from or caused by the pet.

11.13 No Firearms/Motorcycles. No firearms of any kind shall be used within the property except by appropriate government officials. Muffled, licensed motorcycles shall be permitted on the property. Muffled trail bikes, snowmobiles, and similar vehicles are permitted within the boundaries of the individual Units. The use or operation of any non-muffled motorcycles, motorbikes, trail bikes, snowmobiles or similar vehicles is prohibited on any portion of the property whether licensed or unlicensed.

11.14 Nuisances. No noxious or offensive activities or undesirable thing, or noxious undesirable use shall be permitted or maintained upon any Unit or upon any other portion of the Property. If the Board determines that a thing or use is undesirable or noxious, that determination shall be conclusive. Furthermore, no Unit shall be used in a fashion which unreasonably interferes with the other Unit Owners right to use and enjoyment of their respective properties. All Owners are responsible at all times for the conduct of their guests.

11.15 Conveyances; Notice Required. An Owner intending to sell a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying the Unit being sold, the name and address of the purchaser, the closing agent, 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 charge the outstanding against the Unit, whether or not such information is requested.

11.16 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common, which will increase the rate of insurance on the Common Elements or Units without the prior written consent of the Board. No Owner shall permit anything to be done or kept in their Unit or in the Common which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Elements.



11.17 Rules and Regulations. All Unit Owners and their tenants, licensees and invitees shall comply with any Rules and Regulations governing operation of the Condominium and the use of the Common Elements, as may be adopted and amended from time to time by the Board.

11.18 Quiet enjoyment. No Owner shall permit anything to be done or be kept in the Owners Unit which would interfere with the right of quiet enjoyment of the other residence of the Condominium. In particular, sound system loud speakers shall not be rigidly attached to any party wall shared with another Unit or the ceiling, walls, shelves, or cabinets in a Unit in a manner that will induce vibrations into the structure of the building.

ARTICLE 12 OWNERS' ASSOCIATION

12.1 Form of Association. The Association is created pursuant to RCW 64.34.300 and shall be organized as a non-profit Washington corporation, known as "OLD TOWN 6TH STREET CONDOMINIUM ASSOCIATION." The Association through actions of its Board and officers shall administer the Condominium.

12.2 Membership.

12.2.1 Qualifications. Each Unit Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned. Ownership of a Unit shall be the sole qualification for membership into the Association.

12.2.2 Transfer of Membership. The Association membership of each Unit Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, pledged, hypothecated, conveyed or alienated in any way except upon transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

12.3 Voting.

12.3.1 Number of Votes. The total voting power of all Units shall be two (2) votes, one vote for each Unit.

12.3.2 Method of Voting. Means by which votes in the Association shall be cast and recognized, including voting by proxy, written consent, multiple owners, pledged votes shall be as set forth in the Bylaws.

12.4 Meetings and Quorums. Meetings for the Association, including notice and quorums, shall be as set forth in the Bylaws.

12.5 Bylaws of Association. The Declarant shall adopt the initial Bylaws of the Association. The Bylaws shall specify the procedures for timing and holding of annual and special meetings of the Association and may include any other matters or specify other procedures applicable to the organization and the administration of the Association not inconsistent with The Act or with this Declaration. The Bylaws may be amended by the Declarant at any time prior to the election of Directors by the Unit Owners and relinquishment by Declarant of Declarant Control. Thereafter the Bylaws may be amended, in whole or in part, by unanimous vote of the Unit Owners at a meeting of the Association held for that purpose, or in such other manner as the Bylaws themselves may prescribe.



ARTICLE 13
MANAGEMENT OF CONDOMINIUM

13.1 Administration of the Condominium. The Unit Owners covenant and agree that the administration of the Condominium shall be in accordance with the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association which are incorporated herein by reference and made a part hereof.

13.2 Election of Board and Officers.

13.2.1 Selection By Owners, In General. The affairs of the Association shall be governed by a Board consisting of two (2) members, one designated by the Owner of each Unit in the Condominium.

13.2.2 Selection By Owners.

Prior to the Transition Date, election or appointment of members of the Board shall be governed by Article 14. Commencing with the first Association meeting at which the Unit Owners are to select the Board, and unless the Bylaws are amended at that meeting, the Board shall be composed of two (2) members, all of whom must be Owners of Units in the Condominium.

13.2.3 Taking Office, Officers. The Board shall elect the officers of the Association. Such members of the Board and officers shall take office upon election. However, prior to the Transition Date, election or appointment of officers shall be governed by Article 14.

13.3 Management by Board.

13.3.1 On Behalf of Association. Except as otherwise provided in the Declaration, the Bylaws, or the Act, 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 are required to exercise ordinary and reasonable care.

13.4 Powers of the Association.

13.4.1 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 (specifically RCW 64.34.304), this Declaration and the Bylaws.

13.4.2 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.

13.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in the Act and Section 13.4, and 100% Unit Owner approval for such purposes agreed upon by all Unit Owners, 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 such Unit's pro rata share of borrowed funds and the obligation to pay its pro rata share shall be a lien against such Unit. Provided, that the Owner of a Unit may remove their Unit from the lien of such Assessment by payment of the Allocated Interest in that Common Expense Liability attributable to such Unit. Subsequent to any such payment, discharge, or satisfaction, the Unit shall thereafter be free



and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lien holder from proceeding to enforce his rights against any Unit not so paid, satisfied, or discharged.

13.6 Limitations on Board's Ability. Except to the extent covered by insurance obtained by the Board, neither the Association nor the Board, nor the Declarant exercising the powers of the Board, shall be liable for any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements or resulting from electricity, water, rain or sand which may leak or flow from outside or from any parts of a building or from any of its pipes, drains, conduits, appliances, or equipment or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or order of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

13.7 No Personal Liability for Decisions. So long as a Board member, Association committee member, or Association officer or Declarant exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person and such person's evaluation of such information, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence, (except gross negligence) including 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 where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Association.

13.8 Indemnification of Board Members. Each Board member or Association committee member, or Association officer, or Declarant exercising the powers of the Board, shall be indemnified by the Owners against all expenses and liabilities, including attorney's 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 of such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty for willful misfeasance or malfeasance in the performance of his duties, provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimburses as being for the best interest of the Association.

13.9 Association Records and Funds.

13.9.1 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All books and records of the Association shall be made reasonably available (at all reasonable hours of weekdays or under other reasonable circumstances) for examination and copying by Declarant, and any Owner, Mortgagee, insurer and guarantor of any Mortgage of any Unit, or their agents. 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. This Condominium consists of fewer than fifty Units, an annual audit is also required but may be waived annually by the Owners (other than the Declarant) of Units to which one-hundred percent (100%) of the votes are allocated, excluding the votes allocated to Units owned by the Declarant. The finance statements shall be completed in time for the Association's annual meeting and in any event within one hundred and twenty (120) days following the end of the fiscal year. Any Mortgagee shall, upon request, be entitled to receive the annual financial statement within one hundred and twenty (120) days of the end of the fiscal year.



13.9.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled.

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

13.10 Association as Trustee. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

13.11 Maintenance, Repair, Inspection and Warranty Procedure. At least annually for a period of four years from the time the Association is formed, the Association shall have the Condominium inspected in order to ascertain the physical condition of the improvements in the Condominium and to determine whether maintenance, repairs, or replacements of any such improvements are indicated. The inspection shall cover, at a minimum, but not limited to the roofs, siding, decks, caulking, windows, doors and other areas of potential penetration. The Declarant may request a copy of the annual inspection done by the Association. If the Association fails to perform the annual inspection, the Declarant has the right but not the obligation to have the Condominium inspected.

13.12 Indemnification of Declarant. The Association shall defend, indemnify and hold Declarant harmless from any expense or claim arising from or relating to any Association's failure to promptly and properly maintain, repair or inspect the Condominium (or any part thereof), or the Association's failure to promptly and properly make a claim (or comply with dispute resolution procedures) under any implied or expressed warranty. Declarant shall not be liable under any express or implied warranty (including implied warranties under the Act) for loss or damage resulting from the Association or Owners failure to take timely action to prevent or minimize.

ARTICLE 14 DECLARANT CONTROL PERIOD

14.1 Declarant Control Until Transition Date. Until the Transition Date, the Declarant or person designated by Declarant shall have the right to appoint and remove all officers and members of the Board or to veto or approve a proposed action of the Board or Association ("Declarant Control"); provided that (a) not later than sixty (60) days after conveyance of twenty five percent (25%) of the Units that may be created to Owners other than the Declarant, at least one member and not less than twenty five percent (25%) of the members of the Board must be elected by Owners and (b) not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners.

14.2 Transition Date. Declarant Control of the Association shall terminate on the "Transition Date." The Transition Date shall be no later than the earlier of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Declarant, (b) two (2) years after the last conveyance of a Unit or the last exercise of a Development Right to create Units, or (c) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers



and members of the Board. If the Declarant voluntarily surrenders control pursuant to (c) above, the Declarant may require that for the duration of the period of Declarant Control, specific actions of the Association or the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

14.3 Declarant's Transfer of Association Control. Within sixty (60) days after the Transition Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant included by not limited to all items listed in RCW 64.34.312.

14.4 Audit of Records Upon Transfer. Upon termination of the period of Declarant Control, the records of the association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted auditing standards unless the Owners, other than the Declarant, by two-thirds vote, elect to waive the audit. The costs of the audit shall be a Common Expense.

14.5 Termination of Contracts and Leases. If entered into before the Board elected by the Unit Owners takes office, (1) any management contract, employment contract, or lease or recreational or parking areas or facilities, (2) any other contract or lease between the Association and a Declarant or an Affiliate of a Declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners takes office upon not less than ninety days' notice to the other party or within such lesser notice period provided for without penalty in the contract or lease. This section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this section.

ARTICLE 15 ASSESSMENTS

15.1 Owners' Obligation. Each Owner shall be obligated to pay its share of Common Expenses and special charges made pursuant to the Act, this Declaration and the Bylaws to the treasurer for the Association in equal monthly, quarterly or semi-annual installments on or before the first day of each month during such year, or in such other reasonable manner as the Board shall designate. No Owner may be exempt from liability for payment of Assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of their Unit.

15.2 Assessment Authority. All Assessments shall be levied by the Association.

15.3 Budget for Common Expenses. The Board shall prepare a budget for the Association at least annually; estimate the Common Expenses to be incurred, less any previous over assessment, and assess the Common Expenses to each Unit in proportion to the Unit's Allocated Interest therefore set forth in this Declaration. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board 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 (14) nor more than sixty (60) 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.



15.4 Reserve Funds. In establishing its budget, the Board may make provisions for creating, funding, and maintaining reasonable reserves for contingencies and operations and for the maintenance, repair, replacement and acquisition of Common Elements and other items the Association has the responsibility of maintaining and shall take into account any expected increase and any surplus available from the prior year's operating fund. Reserves shall also be sufficient to cover any deductible amounts which are included in the casualty and any flood insurance policy for the Condominium obtained by the Association. The Board shall calculate the contributions to such reserve fund so that there are sufficient funds therein to replace, or perform such major repair, to each Common Element and other items covered by the fund at the end of the estimated useful life of each such Common Element and other items. 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 nonpayment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment. 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 apply existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.

The reserve fund need not be "fully funded" and the Board shall have discretion as to the amount of reserves to be maintained; provided that the Board shall maintain reserves satisfactory for purposes of complying with the requirements of institutional lenders and purchasers or guarantors of mortgages.

15.5 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making Assessments; provided, that in all events Assessments shall commence on a date within sixty (60) days the date on which seventy-five percent (75%) of the Units which may be created have been conveyed to Owners (other than Declarant or an affiliate of Declarant). Until the Association makes an Assessment, the Declarant shall pay all Common Expenses. After any Assessment has been made by the Association, Assessments must be made against all Units, based on the budget adopted by the Association.

15.6 Allocation of Assessments.

15.6.1 Allocated Liability. Except for certain special charges which may be levied against particular Units under the provisions of this Declaration or the Act, all assessments for Common Expenses shall be assessed to the Units equally.

15.6.2 Only Some Units Benefited. The Board may elect that any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited.

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

15.6.4 Utility Costs. Except to the extent utilities are separately metered or are otherwise chargeable to a specific Unit, the cost of utilities shall be assessed equally, unless the Board decides as to some or all of the utilities, that they should be assessed in proportion to use, in which case the Board shall determine the basis for such allocation and assessment. The Board may elect that the costs of utilities must be assessed in proportion to usage.



15.6.5 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.

15.6.6 Assessments for Judgments. Assessments to pay Judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium at the time the Judgment was entered in proportion to their allocated Common Expense Liabilities at the time the Judgment was entered.

15.7 Special Assessments. The Board may levy a special assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board shall give notice to the Unit Owners of any such special assessment by statement in writing giving the amount and reasons therefore, along with a date for a special meeting of the Association to be held not less than fourteen (14) days following such notice, for approval of the special assessment. Subject to the provisions of this Declaration, such special assessment shall become due and payable, unless otherwise specified in the notice, with the next monthly assessment payment which is due more than thirty (30) days after the deliver or mailing of such notice. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the special assessment is not payable in installments, the full amount of such special assessment, in proportion to their Allocated Interests or Common Expense Liability.

15.8 Working Capital Contribution. The Declarant may require that an initial Working Capital Fund be established and maintained by the Association to insure that the Association will have the funds to meet unforeseen expenditures or to purchase any additional equipment or services. Unless otherwise agreed between affected lenders and the Declarant, if such fund is established, each purchaser of a Unit in the Condominium shall be required to pay at closing of the sale of the Unit a nonrefundable sum equal to two (2) months of the regular Common Expense Assessment then allocated to such Unit, plus a pro rata portion of such Assessment for the month in which closing occurs. These funds are not to be considered as advance payments of regular Assessments. During the Declarant Control Period described in Section 12 hereof, the Declarant may not use any of these working capital funds to defray its expenses, its reserve contribution requirement, its construction costs, or any Association budget deficits. When unsold Units are sold, the Declarant may use funds collected at closing to reimburse itself for funds it may have paid the Association for each unsold Unit's share of the Working Capital Fund.

15.9 Assessment Certificates. The Association, upon written request, shall furnish to a Unit Owner of a Mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen (15) days after receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

ARTICLE 16 ASSOCIATION'S RIGHTS AND REMEDIES

16.1 Enforcement. Each Unit Owner, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

16.2 Waiver. The failure of the Board, Association, or Declarant in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall



not be construed as a waiver or relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board.

16.3 Access to Property. A Board and its agents or employees, may enter any Units when necessary in connection with any maintenance, repair, 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 and paid for as a Common Expense if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common Elements or other items that the Association has responsibility for maintenance, repair or replacement 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.

16.4 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular Owners 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 during the next succeeding twelve (12) months with respect to such Unit.

16.5 Lien for Assessments.

16.5.1 Lien/Priority. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due. The lien 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) except as herein provided, 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. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. The Association may record a claim of lien for delinquent Assessments at its sole election.

16.5.2 Enforcement of Lien.

(a) The Association's lien may be enforced judicially by the Association or its authorizing representative in the manner set forth in Chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage or convey the same. Upon an express waiver in the complaint to any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. Nothing in this section shall prohibit an Association from taking a deed in lieu of foreclosure.

(b) The Association shall have the right to foreclose its assessment lien nonjudicially in the manner provided for Trustee's Sales under the Washington Deed of Trust Act, Chapter 61.24 RCW. For such purpose, the property is hereby conveyed, transferred and assigned to Chicago Title Insurance Company, as trustee in trust with power of sale, for the benefit of the Association as security for the payment of the Assessments when due. Said power of sale may be exercised with respect to any given Unit or Units upon the failure of the Owner thereof to pay any amounts which they are secured by said lien. The Declarant confirms that no portion of the property is used principally for agricultural or farming purposes.



16.5.3 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments are 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.

16.5.4 Joint and Several Obligation. 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 therefore. Suit to recover a personal judgment for any delinquent Assessments shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

16.5.5 Late Charges and Interest. 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.

16.5.6 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 attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

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

ARTICLE 17 INSURANCE

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

(a) Property insurance on the Condominium, which shall include Structures, equipment, improvements, and betterments in a Unit installed by the Declarant or the Unit Owner, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies;

(b) Liability insurance, including medical payment insurance, in an amount determined by the Board but not less than One Million Dollars (\$1,000,000) covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection of the use, ownership, or maintenance of the Common Elements;



(c) If required by the Board or any Mortgagee, a fidelity bond naming the members of the Board, and its employees and such other persons as may be designated by the Board as principals and the Association as obligee, in an amount at least equal to three (3) months' aggregate Assessments for all Units plus reserves. The bond shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression;

(d) Such other insurance as the Board deems advisable, provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, rent loss, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Governmental National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental agencies involved within the project, except to the extent such coverage is not available or has been waived in writing by such agency.

17.2 Coverage Not Available. If the insurance described in Section 18.1 is not reasonably available, or it is modified, canceled, or not renewed, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Unit Owners, to such Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known address. The Association in any event may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

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

(a) Provide that the Association is the named insured, and that each Unit Owner is insured under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

(b) 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 defense based upon coinsurance or upon invalidity arising from the acts of the insured;

(c) 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;

(d) 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 that the liability of the insurer hereunder shall not be affected by, and the insurer shall not claim any right to set off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee;

(e) Provided 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, and that insurance trust agreements will be recognized;

(f) Contain standard Mortgagee clauses which name Mortgagees and their successors and assigns. Provide at least ten (10) days' prior written notice to the insured before the policy



may be canceled or substantially modified. Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and

(g) Contain, if available, an agreed amount and inflation guard endorsement.

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

17.5 Owner's Additional Insurance. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for the Owner's own benefit. Each owner should obtain and continuously maintain additional property and liability insurance as is typically maintained by Owner's of similar Condominium units of their own expense, such as an HO-6 policy, no Owner shall, however maintain insurance coverage in any manner which would decrease the amount which the Board, on behalf of all of the Owners, will realize under any insurance policy which the Board may have in force on the Condominium at any particular time.

17.6 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 non-renewal of contracts of insurance. The insurer shall not modify the amount or the extent of coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

17.7 Notification on Sale of Unit. Promptly upon 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 Owner of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

ARTICLE 18

DAMAGE OR DESTRUCTION: RECONSTRUCTION

18.1 Unit Damage. Subject to the provisions of Article 10 which are incorporated herein, the Owner of each Unit has sole responsibility to rebuild or repair at his or her own expense the Structures and improvements located within his or her Unit.

18.2 Miscellaneous. The provisions of this Article 18 shall constitute the procedure by which a determination is made by the Unit Owners to repair, restore, reconstruct or rebuild as provided in the Act. By the act of accepting an interest in the Property, each Unit Owner and party claiming by, through or under such Owner hereby consents and agrees to the provisions hereof. In the event any provision of this Article 18 shall be determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not affect the validity of any other provision of this Declaration. The purpose of this



Article 18 shall be to provide a fair and equitable method of allocating the costs of repair and restoration and making a determination for repair and restoration if all or a portion of the improvements are damaged or destroyed. The provisions of this Article 18 shall be liberally construed to accomplish such purpose.

ARTICLE 19 CONDEMNATION

If any Unit or portion thereof or the Common elements or Limited Common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each owner and mortgagee and the provisions of the Act shall apply.

ARTICLE 20 PROCEDURES FOR RELOCATING BOUNDARIES BETWEEN UNITS

No Unit shall be subdivided either by agreement or legal proceeding, except under such terms and conditions as may be approved by the Board and in compliance with the Act.

ARTICLE 21 AMENDMENTS OF DECLARATION, SURVEY MAP AND PLANS

21.1 In General. Except in cases of amendments that may be executed solely by the Declarant, the Association or certain Unit Owners as otherwise stated herein, this Declaration, including the Survey Map and Plans, may be amended only by vote or agreement of Owners of Units to which at least one hundred percent (100%) of the voting power is assigned.

21.2 Recording. Every amendment to the Declaration must be recorded in every county in which any portion of the Condominium is located, and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. All amendments adding Units shall contain a cross-reference by recording number to the Survey Map and Plans relating to the added Units and set forth all information required by RCW 64.32.216(1).

21.3 Execution. Amendments to the Declaration required by the Act to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

21.4 Material Amendments. Any amendment to a provision of this Declaration establishing, providing for, governing or regulating the following (all of which shall be deemed "Material Amendments") shall require the consent of fifty-one percent (51%) of the Eligible Mortgagees: voting rights; Assessments, Assessment liens, or the priority of Assessment liens; reserves for maintenance, repair, and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the Common or Limited Common Elements, or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium; insurance or fidelity bond; leasing of Units; imposition of any restrictions on a Unit Owner's right to sell or transfer their Unit; a decision by the Association to establish self-management when professional management had been required previously by the Condominium's documents or by an Eligible Mortgage holder; restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a



manner other than that specified in the Declaration; any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or any provisions that expressly benefit Mortgage holders, insurers, or guarantors. A Mortgagee who fails to respond within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request if such request was delivered by certified or registered mail with a return receipt requested.

21.5 Map and Plans Amendment. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with the Declaration amendment.

21.6 Mortgage Requirements. All Unit Owners covenant and agree, for themselves and their heirs, successors and assigns, to vote in favor of and implement any amendments hereto which may be necessary to satisfy the requirements of the Federal National Mortgage Association, Veteran's Administration and Federal Housing Administration.

ARTICLE 22 EASEMENTS – ENTRY FOR REPAIR

This Declarant establishes the following easements.

22.1 In General. In addition to the rights and easements reserved or provided for under the Act (which shall be accorded whether this Declaration is recognized under the Act or as real covenants or equitable servitudes) each Unit has an easement for ingress and egress to its original entries through the Common Elements, and is granted easements as required through Common Elements and other Units for location of the pipes, wiring and plumbing for all structural or service elements necessary or convenient for the occupation of the Unit for its intended use. All such easements shall be located as such features are located in the buildings as built, or as they may become located due to settling, repair, or reconstruction. The easements extend to reasonable access for purposes of repair, replacement or maintenance so long as the areas where they are located are restored after completion of such work. The easements here created are intended for implementing and maintaining the original plans as affected in the building as built, but not to authorize features not contemplated in the original plans unless such new features are authorized by Board action and do not materially and adversely affect the Common Elements or any Unit.

22.2 Encroachments. Each Unit and all Common Elements are hereby declared to have an easement over adjoining Units and Common Elements, for the purpose of accommodating and encroachment due to engineering errors, or errors in general construction, reconstruction, repair or any portion of the duplex Structure, 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 a willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owner agree that minor encroachments over adjoining Unit Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments shall not be constructed to be encumbrances affecting the marketability of title to any Unit. The provisions of this Section are intended to supplement RCW 64.34.252 and in the event of any conflict, the provisions of RCW 64.34.252 shall control.



ARTICLE 23
PROTECTION OF MORTGAGEES

23.1 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 one-hundred percent (100%) of all Eligible Mortgagees and sixty-seven percent (67%) of the Owners of record of the Units, 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.

23.2 Partitions and Subdivision. The Association shall not combine nor subdivide any Unit or the appurtenant Limited Common Elements, nor abandon, partition, subdivide, encumber or sell any Common Elements, or accept any proposal to do so, without the prior written approval of fifty-one percent (51 %) of all Eligible Mortgagees and one-hundred percent (100%) of Owners of record of the Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of the Unit(s), so affected.

23.3 Amendment to Declaration or Bylaws. The Association shall not make any Material Amendment (as defined in Section 21.4) to this Declaration or Bylaws (including changes in the percentages of interest in the Common Elements) without the prior written approval of fifty-one percent (51 %) of all Eligible Mortgagees and one-hundred percent (100%) of all Owners of record of the Units, and without unanimous approval of the Eligible Mortgagee(s) and Owner(s) of the Unit(s) for which the percentage(s) would be changed.

23.4 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 23.5, the Mortgagee (or Mortgage insurer or guarantor) must send a written request to the Association stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guaranties) the Mortgage.

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

23.6 Insurance.

23.6.1 Board Duties. With respect to a first Mortgagee of a Unit, the Board shall:

(a) Cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any mortgagee who makes written request to the Board to be so named;



(b) Furnish any such Mortgagee with a copy of any insurance policy or evidence thereof, which is intended to cover the Unit on which such Mortgagee has a lien;

(c) Require any insurance carrier to give the Board and any and all insured (including such Mortgagees) at least thirty (30) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium non-payment);

(d) Not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Element exceeding Five Thousand Dollars (\$5,000) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of this Declaration;

(e) Give such Mortgagee written notice of any loss or taking affecting Common Elements, if such loss or taking exceeds Ten Thousand Dollars (\$10,000); and

(f) Give such Mortgagee written notice of any loss, damage or taking affecting any Unit or Limited Common Elements in which it has an interest, if such loss, damage or taking exceeds One Thousand Dollars (\$1,000).

23.6.2 Additional Policy Provisions. In addition, the insurance policy acquired shall:

(a) Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;

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

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

23.7 Inspection of Books and Records. Owners, Mortgagees, insurers and guarantors of any Mortgage on any Unit shall be entitled: to inspect and copy at all reasonable hours of weekdays (or under other reasonable circumstances) all of the books and records of the Association for which they or their borrowers are members including current copies of this Declaration, the Association's Articles of Incorporation, Bylaws, rules and regulations governing the Condominium and other books, records, checks, bank records, invoices and financial statements of the Association (within a reasonable time following request), and upon the written request of the holders of fifty-one percent (51%) or more of first mortgages at their expense (if an audited statement is not otherwise available), to receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association.

ARTICLE 24 MISCELLANEOUS PROVISIONS

24.1 Notices. The term "notice" includes letters or other communications other than legal process. Any notice permitted or required to be delivered under the provisions of this Declaration, the Bylaws or the Act, may be delivered either personally or by facsimile transmission or by email in



accordance with RCW 24.03.009 or by mail. If delivery is 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 at the address of such person or in the case of items sent by the Association at the most recent address given in writing by such person to the Association. Notice by facsimile shall be to the most recent facsimile number provided by the Unit Owner to the Association. Notice by email shall be sent to the most recent email address provided by the Owner who consents to email notice. Notice to a Unit Owner or Owners shall be sufficient if delivered or addressed to the Unit if no other name or mailing address has been given to the Association. Notice to be given to the Association may be given to the person named for service of process until the Board has been elected and thereafter shall be given to the president or the secretary of the Association.

24.2 Severability. The provisions hereto shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity of enforceability of any other provision hereof if the remaining portions are sufficient under the Act, or as covenants running with the land, or the equitable servitudes to effect the common plan for division into Units for individual ownership.

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

24.4 Reference to Survey Map and Plans. The Survey Map and Plans for the Condominium development referred to herein were recorded with the proper county recording authority simultaneously with the recording of this Declaration, under No. _____ records of Skagit County.

ARTICLE 25

RETAINED DEVELOPMENT RIGHTS BY DECLARANT

25.1 Special Declarant Rights. As more particularly provided in this section, Declarant for itself and any successor Declarant, has reserved the following Special Declarant Rights.

25.1.1 Completion of Improvements. Declarant, Unit Owners, their agents, employees and contractors shall have the right to complete improvements and otherwise perform work authorized by the Declaration, indicated on the Survey Map and Plans authorized by the building permits, provided for under any Purchase and Sale Agreement between the Declarant and a Unit Purchaser, necessary to satisfy and express or implied warranty under which Declarant is obligated or otherwise authorized or required by law.

25.1.2 Declarant Control. Declarant may appoint or remove any officer or Director or to veto or approve a proposed action of the Board or Association and shall have all rights of Declarant Control as described in Article 14 of this Declaration.

25.1.3 Signs. Declarant may maintain signs in the Condominium and Common Elements advertising the Condominium.

25.1.4 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights if any under this Declaration or the Act.



25.1.5 Termination of Special Declarant Rights. Except as otherwise stated in this Declaration, the foregoing Special Declarant Rights shall continue as long as Declarant is completing improvements which are within or may be added to the Condominium, or Declarant owns any Units, or any Development Rights remain in effect, provided, that Declarant may voluntarily terminate any or all such Rights at any time by recording an Amendment to this Declaration, which amendment specifies which Right is terminated.

25.1.6 Application. These Special Declarant Rights shall apply to all of the Property.

25.2 Development Rights. As more particularly provided in this section, the Declarant, for itself and any successor Declarant, has reserved Development Rights which may be exercised as provided by this Declaration and the Act.

25.2.1 Subdivision and Combination. Declarant shall have the right to subdivide and combine Units (owned by Declarant) or convert Units (owned by Declarant) into Common Elements. Whenever Declarant exercises a Development Right to subdivide, combine or convert a Unit previously created into additional Units, Common Elements, or both.

(a) If Declarant converts the Unit entirely to Common Elements, the amendment to the Declaration must reallocate all of the Allocated Interest of that Unit among the other Units as if that Unit had been taken under condemnation as provided in this Declaration;

(b) If Declarant subdivides the Unit into two or more Units, whether or not any part of the Unit is converted into Common Elements the amendment to the Declaration must reallocate all of the Allocated Interest of that Unit among the other Units as if that Unit had been taken under condemnation as provided in this Declaration; or

(c) If Declarant combines two or more Units, the amendment to the Declaration must reallocate to the new Unit all of the Allocated Interests formerly allocated to the Units so combined.

25.2.2 Different Parcels; Different Times

(a) Any Development Right may be exercised with respect to different parcels of Real Property at different times;

(b) No assurances are made as to final boundaries of such parcels or as to the order in which those parcels may be subjected to the exercise of each Development Right; and

(c) Even though a Development Right is exercised in any portion of the Real Property subject to the right, that right need not be exercised in all or any other portion of the remainder of the Real Property.

25.2.3 Exercise of Development Rights. To exercise any Development Right reserved under this Section, the Declarant shall prepare, execute and record an amendment to the Declaration as provided in this Declaration and comply with RCW 64.34.232

25.2.4 Termination of Development Rights. The foregoing Development Rights shall termination seven (7) years from the date of recording of the first conveyance of a Unit to an Owner other than Declarant, provided that Declarant may voluntarily terminate any or all such Rights at



any time by recording an amendment to this Declaration which amendment specifies which Right is thereby terminated.

25.3 Declarant's Easements. Declarant has an easement through the Common Elements and Units as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights or Development Rights, whether arising under the Act or reserved in this Declaration.

ARTICLE 26 PARTY WALLS

26.1 General Rules of Law Apply. Each wall which is built as part of the original construction of the duplex dwelling Structure within a Unit and placed on the dividing line between the two Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damages due to negligence or willful acts or omissions shall apply hereto.

26.2 Sharing Repair and Maintenance. The costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

26.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty any Owners who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

26.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

26.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE 27 DISPUTE RESOLUTION

27.1 Policy – Mediation. The parties hope there will be no disputes arising out of their relationship. To that end, each commits to cooperate in good faith and to deal fairly in performing its duties under this Declaration in order to accomplish their mutual objectives and avoid disputes. But if a dispute arises, the parties agree to resolve all disputes by the following alternate dispute resolution process: (a) the parties will seek a fair and prompt negotiated resolution, but if this is not successful, (b) all disputes shall be resolved with binding arbitration, provided that during this process, (c) at the request of either party made not later than forty-five (45) days after the initial arbitration demand, the parties will attempt to resolve any dispute by nonbinding mediation (but without delaying the arbitration hearing date). The parties confirm that by agreeing to this alternate resolution process, they intend to give up their right to have any dispute decided in court by a judge or jury.

27.2 Binding Arbitration. Any claim between or among any party subject to this Declaration (including without limitation; the Declarant, Association, Board or officers, Unit Owners, or their employees or agents) arising out of or relating to this Declaration, a Unit or Units, the Condominium or



the Association shall be determined by Arbitration in the county in which the Condominium is located commenced in accordance with RCW 7.04A, provided, that the total award by a single arbitrator (as opposed to a majority of the arbitrators) shall not exceed Fifty Thousand Dollars (\$50,000), including interest, attorneys' fees, and costs. If any party demands a total award greater than Fifty Thousand Dollars (\$50,000), there shall be three (3) neutral arbitrators. If the parties cannot agree on the identity of the arbitrator(s) within ten (10) days of the arbitration demand, the arbitrator(s) shall be selected by the administrator of the American Arbitration Association (AAA) office in Seattle from its Large, Complex Case Panel, (or have similar professional credentials). Each arbitrator shall be an attorney with at least fifteen (15) years' experience in commercial or real estate law and shall reside in the county in which the Condominium is located. Whether a claim is covered by the Article shall be determined by the arbitrator(s). All statute of limitations, which would otherwise be applicable, shall apply to any arbitration proceeding hereunder.

27.3 Hearing – Law- Appeal Limited. The arbitrator(s) shall take such steps as may be necessary to hold a private hearing within ninety (90) days of the initial demand for arbitration and to conclude the hearing within three (3) days, and the arbitrator(s) written decision shall be made not later than fourteen (14) calendar days after the hearing. The parties have included these time limits in order to expedite the proceeding, but they are not jurisdictional, and the arbitrator(s) may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator(s) shall apply applicable substantive law. Absent fraud, collusion or willful misconduct by an arbitrator, the award and decision shall be final, and the judgment may be entered in any court having jurisdiction thereof. The arbitrator(s) may award injunctive relief or any other remedy available from a judge, including without limitation joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact or which may promote judicial economy, but shall not have the power to award punitive or exemplary damages, or to award attorneys' fees and costs to the prevailing party. The decision and award of the arbitrator(s) need not be unanimous, rather, the decision and award of two arbitrators shall be final.

27.4 Unenforceability of Arbitration. If for any reason the arbitration procedure set forth above is determined to be unenforceable, then the arbitration shall be conducted in Skagit County Washington pursuant to the Superior Court Mandatory Arbitration Rules ("MAR") without regard to the jurisdictional limits in RCW 7.06. The parties shall be deemed to have stipulated to arbitration as authorized by MAR 8.1(b). There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing. The hearing shall authorize such discovery as may be necessary to ensure a fair hearing. These time limitations are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge to including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages.

The award of the arbitrator shall be binding and neither party shall have the right to appeal or the right to a trial de novo (in this regard MAR 7.1 shall not apply). If, however, it is determined that binding arbitration is contrary to the Washington Condominium Act, then the decision rendered by the arbitrator shall be subject to appeal as provided in MAR 7.1, and the appealing party shall be subject to attorneys fees if it does not improve its position as provided in MAR 7.3.



DATED this 5th day of March, 2012.

DECLARANT:
SWISH VENTURES, LLC

D. Filler

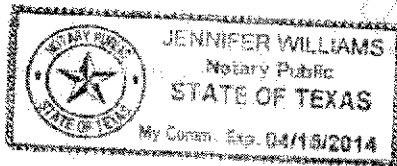
By: DANIEL FILLER
Its: MEMBER

STATE OF Texas)

COUNTY OF Tarrant)

On this 5th day of March, 2012, before me personally appeared DANIEL FILLER, known to be a Member of Swish Ventures, LLC, a Washington corporation, the corporation that executed the within and foregoing instrument to be the free and voluntary act and deed of said limited liability corporation for the uses and purposes therein mentioned, and on oath stated that DANIEL FILLER was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Jennifer Williams
(Signature of Notary)

Jennifer Williams
(Legibly Print or Stamp Name of Notary)

Notary Public in and for the State of Texas

My Commission Expires 4/15/2014



EXHIBIT A
**TO DECLARATION FOR OLD TOWN 6TH
STREET CONDOMINIUM**

LEGAL DESCRIPTION OF LAND WITHIN CONDOMINIUM

Parcel A

The West ½ of Lot 4, all of Lots 5 and 6, Block 140, MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON, as per plat recorded in Volume 2 of Plats, pages 4, Records of Skagit County, Washington

Situated in Skagit County, Washington

Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances, and other matters of record.

LEGAL DESCRIPTION OF LAND SUBJECT TO DEVELOPMENT RIGHTS

None.



EXHIBIT B

TO DECLARATION FOR OLD TOWN 6TH STREET CONDOMINIUM

Unit Identifying Number and Address	UNIT Square Footage ⁽¹⁾	Number of Bedrooms	Number of Bathrooms	Other Den, Etc.	Number of Fire Places	Other	Allocated Interest ⁽²⁾	Votes
Unit 1607 1607 6 th Street	3210	2	2	1	1, First Floor	Decks(2)/Garage	50%	1
Unit 1611 1611 6 th Street	4287	3	3	1	1, First Floor	Decks (2)/Garage	50%	1
Totals							100%	2

- (1) Square footages are based on Unit Boundaries and *not* the structure located within the Unit – see Article 5 and Section 1.7.2 for further information on Unit Boundary definition.
- (2) Allocated Interests are the percentages of undivided interests in the Common Elements, fractional liability for the Common Expenses of the Association, and portions of the votes in the Association. Pursuant to Article 8 and RCW 64.34.224(1), each Unit is allocated 50% undivided interests in the Common Elements and fractional liability for the Common Expenses of the Association. Each unit is allocated one vote.