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CONDOMINIUM DECLARATION

CONTAINING COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR
DOE RUN CONDOMINIUM

Pre-record to fix Article 11, 2.1
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TITLE OF DOCUMENT:

CONDOMINIUM DECLARATION FOR
DOE RUN CONDOMINIUM

GRANTOR:

DOE RUN HOMEOWNERS ASSOCIATION

GRANTEE:

THE GENERAL PUBLIC

TAX PARCEL NO.

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DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR DOE RUN CONDOMINIUM

Pursuant to the provisions of the Washington Condominium Act (the "Condominium Act"), Chapter 64.34 et seq of the Revised Code of Washington, and for the purpose of submitting the Property hereinafter described to the provisions of said Condominium Act, the undersigned, being sole owner(s), lessee(s) or possessor(s) of said Property ("Declarant"), make the following Declaration. By acceptance of a conveyance, contract for sale, lease, rental

agreement, or any form of security created by the Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, state covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and the covenants, conditions, restrictions, reservations and plan are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein without requirement of further specific reference or inclusion in deeds, contracts or security instruments and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments.

The name of the Condominium created by this Declaration and the Survey Map and Plans is Doe Run Condominium ("Condominium").

ARTICLE I

DEFINITIONS

- 1.1 Liberal Construction. The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Washington law.
- 1.2 Consistent with Condominium Act. The terms used herein are intended to have the same meaning given to them in the Condominium Act, unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.
- 1.3 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Condominium Act.
- 1.4 Percentage of Owners or Mortgages. For purposes of determining the percentage of Owners or 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 Mortgages 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 first Mortgage so held.
- 1.5 Declarant is Original Owner. Declarant is the original Owner of all Units and Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are recorded.
- 1.6 Captions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth.

1.7 Inflationary Increase of Dollar Limits. Any dollar amounts specified in the Declaration in connection with any proposed action or decision of the Board or Association may, in the discretion of the board, be increased or decreased proportionately with the increase or decrease in the consumer price index for Seattle-Tacoma-Bremerton, Washington for All Urban Consumers, prepared by the United States Department of Labor for the base period, January 1 of the calendar year following the year in which the Declaration was recorded.

1.8 Definitions. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply:

1.8.1 "Allocated Interest" means the undivided interest in the Common Elements, the percentage of Common Expense liability, and votes in the Association allocated to each Unit under the provisions of Sections 4.3, 7.4.2 and 10.7 of this Declaration, pursuant to RCW 64.34.224.

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

1.8.3 "Association" means the unit owners' association organized under RCW 64.34.300 and/or as more particularly described in Section 7.1 hereof.

1.8.4 "Bylaws" means the bylaws of the association as they may be amended from time to time.

1.8.5 "Board of Directors" or "Board" means the body with primary authority to manage the affairs of the Association as provided in RCW 64.34.308(1).

1.8.6 "Common Elements" means all portions of the Condominium other than the Units. The term "General Common Elements" is sometimes used herein to describe Common Elements that are not allocated as Limited Common Elements.

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

1.8.8 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to RCW 64.34.224, and Section 10.7 of this Declaration.

1.8.9 "Condominium" means the condominium created by this Declaration and the Survey Map and Plans.

- 1.8.10 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.
- 1.8.11 "Declarant" means Doe Run at Sunset Cove Estates, LLC, a Washington limited liability company and its representatives, successors, and assigns.
- 1.8.12 "Declaration" means this Declaration and any amendments hereto.
- 1.8.13 "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.
- 1.8.14 "Eligible Insurer" means the insurer or guarantor of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees.
- 1.8.15 "Eligible Mortgagee" means the holder of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees. The term "Eligible Mortgagee" also includes the "servicer" of a mortgage that has been acquired or securitized by secondary mortgage market entities such as the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the like.
- 1.8.16 "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.
- 1.8.17 "Governing Documents" means the Declaration, the Survey Map and Plans, the Articles of Incorporation and Bylaws of the Association, any Rules and Regulations adopted by the Board of Directors, and any amendments to any such documents.
- 1.8.18 "Identifying number" means the designation of each Unit in the Condominium, as listed in Exhibit A to this Declaration.
- 1.8.19 "Limited Common Element" means a portion of the Common Elements allocated by Article V of the Declaration or by operation of RCW 64.34.204(2) or (4), for the exclusive use of one or more but fewer than all of the Units.
- 1.8.20 "Limited Common Assessment" means a portion of the Common Expenses of the Association that may be assessed against one or more but fewer than all of the Units pursuant to Section 10.9 of this Declaration.

- 1.8.21 "Mortgage" means a mortgage, deed of trust or real estate contract.
- 1.8.22 "Occupant" means a person lawfully occupying any Unit; the term includes without limitation Unit Owners, and family members, employees and tenants of Unit Owners.
- 1.8.23 "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.
- 1.8.24 "Property" means the real property and improvements to the real property which comprise the Condominium, as more fully described on the Survey Map and Plans.
- 1.8.25 "Purchaser" means any person who by means of a disposition acquires a legal or equitable interest in a Unit other than as security for an obligation.
- 1.8.26 "Reserved Common Element" means a portion of the Common Elements that is designed for temporary storage or other purposes by one or more Owners or occupants, upon payment to the Association of such user fees and/or upon satisfaction of such other conditions as the Board, by resolution, may deem appropriate; the right to use a Reserved Common Element shall be deemed to be a license rather than an interest in the property so reserved.
- 1.8.27 "Residential purposes" means use for dwelling and human habitation, and for reasonable social, recreational or other uses normally incident to such purposes.
- 1.8.28 "Special Limited Common Element" means any structure or facility that is constructed in the Common Elements with the Board's approval at the request of a Unit Owner, and as to which the Board determines that it would be inequitable for other Unit Owners to contribute to the costs of Upkeep associated therewith. The Board may require that a Special Limited Common Element be insured by the Owner of the Unit to which it is appurtenant, under Section 11.5.2 hereof.
- 1.8.29 "Survey Map and Plans" means the survey map and plans filed simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed.
- 1.8.30 "Unit" means the whole of each detached unit, including its attached garage, the boundaries of which are described pursuant to Article III and shown on the Survey Map and Plans.
- 1.8.31 "Unit Owner" or "Owner" means any person who owns a Unit but does not include a person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee and not the vendor of a Unit under a real estate contract.

1.8.32 "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is required to maintain property in a decent, safe and sanitary condition, in keeping with the standards established herein.

1.9 Construction and Validity.

1.9.1 All provisions of the Declaration and Bylaws are severable.

1.9.2 In the event of a conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails, except to the extent the Declaration is inconsistent with the Condominium Act.

1.9.3 The creation of the Condominium shall not be impaired and title to any Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of the Declaration or Survey Map and Plans, or any amendment thereto, to comply with the Condominium Act.

ARTICLE II

DESCRIPTION OF REAL PROPERTY, AND MASTER SUBDIVISIONS

2.1 Land and Street Address. The land on which the buildings and improvements of this Condominium are located is situated at 2309-2417 Sundown Court, Anacortes, Skagit County, Washington, and is more particularly described in the Survey Map & Plans and, if applicable, any amendments thereto, that contain the legal description of the land within the Condominium.

2.2 Units. The Condominium will consist of nine (9) detached Units, as depicted on the Survey Map and Plans and on the land legally described therein.

2.3 Liens. Any liens that arise in connection with the Declarant's ownership of or construction of improvements on the Property shall attach only to the Declarant's interest in any Units owned by the Declarant and shall not adversely affect the rights of other Unit Owners or the priority of mortgages on the Units.

2.4 Master Subdivision. The Condominium is part of a master subdivision known as Sunset Cove (the "Master Subdivision"), originally recorded in the records of Skagit County, Washington under Auditor's File No. 2000011290069-70, and is subject to the terms and conditions of certain covenants affecting all property and property owners within Sunset Cove (the "Master Covenants") and creating the Sunset Cove Development Homeowners Association (the "Master Association").

ARTICLE III

UNITS

3.1 Number and Location. The Declaration creates nine (9) detached, single family homes, each of which is a Unit in the Condominium, as depicted on the Survey Map and Plans. Exhibit A hereto contains a list of all Units, their identifying numbers, size, the Allocated Interests appurtenant to each Unit, and other information required by the Condominium Act.

3.2 Unit Boundaries. Unit boundaries are airspace corresponding to those planes in space described on the Survey Map and Plans. The upper and lower boundaries of each of the Units are at elevations such that each Unit will enclose all improvements for the subject home. The planes forming the side boundaries for each Unit are also intended to enclose all improvements for the subject home. A Unit does not include any of the Common Elements described in Section IV or shown on the Survey Map and Plans even if those Common Elements are partially located within the Unit, and the association shall have an easement over the Unit to access those Common Elements as reasonably necessary for the operation, maintenance, repair and replacement of those Common Elements.

3.3 Monuments as Boundaries. Exhibit A omits the as-built floor area for the home constructed within each Unit because the Units are airspace; instead, Exhibit A shows the area of each Unit measured by Declarant's surveyor at ground level to the airspace boundaries shown on the Survey Map and Plans. The Declarant may amend Exhibit A at any time upon Declarant's sole signature to correct the information disclosed therein.

3.4 Maintenance of Units.

3.4.1 General Responsibility of Owner. Each Unit Owner shall have, at his or her sole expense, the right and the duty to keep the interior and exterior of his or her Unit and its fixtures, equipment, and appurtenances in good order, condition and repair and shall do all preventative maintenance, repairs and/or replacements at such times as are necessary to maintain the good appearance and condition of such Unit. Each Owner shall also be responsible for the maintenance, repair or replacement of any individual heating, ventilating or air-conditioning equipment, wherever located, installed for the sole and exclusive use of the Unit, and of any hot tub or other device or equipment lying outside the boundaries of the Unit but installed for the sole and exclusive use of the Unit, and of any other fixtures, appliances, systems or equipment installed for the sole and exclusive use of the Unit. This Section shall not be construed as permitting any interference with the use and enjoyment of the Common Elements or of the other Units or any of them, nor shall it be construed to limit the powers or obligations of the Board hereunder.

3.5 Alterations of Units.

Subject to the provisions of this Declaration and other provisions of law, a Unit Owner:

- 3.5.1 May make improvements or alterations to the Owner's Unit that do not increase the square footage of the Unit, and which do not affect the structural integrity or mechanical or electrical systems of the Unit or the Common Elements, or lessen the support of any Unit in the Condominium; PROVIDED that such work be performed during normal business hours and that any necessary municipal permits be obtained prior to performing such work; the Board shall have the authority to promulgate further rules and regulations regarding such activities.
- 3.5.2 May not change the appearance of the Common Elements, make any material change to the exterior appearance of a Unit or alter structural components of a Unit without the advance written permission of the Board;
- 3.5.3 The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show any alterations to Units, their dimensions and identifying numbers.
- 3.5.4 The reasonable costs incurred in preparing and recording amendments to the Governing Documents shall be paid by the Owners of the altered Units to the Association prior to recordation of such amendments.

ARTICLE IV

COMMON ELEMENTS

4.1 Common Elements. Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Elements of the Condominium, which may also be referred to as "General Common Elements," consist of all portions of the Condominium other than the Units.

4.2 Partition, Conveyance, or Encumbrance.

4.2.1 Except as permitted by this Declaration or the Condominium Act, the Common Elements shall remain undivided and shall not be abandoned by act or omission, and no Unit Owner or other person may bring any action for partition or division of the Common Elements. Portions of the Common Elements that are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association, subject to RCW 64.34.348, if the Owners of Units to which at least eighty percent of the votes in the Association are allocated, along with that percentage of Eligible Mortgagees specified in Article XIV of this Declaration consent to this action; but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing of General Common Elements are an asset of the Association. Proceeds of the sale or financing of a Limited Common Element may be allocated between the

Association and the Unit(s) to which it was formerly appurtenant, in such reasonable proportion as the Association and Unit Owner(s) may agree.

4.2.2 An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as required for deeds, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Condominium is situated and is effective only upon recording.

4.2.3 Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section, is void. A conveyance or encumbrance of Common Elements pursuant to this Section shall not deprive any Unit of its rights of access and support, nor shall it affect the priority or validity of preexisting encumbrances.

4.3 Allocated Interests in the Common Elements. Each Unit in the Condominium has allocated to it an undivided interest in the Common Elements of the Condominium (the Unit's "Allocated Interest."). Each Unit's Allocated Interest in the Common Elements is expressed as a percentage and is stated with particularity on the attached Exhibit A.

4.4 Maintenance, Repair and Replacement.

4.4.1 General Responsibility of Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements, except as may be provided in Section 4.6 hereof.

4.4.2 Association Installs and Repairs Limited Common Elements. The Association is solely responsible for repairs to and replacements of the Limited Common Elements, except as provided in Section 5.2 hereof.

4.5 Schedules for Preventative Maintenance, Other Routine Maintenance and Reserves. The Board, with the assistance of the Association's Manager and/or other competent professionals, shall develop a schedule of routine preventative maintenance for all components of the Common Elements that require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to perform such inspections and preventative maintenance. The Board should periodically undertake an analysis of the adequacy of the Association's reserve fund described in Section 8.3.5 hereof; such analysis should reasonably attempt to (i) ascertain the probable remaining useful life of each significant component of the Common Elements that will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget that would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.

4.6 Right of Access. Each Unit Owner shall afford to the Association and the other Unit

Owners, and to their agents or employees, access to the Owner's Unit and Limited Common Elements appurtenant thereto as may be reasonably necessary for the purposes of maintenance, repair and replacement. If damage is inflicted on the Common Elements, or on any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible, shall be liable for the repair thereof, as provided in Section 8.5 hereof.

4.7 No Interference with Common Elements. No person shall obstruct any of the Common Elements nor shall any person place or cause or permit anything to be placed or stored on or in any of the Common Elements (except those areas designated for storage by the Governing Documents) without the approval of the Board. Nothing shall be damaged, altered, constructed in, stored in or removed from the Common Elements except with the prior written consent of the Board of Directors.

ARTICLE V

LIMITED COMMON ELEMENTS

5.1 Limited Common Elements. Limited Common Elements are those portions of the Common Elements allocated to and reserved for the exclusive use of one or more, but fewer than all of the Units. They consist of:

5.1.1 The driveway of each Unit from the point at which it connects to the common road.

5.1.2 Decks and patios that are within a Unit's boundaries, as shown on the Survey Map and Plans or which have been duly approved by the Board.

5.1.3 Those utility facilities which exclusively serve one home and which are located outside of a Unit's boundaries are a limited common element assigned to the benefitted Unit. For example, that portion of the sanitary sewer lines exclusively serving a Unit but extending beyond such Unit's boundaries is a limited common element for such Unit.

5.2 Maintenance.

5.2.1 General Responsibility of Unit Owners. Each Owner of a Unit to which any of the above-described Limited Common Elements are appurtenant shall be responsible for maintaining, repairing, replacing and performing necessary periodic maintenance for such Limited Common Elements. Except as provided in Section 5.2.2 below, each Unit Owner shall be responsible for painting, decorating, repairing, cleaning and caring for such Unit's Limited Common Elements in accordance with uniform architectural standards as may be established by the Board from time to time.

5.2.2 Financial Responsibilities as Between Owner and Association. The Board's approval of any Special Limited Common Element installed by the Owner of a Unit within the Common Elements shall include a determination as to whether the

Owner or the Association shall be responsible for Upkeep and Preventative Maintenance of such equipment or improvement. See additional matters appearing in Section 8.5 hereof.

5.3 Board Approval.

5.3.1 Owners may not modify, paint, decorate or otherwise alter their respective Limited Common elements without prior written approval of the Board.

5.3.2 Decisions with respect to the standard of appearance and condition of Limited Common Elements and the exterior of Units, and with respect to the necessity for, and the manner of their Upkeep shall be made by the Board.

5.3.3 Performance of such Upkeep shall be carried out by the Owners, unless a Board approval includes a decision that the Association shall perform such Upkeep.

5.4 Change in Character.

A Limited Common Element may be (a) created from and reallocated to one or more Units from the General Common Elements, or (b) incorporated into an existing Unit or Units, only on the following conditions. Owners of Units to which at least sixty-seven percent of the votes in the Association are allocated, including the Owner(s) of the Unit(s) to which the Limited Common Element will be assigned or incorporated, along with that percentage of Eligible Mortgagees specified in Article XIV of this Declaration, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a General Common Element or a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and Survey Map or Plans.

ARTICLE VI
SPECIAL DECLARANT RIGHTS

6.1. Reserved Rights. All of the real property currently included in the Condominium, as described in the Survey Map and Plans, is subject to development rights and special declarant rights reserved to Declarant in this Declaration, including Declarant's right to do the following:

6.1.1. Incorporate a portion of the common elements into a Unit; provided, however Declarant may not take away those Common Elements necessary for any Unit Owner to substantially enjoy the benefits of his or her Unit without first obtaining the approval of that Owner.

6.1.2. Convert Common Elements in to Limited Common Elements, such as parking spaces, fencing, retaining walls or rockeries; provided, however, Declarant may not, without first obtaining the approval of the Unit Owner, take away any Limited Common Element allocated to a Unit which is not owned by Declarant.

6.1.3. Subdivide or combine Units owned by Declarant or an affiliate of Declarant.

- 6.1.4. Convert all or a portion of a Unit into a Common Element.
- 6.1.5. Reallocate Limited Common Elements.
- 6.1.6. Complete, maintain, repair and replace any improvements for the condominium shown on the survey Map and Plans, construct additional improvements in connection with the sale of any Unit, and perform inspections and complete work in connection with any warranty obligation of Declarant. These rights shall not terminate until the later of the termination of the Special Declarant Rights or the end of any warranty obligation of Declarant.
- 6.1.7. Establish, maintain or conduct within any Unit owned by Declarant and on the Common Elements: any sales office, management office, model unit, interior and exterior signs, and such other facilities as Declarant desires, and sales events and other activities relating to the marketing of Units advertising in connection with the construction, sale or rental of the Units. This right shall terminate upon the earlier of the expiration of the Special Declarant Rights or the date Declarant has sold all Units owned by Declarant.
- 6.1.8. Exercise all development rights reserved to Declarant under this Declaration.
- 6.1.9. Receive from the Association notice of all meetings of the Board or Unit Owners and the right to attend those meetings until the expiration of any warranty obligation of Declarant for any Unit.
- 6.1.10. Receive from the Association minutes from all meetings of Owners or the Board in the same manner and at the same time as the Owners and Directors until the expiration of any warranty obligation of Declarant for any Unit.
- 6.1.11. Receive from the Association copies of all maintenance contracts and invoices and other documentation relating to work performed on the Units, Common Elements or Limited Common Elements promptly after the Board receives the same, until the expiration of any warranty obligation of Declarant for any Unit.
- 6.1.12. Inspect the books and records of the Association until the expiration of any warranty obligation of Declarant for any Unit.
- 6.2. Right to Use Common Elements. In addition to those reserved rights in Section 6.1, Declarant reserves the right to use the Common Elements for ingress, egress, use of facilities, construction of improvements, and installation and connection of utilities as may be necessary or desirable to permit Declarant to exercise the development rights reserved in this Declaration. Common Expenses shall include all expenses associated with the operation, maintenance, repair and replacement of those Common Elements which Unit Owners have the right to use notwithstanding that those Common Elements are subject to development rights.
- 6.3. Exercise and Termination of Development Rights. To exercise any Development Right

or Special Declarant Right (as that term is defined in the Act), Declarant shall prepare, execute and record an amendment to this Declaration and to the Survey Map and Plans if necessary to show the matters required by RCW 64.34.232. The Declaration amendment shall require only Declarant's signature. Except as otherwise provided in this Declaration, all Development rights and Special Declarant Rights shall expire two (2) years after the recording of this Declaration; provided, that Declarant may voluntarily terminate any and all such rights at any time by recording an amendment to this Declaration.

6.4. Transfer. The rights described in this article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee, and recorded in Skagit County. The rights and liabilities of the parties involved in such a transfer, and of all persons who succeed to any Development Right or Special Declarant Right are set out in RCW 64.34.316.

ARTICLE VII UNIT OWNERS ASSOCIATION

7.1. Name and Form of Association. The Unit Owners shall constitute an owners association known as "Doe Run Homeowners Association" (the "Association"). The Association shall be incorporated as a non-profit corporation under the laws of the State of Washington no later than the date the first Unit in the Condominium is conveyed. The rights and duties of the members of said corporation shall be governed by the provisions of the Condominium Act and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Condominium Act, the Condominium Act shall control.

7.2. Powers & Duties of Association. The business of the Association shall be to maintain, repair, replace and manage the Common Elements of the project, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents to preserve the long-term value of the Condominium for the benefit of the Unit Owners. The Association, through its Board of Directors shall exercise all powers necessary and proper for the governance and operation of the Association, and shall have all powers authorized under the Condominium Act or elsewhere in this Declaration, except that:

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

Association membership shall be appurtenant to the Unit giving rise to such membership, and any transfer of title to a Unit shall operate automatically to transfer the membership in the association appurtenant thereto. Association membership shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way to anyone other than the Owner of the

Unit to which it is appurtenant. Any such prohibited transfer shall be void

7.4. Voting

7.4.1. Voting Rights. The number of votes per unit is one.

7.4.2. Allocated Interests for Voting. Each Unit's Allocated Interest for voting is expressed as a percentage of the total voting power and is stated with particularity on the attached Exhibit A. No Allocated Interest shall be modified, separated or separately conveyed from the Unit to which it is appurtenant, except as provided in this Declaration.

7.5. Meetings, Notices and Quorums

7.5.1. Meetings. A meeting of the Association must be held at least once each year. Special meetings of the association may be called by the president, a majority of the Board, or by Unit Owners having two ninths of the votes of the Association. Not less than ten (10) and not more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget, and any proposal to remove a director or officer.

7.5.2. Quorum. Unless the Bylaws specify a larger percentage, a quorum is present throughout any meeting of the Association if the owners of Units representing one third of the votes of the Association are present in person or by proxy at the beginning of the meeting.

Unless the Bylaws specify a larger percentage, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast at least one half of the votes on the Board are present at the beginning of the meeting.

7.6. Bylaws of Association. Bylaws for the administration of the Association and for other purposes not inconsistent with the Condominium Act and this Declaration shall be adopted by the association upon concurrence of Unit Owners holding a simple majority of the total voting power. Amendments to the Bylaws may be adopted at any regular or special meeting. Declarant may adopt the initial Bylaws.

7.7. Master Association. The Condominium is part of a master subdivision known as the Plat at Sunset Cove Estates (the "Master Subdivision"), recorded in the records of Skagit County, Washington under Auditor's File No. 2000011290070, and is subject to the terms and conditions of certain covenants affecting all property and property owners within Sunset Cove Estates (the "Master Association Covenants"). This Condominium is included within the boundaries of the

Master Subdivision, so that its Units and Unit Owners are bound by the terms and covenants governing the Master Subdivision (the "Master Covenants"), and are subject to such dues and assessments as may apply to the Condominium pursuant to the Master Covenants.

ARTICLE VIII

MANAGEMENT OF CONDOMINIUM ASSOCIATION

8.1 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, the Articles of Incorporation and the Bylaws of the Association, which are incorporated herein by this reference.

8.2 Election and removal of Board and Officers.

8.2.1 The Unit Owners (including Declarant to the extent Units are owned by Declarant or any affiliate of Declarant) shall elect a Board of at least three (3) members, a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

8.2.2 The affairs of the Association shall initially be governed by a Board composed of at least one (1) but no more than five (5) members as determined by Declarant.

8.2.3 Not later than sixty (60) days after the conveyance of the first three (3) Units to an Owner other than Declarant, at least one (1) member of the Board shall be a member elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of a total of six (6) Units to an Owner other than Declarant, at least two (2) members of the Board shall be members elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of a total of seven (7) Units to an Owner other than Declarant, all members of the board shall be members elected by Unit Owners other than Declarant, and control of the Association shall be deemed to have been fully transferred to the Unit Owners.

8.2.4 Commencing with the first Association meeting at which the Unit Owners are to elect the entire Board (other than a meeting held when Declarant still owned all of the Units), and unless the Bylaws are amended at that meeting, the Board shall be composed of a minimum of three (3) and a maximum of five (5) members (not including a Board member designated by Declarant), a majority of whom must be Owners of Units in the Condominium; provided, the Declarant shall have the right, so long as any Special Declarant rights remain in effect or Declarant has any obligation or liability of any express or implied warranty, to serve as a full non-voting member of the Board.

8.3 Management by Board.

8.3.1 Except as otherwise provided in the Declaration, the Bylaws or the Condominium

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.

8.3.2 The Board shall not act on behalf of the association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners to terminate the Condominium pursuant to RCW 74.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board, but the Board may fill vacancies in its membership for the unexpired portion of any term.

8.3.3 In the discharge of its duties and the exercise of its powers as set forth herein, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that a Unit Owner may remove said lien by payment, discharge or satisfaction of its pro rata share. The Unit and the Allocated Interest in the common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied or discharged. Such partial payment, satisfaction or discharge shall not prevent the lien or from enforcing his right against any Unit and the Allocated Interest in the Common Elements appurtenant thereto that is not so paid, satisfied or discharged.

8.3.4 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 reasonable hours of weekdays or under other reasonable circumstances) for examination by Declarant and any Owner, Mortgagee, insurer and guarantor of any Mortgage on 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. As this Condominium consists of fewer than fifty Units, an annual audit of the financial statements of the Condominium is required by a Certified Public Accountant, but such audit may be waived annually by Owners (other than Declarant) of Units to which sixty percent (60%) or more of the votes are allocated.

8.3.5 The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other association, nor with the funds of any Manager of the Association or any other person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the Association.

8.4 Authority of the Board.

8.4.1 General Authority. The Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of the Governing Documents and shall have all powers and authority granted to the Board or the Association under the Condominium Act and this Declaration that are not expressly subject to the approval of Unit Owners.

8.4.2 Limitation of Authority. The Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement (other than for purposes of restoring, repairing or replacing portions of the common Elements) having a total cost in excess of Ten Thousand Dollars (\$10,000) without first obtaining the affirmative vote of sixty-seven percent (67%) of Owners at a meeting called for such purposes, or if no such meeting is held, then the written consent of sixty-seven percent (67%) of Owners.

In addition, the Board shall have no authority to institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Condominium without first obtaining the approval of Unit Owners holding at least sixty-seven percent (67%) of the votes in the Association cast at a special meeting held for that purpose (and not by proxy or consent in lieu of a meeting), except for litigation or other proceedings against Unit Owners for collection of delinquent assessments or for enforcement of this Declaration or rules and regulations of the Association. Unit Owner approval shall not be required for settlement of such litigation or administrative proceedings.

8.4.3 Common Expenses. The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Condominium. Included in the Common Expenses will be any proportionate share of annual dues and assessments imposed by the Master Association pursuant to the Master Covenants for, among other things, maintenance, repair, replacement, management and insurance of private roads and drainage systems, common landscaping and other features of the Master Subdivision.

8.4.4 Liens or Encumbrances. The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof that is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall constitute Limited Common Assessments against the Units responsible, to the extent of their responsibility.

8.4.5 Acquisition of Property. The Board may acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by

sale or otherwise. Such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct.

8.4.6 No Business Authority. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

8.5 Right of Entry - Allocation of Responsibility for Damage to Unit Upon Entry.

8.5.1 General Right of Entry - Notice Generally Required. The Board and its agents or employees may enter any Unit or Limited Common Elements appurtenant thereto when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, including Upkeep required to a Unit, any necessary inspections by the Association, or in the event of a *bona fide* emergency. Except in the case of an emergency, reasonable advance notice shall be given to the Unit Owner and, if applicable, to any lawful tenant or subtenant in the Unit. Such entry shall be made with as little inconvenience to the Owner and/or Occupant as practicable.

8.5.2 Allocation of Responsibility for Damage to Unit Upon Entry. Any damage caused by such entry shall be repaired by the Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner or lawful occupant of the Unit entered, or where the Unit Owner failed to provide to the Board an entry key that could have prevented the damage, in which case the cost shall constitute a Limited Common Assessment against the Unit entered) or for the purpose of maintenance, or repairs, to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the Unit entered or its Owners or lawful occupants, or requested by its Owners, the costs thereof shall constitute a Limited Common Assessment against such Unit.

8.6 Board as Attorney in Fact. Each Owner, by the act of becoming an Owner of a Unit, shall be deemed to have irrevocably appointed the Board of Directors as his or her attorney-in-fact, with full power of substitution, to take such actions as are reasonably necessary to perform the duties of the Association and Board hereunder, including, but not limited to, the duties to maintain, repair and improve the Property, to deal with the Unit upon damage or destruction, to grant licenses and easements, and to secure and distribute condemnation awards and/or insurance proceeds.

8.7 Board's Authority Exclusive - Owners May Not Direct Association Agents/Employees. The Board's authority with respect to the Common Elements is exclusive. No person shall attempt to engage or direct any employee, contractor or agent of the Association or its Manager on any private business of such person, or to otherwise direct, supervise or in any manner attempt to assert control over such person during the hours that such person is working on behalf of the

Association.

ARTICLE IX

PERMITTED USES; ARCHITECTURAL UNIFORMITY

9.1 Permitted Uses

9.1.1 Use of Residential Units. The Units shall be used for residential purposes and for common social, recreational or other reasonable uses normally incident to such purposes. Portions of a Unit may also be used for a professional office or other low impact commercial use, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority, and so long as such use does not generate any appreciable levels of client or customer traffic, bulk shipping or receiving, or noise or other disturbance to other lawful Occupants of the Condominium.

9.1.2 Commercial Uses Prohibited. Other than any commercial uses authorized in Section 9.1.1 hereof, there shall be no commercial uses permitted on the property.

9.1.3 Vehicle Parking and Operation. Driveways and open parking spaces are restricted to use for temporary parking of operable, properly licensed automobiles, motor cycles, light trucks and family vans; no overnight parking is allowed. Vehicles shall be operated in a responsible manner while on Condominium Property. Vehicle repairs other than ordinary light maintenance are not permitted on the Property. The Board may require removal of any inoperative or unregistered vehicle, and any other equipment or item improperly stored in or on a Limited Common Element. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by Rules and Regulations adopted by the Association. The Board shall have the power to regulate other aspects of vehicle use, including speed, within the Common Elements of the Condominium. The Board may promulgate further rules and regulations relating to parking, vehicle use and storage.

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

9.1.5 Signs. Except as otherwise provided herein, no sign of any kind shall be displayed to the public view on or from any Unit or Common Elements, without the prior consent of the Board; provided that this Section shall not be deemed to prohibit the Owner of a Unit from displaying a sign in an approved location for a

period of time in which the Owner's Unit is for sale or rent. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the Condominium community while giving due regard to traditional democratic rights of free speech, religion and expression of occupants of the Condominium. The Board's judgment in such matters, adopted in good faith, shall be conclusive except as to matters governed by local, state or federal law.

- 9.1.6 Animals. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved domestic animals that do not normally leave the Unit or its adjacent Limited Common Elements is permitted, subject to Rules and Regulations adopted by the Board of Directors. The owner of any animal maintained within the Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for such animal to remain anywhere within the Common Elements, but shall properly dispose of all such waste material in a safe and sanitary fashion. Any person who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, and each Unit Owner free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium. All animals shall be registered and inoculated as required by law. The Board of Directors may establish reasonable fees not to exceed the additional costs incurred by the Association resulting from the presence of such animals. The Board may at any time require the removal of any animal that it finds is or has become an unreasonable source of annoyance, and may exercise this authority for specific animals even though other animals are permitted to remain.
- 9.1.7 Noise. No person shall cause any unreasonably loud noise anywhere in the Condominium. The Board may by resolution establish "Quiet Hours", i.e., times of day or night during which only minimal noise shall be permitted to emanate from any Unit.
- 9.1.8 Offensive or Illegal Activity. No noxious, offensive, smelly or illegal activity shall be carried on in any Unit or the Common Elements, nor shall anything be done therein that is or may become a nuisance or an unreasonable source of annoyance to other Owners or other lawful occupants of the Property.
- 9.1.9 Decks, Patios and Private Garden Areas. To preserve an uncluttered and uniform architectural appearance to the buildings, and to protect the health and safety of occupants of the Condominium, the use and appearance of decks and patios shall be regulated by the Association so as to prevent unsightly, unsafe or unsanitary accumulations of materials that are visible from other Units, the Common Elements or from outside the project, or that pose an unreasonable risk of harm to

persons or property. Each such deck or patio shall be maintained by the Owner of the Unit to which it is allocated in a neat and tidy manner, consistent with such rules and regulations as the Board of Directors may promulgate with respect thereto. In the event that private garden areas are created as Limited Common Elements allocated to any of the Units in this Condominium, or shall become permitted to exist among the General Common Elements by resolution of the Board of Directors, each such area shall be maintained by the Owner of the Unit to which it is allocated in a neat and tidy manner, consistent with such reasonable rules and regulations as the Board of Directors may promulgate with respect thereto.

9.1.10 Effect on Insurance. Nothing shall be done or maintained in any Unit or in the Common Elements that will increase the rate of insurance on the Common Elements or the other Units without the prior written consent of the Board. No Owner or occupant shall permit anything to be done or maintained in his or her Unit or in the Common Elements that will result in the cancellation of any policy of insurance maintained by the Association.

9.1.11 Assignment or Subletting. An Owner or tenant may not exempt himself or herself from any liability under the Governing Documents by assigning or subleasing the occupancy rights to his or her Unit.

9.1.12 Timesharing. Timesharing, as defined in the timeshare act at RCW 64.36.010(11), is not permitted in this Condominium, and no Unit in the Condominium may be conveyed or held pursuant to any timeshare plan.

9.1.13 Lease Agreements. Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents, and any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. All leases shall be in writing and (a) for an initial term of not less than one (1) year, (b) for not less than the entire Unit, and (c) subleasing shall be prohibited. The Association shall be entitled to receive a copy of any lease from the Owner and/or the tenant. Any tenant shall be deemed to have assumed all the responsibilities of an Owner under the Declaration.

If a Unit is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due to the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner or purchaser and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power

where a receiver has been appointed with respect to the Unit or its Owner; nor in derogation of any right which a Mortgagee of such Unit may have with respect to such rents.

9.2 Limitation on Number of Units That May Be Leased By Their Owners.

9.2.1 Number Of Units That May be Leased By Owners. Subject to the conditions and exceptions appearing below, the total number of Units in the Condominium that may be leased to third parties at any one time shall be two; such Units shall be known herein as "Rental Units".

9.2.2 Circumstances Justifying Temporary Increase in Number of Rental Units. To avoid undue hardship on an Owner who has occupied his/her Unit for at least one year who experiences a need to move temporarily from his or her Unit for health-related reasons for a period not exceeding two (2) years in duration, or for military service or an extended vacation or an employment-related relocation for a period not exceeding two (2) years in duration, or for other reasons that in the opinion of the Board would pose serious economic or personal hardship to the Owner, such Owner may lease the Unit to a tenant following the written approval of the Board of Directors, which approval shall not be unreasonably withheld. Upon good cause shown in writing by such an Owner, such a lease may be extended or renewed for an additional period of up to one year, provided that such Owner first demonstrates to the reasonable satisfaction of the Board that the Owner truly intends to resume use of the Unit as a personal residence following the conclusion of the lease term as extended. PROVIDED, however, that no such leasing shall be permitted if at the time of an Occupant Owner's request for same, the total number of Units occupied by tenants (including the Unit subject to such request) shall exceed four (4). The Board may, by resolution, establish a lottery or other system to accommodate requests by Owners desiring to change their Units to Rental Units when the maximum number of Rental Units permitted under Section 9.2.1 hereof has been attained.

9.2.3 Rental Incident to *Bona Fide* Sale of Unit. A Unit may be rented by its Owner in conjunction with a *bona fide* sale of such Unit for a period of not more than three months. The foregoing includes rental to a purchaser of the Unit prior to closing, and a "lease-back" of the Unit following closing.

9.2.4 Exemption for Lenders, Family Members and the Association. The restrictions of this Section 9.2 shall not apply to the Association following a foreclosure of its lien for assessments, or to an institutional lender in possession of a Unit following a default under a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure. Units leased by their Owners to immediate family members (parents, children or siblings) shall not be considered Rental Units; in such cases, it shall be the responsibility of the Owner to notify the Board of the commencement and termination of the family tenancy, and this exemption

shall cease when occupancy of the Unit by a family member ceases. A Unit that is owned by a family trust, family limited partnership, or similar entity for estate planning or similar purposes shall be considered exempt as a family tenancy for so long as the family member establishing the entity, or an immediate family member of such person, continues to occupy the Unit.

9.2.5 Selling Owner Responsible for Compliance with Rental Restrictions. Each Owner shall be responsible for advising any purchaser of the Unit of the existence of these restrictions on rental units, and may be held liable to the Association for any damages, costs and/or expenses incurred by the Association as a result of such failure.

9.2.6 Justification and Enforcement. The restrictions in this Section 9.2 are necessary to maintain the primarily owner-occupied status of the Condominium, so as to enhance the market value of the Units therein, to preserve the ability of Owners to obtain favorable, owner-occupied mortgage financing for their Units, to permit the Association to obtain favorable insurance premium rates, and to maintain the sense of community that can suffer when a disproportionate percentage of Units become occupied by tenants. No Owner shall enter into or permit any lease, sublease or rental agreement, the effect of which would result in noncompliance with this Section. The Board may resort to any and all remedies contained in the Condominium Declaration, Bylaws and/or Rules and Regulations, in addition to unlawful detainer proceedings, as may be necessary to fully implement the terms hereof.

9.3 Architectural Consistency. In order to preserve the character of the Condominium and a uniform exterior appearance to the buildings and other Common Elements visible to the public, the Board may prohibit or regulate any modification or decoration of the exterior of any Unit or of any Common Elements proposed by any Owner. In the case of reconstruction pursuant to Section 11.8, the Board shall have the right to approve the architectural plans and specifications, which approval shall not be unreasonably withheld. This power of the Board extends to decks, patios, screens, doors, awnings, rails or other visible portions of each Unit and any Limited Common Elements appurtenant thereto.

ARTICLE X

COMMON EXPENSES AND ASSESSMENTS

10.1 Budget for Common Expenses. Not less than forty-five (45) days prior to the annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Board of Directors or the Association's accountant, the Board shall prepare an Annual Budget that shall estimate the Common Expenses to be paid during such year. The Budget shall make provision for creating, funding and maintaining reserves required by Section 10.4 hereof, and shall take into account any expected income and any surplus available from the prior year's operating fund. If deemed necessary by the Board of Directors, any annual budget may be revised prior to the end of its budget year, subject to the provisions of

Sections 10.4 and 10.8 hereof.

10.2 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making Assessments; provided, that in all events Assessments shall commence on a date within sixty (60) days of the date on which seventy-five percent (75%) of the Units 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 completed Units.

10.3 Meeting of Association to Ratify Budget.

10.3.1 General Notice and Ratification Requirements. Within thirty (30) days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (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 of Directors.

10.3.2 Delinquent Assessment Deposit

(a) A Unit Owner may be required by the Board or by the Manager, from time to time, to make, and maintain a deposit of not less than one (1) month nor in excess of three (3) month's estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent Assessments.

(b) Deposit funds may be used at any time when such Owner is ten (10) days or more delinquent in paying his monthly or other Assessments and charges. Said deposits shall not be considered as payments or advance payments of regular Assessments. In the event the Board should draw upon said deposit as a result of a Unit Owner's delinquency in payment of any Assessments, said Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by the Declaration and by law.

(c) Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained

with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, and the Unit Purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the Purchaser appropriate compensation therefore.

10.3.3 Working Capital. The first purchaser of any Unit shall pay to the Association, in addition to other amounts due, an amount equal to two (2) months of monthly Assessments as a contribution to the Association's working capital. Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction of the Condominium, to pay Declarant's contributions to association reserves or to make up any deficits in the budget of the Association. Upon the election of the first Board by Unit Owners other than Declarant, Declarant shall pay to the association as a working capital contribution an amount equal to two (2) months of monthly Assessments for each Unit then owned by Declarant. When a Unit owned by Declarant is sold, Declarant may apply funds collected at closing from the purchaser to reimburse itself for funds paid to the Association for such contribution with respect to that Unit.

10.3.4 Special Notice Requirements Related to Reserve Study and Reserve Accounts.

As part of the summary of the budget provided to all Unit Owners pursuant to Section 10.1 hereof, the Board of Directors shall disclose to the Owners, pursuant to the Condominium Act:

- (a) The current amount of regular assessments budgeted for contribution to the reserve account, the recommended contribution rate from the reserve study, and the funding plan upon which the recommended contribution rate is based;
- (b) If additional regular or special assessments are scheduled to be imposed, the date the assessments are due, the amount of the assessments per each unit per month or year, and the purpose of the assessments;
- (c) Based upon the most recent reserve study and other information, whether currently projected reserve account balances will be sufficient at the end of each year to meet the Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years;
- (d) If reserve account balances are not projected to be sufficient, what additional assessments may be necessary to ensure that sufficient reserve account funds will be available each year during the next thirty years, the approximate dates assessments may be due, and the amount of the assessments per unit per month or year;
- (e) The estimated amount recommended in the reserve account at the end of the

current fiscal year based on the most recent reserve study, the projected reserve account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest reserve study;

(f) The estimated amount recommended in the reserve account based upon the most recent reserve study at the end of each of the next five (5) budget years, the projected reserve account cash balance in each of those years, and the projected percent funded for each of those years; and

(g) If the funding plan approved by the Association is implemented, the projected reserve account cash balance in each of the next five budget years and the percent funded for each of those years.

10.4 Reserves for Major Repairs, Replacements, & Insurance Deductibles.

10.4.1 Establishment of Reserves. The Board of Directors shall establish and maintain reasonable reserves for major repairs and replacements, in accordance with Section 4.5 hereof. Reserves shall also be established for the deductible under insurance policies obtained pursuant to Article XI hereof, exclusive of earthquake and/or related coverages. The Annual Budget of the Association shall always contain provisions for collection of such reserves in an amount equal to at least ten percent (10%) of all budgeted income. The Association shall allocate and deposit monthly to such reserves one-twelfth ($\frac{1}{12}$) of the total amount budgeted for such reserves in the current fiscal year. The Board may also establish and maintain reserve funds for operations, capital improvements and for such other purposes as may appear advisable. All reserves shall be identified and segregated on the books of the Association. The portions of the Units' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Unit Owners. Such reserves may be expended only for the purposes for which they were established unless the Unit Owners, at a duly-constituted meeting of the Association, otherwise decide, or if the procedure described in Section 10.3 is followed. The Budget may include reserves for any Special Limited Common Elements, assessable against only the Unit(s) benefitted thereby.

10.4.2 Establishment for Major Repairs, Replacements & Insurance Deductibles. So long as the Association is composed of ten or fewer Unit Owners, it may elect, upon the approval of sixty-seven percent (67%) of the votes in the Association, to claim exemption from the reserve study requirements contained in RCW 64.34.380-390. Prior to the date which is three (3) years after the recording of this Declaration, the Association shall vote on this matter. If the Association elects to exempt itself from the reserve study requirements, then it shall confirm this election by a vote of sixty-seven percent (67%) of the votes in the Association every three (3) years thereafter.

Additionally, if the Board of Directors reasonably determines that the current total cost of major maintenance, repair, and replacement of the reserve components is less than fifty percent of the gross budget of the Association, excluding funds on deposit in the reserve account, the Association is not required to follow the requirements of RCW 64.34.380-390.

10.4.3 Notwithstanding the foregoing, a disclosure that the Association does not have a reserve study must be included in a unit's resale certificate as required under RCW 64.34.425

10.4.4 Limitations on Withdrawals From Reserve Account. The Association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be provided to the mailing address of each unit or to any other mailing address designated in writing by the Unit Owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four (24) months would impose an unreasonable burden on the Unit Owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this Section.

10.5 Assessments for Common Expenses.

10.5.1 Liability of Units. Except as provided in Section 10.7 below, the total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Units in proportion to their respective Allocated Interests for Common Expense liability are described in Section 10.7 hereof. Each Unit Owner shall be obligated to pay the Unit's share of Common Expenses and special charges made pursuant to this Article to the treasurer for the Association, and no Owner shall be exempt from payment of Assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the Owner's Unit.

10.5.2 Payable in Installments. Unless otherwise determined by the Board of Directors, with the written approval of all Eligible Mortgagees, the annual Assessment against each Unit for its proportionate share of the Common Expenses shall be payable in twelve (12) equal, monthly installments, and each installment shall be payable in advance by the first day of the month.

10.6 Assessments to Pay Judgment Against Association. Assessments to pay a 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 Interests

for Common Expense Liability at the time the judgment was entered.

10.7 Allocated Interests for Common Expense Liability; Procedure on Reallocation.

10.7.1 Allocated Interests for Common Expense Liability. Each Unit in the Condominium has allocated to it a liability for payment of the Common Expenses of the Association that is known as the Unit's Allocated Interest for Common Expense Liability. The allocation of liability was made by the Declarant generally on the basis of the size of each Unit relative to all other Units in the Condominium. Each Unit's Allocated Interest for Common Expense Liability is expressed as a percentage and is stated with particularity on the attached Exhibit A. A Unit's liability for Common Expense Assessments under such Allocated Interests may be subject to adjustment under the provisions of Section 10.8 hereof.

10.7.2 Reallocation. If Common Expense liabilities are reallocated, Common Expense Assessments or any installment thereof not yet due under the prevailing budget shall be recalculated by the Board in accordance with the reallocated Common Expense liabilities, and each Unit shall thereafter be liable for the revised Assessments due upon such recalculation.

10.8 Special Assessments. The Board of Directors 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 of Directors shall give notice to the Unit Owners of any such Special Assessment by a statement in writing giving the amount and reasons therefor, 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 in the manner described in Section 7.5 hereof. Such Special Assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly Assessment payment that is due more than thirty days after the delivery 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 for Common Expense Liability.

10.9 Limited Common Assessments.

10.9.1 To the extent that any Common Expense is caused by the negligence or misconduct of any Unit Owner, the Association may, subject to the provisions of the Bylaws, levy a Limited Common Assessment for that expense against the Owner's Unit.

10.9.2 If one or more Units or the Common Elements are not separately metered, the utility service shall be paid as a Common Expense, and the Board may either allocate, by reasonable formula, a portion of such expense to each such Unit as a Limited Common Expense, or reimburse any Unit Owner who pays, in whole or in part for utilities serving the Common Elements or other Units, as appropriate.

10.9.3 Any Common Expense associated with the operation, maintenance, repair, or replacement of a Special Limited Common Element shall constitute a Limited Common Assessment against the Unit(s) to which that Limited Common Element is assigned; such Assessments shall be shared equally among any Units sharing such facilities. In addition and without limitation, the liability of a Unit Owner to pay any charges collectible by the Association for use of Reserved Common Elements or other facilities, such as storage areas, recreation facilities or the like, along with any insurance deductibles or fines imposed by the Association, the costs and attorney's fees described in RCW 64.34.364(14) or that may be imposed pursuant to the Bylaws, and interest on any delinquent account shall be deemed Limited Common Assessments that, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

10.9.4 If the Association elects to obtain "all inclusive" insurance coverage under the master policy of insurance described in Article XI hereof, and if at such time there exists a gross disparity in insurable value among the Units in the Condominium because valuable improvements and betterments have been installed in fewer than all of the Units, premium costs for such insurance shall be separately assessed in proportion to risk, to make the overall assessment scheme more equitable. A gross disparity exists if the improvements and betterments within any Unit exceed the insurable value of other similar Unit(s) by more than twenty-five percent (25%), as determined by the Association's insurance agent.

10.10 Accounts, Comingling Prohibited. All funds of the Association shall be maintained in accounts in the name of the Association and shall not be commingled with funds of any other association, nor with the funds of any Managing Agent or any other person responsible for the custody of such funds. Any reserve funds shall be kept in one or more insured, segregated accounts, and withdrawals from any such account shall require the signatures of at least two (2) persons who are officers or Directors of the Association. Accounts in the name of the Association over which a Managing Agent has any control must be maintained in a financial institution located in the State of Washington.

10.11 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves shall either be paid to the Unit Owners who paid such funds and reserves, in proportion to their Allocated Interest for Common Expense Liability, or credited to them to reduce their future Common Expense Assessments, at the discretion of the Board.

10.12 Liability of Unit Owners for Association Obligations. The liability of any Unit Owner arising out of any contract made by the Board of Directors, or tort of the Association not fully covered by insurance, or arising out of the indemnification of the Board of Directors, shall be limited to that proportion of the total liability thereunder as the Allocated Interest of his or her Unit bears to the aggregate Allocated Interests of all Units.

10.13 Owners Personally liable for Common Expenses. 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. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. No Unit Owner may exempt himself or herself from liability with respect to any portion of the Common Expenses for any reason, including without limitation a waiver of the enjoyment of the right to use any of the Common Elements or by leasing, rental or abandonment of his or her Unit or otherwise. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay (with or without notice) a monthly Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Unit Owner.

10.14 Liability Following Conveyance of Unit. A selling Unit Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid Assessments against the Unit up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore. Except as provided herein, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided above.

10.15 Statement of Unpaid Assessments. The Association, upon written request, shall furnish to a Unit Owner or 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 days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

10.16 Lien for Assessments.

10.16.1 Pursuant to RCW 64.34.364, the Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for each installment thereof as and when it becomes due. The lien arising under this Section shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure.

10.16.2 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.

10.17 Perfection of Lien. Recording of this Amended Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for delinquent Assessments in the real property records of any county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in Section 10.18.3 hereof.

10.18 Priority of Lien.

10.18.1 A lien under this Section shall be prior to all other liens and encumbrances on a Unit except: (a) Liens and encumbrances recorded before the recording of this Amended Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Unit.

10.18.2 Except as provided in Section 10.18.3 hereof, the lien shall also be prior to the mortgages described in Section 10.18.1 hereof, to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the annual Budget adopted by the Association that would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of a trustee' sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract.

10.18.3 The priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee, or by a first mortgagee that has given the Association a written request for a notice of delinquent Assessments, shall be reduced by up to three months if and to the extent its foreclosure includes delinquencies that relate to a period after such holder becomes an Eligible Mortgagee or has given such notice and before the Association gives the holder a written notice of the delinquency. This Subsection does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association. A lien under this section is not subject to the provisions of chapter 6.13 RCW relating to Homesteads.

10.19 Enforcement of Lien.

10.19.1 The lien arising under this Section may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW, or

nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.19.2 If the Association forecloses its lien nonjudicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under Section 10.18.1 hereof.

10.19.3 The prevailing party in any action to under this Section shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

10.20 Limitation of Enforcement. A lien for unpaid Assessments and the personal liability for payment thereof is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the amount of the Assessments sought to be recovered becomes due.

10.21 Rent Payable to Lien for Assessment and Other Remedies.

10.21.1 Rent Payable to Association Upon Default of Owner. If a Unit is rented or leased by its Owner, and if the Owner becomes delinquent in the payment of assessments for more than ninety (90) days, the Association may collect the delinquent amount from the tenant, who shall pay over to the Association so much of the rent for such Unit as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a notice jointly to the Owner and the tenant by First Class U.S. Mail, advising both parties [a] of the Owner's delinquency in assessments [b] of the tenant's obligations under this Subsection of the Declaration, and [c] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Unit Owner and the Unit Owner's obligation to pay assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided immediately below in Section 10.21.2.

10.21.2 Association Entitles to Appointment of Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a

receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

- 10.22 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them concurrently, along with any other remedies that may be available under the law although not expressed herein.

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

- 11.1 Authority, General Provisions, Name of Insured.

11.1.1 General Provisions. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall obtain and maintain, to the extent reasonably available, (a) property insurance, (b) general liability insurance covering the Common Elements under such terms and for such amounts as shall be deemed necessary or desirable by the Board of Directors, (c) Workmen's compensation insurance to the extent required by applicable laws, (d) directors and officers fidelity insurance, and (e) such other insurance (including, but not limited to, earthquake insurance or directors' and officers' insurance) as the Board deems advisable. The Board shall review at least annually the adequacy of the association's insurance coverage.

11.1.2 Minimum Provisions. Levels of coverage shall be determined annually by the Board with assistance from the agent of the insurance company affording such coverage. Unless not reasonably available, such coverage shall follow the terms, conditions and amounts required by Section 11.2 hereof. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such property, casualty, fidelity, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee or Owner of a Unit within the projects, except to the extent such coverage is not

available or has been waived in writing by such agency.

11.1.3 Required Provisions.

Insurance policies carried pursuant to this Article shall:

- (a) Provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;
- (b) 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;
- (c) Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the uninsured;
- (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 thereunder shall not be affected by, and the insurer shall not claim any right of set-off, counter-claims, apportionment proration, contribution or assessment by reason of any other insurance obtained by or for any Unit Owner or any Mortgagee;
- (e) Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law;
- (f) Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and
- (g) Provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least 30 days' prior written notice (10 days for cancellation for nonpayment of premiums) to any and all insureds named therein, including Unit Owners, and Eligible Mortgagees.

- (h) Contain, if available and the Board elects, an agreed amount of inflation guard endorsement.

11.1.4 Name of Insured - Limitations. The name of the insured under each required policy shall be stated as follows: "Doe Run Homeowners Association." Having the Association named as an "additional insured" or "additional named insured" in a pooled insurance agreement does not satisfy this requirement.

11.2 Coverage.

11.2.1 The Common Elements of the Condominium shall be insured under one or more policies of insurance providing coverage against casualty or physical damage in an amount equal to the maximum insurable replacement value thereof, subject to a deductible and also subject to any Agreed Amount Endorsements or similar insuring feature. Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage.

11.3 Deductible.

11.3.1 General Provisions. Except as otherwise provided herein, the deductible under any policy of insurance purchased by the Board of Directors shall be paid by the Association as a Common Expense. Funds to cover the amount of the deductible under the Association's master policy shall be included in the Association's reserve accounts. The deductible should be established at a level that is sufficiently high to eliminate minor "nuisance" claims that could cause cancellation of the Association's master policy, but not so high that Unit Owners will have difficulty obtaining their own owner's insurance coverage to cover their potential liability under Section 11.3.2 below.

11.3.2 Owner Responsible for Uninsured Amounts. In the event of loss or damage to a Unit that would be covered by the Association's property insurance policy (excluding policies for earthquake, flood or similar losses that have higher than standard deductibles) but that is within the deductible under that policy, the Owner of the Unit shall be held responsible on a no-fault basis and assessed for the amount of the loss up to the amount of the deductible. In cases where loss or damage affects more than one Unit, or a Unit and the Common Elements, responsibility for the uninsured amount shall be pro-rated among the affected parties, including the Association, in proportion to the quantum of damage suffered by each. See Sections 10.9.3 and 10.5 for further details. Nothing in this Subsection shall be deemed to prevent a Unit Owner from asserting a claim against another person for the amount assessed if that other person would be liable for the damages under general legal principles. Notwithstanding the above, if the Association is required to pay any other uninsured amount because of the misconduct of an Owner or that Owner's tenant, or the family, servants, employees, agents, visitors, or licensees of that Owner, then as provided in

Section 10.9 hereof and RCW 64.34.360(5), the uninsured amount may constitute a Limited Common Assessment against the Unit responsible for such amount, following notice and opportunity to be heard as may be provided in the Bylaws.

11.4 Notice of Insurance Coverage or Termination Thereof.

11.4.1 The Board of Directors shall promptly furnish to each Unit Owner and each Eligible Mortgagee written notice of the procurement, subsequent changes, or termination of each insurance policy obtained on behalf of the Association.

11.4.2 An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a mortgage.

11.5 Individual Owners' Policies.

11.5.1 Each Unit Owner should obtain, at such owner's expense, an insurance policy to insure against loss or damage to such Owner's Unit not covered by the Association's master policy, including the foundation, exterior walls and roof, systems, fixtures and all personal property used in or incidental to the occupancy of the Unit, additional living expense, loss of rent, vandalism or malicious mischief, theft, personal liability, loss assessment coverage or coverage to help the Owner pay a special assessment due to casualty losses that exceed the amount of coverage under the master policy, any loss arising from the application of Section 11.3.2 hereof, and the like. The Association is under no obligation to acquire such insurance for the benefit of any of the Unit Owners.

11.5.2 In the event that any Unit Owner obtains permission from the Board of Directors to construct or maintain any Special Limited Common Element or other improvements within the Common Elements for the exclusive use of such Owner, the Board may require that such Owner acquire property and liability insurance with respect to such improvements, in such form and amount as may be required by the Board from time to time, that shall name the Association as an additional insured, and such Owner shall then be solely responsible for all costs of insurance, maintenance, replacement and repair of such improvements.

11.5.3 The Board of Directors is not obligated to monitor the existence or nonexistence of any insurance required under this Section; such responsibility, and the risks to the Owner of a failure to have proper insurance, are to be borne solely by the Unit Owner. A failure by the Owner to maintain insurance, which failure results in any economic loss or other harm or damage to the Association shall constitute misconduct on the Owner's part.

11.6 Unavailability, Cancellation or Nonrenewal. If the insurance described in Section 11.1 hereof is not reasonably available, or is modified, canceled or not renewed, the Association

promptly shall cause notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

11.7 Adjustment and Payment of Loss Proceeds. All policies shall provide that adjustment of loss shall be made by the Board of Directors, and that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee, to be held in trust for Unit Owners and all lienholders as their interests may appear. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Unit Owners and Mortgagees entitled thereto, after first paying or making provisions for the payment of the expenses of the Insurance Trustee, in the following manner:

- (a) Proceeds are to be paid first to repair or restore damage or destruction. After completely defraying the cost of the repair or restoration, any surplus proceeds shall be payable jointly to the Unit Owners and Mortgagees, if any, entitled thereto.
- (b) If, pursuant to the provisions of Section 10.8 hereof, not all of the damaged or destroyed portions of the Condominium are to be repaired or replaced, insurance proceeds shall be payable as provided in that Section.

11.8 Reconstruction Following Casualty Loss.

11.8.1 Duty to Reconstruct. Any portion of the condominium for which insurance is required under Section 11.1.1 and for which the Board of Directors has the responsibility of maintenance and repair that is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element that will not be rebuilt, and failure to rebuild does not violate any law or the Master Covenants, along with any Mortgagees whose approval must be sought under applicable provisions of the Declaration, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves will be a Common Expense.

11.8.2 Decision Not to Reconstruct. If all of the damaged or destroyed portions of the condominium are not repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition commensurate with its condition prior to the loss and compatible with the remainder of the Condominium, (ii) the insurance proceeds attributable to Units and Limited Common Elements that are not allocated, or to lien-holders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lien-holders, as their interest may appear, in proportion to the common Element interests of all the Units. If the Unit Owners

vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under RCW 64.34.060(1), and the association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Subsection, RCW 64.34.268 governs the distribution of insurance proceeds if the Condominium is terminated.

11.8.3 Matter of Reconstruction. If destroyed or damaged property is to be reconstructed or repaired, the architectural plans and specifications for such reconstruction or repair shall be subject to review under Section 8.3 of the Declaration. Any reconstruction or repair shall be done in accordance with then prevailing building code requirements and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

11.8.4 Payment of and Procedure for Reconstruction. The proceeds of insurance collected on account of casualty, and funds received by the Board of Directors from collections of Assessments against Unit Owners on account of such casualty, shall constitute a construction fund that shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(a) If the damage exists to a Unit or parts of a Unit or its Limited Common Elements, then the Owner shall be responsible for reconstruction and repair after casualty and shall be entitled to apply for and use any applicable insurance proceeds; the deductible under the Master Policy shall be apportioned under Section 10.3.2 of the Declaration. In instances of damage to the Common Elements, the responsibility of restoration and repair after casualty shall be that of the Board of Directors.

(b) If the amount of the estimated costs of restoration and repair of the Common Elements is \$250,000 or less, (as estimated by the Board of Directors) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in Subpart (c) hereof;

(c) If the estimated costs of restoration and repair of the Common Elements is more than \$250,000, then costs and expenses so incurred from the construction fund shall be disbursed from time to time as the work progresses upon approval by an engineer or architect (hereinafter referred to as the "Reconstruction Supervisor") licensed to practice in the State of Washington and employed by the Board of Directors to supervise such work. The Reconstruction Supervisor shall be required to furnish a certificate giving a brief description of the services rendered

and materials furnished by various contractors, subcontractors, materialmen, the Reconstruction Supervisor, or other persons who have rendered services or furnished materials in connection with the work, and stating that: (a) the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to the Reconstruction Supervisor for the services and materials described; and (c) the cost as estimated by the Reconstruction Supervisor for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

11.9 Assessments if Insurance is Inadequate. Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires or as may be required. If the proceeds of insurance, coupled with any available reserve funds and/or any payments from Owners under Section 10.3.2 hereof, are not sufficient to defray such estimated costs, the Board shall present to the Owners a Budget containing a Special Assessment to be made against all the Units as provided in Section 10.8 hereof, in sufficient amounts to provide funds to pay the shortfall. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, the Board shall present a further Budget to the Owners containing a Special Assessment, in sufficient amounts to provide funds for the payment of such costs.

11.10 Notice to Mortgagees. The Board of Directors shall give written notice to: (a) an Eligible Mortgagee of the Unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all Eligible Mortgagees whenever damage to the Common Elements exceeds \$10,000.

11.11 Miscellaneous. The provisions of this Article XI shall constitute the procedure by which a determination is made by the Unit Owners to repair, restore, reconstruct or rebuild the Condominium following casualty thereto. The purpose of this Article XI 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 XI shall be liberally construed to accomplish such purpose.

ARTICLE XII

CONDEMNATION

12.1 Condemnation Affecting Whole Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit that may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Unit Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, all that Unit's Allocated Interests are automatically reallocated to the

remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Subsection is thereafter a Common Element.

12.2 Condemnation of Part of Unit. Except as provided in Section 12.1 hereof, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) that Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

12.3 Condemnation of Common Elements. If part of the Common Elements are acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective Allocated Interests in the Common Elements unless the Association at a special meeting called for such purpose, decides otherwise.

12.4 Association Necessary Party to Proceeding. The Association, through its Board of Directors, shall be a necessary party to any condemnation proceedings and shall, to the extent feasible, act as a fiduciary on behalf of and in the best interests of any and all Unit Owners affected by such proceedings. Should the Association not act on the Owners' behalf in a condemnation proceeding, the affected Owners may individually or jointly act on their own behalf.

12.5 Complete Taking. In the event of a complete taking of the Condominium, or in the event that the taking by the condemning authority is so substantial as to render the remainder of the Condominium unsuitable or undesirable for use by the remaining Unit Owners, then the Condominium shall (in the case of complete taking) or may (as to a partial taking) be terminated in accordance with the terms and conditions of RCW 64.34.268, and Article XVIII hereof.

12.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI hereof, provided that the Board may retain and apply such portion of each Owner's share of the Condemnation Award as is necessary to discharge said Owner's liability for any special Assessment arising from the operation of said Article XI.

12.7 Notice to Mortgagees. The Board of Directors shall promptly give written notice to all Eligible Mortgagees of the pendency of any condemnation proceedings affecting any portion of the Condominium.

12.8 Payment of Award. When a Unit Owner becomes entitled to receipt of a condemnation award, or of any portion of such an award, or of any payment in lieu of such an award, then any such payment shall be made payable jointly to such Unit Owner and to the holders of any Mortgages encumbering such Owner's Unit, as their interests may appear.

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1 Compliance by Owners and Occupants. Each Owner and Occupant of a Unit shall comply strictly with the provisions of the Condominium Act and the Governing Documents. All remedies provided the Association in this Article may be enforced against any tenant or other occupant of a Unit.

13.2 Liability for Conduct Causing Common Expense.

13.2.1 Owner's General Liability. Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance maintained by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances.

13.2.2 Owner's Liability for Damages Arising from Unoccupied Unit. Without limiting the provisions of Section 13.2.1 hereof, an Owner will be liable for all damages to the Owner's Unit, to the Limited Common Elements, to the Common Elements or to any other Unit, that result from conditions that arise within the Owner's Unit during a period of time that the Owner or Occupant has left the Unit unoccupied for a period of thirty days or more. Owners and Occupants are encouraged to notify the Board of any such period of absence so that the Board may cause inspections to be made of the Unit pursuant to Section 8.5 hereof.

13.2.3 Hearing to Determine Owner's Liability. An Owner whose conduct appears to justify imposition of a Limited Common Assessment pursuant to Sections 13.2.1 and 13.2.2 above shall be first provided with notice of the Board's intentions and an opportunity to be heard, in the manner provided in the Bylaws for hearings regarding the imposition of a fine.

13.3 Enforcement by Association. The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents. Without limiting the authority and powers conferred upon the Board by the Condominium Act, the Board shall have the rights and powers described in RCW 64.34.304.

13.4 Occupants Subject to Rights and Responsibilities of Owners. Any Occupant of a Unit shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner thereof. All rights, remedies and procedures available to the Association when

dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who, following a proceeding held under provisions of the Bylaws, has been found to have violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right. The Association shall not resort to this remedy unless the Owner of the Unit occupied by such tenant has failed or refused to take steps designed to cure the tenant's violation(s) within sixty (60) days following notice from the Association to the Owner of the necessity for such curative action.

ARTICLE XVI

LIMITATION OF LIABILITY

14.1 Association Not a Guarantor - No Liability for Utility Failure, Etc. The Association is not a guarantor of the health, safety or property of the Unit Owners and other Occupants of the project. Except to the extent covered by insurance obtained by the Board pursuant to Article XI, neither the Association nor the Board shall be liable for any failure of any utility or other service obtained by the Board, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand that may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place, or for inconvenience or discomfort resulting from any action taken to make repairs to the Property, or to comply with any law, ordinance or order of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2 Liability of Officers and Directors, Indemnification. The Directors and Officers shall exercise ordinary and reasonable care in discharging their responsibilities and shall not be liable to the Association or to the Unit Owners for mistakes of judgment or for negligence not amounting to gross negligence, willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or the Unit Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association, against amounts paid in settlement incurred by him in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Condominium or the Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto, whether or not the Association is incorporated under RCW 23B.

14.3 No Bailment. Neither the Board of Directors, the Association nor any Owner shall be

considered a bailee of any personal property stored or placed on the Common Elements (including property located in vehicles parked on the Common Elements), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE XV

MORTGAGEE PROTECTION

15.1 Percentage of Eligible Mortgages. Whenever in this Declaration the approval or consent of a specified percentage of Mortgagees is required, it shall mean, pursuant to RCW 64.34.272, the approval or consent in writing of Eligible Mortgagees holding first lien mortgages on Units, and the percentage shall be based upon the votes attributable to Units with respect to which Eligible Mortgagees have an interest.

15.2 Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of, and each Unit Owner hereby consents to, and authorizes the giving of notice of:

- (a) Any condemnation loss or any casualty loss that affects a material portion of the Condominium or any Unit in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;
- (b) Any delinquency in the payment of Common Expense Assessments owed by a Unit Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, that remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action that would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 15.3 (in which case, notice shall be provided by certified or registered mail, "return receipt requested"); and
- (e) Any judgment rendered against the Association in excess of \$2,500 that is not covered by insurance.

15.3 Consent and Notice Required.

15.3.1 Document Changes. Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, no amendment of any material provision of

the Governing Documents by the Association or Unit Owners described in this Subsection, the effect of which would have a material adverse effect on lenders, may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 15.2 above, and the approval by Owners of Units to which at least sixty-seven percent (67%) (or any greater Unit Owner vote required under the Condominium Act) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least sixty-seven percent (67%) (or any greater Eligible Mortgagee approval required by this Declaration) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers. A change to any of the following would be considered material:

- (a) Voting rights;
- (b) Assessment liens or priority of Assessment liens;
- (c) Reductions in requirements for reserves for maintenance, repair and replacement of Common Elements,
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the General Common Elements or Limited Common Elements, or rights to their use, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding mortgages in such Units need approve such action;
- (f) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, then only those Unit Owners and the Eligible Mortgagees holding mortgages in such Unit or Units need must approve such action;
- (g) Convertibility of Units into Common Elements or Common Elements into Units;
- (h) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- (i) Hazard or fidelity insurance requirements;
- (j) Imposition of any restrictions on the leasing of Units;
- (k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

- (l) A decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or by an Eligible Mortgagee;
- (m) Restoration or repair of the project after damage or partial condemnation in a manner other than that specified in the Governing Documents;
- (n) Any provision that expressly benefits mortgage holders, insurers, or guarantors, where the amendment would have a material adverse effect on any such party.

15.3.2 Actions. Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, the Association may not take any action that would have a material adverse effect on lenders, without notice to all Eligible Mortgagees and eligible Insurers as required by Section 15.2 above, approval by Owners of Units to which at least sixty-seven percent (67%) (or the indicated percentage below, if different) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least sixty-seven percent (67%) (or the percentage indicated below, if different,) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers; the following are examples of such an action:

- (a) Any action to abandon or terminate the legal status of the Condominium after condemnation or substantial destruction.
- (b) Any action to abandon or terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.
- (c) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, and the procedures specified in Subpart 14.2 hereof must be followed. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;
- (d) Change any of the Allocated Interests allocated to any Unit, except upon the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee, and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264 (4).
- (e) Increase the number of Units, change the boundaries of any Unit or change

the uses to which any Unit is restricted, as to which the approval of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264(4).

- (f) The assignment of the future income of the Association, including its right to receive Common Expense
- (g) The restoration or repair of the Property after hazard damage, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, or after a partial condemnation, in a manner other than specified in the Governing Documents.
- (h) The merger of the Condominium with any other common interest community.

15.3.3 Timing and Payment of Assessments. The Association may not change may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly without the consent of all Eligible Mortgagees.

15.3.4 Implied Approval by Mortgagee. The failure of an Eligible Mortgagee or Insurer to respond within sixty (60) days to any written request of the Association delivered by certified or registered mail, "return receipt requested" for approval of an amendment to the Governing Documents, or wherever Eligible Mortgagee or Insurer approval for an action of the Association is required, shall constitute an implied approval of the action or amendment.

15.4 Inspection of Books. The Association must maintain current copies of the Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, books and records and financial statements. The Association shall permit any Eligible Mortgagee, Eligible Insurer or other first mortgagee of a Unit, to inspect the books and records of the Association during normal business hours.

15.5 Financial Statements. The Association shall provide any Mortgagee or Eligible Insurer who submits a written request, a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant, and the cost of the audit shall be a Common Expense.

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

15.7 Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting that a Unit Owner may attend.

15.8 Appointment of Trustee. In the event of damage or destruction or condemnation of all or a portion of the Condominium, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 11.7 of this Declaration. Proceeds will thereafter be distributed pursuant to Article X or pursuant to a condemnation award.

15.9 Limitations on Mortgagee's Rights. No requirement for approval contained in this Article may operate to (1) deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board of Directors, or (2) prevent the Association or the Board of Directors from commencing, intervening in, or settling any litigation or proceeding, or receiving and distributing any insurance proceeds except pursuant to RCW 64.34.352

ARTICLE XVI

EASEMENTS

16.1 Easements for Units and Unit Owners, and Association Functions. Each Unit Owner has an unrestricted perpetual easement over the Common Elements for all utility, wiring, heat, and service elements and for reasonable access to his or her Unit. There is hereby reserved to the Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents.

16.2 Easement for Emergency Access. A non-exclusive perpetual easement is hereby granted on, over, under and across the Common Elements to all police, fire, ambulance and other rescue personnel for the lawful performance of their functions during *bona fide* emergencies.

16.3 Easements Shown on Survey Map. Any easement shown on the Survey Map that benefits one or more Units in the Condominium, or that benefits any real property not included within the Condominium, confers various rights and benefits upon the owner(s) of such real property, and may also impose obligations upon the Association.

16.4 Utility Easements. The Declarant reserves the right to grant to any company or municipality providing utility services to the Condominium or to the Unit Owners, or to modify easements for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Unit Owners, or to relocate any existing utility facilities.

ARTICLE XVII

AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

17.1 Procedure for Amendment of Declaration. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" that sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Association under Section 7.5.1 hereof or under statutory authority in the case of condemnation or a termination of the condominium, or by

certain Unit Owners under Sections 3.5.4 or 6.3 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association. Owners shall be entitled to notice of a proposed amendment not less than twenty (20) days prior to the meeting of the Association at which the amendment is to be considered.

17.2 Recordation Required. The Declaration and every amendment to the Declaration must be recorded with the County Auditor 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.

17.3 Special Restrictions. Except to the extent expressly permitted or required by other provisions of this Declaration, or of the Condominium Act, no amendment may increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated, and that percentage of Eligible Mortgagees and/or Eligible Insurers specified in Article XV hereof.

17.4 Amendment of Surveys and Map Plans. The Survey Map and Plans may be amended by revised versions referred to and described as to effect in an amendment to the Declaration adopted as required above. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for examination by every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county offices, along with the amendment to the Declaration that accompanies it.

17.5 Consent of Mortgagees May be Required. The consent of some or all mortgagees (lenders) is or may be required under Article XV hereof prior to the Association's taking of certain actions or to the recordation of certain amendments to the Governing Documents.

ARTICLE XXIII

TERMINATION OF CONDOMINIUM

18.1 The Unit Owners may elect to terminate the Condominium status of the property only in accordance with the provisions of RCW 64.34.268, with the requisite approval of such Mortgagees and other lienholders as may be required by law, or by Article XIV hereof.

ARTICLE XXIV

MISCELLANEOUS

19.1 Notices for All Purposes, Delivery.

UNRECORDED DOCUMENT

19.1.1 Except as otherwise provided by law or in the Bylaws, or by Article XV hereof as to certain notices to Eligible Mortgagees, any notice permitted or required to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to his or her Unit if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to the President or Secretary of the Association, or to the Association's Registered Agent. Notice to any person may also be given in any other manner permitted by statute.

19.1.2 New Unit Owners must supply their names, addresses telephone numbers and, if desirable to receive official notice from the Association electronically, e-mail addresses to the Secretary of the Association promptly after conveyance.

19.2 Severability. The Provisions hereof 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 or enforceability of any other provision hereof, if the remainder complies with the Condominium Act and furthers the common plan of this Condominium.

19.3 No Right of First Refusal. There is no right of first refusal in the Association limiting or restricting the right of any Unit Owner to sell, transfer or convey his or her Unit.

19.4 No Discrimination. The Association does not and shall not discriminate on the basis of race, color, religion, national origin, familial status or handicap. The Association makes reasonable accommodations in its policies and procedures and permits reasonable modifications of the premises where necessary or appropriate to comply with law.

19.5 Effective Date.

This Declaration shall take effect upon recording.

* * * * *

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed as of the date indicated below.

Dated this 25 day of January, 2018

DOE RUN AT SUNSET COVE ESTATES, LLC

Michael R. Lee

By:

Its:

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that is the person who appeared before me and said person acknowledged that (s)he signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the Member of the Run @ Sunset Cove Est. LLC to be free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: January 25, 2018

[Signature]
Notary Public in and for the
State of Washington, residing at [Address]
at My Commission expires: 6-8-19

EXHIBIT "A"

Unit #	Unit Street Address	Unit Area	Living Area of Improvements	No. of Bedrooms	No. of Bathrooms	No. of built-in fireplaces	No. parking spaces (enclosed)	Allocated Interest
1	2409	2302 sq ft	2701 sq ft	4	2.5	2	2	.11
2	2411	2312 sq ft	2646 sq ft	4	2.5	2	2	.11
3	2413	2580 sq ft	2570 sq ft	4	2.5	2	2	.11
4	2417	2394 sq ft	2701 sq ft	4	2.5	2	2	.11
5	2309	2294 sq ft	2701 sq ft	4	2.5	2	2	.11
6	2317	2312 sq ft	2646 sq ft	4	2.5	2	2	.11
7	2315	2537 sq ft	2570 sq ft	4	2.5	2	2	.11
8	2311	2346 sq ft	2646 sq ft	4	2.5	2	2	.11
9	2319	2580 sq ft	2570 sq ft	4	2.5	2	2	.11

Allocated interests are the percentages of undivided interests in the Common Elements, fractional liability for the Common Expenses of the association and portion of the votes in the Association allocated by the Declarant to each Unit, as described in this Declaration.

Each Unit's driveway is a Limited Common Element permanently assigned to such Units.

Each Unit has within its boundaries a two-level home with an attached garage containing two parking spaces. Living Area measurements do not include the garage area.

UNOFFICIAL DOCUMENT