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Document Title:	Declaration and Covenants, Conditions, Restrictions and Reservations for the Jacob's Meadow Condominium
Declarant:	Russell D. Jeter, Trustee of R. Jeter Family Trust
Legal Description:	Lots 1 through 3, and Tracts A & B, Jacob's Meadow Plat & PUD, AF #201706200037
Tax Parcel ID#:	3800-004-004-0004, 3800-004-005-0003, 3800-004-018-0008, 3800-004-020-0004, 3800-005-006-0009 and 3800-005-020-0001 (PID# P57698, P57699, P57700, P57701, P57702, P57703)

DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR THE JACOB'S MEADOW CONDOMINIUM

Pursuant to the Washington Condominium Act, RCW 64.34, for the purpose of submitting the Real Property, hereinafter described to the provisions of the Act, Russell D. Jeter, Trustee of R. Jeter Family Trust makes this Declaration.

It is agreed by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Real Property or any Unit in the condominium created by this Declaration, that this Declaration, together with the Survey Map and Plans referred to herein, covenants, conditions, restricts and reserves a common plan for the condominium development mutually beneficial in all of the described Units, and that the covenants, conditions, restrictions, reservations and plans are binding upon the entire Real Property and upon each such Unit as a parcel of realty, and upon its Owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Real Property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Units under security instruments.

**ARTICLE 1
DEFINITIONS**

1.1 Words Defined. For the purpose of this Declaration and any amendments hereto, the following definitions shall apply.

Allocated Interest. Means those undivided interests in the Common Elements, the Common Expense Liability and votes in the Association allocated to each Unit, more particularly provided for in Article 7, and as shown in Exhibit "B".

Articles. Mean the articles of incorporation for the Association, and any amendments.

Assessments. Means all sums chargeable by the Association against a Unit, including, without limitation (a) general and special assessments for common expenses, (b) charges and fines imposed by the Association, (c) interest and late charges on any delinquent account, and (d) costs of collection, including reasonable attorney's fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

Association. Means the Jacob's Meadows Condominium Owners Association organized in accordance with the Condominium Act, the Bylaws and with this Declaration, as amended.

Board. Means the body with primary authority, to manage the Association, as described in Article 13.

Bylaws. Means the bylaws of the Association as they may from time to time be amended.

Common Elements. Means all portions of the Condominium other than the Units.

Common Expenses. Means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance, repair, and replacement of the Common Elements that are allocated to all Units pursuant to this Declaration, including allocations to reserves.

Common Expense Liability. Means the liability for Common Expenses allocated to each Unit.

Condominium. Means the Jacob's Meadow Condominium created under this Declaration and the Survey Map and Plans.

Condominium Act. Means the Washington Condominium Act, codified at RCW 64.34, as it may be from time to time amended.

Conveyance. Means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract.

Declarant. Means Russell D. Jeter, Trustee of R. Jeter Family Trust, and its representatives, successors and assigns.

Declarant Control. Means the right of the Declarant or persons designated by the Declarant to appoint and remove the Association officers and Board members or to veto or approve a proposed action of the Board or Association, provided, in no event will exercise the voting rights allocated to a Unit or Units owned by the Declarant or Declarants affiliates be deemed "Declarant Control". Declarant Control is further described in Section 13.11.

Declaration. Means this instrument, as it may from time to time be amended, which the Property is submitted to the provisions of the Condominium Act.

Development Rights. Means rights (defined in RCW 64.34.020(18)) reserved for the benefit of the Declarant as specified in Article 10.

Eligible Mortgagee. Means a Mortgagee 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.

Foreclosure. Means a forfeiture or judicial or non-judicial foreclosure of a Mortgage or deed in lieu thereof.

Identifying Number. Means the designation of each Unit in a Condominium, as shown on the Survey Map and Plans.

Limited Common Element. Means a portion of the Common Elements allocated in Article 7 for the exclusive use of one or more, but fewer than all, of the Units.

Managing Agent. Means the person designated by the Board under Section 13.3.

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

Mortgagee. Means any holder, insurer, or guarantor of a Mortgage on a Unit.

Notice and Opportunity to be Heard. Means the procedure described in Section 13.5.

Open Space Tract. Means a portion of the area described as Tract B on the Jacob's Meadow Plat & PUD recorded at Skagit County Auditor's File No. 201706200037, which is designated as open space for the entire Condominium. The Open Space Tract is shown on the Survey Map and Plans and is subject to Development Rights as described in this Declaration.

Owner or Unit Owner. Means the Declarant or other person who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation.

Park Tract. Means the area described as Tract B on the Jacob's Meadow Plat & PUD recorded at Skagit County Auditor's File No. 201706200037, which is a community park for the entire Condominium.

Parking Tract. Means the portion of the area described as Tract B on the Jacob's Meadow Plat and PUD recorded at Skagit County Auditor's File No. 201706200037, which is a private parking easement shown on the face of the Jacob's Meadow Plat and PUD. The Parking Tract is shown on the Survey Map and Plans and is designated as parking for the entire Condominium.

Person. Means a natural person, corporation, partnership, limited partnership, limited liability company, trust, governmental subdivision or agency, or other legal entity.

Property or Real Property. Means any fee, leasehold or any other estate or interest in, over, or under the land described in Exhibit "A", including Buildings, Structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance.

Rules and Regulations. Means any rules and regulations adopted by the Board, as amended from time to time.

Special Allocations. Means those expenditures or liabilities which are allocated to Units on a basis other than in accordance with the Allocated Interests as required by Section 14.7 below.

Special Declarant Rights. Means rights (defined in RCW 64.34.020(39)) reserved for the benefit of the Declarant as specified in Article 10.

Structure. Means the improvements located or to be located within a Unit, including any home, building, fence, wall, pole, walkway or the like.

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.

Transition Date. Is defined in Section 13.11.2.

Unit. Means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 5.2 and shown on the Survey Map and Plans.

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

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

1.4 Nature of the Units. The Condominium is of the kind commonly referred to as a "land condominium", meaning that the boundaries of each Unit are not defined by any portion of a particular building, but rather to references to planes in space established by the Survey Map and Plans.

ARTICLE 2 CONSTRUCTION AND VALIDITY OF DECLARATION

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of this Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, this Declaration shall prevail except to the extent this Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired, and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of any insignificant failure of this Declaration, the Survey Map and Plans, or any amendment thereto to comply with the Condominium Act.

ARTICLE 3 NAME OF CONDOMINIUM

The name of the Condominium created by this Declaration and the Survey Map and Plans is the Jacob's Meadow Condominium.

ARTICLE 4 DESCRIPTION OF LAND

The Real Property included in the Condominium and submitted to the Condominium Act is described in Exhibit "A" attached hereto.

ARTICLE 5 DESCRIPTION OF UNITS, ALLOCATED INTEREST

5.1 Number and Identification of Units. The Condominium has fifteen (15) Units. The Declarant has reserved the right to convert a portion of the Common Elements (Open Space Tract) to Units if municipal regulations allow for increased density in the future. In the event this occurs, there will be up to seventeen (17) Units. The Identifying Number of each Unit is set forth in Exhibit "B". The locations of the Units are shown on the Survey Map and Plans.

5.2 Unit Description. Exhibit "B" sets forth the following:

5.2.1 The approximate square footage.

5.2.2 Because the Units are an envelope of defined space, which may in the future, but not necessarily on the Declaration recording date, contain Structures, the Declaration may not include the number of bathrooms, bedrooms and fireplaces within a Unit or the building levels in which the Unit is located. There are no moorage slips. There are parking spaces, which are described in Article 8.

5.3 Unit Boundaries. The Units consist of an envelope of space, the perimeter boundaries of which on the surface of the land are located and depicted on the Survey Map and Plans and which boundaries extend below and above the ground elevation for each Unit as shown on the Survey Map and Plans. A Unit shall include all Structures, improvements, and fixtures now or hereafter located within the Unit. A Unit does not include any of the Common Elements described in Section 6 or shown on the Survey Map and Plans, even if these Common Elements are located partially or entirely within a Unit and the Association shall have an easement over the Unit to access the Common Element.

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

ARTICLE 6 COMMON ELEMENTS

6.1 Description. The Common Elements consist of all of the Condominium, except the Units including, but are not limited to the following:

6.1.1 The Real Property described in Exhibit "A", except portions included within a Unit.

6.1.2 The split-rail fence constructed by the Declarant along the south and east perimeter boundary of the Real Property.

6.1.3 Any private stormwater facilities or utilities that are in existence for common use to the point of connection to each home.

6.1.4 The stormwater conveyance line near the east perimeter boundary of the Real Property.

6.1.5 Common amenities, including rock entry monument, common signage, and common mailbox pedestal.

6.1.6 The Common Element easement for the Landscaping Islands and Rock Wall created in Section 20.2 as shown on the Survey Map and Plans. These items were established pursuant to the PUD approval for the development.

6.1.7 The Open Space Tract.

6.1.8 The Park Tract.

6.1.9 The Parking Tract.

6.1.10 Any Common Elements shown on the Survey Map and Plans not otherwise described herein.

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

6.2 Use. Each Owner shall have the right to use the Common Elements (except any Limited Common Elements reserved for other Unit), in common with all other Owners. The right to use the Common Elements extends not only to each Owner but also to each Owner's agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules. It is the intent that certain common amenities, such as the perimeter fence, entry, rock/monuments, landscaping islands, retaining walls, rockeries that are located within the Unit are considered Common Elements but are not for general use by the Owners. The Common Elements are subject to the conditions of approval of the Jacob's Meadow Plat & PUD recorded at Skagit County File No. 201706200037 (PUD-2011-0001).

6.3 Maintenance of Common Elements. The Common Elements shall be maintained and regulated by the Association in a manner consistent with good building and nursery practices, and in compliance with all applicable codes and regulations. The Association is responsible for maintenance, repair, and replacement of the Common Elements. The Association's maintenance obligations also include any obligations imposed on the Real Property by way of restrictive covenants and/or maintenance agreements recorded prior to the recording of this Declaration, and any obligations imposed by the applicable land use or permitting authority to the extent the same relate to the Common Elements, including but not limited to the Jacob's Meadows Plat & PUD.

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

6.5 Governmental Required Maintenance, Etc. Any insurance, maintenance, repair, replacements, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi-governmental entity or agency), regardless of whether such requirement is now or hereafter established, whether imposed in connection with a building permit, other governmental approval requirement and whether involving land within public rights of way or subject to ownership or exclusive use of one Owner shall be the sole and exclusive responsibility of the Association (not the Declarant) and any cost incurred in connection therewith shall be Common Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include maintenance of any stormwater facilities. Declarant shall have the right, but not the obligation, to

perform any such work if the Association fails to do so. The Association shall promptly upon demand reimburse Declarant for any costs directly or indirectly incurred by Declarant as a result of Declarant performing, or the Association's failure to perform, such work including any work necessary to obtain a release, or avoid a forfeiture, of any cash deposit or other bond made by Declarant.

6.6 Limited Common Elements. There are no Limited Common Elements in the Condominium.

ARTICLE 7 ALLOCATED INTEREST

7.1 Generally. The Allocated Interest for each Unit is set forth in Exhibit "B." The Allocated Interest appertaining to each Unit cannot change except as provided in this Declaration. The Allocated Interest and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of Conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported Conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an allocated interest made without the Unit to which that interest is allocated is void.

7.2 Formula. The Allocated Interest assigned to Units shall be based upon a formula that is equal, with each Unit having an equal interest in the Common Elements and Common Expense Liability and one vote in the Association. If Units are added to the Condominium, the undivided interest in the Common Elements, Common Expense Liability, and allocation of votes in the Association shall be recalculated based upon the foregoing formula. When Units are created, if at all, the Declarant shall amend Exhibit "B" to show the Allocated Interest and voting for the pre-existing Units and the Units thereby created.

ARTICLE 8 PARKING

8.1 Use of Driveways, Garages. Unit Owners shall park within their Unit in their enclosed garage or their driveway area immediately in front of the garage. Garages are intended to be used principally for parking motor vehicles and storage. Owners may not convert their garages to living space without the approval of the Board. Garage doors shall remain closed when they are not in active use. Owners may park in their driveways, subject to restrictions imposed in Rules and Regulations adopted by the Board from time to time, provided they do not block the sidewalk or street. The area in front of the garage within the Unit is restricted use for parking of operative automobiles; other items and equipment must be parked or kept inside of the garage. Parking on other portions of the Units or Common Elements is prohibited, except for the parking area described in Section 8.2. The Board may adopt such rules and regulations as it deems appropriate to govern the parking of vehicles (whether inside or outside Unit Boundaries). No commercial-type trucks, campers, trailers, motorhomes or boats shall be parked or permitted to remain on any driveway or common parking space. The Association may direct that any vehicle

or other thing improperly parked or kept on the Common Elements may be removed at the risk and cost of the Owner thereof. Pursuant to the Jacob's Meadow Plat and PUD (PUD-2011-0001), there is no parking permitted on any portion of the public street located within Development.

8.2 Parking Easement. The Parking Tract is an easement in favor of the Association, which includes seven (7) parking spaces. These parking spaces are reserved for guest parking under such Rules and Regulations adopted by the Association.

ARTICLE 9 PERMITTED USES, MAINTENANCE OF UNITS, CONVEYANCES

9.1 Residential Purposes. Each Unit will be used solely for and is restricted to use as single-family residences only, on an ownership, rental, or lease basis, and for social, recreational or other reasonable activities normally incident to such use, including use as a home office not involving use by non-resident employees or regular visits by customers or clients, consistent with zoning regulations.

9.2 Timesharing Prohibited. Timesharing (as defined in the Condominium Act) of Units is prohibited.

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

9.4 Maintenance and Repair of Units.

9.4.1 General. Except as otherwise provided herein, the Association is responsible for maintenance, repair, and replacement of the Common Elements and each Owner is responsible for maintenance, repair, replacement and insurance of the Owner's Unit and any Structures, landscaping and other improvements within the Unit.

9.4.2 Maintenance and Repair of Structure Within Units. Except as otherwise provided herein, each Unit Owner, at his or her sole expense, shall keep the interior and exterior of any Structures and all other improvements within the Unit, including all fixtures, equipment, appliances, and appurtenances in a neat, clean and sanitary condition, free of rodents

and pests, and in good order, appearance, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of any Structure.

9.4.3 Maintenance and Construction Work Separate From Structures. The following governs maintenance and construction of the portions of Units that are not the Owner's dwelling Structure.

9.4.3.1 Decisions by Board. Decisions with respect to the standard in appearance and condition of the driveways, patios, decks, landscaping areas, and yards, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting, or decorating shall be made by the Board.

9.4.3.2 Performance of Work. The Unit Owners are responsible for maintenance, repair, and replacement of driveways, porches, and decks, and such items shall be maintained in a neat, clean, and good order and condition. Further Unit Owners are responsible for yard maintenance and landscape of any yard areas located within their Unit, except for any Common Elements located within their Unit (i.e. landscaping islands and associated retaining walls). Such areas shall be maintained in a neat, clean, and good order and condition. In the event the Owner fails to mow or maintain such yard areas, the Association may conduct the work and specially assess the costs to the Owner. In addition, the Association, upon a 60% approval of all Owners, is authorized and empowered but not required, to take over maintenance, repair and replacement of all yards, landscaping and exterior areas and if the Association does undertake this obligation it may assess monies for these items.

9.4.4 Utility and Access for Repair Easements. Each Unit shall have a non-exclusive easement over the other Unit to the extent necessary for all existing utility lines that serve the Owner's Unit and for a right of access to the utility line serving the Owner's Unit for the purpose of repair and replacement, provided the Owner promptly restores the other Unit to its prior condition.

9.5 Signs. Except as provided herein, no sign of any kind shall be displayed to the public view on or from any Unit or Common Element without the prior consent of the Board. The Board may regulate the size and location of signs advertising Units for sale or lease. This Section shall not apply to the Declarant who may post such signs on the Property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale. This Section shall not apply to the Association. The following signs are allowed: public notices by a political division of the State or County or as required by law, one professional sign of not more than two square feet, any builder or the builder's agent may erect and display signs during the period the builder is building and selling property in the subdivision, and any Unit Owner or the Unit Owner's agent wishing to sell that Owner's Unit may place a sign not larger than five square feet on the property itself.

9.6 Trash and Garbage Removal. No trash, construction debris or waste, plant or grass clippings or other debris of any kind of waste shall be dumped, deposited, or placed on any Unit or the Common Elements. Each Owner shall be responsible for removing all trash or garbage from the Unit and depositing it in proper receptacles. All costs for such trash and garbage

removal shall be the sole expense of the Owner. Under no circumstance shall refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, and similar matter be permitted within any Unit other than in properly screened areas designed for such use. Garbage or recycling dumpsters, cans and other receptacles shall be kept in a place which is not visible from the street, except as may be necessary for removal and garbage pick-up day.

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

9.8 Recreational Vehicles. All boats, utility trailers, trucks of more than one-ton rating, campers, recreational vehicles, travel trailers, motor homes and similar items or vehicles maintained or kept within a Unit shall at all times be enclosed within a garage; provided that out-of-county resident guests with the Owner's permission may park a recreational vehicle or travel trailer within a Unit for up to a maximum of two (2) weeks, within a calendar year without being in violation of this restriction.

9.9 Pets. Domestic animals, birds, or reptiles (hereinafter referred to as "pets") may be kept in Units subject to Rules and Regulations adopted by the Board, or bylaws adopted by the Association. The Board may at any time, after notice and an opportunity to be heard, require the removal of any pet which it finds, in its sole discretion, disturbing other Owners unreasonably, and may exercise this authority for specific pets, even though other pets are permitted to remain. The Board's decision to require removal of a pet under this section shall be final and not subject to judicial review. The Owner of any pet in the Condominium shall be responsible for any damage to any person or property caused by the pet and shall indemnify and hold the Association and Board harmless from any and all liability arising from or caused by the pet. The owner of any pet on the Condominium Property shall immediately clean up any mess made by the animal in the Common or Limited Common Elements.

9.10 Antennas. Subject to applicable law and the enforceable provisions of contract. No visible radio or television, satellite dish, clothes line or other similar type of exterior equipment shall be allowed on any Unit except a satellite dish antenna twenty four (24) inches in diameter or else. The location of any such dish shall be subject to the Rules and Regulations of the Board.

9.11 Fences. No front yard fencing shall be permitted without the prior written consent of the Board. Fencing from the front face of the home located within the Unit along the Unit boundaries to the back boundary line is permitted, subject to approval from the Board relating to the design, materials and color of the fence. Approval from the Board must be acquired prior to construction, painting, repair or reconstruction of any fence. Each Owner shall be responsible for maintaining the fence installed for the Owner's Unit.

9.12 Damaged Improvements. No improvement which has been partially or totally destroyed by fire, earthquake or any other cause shall be allowed to remain in a state of disrepair for a period in excess of four (4) months from the date of such partial or total destruction. Corrective construction or reconstruction shall be required to commence within such four (4) month period and shall be completed within one (1) year; provided, however, that time periods may be extended by the Association in the event that corrective construction or reconstruction has not commenced or been completed as a result of factors beyond the control of the Unit Owner.

9.13 Business & Commercial Uses. Business and commercial use of any Unit shall be prohibited. This restriction shall include schools, daycares and other uses that may otherwise be permitted as conditional uses. This prohibition shall not prevent use of the Unit as an office, where the only person working in the office resides in the Unit as his or her primary residence; and further provided that no customers or clients, come to the Unit for the purpose of conducting business. The Declarant may use the Property and any Unit for the business of developing and selling all of the Units.

9.14 Modification of Structures. No Owner shall make any change to the Structures and landscaping located within the Owner's Unit, including color changes, without the prior written consent of the Board. This restriction shall only apply to those exterior improvements, and include, but are not limited to, color changes. The Board may adopt Rules and Regulations to provide exemptions from this requirement.

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

9.16 Subdivision of Property. At the time of this Declaration, Anacortes ordinances allow for density of four (4) dwelling units per acre and fifteen (15) building sites were approved based on the size of the Property. However, Anacortes ordinances do not provide for minimum lot size equal to the density allowed, which necessitated this Condominium. Declarant anticipates that, at some point in the future, subdivision may be possible. At such time that Declarant, in its sole discretion, desires to pursue subdivision of the Real Property and all Unit Owners shall participate in such subdivision process. Declarant shall be solely responsible for the costs of subdivision including application fees, survey costs, recording fees and any other condition of subdivision approval by the City of Anacortes. At the conclusion of the subdivision process, all Unit Owner's shall have in fee simple their Unit as a platted lot and each resultant lot shall be established as a new lot of record. Subdivision will not otherwise materially alter the configuration of the Units without written consent of the affected Unit Owner. Title to the newly created lots may be encumbered by such requirements and conditions that are reasonable and necessary to subdivision approval by the City of Anacortes, including CC&Rs similar to this Declaration. The Declarant's right to subdivide the Property shall last as long as Declarant has the right to exercise Special Declarant Rights under this Declaration.

9.16.1 Power of Attorney. All Unit Owners hereby nominate Declarant as its attorney in fact with all powers necessary in order to complete the subdivision contemplated by

this Declaration. Such powers shall include authorizing Declarant to execute on behalf of Unit Owners any applications, plats and covenants. In addition, there may be other necessary documents that need to be executed as part of the platting process that are not known at this time depending on how Declarant decides to move forward. This power of attorney is meant to be construed broadly and give the Declarant authority to sign any and all documents necessary for the platting process. Declarant and Unit Owners recognize that uncertainty exists as to whether City of Anacortes will approve any plat and allow it to be recorded if the plat and/or the new covenants are executed by Declarant on behalf of the Unit Owners on the basis of this power of attorney. Should this power of attorney be deemed unenforceable for any reason, said determination shall not otherwise preclude Declarants' rights to proceed with subdivision. All Unit Owner's agree to execute any and all documents as necessary for the subdivision process. This power of attorney is irrevocable and shall expire only upon the expiration of the Special Declarant Rights.

9.16.2 Subordination of Security Interests. Any security interest granted to any person encumbering any portion of the Real Property shall be subordinate to the rights and obligations granted in this Declaration. The Unit Owners shall cooperate in good faith to ensure that any security interest encumbering their Unit be transferred to encumber the newly created lot.

ARTICLE 10 DEVELOPMENT RIGHTS, SPECIAL DECLARANT RIGHTS

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

10.1.1 Completion of Improvements. Declarant, their agents, employees and contractors shall have the right to complete Structures or improvements and otherwise perform work, including maintain, repair and replace any Structures or improvement for the Condominium shown on the Survey Map and Plans and related improvements contemplated by the Declarant's development plan, authorized by the Declaration, indicated on the Survey Map and Plans authorized by the building permits, provided for under any Purchase and Sale Agreement between the Declarant and a Unit Purchaser, necessary to satisfy and express or implied warranty under which Declarant is obligated or otherwise authorized or required by law, including inspection.

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

10.1.3 Sales Facilities of Declarant. Declarant, its agents, employees and contractors shall be permitted to establish and maintain in any Unit still owned by Declarant and in any of the Common Elements, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Units and appurtenant interest, including but not limited to: business offices; management offices; sales offices; construction offices; storage areas; signs; model Units; and parking areas for all agents, employees, contractors, prospective tenants or purchasers of Declarant. Any such facilities not

designated to a Unit by the Declaration is a Common Element and, if Declarant ceases to be a Unit Owner, the Declarant ceases to have any rights with regard thereto unless it is removed promptly from the Condominium, which Declarant shall have the right to do. Declarant may maintain signs on the Common Elements advertising the Condominium. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; provided, that the maintenance and use of such facilities shall not unreasonably interfere with a Unit Owner's use and enjoyment of the Unit; and those portions of the Common Elements reasonably necessary to use and enjoy such Unit.

10.1.4 Exercise of Development Rights. Declarant shall have the right to exercise all Development Rights under this Declaration or the Act.

10.1.5 Declarant Easements. The right to use easements through the Common Elements and Units for the purpose of making improvements within the Condominium as provided under RCW 64.34.260. This is in addition to any other easement right provided to Declarant herein.

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

10.1.7 Application. These Special Declarant Rights shall apply to all of the Real Property within the Condominium.

10.2 Development Rights. As more particularly provided in this Section, the Declarant, for itself and any successor Declarant, has reserved Development Rights which may be exercised as provided by this Declaration and the Act and these Development Rights apply to the Open Space Tract.

10.2.1 Create Units and Add Improvements. Declarant reserves the right to create up to two (2) Units out of the Open Space Tract and add improvements thereto. This Development Right applies to the Open Space Tract. This Development Right may be exercised with respect to different portions of the Open Space Tract at different times. Units within the Open Space Tract shall become part of the Condominium when Declarant records an Amendment to this Declaration and an amendment to the Survey Map and Plans showing the additional Units. Declarant shall be the initial Owner of all Units created in the Condominium and any Units created out of the Open Space Tract. This Development Right applies to the Open Space Tract. The Development Rights may be exercised with respect to different portions of the Open Space Tract at different times. The Declarant makes no assurance with regard to the timing and order of adding the Units to the Condominium and the Declarant makes no assurances that this Development Right will be exercised at all. If the Declarant exercises this Development Right as to any portion of the

Open Space Tract, the Declarant is not required to exercise this Development Right as to the remainder of the Open Space Tract.

10.2.2 Exercise of Development Rights. To exercise any Development Right reserved under this Section, the Declarant shall prepare, execute and record an amendment to the Declaration as provided in this Declaration and comply with RCW 64.34.232. Such a Declaration amendment or any corresponding amendment to the Survey Map and Plans may be executed on the sole signature of Declarant. Any Amendment adding Units shall assign an Identifying Number to each new Unit created and reallocate the Allocated Interest among all Units as provided below.

10.2.3 Termination of Development Rights. The foregoing Development Rights shall termination ten (10) years from the date of recording of the first conveyance of a Unit to an Owner other than Declarant, provided that Declarant may voluntarily terminate any or all such Development Rights at any time by recording an amendment to this Declaration which amendment specifies which Development Right is thereby terminated.

10.3 Declarant's Easements. Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights or Development Rights, whether arising under the Act or reserved in this Declaration. Such easements shall include any easements necessary for development of the Open Space Tract by Declarant to add Units and Common Elements to the Condominium, including but not limited to utility hookups.

10.4 Allocated Interests. It is specifically covenanted that the Allocated Interests for the Condominium are calculated with respect to the Units within the Condominium as of the execution of this Declaration. At such time as the Declarant may exercise the Development Rights to add improvements and Units in the Condominium, the Allocated Interests thereafter will be reallocated based upon the formula described in this Declaration.

10.5 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 the land records of Skagit County, Washington. The rights and liabilities of the parties involved in such a transfer, and of all persons who succeed to any Special Declarant Right, are set out in RCW 64.34.316.

ARTICLE 11 ENTRY FOR REPAIRS OR MAINTENANCE

The Association and its agents or employees may enter any Unit to effect repairs, improvements, replacements, maintenance, or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of emergency that preclude advance notice, the Board shall cause the Unit occupant to be given notice as far in advance of entry as is reasonably practicable. In addition, the Association shall, through periodic inspections and institution of fines or other penalties, enforce each Owner's obligation to

maintain its Unit. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may, after notice and opportunity to be heard and without any obligation to do so, perform work which an Owner has failed to perform and levy a Special Allocation against the Owner of the Unit for all or part of the costs of that work that the Owner has failed to perform, which may be collected and foreclosed by the Association in the same manner as assessments are collected and foreclosed under Article 15. Notwithstanding the foregoing, the Association shall have the right at its option to contract with the third party to perform any of the maintenance delegated to the Owners in this Section. For example, the Association may engage a third party to maintain the landscaping in front and side yards of the Units. The Board may levy a Special Allocation against the Owner of the Unit for all or part of the costs of work that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 15.

ARTICLE 12 OWNER'S ASSOCIATION

12.1 Form of Association. The Association is created pursuant to RCW 64.34.300 and shall be organized as a non-profit Washington corporation, known as "JACOB'S MEADOW CONDOMINIUM OWNERS' ASSOCIATION." The Association through actions of its Board and officers shall administer the Condominium.

12.2 Membership.

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

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

12.3 Voting.

12.3.1 Number of Votes. The total voting power of all Units shall be equal to the number of Units with one vote for each Unit.

12.3.2 Persons Authorized to Vote. The voting representative of each Unit shall be the group composed of all of its Owners. The Association may recognize the vote of any one or more of such Owners present in person or by proxy at any meeting of the Association as the vote of all such Owners. If there is more than one such Owner present at any meeting, or if there are disputed claimants to voting rights, and they do not agree to vote the Units vote unanimously, the majority of said Owners of claimants shall prevail and the vote allocated to said Unit cast accordingly. In the event that a majority of co-owners cannot be obtained on any issue,

the Unit vote shall be entirely disregarded. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. In the event that a condominium is created within a Unit the Association, through its president or other authorized officer, shall be the voting representative.

12.3.3 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance.

12.3.4 Pledge of Power to Designate Voting Representative. The power to designate a voting representative may be pledged to a holder of a security interest in a Unit. If the power is so pledged, and if a copy of the instrument is filed with the Board, and if the secured parties' designee attends the meeting and requests to exercise the vote, then the vote of such designee shall be recognized as to the issues respecting which the pledge was given.

12.3.5 Pledge of Votes for or Ownership of More than One Unit Voting. A person who owns more than one Unit (including Declarants and any Mortgagee) or to whom voting rights have been pledged for more than one Unit is entitled to exercise a combined total of voting power of all such Units.

12.3.6 Quorum. A quorum of Unit Owners at any annual or special meeting of the Association shall be present, in person or by proxy of persons holding one-third (1/3rd) of the total votes, unless otherwise expressly provided herein or in the Bylaws. If the quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, except as otherwise expressly provided in the Act, this Declaration or the Bylaws.

12.3.7 Units Owned by the Association. No votes allocated to a Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to Units owned by the Association shall be disregarded.

12.4 Bylaws of Association. The Declarant shall adopt the initial Bylaws of the Association. The Bylaws shall specify the procedures for timing and holding of annual and special meetings of the Association and may include any other matters or specify other procedures applicable to the organization and the administration of the Association not inconsistent with the Condominium Act or with this Declaration. The Bylaws may be amended by the Declarant at any time prior to the election of Directors by the Unit Owners and relinquishment by Declarant of Declarant Control. Thereafter the Bylaws may be amended, in whole or in part, by two-thirds (2/3rds) vote of the Unit Owners at a meeting of the Association held for that purpose, or in such other manner as the Bylaws themselves may prescribe.

12.5 Meetings, Audits, Notices of Meetings.

12.5.1 Annual Meetings. There shall be an annual meeting of the Owners as established in the Bylaws. At the annual meeting, there shall be presented an accounting of the Common Expenses, itemizing receipts and disbursements for the preceding fiscal year, and the allocation thereof to each Owner, and the estimated Common Expenses for the coming fiscal year.

12.5.2 Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters, which by the terms of the Condominium Act or of this Declaration require the approval of all or some of the Owners, or for any other reasonable purpose. Such meeting shall be called by the president of the Association upon the decision of the president, or after request signed by a majority of the Board, or by written request by the Owners having at least twenty percent (20%) of the total votes.

12.5.3 Notice of Meetings. Not less than ten (10) nor 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 first class United States mail to the mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in assessment obligations, and any proposal to remove a director or officer.

ARTICLE 13
MANAGEMENT OF CONDOMINIUM

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

13.2 Election of Board and Officers.

13.2.1 Selection by Declarant. The affairs of all the Association shall initially be governed by a Board composed of at least one (1) but not more than three (3) members as determined by Declarant.

13.2.2 Election By Owners. Prior to the Transition Date, election or appointment of members of the Board shall be governed by 13.2.1 and 13.11. Commencing with the first Association meeting at which the Unit Owners are to elect the 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 three (3) members a majority of whom must be Owners of Units in the Condominium; provided, the Declarant (or a representative of Declarant) shall have the right (which may not be terminated by amendment to the Declaration or Bylaws, and which shall continue so long as any Special Declarant Rights or Development 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 (with all of the rights and powers of a Board member except for the

right to vote). Election of the Board is described further in the Articles of Incorporation and Bylaws.

13.2.3 Taking Office, Officers. The Board shall elect the officers of the Association. Such members of the Board and officers shall take office upon election. However, prior to the Transition Date, election of appointment of officers shall be governed by 13.11.

13.2.4 Removal. The Unit Owners, by a two thirds (2/3rds) vote or more of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant.

13.3 Management by Board.

13.3.1 On Behalf of Association. Except as otherwise provided in the Declaration, the Bylaws, or the Act, the Board shall in all instances act on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise ordinary and reasonable care.

13.3.2 Not on Behalf of Association. 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 under the Declaration, to terminate the Condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board. The Board may in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

13.3.3 Budget Approval. The Board shall comply with all provisions of the Declaration including Section 14.3 regarding budget approval.

13.4 Powers of the Association.

13.4.1 The Association acting by and through the Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under the Act (specifically RCW 64.34.304) and this Declaration.

13.4.2 The Board's power hereinabove enumerated shall be limited in that 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) (adjusted upward consistent with any increase in the Consumer Price Index), without first obtaining the affirmative vote of a majority of Owners at a meeting called for such purpose, or if no such meeting is held, then the written consent of a majority of Owners.

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

13.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in the Condominium Act and Section 13.4, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for such Unit's pro rata share of borrowed funds and the obligation to pay its pro rata share shall be a lien against such Unit. *Provided, that the Owner of a Unit may remove their Unit from the lien of such Assessment by payment of the Allocated Interest in that Common Expense Liability attributable to such Unit.* Subsequent to any such payment, discharge, or satisfaction, the Unit shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lien or from proceeding to enforce his rights against any Unit not so paid, satisfied, or discharged.

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

13.7 No Personal Liability for Decisions. So long as a Board member, Association committee member, or Association officer or Declarant or Declarant's managing agent exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person and such person's evaluation of such information, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence, (except gross negligence) including any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity. *Provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Association.*

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

13.9 Association Records and Funds.

13.9.1 Records and Audits. The Association shall keep financial records in accordance with generally accepted accounting principles and in sufficient detail to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All books and records of the Association shall be made reasonably available (at all reasonable hours of weekdays or under other reasonable circumstances) for examination and copying by Declarant, and any Owner, Mortgagee, insurer and guarantor of any Mortgage of any Unit, or their agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. Because this Condominium consists of fewer than fifty (50) Units, an annual audit is required by a certified public accountant but the audit may be waived annually by the Owners (other than the Declarant) of Units to which sixty percent (60%) of the votes are allocated, excluding the votes allocated to Units owned by the Declarant. The financial statements shall be completed in time for the Association's annual meeting and in any event within one hundred and twenty (120) days following the end of the fiscal year. Any Mortgagee shall, upon request, be entitled to receive the annual financial statement within one hundred and twenty (120) days of the end of the fiscal year.

13.9.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any Managing Agent 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

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

13.11 Declarant Control.

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

13.11.2 Transition Date. Declarant Control of the Association shall terminate on the "Transition Date." The Transition Date shall be no later than the earlier of (a)

sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Declarant, (b) two (2) years after the last conveyance of a Unit or the last exercise of a Development Right to create Units, or (c) the date on which the Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board. If the Declarant voluntarily surrenders control pursuant to (c) above, the Declarant may require that for the duration of the period of Declarant Control, specific actions of the Association or the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

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

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

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

ARTICLE 14 BUDGET AND ASSESSMENTS

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

14.2 Preparation of Budget. Not less than thirty (30) days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for the operation, maintenance, repair, and replacement of the Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The Declarant shall prepare the initial budget for the first fiscal year of the Association.

14.3 Ratification of Budget. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the 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 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.

14.4 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessments, the Board may prepare a supplemental budget for the remainder of the year.

14.5 Assessments for Common Expenses. The amounts required by the Association for Common Expenses as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly Assessments for each Unit is the total of the Common Expense Liability of that Unit times the total monthly installment for Common Expenses for all Units. Monthly Assessments begin accruing for all Units upon the first Conveyance by Declarant of a Unit in the Jacob's Meadow Condominium, provided that the Declarant may delay the commencement of Assessments for Common Expenses and pay all actual Common Expenses (but no allocation to reserves).

14.6 Special Assessments. For those Common Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy a special Assessment for such expenses against the Units, subject to ratification by the Owners pursuant to Section 14.3.

14.7 Special Allocations. Special Allocations are those Common Expenses which the Association specially allocates to select Units as permitted under this Section. The Association shall, to the extent reasonably practicable, in a reasonable non-discriminatory manner, specially allocate any Common Expenses benefiting fewer than all of the Units for those Units benefited in proportion to the benefit received.

14.8 Creation of Reserves, Assessments. The Board shall create reserve accounts for anticipated expenses for repairs, replacements, and improvements which will occur in the future in order to accumulate sufficient funds to pay such expenses when they occur. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws. In addition, at the closing of the sale of each Unit, the first purchaser thereof shall pay to the Association, as a non-refundable contribution to an initial working capital and reserve fund, an amount equal to two times the initial monthly assessments against the Unit, which amount shall not be considered as an advance payment of regular assessments. Until assessments are commenced in accordance with the approved budget, Declarant shall not use any of the working capital fund to pay any operating expenses of the Condominium. At no time shall the Declarant use the working capital contributions to defray any of Declarant's construction costs or to make

up any budget deficits. The Board shall determine, in its discretion, the amount of the funds to be used for working capital and for reserves.

14.9 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability allocations which apply to the Unit, on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested.

14.10 Payment of Monthly Assessments. On or before the first day of each calendar month each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that month. Any Assessment not paid by the tenth day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges, and collection procedures as provided in Article 15.

14.11 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

14.12 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year. The monthly Assessments amounts established for the preceding year shall continue until new Assessments are established.

14.13 Reconciliation of Assessments to Actual Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it to deposit the Assessments for Common Expenses, including allocations to reserves, and income to the Association to the account of the appropriate Units and make its expenditures from the appropriate accounts. In order that the Unit Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually, and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners of Units who paid the surplus (or owe the deficit).

14.14 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and Mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the costs of preparing the certificate.

14.15 Recalculation of Assessments. If Common Expense Liabilities are reallocated, Common Expense Assessments, special Assessments, and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

ARTICLE 15
LIEN AND COLLECTION OF ASSESSMENTS

15.1 Assessments are a Lien, Priority. The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except (a) liens and encumbrances recorded before the recording of this Declaration, (b) a Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 14 which would have come 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 trustee's sale in a non-judicial Foreclosure of a Mortgage, or the date of recording of the Declaration of Forfeiture in a proceeding by the vendor under a real estate contract, provided that the priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Mortgagee or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such Mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such Mortgagee a written notice of the delinquency, and liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments, however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Unit is located. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to above.

15.2 Lien May Be Foreclosed, Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12. The Association or its authorized representative shall have the power to purchase the Unit at the Foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial Foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of Foreclosure. Except as provided in the exception to (b) in Section 15.1, the holder of a Mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through Foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the 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.

15.3 Assessments are Personal Obligation. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges provided in this Article, shall be the personal obligation of the Owner of the Unit when the Assessment is made. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

15.4 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

15.5 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary Conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's Conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

15.6 Late Charges and Interest on Delinquent Assessments. 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 nonusurious 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.

15.7 Recovery of Attorney's Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorney's fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorney's fees if it prevails on appeal and in the enforcement of a judgment.

15.8 Security Deposit. An Owner who has been delinquent in paying his monthly Assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is 10 days or more delinquent in paying Assessments.

15.9 Acceleration of Assessments. If an Owner is delinquent in the payment of any assessment for more than sixty (60) days and the Owner fails to cure the delinquency within fifteen (15) days after the notice from the Association stating the consequences of failing to cure the delinquency, then the Association may accelerate and demand immediate payment of all assessments coming due during the twelve (12) month period following the Association's notice. The Association may reasonably estimate any special allocations or special assessments in calculating the accelerated balance.

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

ARTICLE 16
ENFORCEMENT OF DECLARATION, BYLAWS, AND
RULES AND REGULATIONS

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

16.2 Failure of Board to Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board. This Article also extends to the Declarant.

ARTICLE 17
CONSTRUCTION WITHIN UNITS

A Unit Owner, (including Declarant) at its sole cost and expense, shall have the right to construct (in compliance with the provisions of this Declaration and all applicable laws, rules and regulations) and thereafter maintain, repair, alter and replace Structures and any other improvements within the Unit owned by such Owner. In connection therewith, a Unit Owner is granted these same easements as granted to the Declarant (subject to the same limitations and conditions as imposed on Declarant).

ARTICLE 18
INSURANCE

18.1 General Requirements. Commencing not later than the time of the first Conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance, (b) commercial general liability insurance, (c) fidelity insurance, (d) workers compensation insurance to the extent required by applicable laws, (e) directors and officers liability insurance, and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, liability, and fidelity insurance that meet the insurance requirements for Condominium projects established by FNMA, HUD, FHLMC, and VA so long as any of them is a holder of a Mortgage or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance

policies shall provide that coverage may not be cancelled or substantially reduced without at least forty five (45) days prior written notice ten (10) days for cancellation for nonpayment of premium) to the Association as the first named insured therein.

18.2 Property Insurance. The property insurance, if applicable, shall, at the minimum and subject to such reasonable deductible as the Board may determine, provide all risks of direct physical loss coverage in an amount equal to the full replacement cost of the Common Elements but not the Limited Common Elements, and Personal Property of the Association with an "Agreed Amount Endorsement" and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement", a "Contingent Liability from Operating of Building Laws Endorsement", and "Increased Costs of Construction Endorsement", and such other endorsements as FNMA or FHLMC deems necessary and are available. Each Unit Owner shall be responsible for insuring any Structures, including the home, within the Owner's Unit, as provided in Section 18.7.

18.3 Commercial General Liability Insurance. The liability insurance coverage shall insure the Board, the Association, the Owners, the Declarant, and the Managing Agent, and cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insured's for Property damage, bodily injury, and death of persons arising out of the operating, maintenance, and use of the Common Elements, host liquor liability, employer's liability insurance, automobile liability insurance, and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location, and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence and \$2,000,000 general aggregate.

18.4 Insurance Trustee, Power of Attorney. The named insured under the policies referred to in Section 18.2 and Section 19.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interest in the Common Elements. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. The proceeds must be disbursed first for the repair or restoration of the damaged Property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, any insurance, trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes.

18.5 Additional Policy Provision. The insurance obtained pursuant to this Article shall contain the following provisions and limitations.

18.5.1 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.

18.5.2 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the Property superior to the lien of a first Mortgage.

18.5.3 If, at the time of the loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

18.5.4 Coverage shall not be prejudiced by (a) any act, omission, or neglect of the Owners of Units when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

18.5.5 A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Unit, and/or their respective agents, member of the Owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

18.5.6 A standard Mortgagee clause which shall:

18.5.6.1 Provide that any reference to a Mortgagee in the policy shall mean and include all Mortgagees of any Unit or Unit lease or sublease in their respective order of preference, whether or not named therein,

18.5.6.2 Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them,

18.5.6.3 Waive any provision invalidating such Mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause, and

18.5.6.4 Provides that, without affecting any protection afforded by such Mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

18.6 Fidelity Insurance. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or any responsible for handling funds of or administered by the Association. The Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds administered by the Association. The Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds

administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months aggregate Assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

18.7 Owner's Insurance, Obligation to Rebuild.

18.7.1 All Owners shall obtain and maintain property insurance, liability insurance, and such other insurance as the Board deems advisable. All insurance shall be obtained from insurance carriers that are generally acceptable for similar residential properties and authorized to do business in the state of Washington. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to the Association. All Owners shall provide the Association with proof of insurance upon the request of the Association.

18.7.2 The property insurance maintained by each Owner shall, at the minimum, provide all risks or special cause of loss coverage in an amount equal to the full replacement costs of the Owner's home with such reasonable deductibles and exclusions from coverage as the Board may from time to time approve by rule or regulation established. The endorsements to consider should include "Agreed Amount Endorsement," construction code endorsements, such as "Demolition and Increased Costs of Construction Endorsement" and "Contingent Liability from Operation of Building Laws Endorsement," or their equivalent, and such other endorsements as FNMA or FHLMC deem necessary and available.

18.7.3 The liability insurance coverage maintained by each Owner shall cover liability of the insured's for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Owner's Unit and Owner's home and such other risks as are customarily covered for similar residential properties.

18.7.4 If any portion of the Unit or Structure for which insurance is required under this Section is damaged or destroyed, it shall be repaired promptly by the Owner to the condition existing immediately prior to such damage or destruction, unless the repair or replacement would be illegal under any state or local health or safety statute or ordinance or unless the Owner of the Unit and Owners holding at least 67% of the votes in the Association agree to reconstruction pursuant to a different plan.

18.7.5 The Association shall have the right but not the obligation to monitor the maintenance of such insurance by Unit Owners and shall have the right, but not the obligation, to obtain such insurance for the Unit Owners if the Owners fail to obtain or maintain and specially assess the costs thereof to the Unit Owner.

18.8 Use of Insurance Proceeds. Any portion of the Common Elements for which insurance is required under this Article which 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, including zoning or land use ordinances, or (c) all of the Unit Owners vote not to rebuild. The costs of repair or replacement in excess of the deductible, insurance proceeds and available reserves are a Common Expense. If all of the damaged or destroyed portions of the Common Elements 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 compatible with the remainder of the Condominium, and (ii) 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 percentage of undivided interest appertaining to the Owner's Unit notwithstanding the provisions of this Section, Article 22 governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 19 CONDEMNATION

19.1 Condemnation. If a Unit acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Unit Owners of the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless decree otherwise provides, 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 reallocation. Any remnant of a Unit remaining after part of a Unit is taken under this Section is thereafter a Common Element.

19.2 Partial Unit Condemnation. Except as provided in Section 19.1, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner of 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 the proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation of the basis of its reduced allocated interests.

19.3 Common Elements Condemnation. If part of the Common Elements is acquired by condemnation the portion of the award attributed to the Common Elements taken shall be paid to the Owners based on their respective interests in the Common Elements.

19.4 Recording the Judgment. The court judgment shall be recorded in Skagit County.

19.5 Association to Represent Owners. The Association shall represent the Unit Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Condominium, and any condemnation process shall be payable to the Association for the benefit of the Owners of affected Units and their Mortgagees. Should the Association not

act on the Owners' behalf in a condemnation process, the affected Owners may individually or jointly act on their own behalf.

ARTICLE 20 EASEMENTS

20.1 In General. It is intended that in addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common Elements for: all support elements and utility, drainage and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan; and for the maintenance, repair and replacement of all Structures and improvements within each Unit. Each Unit as it is constructed is granted an easement (to which each other Unit and all Common Element is subject) for the location and maintenance of all the original equipment and facilities and utilities for such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

20.2 Landscaping Island and Retaining Wall Easement. There is hereby reserved to the Association and Unit Owners as a Common Element easement for the Landscaping Island and Rock Wall as shown on the Survey Map and Plans. It is intended that the easement be part of the Common Elements for the Condominium and controlled by the Association. Easement rights include the right to maintain, repair, and replace the landscaping islands, and wall in the Association's sole discretion, including rights of access over, across, under and to the Units (and any part thereof), as necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Association as are set forth herein.

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

20.4 Association Functions. There is hereby reserved to the Association, or their duly authorized agents and representatives, such easements and rights of access over, across, under or into the Condominium (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Association as are set forth, provided for or authorized in: this Declaration; or in the Articles, Bylaws or Rules and Regulations.

20.5 Declarant Functions. There is hereby reserved to the Declarant (and its duly authorized agents, employees, contractors and representatives), such easements and rights of access over, across, under or into the Condominium (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Declarant as are set forth, provided for or authorized in: this Declaration; Survey Map and Plans; Articles, Bylaws, or Association rules; building or other governmental permits or approvals; and Purchase and Sale Agreement between Declarant and a Unit Purchaser; any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law.

20.6 Encroachments. Each Unit and all Common Element is hereby declared to have an easement over all adjoining Units and Common Element, for the purpose of accommodating any encroachment or setback violation ("Encroachments") due to surveying errors, engineering errors, or errors in original construction, reconstruction, repair of any portion of an improvement or Structure, or any other similar cause, and any Encroachments due to building or Structure overhang or projection. There shall be valid easements for the maintenance of said Encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said Encroachments; provided, however, that in no event shall a valid easement for Encroachments be created in favor of an Owner or Owners if said Encroachments occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor Encroachments over adjoining Units, Structures and Common and Limited Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said Encroachments so long as they shall exist. The foregoing Encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

20.7 Future Development. As described in Article 10, it is hereby reserved to the Declarant (and its duly authorized agent, employees, contractors and representatives), such easements and rights over, across, under or into the Property and Condominium as are necessary for the development of additional Units on the Open Space tract. Such easements include, but are not limited to, access, utilities and utility connections.

ARTICLE 21 AMENDMENT OF DECLARATION AND SURVEY MAP AND PLANS,

21.1 Procedures. Except in cases of amendments that may be executed by the Declarant under this Declaration or the Condominium Act, this Declaration, and the Survey Map and Plans, may be amended only by vote or agreement of the Owners of Units to which at least sixty seven percent (67%) of the votes in the Association are allocated. An Owner may propose amendments to this Declaration or the Survey Map and Plans to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. Notice of a meeting, at which an amendment is to be considered, shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote after notice has been given to all persons (including eligible holders) entitled to receive notices. Upon the adoption of an amendment the amendment to this Declaration or the Survey Map and Plans will become effective when it is recorded or filed in the real property records in the county in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to this Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded.

21.2. General Limitations. An amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated

Interest of a Unit, or the uses to which any Unit is restricted shall require the vote or agreement of the Owner of each Unit particularly affected, the Declarant (if the Declarant owns a Unit or has the rights to exercise any Special Declarant Rights) and the Owners having at least ninety percent (90%) of the votes in the Association other than the Declarant. Certain provisions in this Condominium Declaration are for the purpose of ensuring that the Condominium Association maintains the basic infrastructure necessary to support the Buildings constructed within the Units and ensuring the safety of the residences.

21.3 Special Declarant/Development Rights. No amendment may restrict, eliminate, or otherwise modify any Special Declarant or Development Right, or any other right, power, benefit, provided in the Declaration to Declarant (nor otherwise hinder the business activities or expectations of, or benefits provided hereunder to, the Declarant) without the consent of the Declarant and any mortgagee of record (excluding mortgagees of Units owned by persons other than the Declarant) with a security interest in the Special Declarant or Development Right or in any real property subject thereto.

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

21.5 Amendment of Survey Map and 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.

21.6 Amendments by Declarant. The Declarant may unilaterally adopt and file amendments to the Declaration and to the Survey Map and Plans for so long as the Declarant is the Owner of any Unit in the Condominium or until the expiration of the time limit for the exercise of any Development Rights reserved by the Declarant, in order to:

(a) conform them to the actual location of any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas;

(b) exercise any Development Right reserved by the Declarant under Section 3.3.1 of this Declaration;

(c) correct any nonmaterial technical errors contained in the Governing Documents or clarify provisions of same; or

(d) conform them to requirements of the City or County in which the Condominium is situated, or of bona fide title insurance companies, secondary mortgage market entities or loan guarantors, or to changes in applicable Washington law.

ARTICLE 22
TERMINATION OF CONDOMINIUM

22.1 Action Required. The Condominium may be terminated pursuant to Article 19 or by agreement of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated and in accordance with the Condominium Act.

22.2 Condominium Act Governs. The provisions of the Condominium Act relating to termination of a Condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including but not limited to, the disposition of the Real Property in the Condominium and the distribution of proceeds from the sale of that Real Property.

ARTICLE 23
NOTICES

23.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provision of this Declaration or the Bylaws or Rules or Regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the Association.

23.2 Notices to Eligible Mortgagees. An Eligible Mortgagee is a Mortgagee that has filed with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the Eligible Mortgagee and the designation or address of the Unit on which it has (or insures or guarantees) a Mortgage. Unit such time thereafter that the Eligible Mortgagee withdraws the request or the Mortgage held, insured, or guaranteed by the Eligible Mortgagee withdraws the request or the Mortgage held, insured, or guaranteed by the Eligible Mortgagee is satisfied, the Board shall send to the Eligible Mortgagee timely written notice of (a) any proposed amendment of this Declaration or Survey Map and Plans effecting a change in (a) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the interest in the Common Elements or the liability for Common Expenses of any Unit, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements are restricted, (b) any proposed termination of Condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first Mortgage, (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Mortgagee had a Mortgage, (e) any lapse, cancellation, or material modification of any insurance policy maintained by the Association pursuant to Article 19, or (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Article 20 or Article 21.

ARTICLE 24
SEVERABILITY

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

ARTICLE 25
EFFECTIVE DATE

This Declaration shall take effect upon recording.

ARTICLE 26
REFERENCE TO SURVEY MAP AND PLANS

The Survey Map and Plans were filed with the Whatcom County Auditor's Office simultaneously with the recording of this Declaration under Auditor's No.

201802090089

ARTICLE 27
ASSIGNMENT BY DECLARANT

The Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the Property then owned by it and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration. In addition, Declarant has reserved the right to convert the Condominium into a subdivision. In this event, the Declarant can exercise control of the subdivision as Declarant.

Signature Page Follows

EXHIBIT "A"

Lots 1 through 3, and Tracts A & B, Jacob's Meadow Plat & PUD, AF #201706200037, being a portion of Blocks 4, 5 and 6, KELLOGG & FORDS ADDITION TO ANACORTES, recorded in Volume 1 of Plats, Page 41, Records of Skagit County, Washington, together with those easements as established by the above described Plat & PUD.

UNOFFICIAL DOCUMENT

EXHIBIT "B"

Unit #	Square Footage	Street Address	Allocate Interest
1	6694	3018 Calvin Court, Anacortes, WA	6.667
2	6693	3012 Calvin Court, Anacortes, WA	6.667
3	6693	3008 Calvin Court, Anacortes, WA	6.667
4	6703	3004 Calvin Court, Anacortes, WA	6.667
5	6708	2920 Calvin Court, Anacortes, WA	6.667
6	6708	2916 Calvin Court, Anacortes, WA	6.667
7	6310	2915 Calvin Court, Anacortes, WA	6.667
8	6267	2919 Calvin Court, Anacortes, WA	6.667
9	6245	3007 Calvin Court, Anacortes, WA	6.667
10	6225	3004 Calvin Court, Anacortes, WA	6.667
11	6204	3011 Calvin Court, Anacortes, WA	6.667
12	6182	3015 Calvin Court, Anacortes, WA	6.667
13	6180	3019 Calvin Court, Anacortes, WA	6.667
14	7156	3103 Calvin Court, Anacortes, WA	6.667
15	6156	3107 Calvin Court, Anacortes, WA	6.667

Note: this is a land condominium, and, therefore, the information requires under RCW 64.34.216(e)(ii)(iii)(iv)(v) is not included since there are no structures within the unit