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Skagit County Auditor

**CONDOMINIUM DECLARATION
FOR
514 S 1ST CONDOMINIUM**

GRANTOR(S): **CWay LLC,**
a Washington limited liability company,
as to an undivided 60% interest

MunchHaus LLC,
a Washington limited liability company,
as to an undivided 40% interest

as Tenants in common

GRANTEE: **514 S 1st CONDOMINIUM**

LEGAL DESCRIPTION: Lot(s): 2, Block 6, Gates 1 and 2, map of Mt. Vernon

Complete legal description on Exhibit A

Tax Parcel No.: P52037 / 3700-006-002-0002

The Map for this Community was filed with the Auditor of Skagit County, Washington simultaneously with the recording of this Declaration under Auditor's File No.

202103050118.

This Community is a Condominium as defined in WUCIOA.

TABLE OF CONTENTS

	Page
SECTION 1 INTERPRETATION.....	1
1.1 Liberal Construction.....	1
1.2 Covenants Running With Land.....	1
1.3 Construction and Validity	1
1.4 Declarant Is Original Owner	2
1.5 Captions and Exhibits.....	2
1.6 Nature of Units.....	2
1.7 Definitions.....	2
SECTION 2 DESCRIPTION OF REAL PROPERTY AND UNITS	4
2.1 Real Property Described.....	4
2.2 Designation and Boundaries of Units.....	4
2.3 Relocation.....	4
2.4 Party Wall.....	5
SECTION 3 DESCRIPTION OF THE COMMON ELEMENTS	5
3.1 Description of Common Elements	5
SECTION 4 LIMITED COMMON ELEMENTS	6
SECTION 5 ALLOCATED INTERESTS; SPECIALLY ALLOCATED EXPENSES	6
5.1 Allocated Interests.....	6
5.2 Transfer of Units and Common Elements.....	6
SECTION 6 CONSTRUCTION OF UNIT IMPROVEMENTS.....	7
6.1 Construction of Unit Improvements.....	7

SECTION 7 CONDOMINIUM ASSOCIATION	7
7.1 Form of Association.....	7
7.2 Membership.....	7
7.3 Transfer of Membership.....	7
7.4 Number of Votes	7
7.5 Voting Representative	7
7.6 Annual Meeting.....	7
7.7 Special Meetings	8
7.8 Quorum.....	8
SECTION 8 THE BOARD OF DIRECTORS	8
8.1 Adoption of Bylaws	8
8.2 Appointment of Board of Directors	8
8.3 Decisions	8
8.4 Officers.....	8
8.5 Indemnification	8
8.6 No Personal Liability	9
8.7 Amendment of Bylaws.....	9
SECTION 9 AUTHORITY AND DUTIES OF BOARD OF DIRECTORS	9
9.1 Authority of the Board of Directors	9
9.2 No For-Profit Business.....	9
9.3 Failure to Comply with Declaration.....	9
9.4 Right to Grant Easements or Encumber Common Elements	9
9.5 Financial Statements and Records.....	10
9.6 Inspection of Condominium Documents Books and Records	10

SECTION 10 COMMON EXPENSE ASSESSMENTS ACCORDING TO BUDGET ..	10
10.1 Fiscal Year.....	10
10.2 Preparation of Budget.....	10
10.3 Ratification of Budget	10
10.4 Annual Assessments.....	10
10.5 Special Assessments.....	11
10.6 Proceeds Belong to Association.....	11
10.7 Failure to Assess.....	11
10.8 Recalculation of Assessment.....	11
SECTION 11 COLLECTION OF ASSESSMENTS.....	11
11.1 Lien Indebtedness.....	11
11.2 Collection of Delinquent Assessments.....	11
SECTION 12 REGULATION OF USES; COMMERCIAL CONDOMINIUM.....	11
12.1 Restrictions on Use.....	11
12.2 Maintenance of Units	12
SECTION 13 INSURANCE.....	12
13.1 Insurance by Unit Owners.....	12
SECTION 14 COMPLIANCE.....	12
14.1 Enforcement	13
14.2 No Waiver of Strict Performance.....	13
SECTION 15 EASEMENTS	13
15.1 Association Function.....	13
15.2 Encroachments	13
SECTION 16 SUBDIVIDING OR COMBINING.....	13

16.1 Procedure.....	14
SECTION 17 AMENDMENT OF DECLARATION, SURVEY MAP, PLANS.....	14
17.1 Declaration Amendment; Generally.....	14
17.2 Other Limitations	14
SECTION 18 TERMINATION OF CONDOMINIUM STATUS.....	14
SECTION 19 DEADLOCKS; DISPUTE RESOLUTION.....	15
19.1 Deadlock; Confer in Good Faith	15
19.2 Mediation and Arbitration.....	15
SECTION 20 MISCELLANEOUS	16
20.1 Notice	16
20.2 Remedies Not Exclusive	16
20.3 Severability.....	16
20.4 Effective Date.....	16

**CONDOMINIUM DECLARATION
FOR
514 S 1ST CONDOMINIUM**

THIS CONDOMINIUM DECLARATION FOR 514 S 1st CONDOMINIUM (“**Declaration**”) is dated for reference purposes the 5TH day of MARCH, 2021 and is made by CWay LLC, a Washington limited liability company, as to an undivided 60% interest and MunchHaus LLC, a Washington limited liability company, as to an undivided 40% interest, as tenants in common (collectively, “**Declarant**”) for the purpose of creating and establishing a condominium, the name of which is 514 S 1st Condominium (“**Condominium**”).

Pursuant to the Washington Uniform Common Interest Ownership Act and for the purpose of submitting the real property described in the attached Exhibit A (the “**Property**”) to the provisions of the Act, Declarant makes this Declaration. This Declaration, together with the Survey Map and Plans referred to herein, sets forth covenants, conditions, restrictions, reservations and easements for the Condominium that are mutually beneficial to all of the described Units, and that are binding upon the entire Condominium and upon each Unit.

Declarant is recording this Declaration primarily to create legally conveyable “air-space” Units for the purpose of conveying separately developable, financeable, legal lots to each tenant in common of which the Declarant is composed. Declarant does not intend to convey its fee ownership of any Unit to any unaffiliated third party. Rather, because Declarant is composed of two limited liability companies as tenants in common, Declarant will convey the Units to each tenant in common in proportion to their respective interests.

**SECTION 1
INTERPRETATION**

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate the establishment of this Condominium under the provisions of Washington law. The provisions of the Washington Uniform Common Interest Ownership Act shall be liberally construed to affect the intent of this Declaration.

1.2 Covenants Running With Land. This Declaration (until terminated as provided herein, or as provided in the Act) shall be operative as a set of covenants running with the land, or equitable servitudes, supplementing and interpreting the Act and operating independently of the Act should the Act be, in any respect, inapplicable.

1.3 Construction and Validity.

1.3.1 All provisions of this Declaration are severable.

1.3.2 The rule against perpetuities may not be applied to defeat any provisions of this Declaration, the Articles or the Bylaws.

1.3.3 In the event of a conflict between the provisions of this Declaration and the Articles, Bylaws, or Rules, this Declaration prevails.

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

1.4 Declarant Is Original Owner; Conveyance to Tenants In Common. The Declarant is the original Owner of all Units and will continue to be deemed the Owner thereof unless and until a deed or other instrument of conveyance transferring the ownership of any Unit is recorded. The Declarant is composed of two entities who own the Property as tenants in common. The primary purpose of this Condominium is to allow the Property to be divided into separate legal lots to be conveyed to each tenant in common in order that they can be separately financed and developed.

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

1.6 Nature of Units. The Units created by this Condominium are of the kind commonly referred to as "airspace units" meaning that the boundaries of each Unit are not defined by any portion of a particular building, but rather by reference to planes in space established by the Survey Map and Plans.

1.7 Definitions. Where not otherwise defined, words in this Declaration have the meanings set forth in the Act. The following definitions shall apply in this Declaration, unless the context requires otherwise:

1.7.1 "Act" means the Washington Uniform Common Interest Ownership Act, RCW ch. 64.90, as amended from time to time.

1.7.2 "Allocated Interest" means the undivided interest in the Common Elements, the Common Expenses liability and votes in the Association as calculated in Section 5 and shown on the attached Exhibit B.

1.7.3 "Articles of Incorporation" means the articles of incorporation of the Association, as amended from time to time.

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

1.7.5 "Association" means the association of Unit Owners referred to in Section 7.

1.7.6 "Board of Directors" or "Board" means board of directors of the Association with primary authority to manage the affairs of the Association, the members of which are appointed by the Unit Owners as provided in Section 8.

1.7.7 "Bylaws" means the Bylaws of the Association adopted pursuant to Section 8.1 and as amended from time to time that, with this Declaration, provide for the organization of the Association and for the administration of the Condominium.

1.7.8 "Common Elements" means all portions of the Condominium other than the Units, including the Common Elements specifically identified in Section 3.1. Upon creation of the Condominium, the only Common Elements will be the air space over one or more Units as shown on the Survey Map and Plans and the Common Elements specifically identified in Section 3.1.

1.7.9 "Common Expenses" means expenditures made by or financial liabilities of the Association that are related to the Common Elements, or the general operation of the Association.

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

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

1.7.12 "Declarant" means CWay LLC, a Washington limited liability company, as to an undivided 60% interest and MunchHaus LLC, a Washington limited liability company, as to an undivided 40% interest, as tenants in common, which executes this Declaration pursuant to the Act.

1.7.13 "Declaration" means this instrument, including any exhibits hereto, as amended from time to time, by which real property described in the attached Exhibit A is submitted to provisions of the Act.

1.7.14 "Owner" or "Unit Owner" means the Declarant or any other Person who owns a Unit, but does not include a Person holding an interest in a Unit solely

as security for an obligation. "Unit Owner" or "Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

1.7.15 "Person" includes an individual, corporation, partnership, limited partnership, limited liability company, trust, governmental subdivision or agency, or other legal entity.

1.7.16 "Rules" means the Rules, if any, adopted by the Board for the Condominium, as the same may be from time to time amended.

1.7.17 "Survey Map and Plans" means the survey map and the plans recorded simultaneously with this Declaration in the real property records of King County, Washington, under the recording number set forth on the cover page of this Declaration, and any amendments thereto subsequently recorded.

1.7.18 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described on the Survey Map and Plans and in Section 2.2 below.

1.7.19 "Unit Improvements" mean those improvements constructed within the boundaries of a Unit that do not constitute part of the Common Elements.

SECTION 2 DESCRIPTION OF REAL PROPERTY AND UNITS

2.1 Real Property Described. The real property included in the Condominium is described in the attached **Exhibit A**.

2.2 Designation and Boundaries of Units. The number of Units in the Condominium and designation of each Unit are set forth in the attached **Exhibit B** and on the Survey Map and Plans. The Units in the Condominium are airspace units, within which the Owner of each Unit may construct or alter, or may permit the Owner's lessee to construct or alter, Unit Improvements. The boundaries of the Units are as set forth on the Survey Map and Plans. The Units encompass an existing building (the "**Building**"). Except as otherwise set forth herein (with respect to certain portions of the Building which are specifically identified as Common Elements), any portion of the Building located within the boundaries of a Unit are considered Unit Improvements and are not Common Elements.

2.3 Relocation. The following procedures shall apply to the relocation of the boundaries between adjoining Units and the resulting change in Allocated Interests for those Units. The reallocation shall be made by an amendment to this Declaration (i) executed and recorded by Declarant if it is the sole Owner of Units or (ii) if Declarant is no longer the sole Owner of Units, then upon application to the Association by the Owners of such Units. The application must describe the proposed reallocation of boundaries and

Allocated Interests, as the case may be. Unless the Association determines within thirty (30) days that the proposed reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Owners of the affected Units, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall further obtain and record an amendment to the Survey Maps or Plans complying with the requirements of RCW 64.90.245 necessary to show the altered boundaries between the adjoining Units and their dimensions and identifying numbers.

2.4 Party Wall. The interior of the Building is currently a large open space without any physical separate of the Unit boundaries located inside the Building. Declarant intends to construct a wall within the Building located on the center line of the boundary between the two Units (the “**Party Wall**”) in order to provide physical separation between the Units. The boundary between the two Units (i.e., the anticipated location of the Party Wall) is shown on the Survey Map and Plans for the Condominium. Upon construction of the Party Wall, the Party Wall will be considered a Common Element, and the boundary between the two Units will be deemed to be the center line of the Party Wall as constructed (it being the intent of the Declarant that minor variations between the interior Unit boundary as shown on the Survey Map and Plans and the final as-built location of the Party Wall will not require an amendment to the Survey Map and Plans and that the center line of the Party Wall will be deemed the actual boundary between the Units). Each Owner shall have the right to make non-structural changes to the surface of the Party Wall facing the interior of their Unit, including the right to paint, attach fixtures, hang artwork or other improvements, and generally use the surface of the Party Wall in a manner consistent with the other interior walls of their Unit, *except* that no openings may be cut in the Party Wall, and neither Owner may make any alterations that could reasonably be anticipated to impair the structural integrity of the Party Wall. Each Unit Owner will be responsible for regular maintenance and repair of the finished surface of the Party Wall facing the interior of their Unit. The Association shall be responsible for all other maintenance, repair, and replacement of the Party Wall (including, for example, any structural repairs thereto), the cost of which shall be allocated to the Owners in accordance with their Allocated Interests.

SECTION 3 DESCRIPTION OF THE COMMON ELEMENTS

3.1 Description of Common Elements. The Common Elements consist of (i) all parts of the Condominium other than the Units (including the airspace over and the soils below), and (ii) the following additional Common Elements:

(a) **Party Wall.** Upon construction of the Party Wall as discussed in Section 2.42.4, the Party Wall will be considered a Common Element.

(b) **Roof.** The roof structure, waterproofing, parapets, and flashing (but excluding any fixtures attached to the roof such as solar panels, mechanical units, venting systems, roof decks, and skylights, which shall be the responsibility of the Owner above whose Unit such fixtures are located).

(c) **Front Building Facade.** Structural components of the front-facing façade of the building on the Property. Non-structural veneers on the front-facing façade shall be the responsibility of the Owner within which such veneer(s) are located, except that any lap siding shall be maintained by the Owner of Unit B (South Unit).

(d) **Shared Utility Facilities.** Any and all utility facilities serving more than one Unit (but expressly excluding any such systems that serve only one Unit, which shall be the responsibility of the Owner whose Unit is served by such system), including intake and exhaust systems, fire air rescue systems, backflow preventers, storm and sanitary sewer systems, drainage systems and pollution control devices, common ducting systems for ventilation and utility services, domestic water systems, natural gas systems, heating and air conditioning systems, electrical systems, fire protection water and sprinkler systems, telephone systems, cable television systems, telecommunications systems, satellite communication systems, water systems, sump pumps, central utility services and all other utility systems and facilities reasonably necessary to service any improvement situated in, on, over and under the Condominium.

SECTION 4 LIMITED COMMON ELEMENTS

Upon creation of the Condominium, there are no limited common elements as that term is defined in the Act, but they may be created in the future by an amendment to this Declaration and the Survey Map and Plans.

SECTION 5 ALLOCATED INTERESTS; SPECIALLY ALLOCATED EXPENSES

5.1 Allocated Interests. The Allocated Interest of each Unit in the Common Elements and in the Common Expenses of the Association (as set forth in **Exhibit B**) is calculated using the following formula:

$$= (.5 \times (\text{Unit sq ft} / \text{total sq ft})) + (.5 \times (1 / \text{total units}))$$

One (1) vote is allocated to each Unit. This Declaration rounds percentages as necessary to make them total 100.

5.2 Transfer of Units and Common Elements. All rights granted to a Unit Owner under this Declaration shall be perpetual and pass with the Unit upon any transfer of Ownership.

SECTION 6 CONSTRUCTION OF UNIT IMPROVEMENTS

6.1 Construction of Unit Improvements. The Owner of each Unit may construct or allow to be constructed Unit Improvements therein without restriction under this Declaration but any such construction may be subject to the terms and conditions of any ground lease or other covenants, conditions and restrictions of record. Given that the primary purpose of this Condominium is to allow the Property to be divided into two separate legal lots such that they can be separately financed and developed, the Owners of each Unit shall cooperate together in good faith in connection with their respective development efforts. Further, in the event that the City of Mt. Vernon treats the Condominium as a unitary development for land use or permitting purposes, any major alterations or structural changes that would require the consent of the City shall require the unanimous approval of both Owners.

SECTION 7 CONDOMINIUM ASSOCIATION

7.1 Form of Association. On or before the date any Unit is conveyed to a third party by Declarant, the Association shall be formed as a nonprofit corporation under the laws of the State of Washington.

7.2 Membership. Each of the Unit Owners shall be a member of the Association and shall be entitled to one (1) membership for each Unit so owned.

7.3 Transfer of Membership. The Association membership of each Owner shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the 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.

7.4 Number of Votes. The total voting power of all Owners shall equal the total number of Units.

7.5 Voting Representative. If any Unit is owned by more than one (1) person, those Owners shall designate one (1) representative to represent the ownership group in the Association, by written notice to the Board of Directors. A designated representative need not be an Owner of a Unit. A designation may be revoked at any time by the Owners of the Unit on written notice to the Board of Directors.

7.6 Annual Meeting. Following its formation, the Association shall hold its annual meeting in the first quarter of each year at such reasonable place and time as may

be designated by written notice of the Board of Directors to the Owners no less than fifteen (15) nor more than sixty (60) days prior to the date fixed for the meeting.

7.7 Special Meetings. A special meeting of the Association may be called by either member of the Board of Directors, or either of the Unit Owners. Written notice shall be given to all Owners not less than fifteen (15) nor more than sixty (60) days prior to the date fixed for the special meeting, in accordance with the Bylaws. The written notice must specify the matters to be discussed at the meeting.

7.8 Quorum. Because there are only two Units in the Condominium, both Owners must be present at any annual or special meeting of the Association in order to have a quorum. The consent of both Owners shall be required to approve any matter, unless otherwise expressly provided herein. Deadlocks shall be subject to the dispute resolution provisions set forth in Section 19.

SECTION 8 THE BOARD OF DIRECTORS

8.1 Adoption of Bylaws. The Board of Directors shall adopt the initial Bylaws of the Association following the formation of the Association by the filing of the Articles of Incorporation. The Bylaws shall provide for the administration of the Condominium consistent with this Declaration and the Act.

8.2 Appointment of Board of Directors. The Articles of Incorporation of the Association shall set forth the initial members of the Board of Directors. The Board of Directors shall initially be comprised of two (2) directors. Thereafter, each Owner of a Unit shall appoint one (1) director. Each director shall serve until such director resigns or is removed by the Owner appointing such director. Upon resignation or removal of a director, the Owner entitled to appoint that director shall appoint a replacement director.

8.3 Decisions. A unanimous vote of the Board of Directors shall be necessary to approve any matter coming before the Board unless this Declaration specifically provides otherwise with regard to a given decision.

8.4 Officers. The Board of Directors may elect officers in the manner provided in the Bylaws.

8.5 Indemnification. The Association shall indemnify each director, Association committee member and Association officer against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed in connection with any proceeding to which such Person may be a party, or in which such Person may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such Person is adjudged guilty of willful or intentional misconduct, a knowing violation of the law in the performance of his or her duties and except in such cases where such Person has participated in a transaction from which

said Person will personally receive a benefit in money, property or services to which said Person is not legally entitled. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or committee member may be entitled.

8.6 No Personal Liability. Except as provided in the Act for torts that were committed by the Declarant or for which the Declarant is expressly made liable, and so long as a director, an Association committee member, or an Association officer exercising the powers of the Board of Directors, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such Person, then no such Person shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such Person, including any discretionary decision, or failure to make a discretionary decision; provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board of Directors. An action alleging a wrong done by the Association must be brought against the Association and not against any Unit Owner or any officer, committee member or director of the Association.

8.7 Amendment of Bylaws. The Bylaws may be amended, in whole or in part, by the Board of Directors or by vote of the Owners of all Units at any annual meeting or special meeting called for that purpose or by unanimous written consent in lieu of a meeting.

SECTION 9

AUTHORITY AND DUTIES OF BOARD OF DIRECTORS

9.1 Authority of the Board of Directors. The Board of Directors shall have all powers and authority granted to the Board of Directors under the Act and this Declaration. The Association shall arrange for insurance and such professional and other services necessary for the proper functioning of the Condominium, and the cost shall be shared among the Owners in the manner provided in this Section.

9.2 No For-Profit Business. Nothing contained herein shall be construed to give the Board of Directors authority to conduct an active business for profit on behalf of the Owners.

9.3 Failure to Comply with Declaration. The Association and any aggrieved Unit Owner shall have a right of action against any other Unit Owner who fails to comply with this Declaration or the decisions made by the Association.

9.4 Right to Grant Easements or Encumber Common Elements. The Association shall have the right to grant easements, licenses, leases, or other interests through or over the Common Elements.

9.5 Financial Statements and Records. The Association shall keep financial records in accordance with reasonable accounting principles given the nature of the Condominium. All financial and other records of the Association shall be reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with those reasonable accounting principles.

9.6 Inspection of Condominium Documents Books and Records. The Association shall make available to Owners, mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, the Rules, and other books, records and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

SECTION 10

COMMON EXPENSE ASSESSMENTS ACCORDING TO BUDGET

10.1 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.

10.2 Preparation of Budget. Following the conveyance of the first Unit to a Person other than Declarant and 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 take into account any surplus or deficit carried over from the preceding year and any expected income to the Association.

10.3 Ratification of Budget. Within thirty 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 either Owner disapproves of the proposed 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 Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

10.4 Annual Assessments. Assessments, as reflected by the annual budget and any supplemental budgets ratified by the Owners shall be paid within thirty (30) days of

ratification of such budget or such later date as may be approved by the Board. Any assessment not paid within thirty (30) days of adoption shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Section 11.

10.5 Special Assessments. For those Common Expenses that the Board, in its discretion, determines not to include in a budget or make assessments for on an annual basis, the Board may levy special assessments for such expenses against the Units. To the extent that any Common Expense is caused by the misconduct of a Unit Owner or relates to the repair of any Unit, the Association may levy a special assessment for the expense against the Unit.

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

10.7 Failure to Assess. Any failure by the Board or the Association to adopt the budgets or levy the assessments required hereunder in a timely manner 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, and the monthly assessments amounts established for the preceding year shall continue until new assessments are established.

10.8 Recalculation of Assessment. If Allocated Interests are reallocated, then Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Allocated Interests.

SECTION 11 COLLECTION OF ASSESSMENTS

11.1 Lien Indebtedness. Unpaid Assessment shall be the separate, joint and several personal debt of the Unit Owner or purchaser by voluntary conveyance of the Unit for which the same is assessed. Suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosing or waiving the lien securing same. Subject to applicable law, the Association shall have the same lien rights as those set forth in RCW 64.90.485 or its successor statute(s).

11.2 Collection of Delinquent Assessments. The Board of Directors may enforce collection of any delinquent Assessment in the same manner set forth in RCW 64.90.485 or its successor statute(s).

SECTION 12 REGULATION OF USES; COMMERCIAL CONDOMINIUM

12.1 Restrictions on Use. This is a commercial condominium; the Units are restricted to nonresidential use as contemplated by the Act and, accordingly, as permitted by RCW 64.90.100, it is the intent of the Declarant that only RCW 64.90.010 through

64.90.330 and 64.90.900 apply to the Condominium. To the extent that any of the Units contains quarters or accommodations similar to those typically associated with a residential use, those quarters or accommodations may only be used as ancillary to the principal commercial use of each Unit, and may not be segregated from the principal commercial use of the Unit. Except as otherwise set forth in this Declaration, and subject to the restriction with respect to nonresidential use set forth herein, all other nonresidential uses permitted by ordinances, zoning plans, and regulations of the City of Mount Vernon shall be deemed permitted by this Declaration.

12.2 Maintenance of Units. Each Unit Owner shall, at its sole expense, maintain, repair, and keep the Unit Improvements within such Owner's Unit and the equipment, appliances and appurtenances relating thereto, in good order, condition, repair and appearance; provided, however, that the Unit Owner may cause its tenant to perform such maintenance, repair and upkeep at the tenant's sole expense.

SECTION 13 INSURANCE

13.1 Insurance by Unit Owners. In light of the very limited nature of the Common Elements, each Owner shall maintain property insurance as provided below with respect to such Owner's Unit in lieu of the Association maintaining such insurance; provided, that by a unanimous vote of the Owners, the Owners may elect to have the Association instead maintain such insurance. Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, Unit Owners shall maintain the following:

13.1.1 Property Insurance. Property insurance providing all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Unit, including Unit Improvements, including the equipment, fixtures, appliances and improvements within or serving any such Unit with an "Agreed Amount Endorsement" and, if reasonably available, construction code endorsements. The policy shall, to the extent reasonably available, cover loss due to earthquake, flood and terrorism.

13.1.2 Commercial General Liability Insurance. Commercial general liability insurance, in an amount reasonably determined by Owner, but not less than \$2,000,000, combined single limit, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Unit and naming the Association and the other Owner(s) as an additional insured.

13.1.3 Personal Property Insurance. Insurance against loss of personal property of Owner by fire, theft and other losses.

SECTION 14 COMPLIANCE

14.1 Enforcement. Each Owner shall comply strictly with the provisions of this Declaration, the Bylaws, and the Rules as they may be lawfully amended from time to time. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the Owners or, in a proper case, by any aggrieved Owner. Failure to comply shall also entitle the Board of Directors to recover any costs and reasonable attorney fees incurred by reason of such failure whether or not such activities result in suit being commenced or prosecuted to judgment. In addition, the Board of Directors shall be entitled to recover costs and reasonable attorney fees if it prevails on appeal and in the enforcement of a judgment.

14.2 No Waiver of Strict Performance. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect.

SECTION 15 EASEMENTS

15.1 Association Function. The Association, or its duly authorized agents and representatives, has such easements over the Units and Common Elements as are necessary to perform the duties and obligations of the Association set forth in the Declaration, the Bylaws, or the Rules.

15.2 Encroachments. Each Unit and all Common Elements have an easement over all adjoining Units and Common Elements for the purpose of accommodating any encroachment resulting from engineering errors, errors in original construction, settlement or shifting of any Unit Improvements or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created if said encroachment occurred due to the willful act or acts with full knowledge of an Owner. In the event a Unit or Common Elements are partially or totally destroyed and then repaired or rebuilt, minor encroachments over adjoining Units and 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.

SECTION 16 SUBDIVIDING OR COMBINING

16.1 Procedure. Subdivision or combining of any Unit or Units or Common Elements are authorized only as follows:

16.1.1 Proposal for Subdividing or Combining. Declarant, so long as it is the sole Owner of the Units and any other Owner of a Unit, after Declarant is no longer the sole owner of the Units, may propose any subdividing or combining of a Unit or Units or appurtenant Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to the Declaration and Survey Map and Plans covering such subdividing or combining, to the Board of Directors, which shall then notify all other Owners of the requested subdivision or combination.

16.1.2 Unanimous Approval Required. Upon the unanimous approval of all Owners, the Owner making the proposal may proceed according to such plans and specifications. It is the intent of the Declarant, given the nature of the Condominium, to require unanimous consent of all Owners (i.e., not just the consent of Owners whose Units are to be subdivided or combined) in order complete any subdivision or combination of Units.

16.1.3 Costs. The Owner(s) proposing the combination or subdivision shall be responsible for all costs, including recording fees, and all work, such as preparing a new Survey Map and Plans, necessary to accomplish such combination or subdivision.

SECTION 17 AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

17.1 Declaration Amendment; Generally. The Declaration, including the Survey Maps and Plans, may be amended only by vote or agreement of Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated.

17.2 Other Limitations. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall be effective, once properly adopted, upon recordation in the records of Skagit County, Washington.

SECTION 18 TERMINATION OF CONDOMINIUM STATUS

The Condominium may be terminated voluntarily by the unanimous agreement of the Unit Owners. Following termination, the Unit Owners shall comply with the procedures, hold title to the real property formerly constituting the Condominium, and be entitled to disbursement of proceeds all as provided in RCW 64.90.290.

SECTION 19 DEADLOCKS; DISPUTE RESOLUTION

19.1 Deadlock; Confer in Good Faith. Except Upon a bona fide dispute as to any decision requiring unanimous consent hereunder, or any other matter for which the vote or consent of an Owner is required or permitted hereunder (each, a “Deadlock”), either Owner may issue a notice thereof to the other Owner (a “Deadlock Notice”). The Deadlock Notice shall describe in reasonable detail the Deadlock and the resolution proposed by the Owner issuing the Deadlock Notice. If a Deadlock Notice is properly issued, the Owners shall meet in good faith during the fifteen (15) day period after the Deadlock Notice has been received by the non-issuing Owner (or such shorter period of time as shall reasonably be required under the then existing circumstances) to attempt to resolve in a reasonable manner the decision or such other matter that is the subject of the Deadlock. If a decision that is the subject of a Deadlock and is not resolved by the agreement of the Owners within such fifteen (15) day period, then such Deadlock shall be resolved pursuant to the dispute resolution procedures set forth below.

19.2 Mediation and Arbitration. Any dispute that cannot be resolved pursuant to Section 19.1 or any other claim between the parties under this Agreement or otherwise, shall be determined by private arbitration using the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by this agreement. There shall be one arbitrator, who shall be an attorney with at least 15 years commercial law experience, selected by the parties as follows: each party shall submit a list of three proposed neutral arbitrators within ten (10) days of the arbitration demand, if the parties do not select an arbitrator within five (5) days, then within three (3) days the parties (or their representatives) shall flip a coin, and the winner shall select the arbitrator from the list previously provided by the loser. Any issue about whether a claim is covered by this agreement shall be determined by the arbitrator. At the request of either party made not later than forty-five (45) days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation which shall not delay the arbitration date; provided that either party may decline to mediate and proceed with arbitration. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery and enter such prehearing orders as may be appropriate to insure a fair private hearing, which shall be held within ninety (90) days of the demand; and concluded within two (2) days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorney fees and costs to the prevailing party, including the joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact or which may promote judicial economy, and may award attorneys’ fees and costs to the prevailing party but shall not have the power to award punitive damages.

The requirement for arbitration as set forth in this Section 19.2 shall not restrict the right of an Owner to seek equitable relief from a court of competent jurisdiction in the

event of an emergency or need for immediate relief or protection (such as a temporary restraining order or similar equitable relief).

SECTION 20 MISCELLANEOUS

20.1 Notice. Except as may be specifically provided herein, all notices, requests, demands, statements, assessments, notifications and other communications contemplated hereunder or given pursuant hereto shall be in writing and shall be deemed given and effective when delivered personally, or two (2) business days after a copy has been deposited in the U. S. mail, first-class postage prepaid. A notice to a Unit Owner may be delivered to the address of the Unit or any other address specified in a notice from that Unit Owner. A notice to the Association may be directed to the President or the Secretary of the Association at the Association's registered agent's address or any other address specified in a notice from that officer.

20.2 Remedies Not Exclusive. No right or remedy conferred or reserved by this Declaration is exclusive of any other right or remedy, but each is cumulative and shall be in addition to every other right or remedy given hereby or hereafter existing at law or equity or by statute.

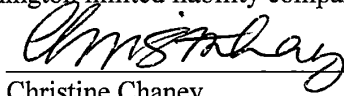
20.3 Severability. If any term or provision of this Declaration or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Declaration, and the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Declaration shall be valid and enforceable to the fullest extent.

20.4 Effective Date. The Declaration shall take effect upon recording.

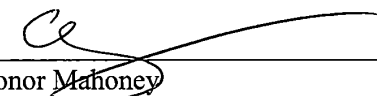
[Remainder of page intentionally left blank; signatures follow.]

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed as of the day and year first written above.

CWay LLC,
a Washington limited liability company

By: 
Name: Christine Chaney
Title: MANAGER

MunchHaus LLC,
a Washington limited liability company

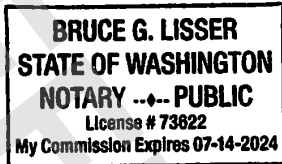
By: 
Name: Conor Mahoney
Title: Sole Member

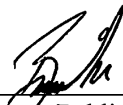
STATE OF WASHINGTON

SS.

COUNTY OF SNOHOMISH

This record was acknowledged before me on MARCH 5, 2021, by CHRISTINE CHANIS as MANAGER of CWay, LLC, a Washington limited liability company.



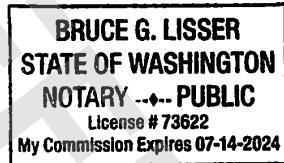

Notary Public for the State of Washington
My commission expires: 7-14-24

STATE OF WASHINGTON

SS.

COUNTY OF SAGIT

This record was acknowledged before me on MARCH 5, 2021, by Conor Mahoney, the sole member of MunchHaus, LLC, a Washington limited liability company.



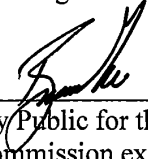

Notary Public for the State of Washington
My commission expires: 7-14-24

EXHIBIT A**LEGAL DESCRIPTION OF REAL PROPERTY**

Lot 2, Block 6, "MAP OF MOUNT VERNON, GATES 1ST AND 2ND ADDITIONS TO MOUNT VERNON," as per plat recorded in Volume 2 of Plats, page 98, records of Skagit County, Washington.

Except the east 5 feet thereof as condemned in Skagit County Superior Court under Cause No. 11403.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

EXHIBIT B**UNIT DATA/ALLOCATED INTERESTS**

Unit	Level	Area in Sq. Ft.	Allocated In- terest	Votes
Unit 1 (North Unit)	n/a	2,916	55%	1
Unit 2 (South Unit)	n/a	1,834	45%	1
TOTAL	n/a	4,750	100%	2

1. As airspace Units, the Units are not located on any level of a building.
2. The area of each Unit is the maximum square footage for each Unit within its perimeter boundaries, as shown on the Survey Map and Plans, without regard to any Unit Improvements subsequently constructed therein.
3. Because the Units are nonresidential, the number of bedrooms, bathrooms and fireplaces is not set forth herein.
4. No Common Element parking spaces or moorage slips are part of this air space Condominium upon recording.