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CONDOMINIUM DECLARATION
CONTAINING
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS
FOR
PUGET STREET CONDOMINIUM

TITLE OF DOCUMENT:

CONDOMINIUM DECLARATION FOR PUGET
STREET CONDOMINIUM

DECLARANT/GRANTOR/GRANTEE:

Puget Street Properties, LLC

ABBREV. LEGAL DESCRIPTION:

Lot 12, Block 4, Replat of the Junction Addition to
Sedro

FULL LEGAL APPEARS:

Exhibit "A"

TAX PARCEL NO.:

4165-004-012-0001/P76564

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ARTICLE I
INITIAL MATTERS

1.1. Name and Type of the Community and its Association.

The name of the Community is Puget Street Condominium. The Community is a condominium, as defined in the Governing Law. The Community's Association, described with greater particularity in Section 7.1 hereof, is a Washington Nonprofit Miscellaneous and Mutual Corporation known as Puget Street Condominium Owners Association.

1.2. Description and Dedication of Real Property Included in Condominium.

The real estate included in the Condominium is legally described in the attached Exhibit "A". Puget Street Properties, LLC, hereinafter referred to as the "Declarant," hereby submits said land, together with all legally associated easements, rights, appurtenances and improvements, collectively referred to hereinafter as "the Property," to the provisions of the Washington Uniform Common Interest Ownership Act ("WUCIOA," or "Governing Law", i.e., Chapter 64.90 of the Revised Code of Washington).

1.3. Reference to Survey Map.

Contemporaneously with the recordation of this Declaration, the Declarant has recorded with the Auditor of Skagit County, Washington a record of survey showing the location and dimensions of the land described in Exhibit "A" and the location and dimensions of the improvements constructed or contemplated to be constructed thereon, together with other information required by the Governing Law; this instrument is hereinafter together referred to as the "Survey Map"; the Survey Map is recorded at Auditor's File No. 202311140107.

1.4. Purpose of Declaration.

This Declaration states covenants, conditions, restrictions, and reservations intended by the Declarant to effect a common plan for the condominium development of the Property mutually beneficial to both of the described Units. The covenants, conditions, restrictions, reservations and plan, including without limitation the statutory lien for Assessments described at Subsection 10.16 hereof, that may be foreclosed by the Association nonjudicially under the power of sale granted herein, are binding upon the entire Property and upon each such Unit created therein as a parcel of realty, and upon its Owners and their heirs, personal representatives, family members, guests, invitees, tenants, licensees, successors and assigns, through all successive transfers of a Unit or of any other any part of the Property, irrespective of whether specifically referred to in deeds, contracts or security instruments, and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments, or of any forfeitures, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

1.5. Nature of the Units.

The Condominium is of the kind commonly referred to as an "air space 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.

ARTICLE II
DEFINITIONS

- 2.1. "Allocated Interest" means the undivided interest in the Common Elements, the Common Expense liability, and votes in the Association allocated to each Unit by the provisions of Sections 5.3, 7.4.2 and 10.6 of this Declaration, pursuant to RCW 64.90.235.
- 2.2. "Assessment" means all sums chargeable by the Association against a Unit including, without limitation: (a) Regular and Special Assessments for Common Expenses, and Specially Allocated Assessments for other expenses, charges, or fines imposed and levied by the Association; (b) interest and late charges on any delinquent account; and (c) all costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.
- 2.3. "Association" means the Puget Street Condominium Owners Association that is described in Article VII of this Declaration.
- 2.4. "Board" means the body with primary authority to manage the affairs of the Association, as provided in RCW 64.90.410(1).
- 2.5. "Building" shall mean the duplex structure that straddles the Units and comprises a part of the Property. Half of the Building is located in each of the air space Units.
- 2.6. "Bylaws" means the bylaws of the Association, as amended from time to time.
- 2.7. "Common Elements" means all portions of a Condominium other than the Units.
- 2.8. "Common Expense" means any expense of the Association, including allocations to Reserves, allocated to all of the Unit Owners in accordance with common expense liability.
- 2.9. "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to the Governing Law and Section 10.6 of this Declaration.
- 2.10. "Condominium" means Puget Street Condominium created by this Declaration and related Survey Map pursuant to the Governing Law.
- 2.11. "Declarant" means Puget Street Properties, LLC, a limited liability company, and any successor Declarant or any person specifically defined in the Governing Law.

- 2.12. "Declarant Control" means the right of the Declarant or Persons designated by the Declarant to appoint and remove Officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Association pursuant to Section 8.1 of this Declaration and RCW 64.90.415(1)(a).
- 2.13. "Declarant Control Period" means the period of time that the Declarant has Declarant Control which is specified in this Declaration.
- 2.14. "Declaration" means this document, which creates the Condominium by setting forth the information required by Governing Law, and any amendments to this document.
- 2.15. "Development Rights" means any right or combination of rights reserved by the Declarant in the Declaration: (a) to add real property or improvements to the Condominium; (b) to create Units, Common Elements, or Limited Common Elements within real property included in or added to the Condominium; (c) to subdivide or combine Units or convert Units into Common Elements; or (d) to reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant. Development Rights are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. In this Condominium, Development Rights are described in Subsection 3.3.1 hereof.
- 2.16. "Eligible Mortgagee" means the holder of a mortgage on a Unit that has filed with the Secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees. The term "Eligible Mortgagee" also includes the "servicer" of a mortgage that has been acquired by a secondary mortgage market entity such as the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the like.
- 2.17. "Foreclosure" means a statutory forfeiture or a judicial or nonjudicial foreclosure of a security interest or a deed or other conveyance in lieu of a security interest.
- 2.18. "Governing Documents" means the Declaration, the Survey Map, any Rules or resolutions adopted by the Board of Directors, and any amendments to any such instruments.
- 2.19. "Governing Law" means the Washington Uniform Common Interest Ownership Act (Chapter 64.90 RCW) or any successor statute, and any amendments thereto.
- 2.20. "Identifying Number" means a symbol or address that represents the designation of each Unit in the Condominium. A list of Identifying Numbers for all the Units in the Condominium in existence as of the effective date of this Declaration, along with other information required by the Governing Law, is attached as Exhibit "B" to this Declaration, where such Identifying Numbers are listed in a column below the words "Unit No."

- 2.21. "Limited Common Element" means a portion of the Common Elements allocated by Article VI of the Declaration or by operation of RCW 64.90.210(1)(b) and/or (3) for the exclusive use of one or more but fewer than all of the Units.
- 2.22. "Manager" or "Managing Agent" shall mean a natural person or business entity regularly engaged in the business of managing common interest communities engaged on behalf of the Board to assist in administration of management of the Community.
- 2.23. "Mortgage" means a mortgage, deed of trust or real estate contract.
- 2.24. "Notice" means a notice provided under the provisions of RCW 64.90.515.
- 2.25. "Occupant" means a natural Person lawfully occupying any Unit; the term includes without limitation Unit Owners, and family members, and tenants of Unit Owners.
- 2.26. "Organizational Documents" means the instruments filed with the Secretary of State to create the Association and the instruments governing the internal affairs of the Association including, but not limited to, its Articles of Incorporation and Bylaws.
- 2.27. "Person" means an individual, corporation, business trust, estate, the trustee or beneficiary of a trust that is not a business trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, or any other legal entity.
- 2.28. "Preventative Maintenance" means such Upkeep as shall be necessary from time to time to prevent premature failure of any component of a Unit or the Common Elements.
- 2.29. "Purchaser" means any Person, other than the Declarant or a dealer, who or which by means of a voluntary transfer acquires a legal or equitable interest in a Unit other than as security for an obligation.
- 2.30. "Qualified Financial Institution" means a bank, savings association, or credit union the deposits of which are insured by the federal government.
- 2.31. "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- 2.32. "Reserve" or "Reserves," when used as a noun, means money on deposit in a Reserve Fund or Reserve Account, which terms are synonymous, established pursuant to RCW 64.90.535.
- 2.33. "Reserve Study Professional" means an independent Person who is suitably qualified by knowledge, skill, experience, training, or education to prepare a Reserve Study in accordance with RCW 64.90.545 and 64.90.550. For the purposes of interpreting this definition, "independent" means a person who is not an employee, Officer, or Director,

and has no pecuniary interest in the Declarant, Association, or any other party for whom the Reserve Study is prepared.

- 2.34. "Residential Purposes" means use for dwelling and human habitation, and for reasonable social, recreational or other uses normally incident to such purposes.
- 2.35. "Rule" means a policy, guideline, restriction, procedure, or regulation of the Association, however denominated, that is not set forth in the Declaration or Organizational Documents and that governs the conduct of Persons or the use or appearance of property.
- 2.36. "Security Interest" means an interest in real estate or personal property, created by contract or conveyance that secures payment or performance of an obligation. "Security Interest" includes a lien created by a mortgage, deed of trust, real estate contract, lease intended as security, assignment of lease or rents intended as security, and any other consensual lien or title retention contract intended as security for an obligation.
- 2.37. "Special Declarant Rights" means rights reserved for the benefit of the Declarant to: (a) Complete any improvements indicated on the Survey Map or described in the Declaration or the public offering statement pursuant to RCW 64.90.610(1)(h); (b) Exercise any Development Right; (c) Maintain sales offices, management offices, signs advertising the Condominium, and models; (d) Use easements through the Common Elements for the purpose of making improvements within the Condominium or within real estate that may be added to the Condominium; (e) Make the Condominium subject to a Master Association; (f) Merge or consolidate the Condominium with another condominium; (g) Appoint or remove any Officer or Board member of the Association or any Master Association or to veto or approve a proposed action of the Board or Association, pursuant to RCW 64.90.415(1); (h) Control any construction, design review, or aesthetic standards committee or process; (i) Attend Meetings of the Unit Owners and, except during an executive session, the Board; and (j) Have access to the records of the Association to the same extent as a Unit Owner. In this Condominium, Special Declarant Rights that have been reserved by the Declarant for this Condominium are described in Section 3.5 hereof.
- 2.38. "Specially Allocated Expense" means any expense of the Association, including allocations to Reserves, allocated to some or all of the Unit Owners and assessable against their respective Units pursuant to RCW 64.90.480 (4) through (8).
- 2.39. "Specially Allocated Assessment" means an Assessment made or deemed to be made by the Association against Units to which Specially Allocated Expenses are allocated under Section 10.8 of this Declaration.
- 2.40. "Survey Map" means the map for the Condominium prepared in accordance with the Governing Law and recorded simultaneously herewith as amended from time to time. Pursuant to RCW 64.90.245(1), the Survey Map is to be construed as comprising a part of this Declaration.

- 2.41. "Timeshare" shall have the same meaning specified in the Timeshare Act, RCW 64.36.010(11).
- 2.42. "Unit" means the physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 4.2 hereof.
- 2.43. "Unit Owner" means the Declarant or any other Person who owns a Unit, but does not include a Person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee and not the vendor of a Unit under a real estate contract.
- 2.44. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is necessary to maintain property in a decent, safe and sanitary condition, in keeping with standards established in the Governing Documents of the Condominium.

ARTICLE III

DESCRIPTION OF LAND, PROJECT TYPE, BUILDINGS, DEVELOPMENT RIGHTS

3.1. Land and Street Address.

The Building and other improvements of this Condominium are constructed on certain real property located at 616 Puget Street, Sedro Woolley, 98284, Skagit County, Washington, which is more particularly described in Exhibit "A" which is attached hereto and is by this reference incorporated herein.

3.2. Project Type.

3.2.1. Project Type. This Condominium is an air space condominium that includes one (1) Building (duplex structure) and two (2) Units that are generally designed for Residential Purposes, as described with greater particularity in Section 9.1 of this Declaration.

3.2.2. Building. The Building is a duplex structure split in the middle with each dwelling end to end. The Units created by this Declaration are "air space units" with each half of the Building located therein.

3.3. Development Rights.

3.3.1. Description. Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved Development Rights that are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. The Development Rights are described with specificity as follows.

3.3.1.1. The right to add improvements to the Condominium. This includes, but is not limited to, signage facilities, and other items deemed necessary or desirable by the Declarant.

3.3.1.2. The right to relocate the common boundary between Units.

3.3.1.3. The right to assign portions of the Common Elements as Limited Common Elements pursuant to RCW 64.90.225(1)(f) or to reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant. The right to reallocate parking spaces assigned to the Units pursuant to Article VI is included with this right.

3.3.1.4. The Development Rights described in Sections 3.3.1.1 through 3.3.1.3 apply to all of the Condominium Property. These Development Rights may be exercised with respect to different portions of the property at different times. If the Declarant exercises any Development Rights as to any portion of the property, the Declarant is not required to exercise any Development Right as to the remainder of the property.

3.3.2. Procedure for Exercise. To exercise any reserved Development Right, the Declarant should prepare, execute, and record an amendment to the Declaration and Survey Map in accordance with the requirements of RCW 64.90.245 and RCW 64.90.285(3) as necessary.

3.3.3. Time Limits on Development Rights. The Declarant may exercise the Development Rights described in Subsection 3.3.1 of this Declaration within seven (7) years from the date of the conveyance by the Declarant of the first Unit in the Condominium to a Person other than the Declarant or until a date that is one hundred eight (180) days following the sale of the last Unit in the Condominium, whichever first occurs.

3.3.4. Sequence of Exercise of Rights. Subject to the time limitations stated in Subsection 3.3.3 hereof, and except as otherwise expressly provided elsewhere in this Declaration, the Development Rights described in Subsection 3.3.1 of this Declaration may be exercised at different times, at any time, at different times and in any order, without further assurances or limitation of any sort, either in all or in any portion of the remainder of any such property subject to such Development Rights.

3.4. Special Declarant Rights.

Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Condominium: To complete any improvements indicated on the Survey Map filed with the Declaration or the public offering statement pursuant to RCW 64.90.610(1)(h); to exercise any Development Right under Subsection 3.3.1 hereof; to maintain sales offices, management offices, signs advertising the Condominium, and models within the Common Elements and unsold Units, to use easements through the Common Elements for the purpose of making improvements within the Condominium or within real estate that may be added to the Condominium; make the Condominium subject to a Master Association; merge or consolidate the Condominium with another condominium; to control any construction, design review, or aesthetic standards committee or process; attend Meetings of the Unit Owners and, except during an executive session,

the Board; have access to the records of the Association to the same extent as a Unit Owner; and to veto or approve a proposed action of the Board or Association or any Master Association during the Declarant Control Period described in Section 5.1 of the initial Bylaws. A failure by the Declarant to veto or approve any such proposed action within thirty (30) days after receipt of written Notice of the proposed action shall be deemed to constitute approval thereof by the Declarant. Except with respect to the right to exercise Development Rights, which is governed by Subsection 3.3.3 hereof, or as limited in Section 8.1 hereof and Section 5.1 of the initial Bylaws with respect to Declarant Control, Special Declarant Rights shall terminate upon the sale of the last Unit that may be created in the Condominium, or seven (7) years from the date of the conveyance of the first Unit in the Condominium to a Purchaser other than the Declarant, whichever is earlier.

ARTICLE IV UNITS

4.1. Number, Location and Type of Units.

The Condominium contains two (2) Units, the location and dimensions of which are shown on the Survey Map. The Identifying Number of each Unit, along with the approximate square footage, the number of whole or partial bathrooms, number of rooms designated primarily as bedrooms, and level or levels on which a Unit is located is set forth in Exhibit "B". Because each Unit is an envelope of defined space (currently containing one-half (1/2) of a Building), the Declaration does not need to include the number of bathrooms, bedrooms, or Building levels on which the Unit is located. However, to the extent the Building includes the above-referenced items, it is described in Exhibit "B". Further, any Unit Owner could make changes to the Building within a Unit in a way that would make the information on Exhibit "B" inaccurate or incomplete.

4.2. Unit Boundaries.

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

4.3. Monuments as Boundaries.

Any physical boundaries of a Unit constructed in substantial accordance with the original Survey Map constitute its boundaries rather than any metes and bounds expressed in the Survey Map, regardless of settling or lateral movement of the Building or minor variance between boundaries shown on the Survey Map and those of the Building.

4.4. Building and Improvements Within Units and Maintenance and Repair.

4.4.1. General. Subject to the terms of this Declaration, each Owner is responsible for maintenance, repair, and replacement of the Owner's Unit and the half Building located therein and other improvements within that Unit.

4.4.2. Owners' General Responsibility. Each Unit Owner, at his or her sole expense, shall have the right and the duty of Upkeep of their Unit and the half of the Building located therein, along with other improvements erected within the Unit, and any equipment, appliances, and fixtures contained therein in good order, condition and repair and shall do all interior and exterior maintenance, repair and replacement at any time necessary to maintain the good appearance and condition of such Unit, Building, and improvements. Provided, however, the Association shall provide property insurance for the Building pursuant to Article XI hereof. Each Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which may be in or connected with his or her Unit.

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

4.4.4. Unless one hundred percent (100%) of the votes in the Association vote otherwise, the Building exteriors shall be painted once every ten (10) years. Except as provided herein, utilization of different exterior materials including, without limitation, roofing materials, building siding materials, and fencing must be approved by the adjoining Unit Owner and the Association before installation. The Building shall be painted, and the roof maintained, repaired and replaced as needed to be in good condition and consistent with this Declaration.

4.4.5. Subject to the provisions of this Declaration and other provisions of law, a Unit Owner may make any improvements to or within the Owner's Unit that does not cause the external appearance of the Building to be in any manner inconsistent with this Declaration and does not

affect the structural integrity or mechanical or electrical systems or lessen the support of any Unit or any portion of the Condominium.

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

4.4.7. The current Building shall continue to be attached single family Units and both sides shall remain architecturally the same.

4.4.8. In addition to the rights provided herein, the Association may perform all major maintenance, repairs and replacements of the building enclosures and any regular maintenance which it elects to perform for the Building. In such an event, the Association shall assess the Association's cost of maintaining the building enclosures for the Building to the Owners. All maintenance, repairs and replacements of the building enclosures shall be performed in accordance with any maintenance schedules provided to the Association by the Declarant and, in the absence of any specific requirement in such schedules in accordance with industry standards (the "Maintenance Standards"). The Board may modify the Maintenance Standard provided any changes shall be in accordance with industry standard and consistent with the community-wide standard. The Board shall immediately inform Declarant of any changes in the Maintenance Standards applicable to the building enclosures made prior to the expiration of the time period stated in RCW 64.90 for bringing warranty claims against Declarant, or prior to the final resolution of any warranty claims against Declarant (the "Warranty Period"). In addition, the Association shall, through periodic inspections and institution of appropriate fines or other penalties, enforce each Owner's obligation to maintain its Unit in accordance the Maintenance Standards. At any time and from time to time during the Warranty Period, Declarant shall have the right to enter the Condominium and cause to be performed an inspection by an independent, qualified engineer, architect or qualified building inspector as defined in RCW 64.55.010(8) to ascertain the physical condition of the Building including the building enclosures. The scope of the inspection may include whether the regular scheduled maintenance has been performed, and ascertain the condition of the building enclosures.

4.4.9. Maintenance of Home Interiors. Each Owner shall be responsible for the interior of the portion of the Building within his or her Unit and the equipment, appliances, and appurtenances relating thereto (including the furnace, water heater, sinks, faucets, valves, electrical fixtures, switches, and receptacles), in a clean and sanitary condition, free of rodents and pests, and in good order, condition, repair and appearance in accordance with the Maintenance Standards and community-wide standard. This maintenance obligation extends to all plumbing lines, hoses, fans, ducts, wiring, and conduit which may be part of or exclusively serve the Owner's Unit.

4.5. Maintenance and Construction Work Separate From Building. The Unit boundaries are only a half a foot off the Building. The Unit Owners are responsible for the areas between the building and the Unit boundary, and such areas shall be kept in a clean and orderly condition. The remaining areas outside the Unit boundary are Common Elements, and the Association shall cause the Common Elements to be maintained in a good, clean, sanitary and operating condition. The

Association is responsible for maintenance, repair and replacement of the Common Elements, including the Limited Common Elements, except as may be provided elsewhere in this Declaration. Decisions with respect to the standard in appearance and condition of the driveways, patios, 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. Please reference Article V for additional details on the Common Elements.

4.6. 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.

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

4.8. Relocation of Unit Boundaries.

Subject to the provisions of any applicable Building, zoning or other applicable regulations and with consent of any eligible mortgagees, boundaries of Units may be relocated as provided in RCW 64.90.255 and subject to provisions of this Declaration.

4.9. Subdivision of Units. Subdivision of Units is prohibited in this Condominium.

4.10. Party Walls. The Units within the Condominium contain a common Party Wall with the adjacent Unit. For purposes of this Declaration, a "Party Wall" shall mean any wall which is located on a Unit boundary line and which serves as a common wall between residences located within the Building. Each of the Owners shall be deemed to own the one-half of the Party Wall the exterior surface of which forms the interior surface of their residence located within the

Building (the "Living Unit"), whether or not the actual center of the Party Wall corresponds exactly to the common Unit boundary.

4.10.1 Use. Each Owner may use the Party Wall for any and all purposes that do not interfere with the use of the Party Wall by the other Owner. Notwithstanding the foregoing, neither Owner may cut openings through the Party Wall, do anything to impair the structural integrity or strength of the Party Wall, or do anything to alter, damage, or deface the exterior surface of the Party Wall located on the other Owner's Unit (whether such exterior surface is on the inside or outside of the Unit).

4.10.2 Repair; Maintenance. Each Owner shall maintain the exterior surface of the Party Wall located on their Unit and shall maintain all utilities serving their Unit, which are located within the Party Wall, if any. In the event that the structural components of the Party Wall are damaged or destroyed, each Owner shall pay for one-half of the cost of the repair or rebuilding of such structural components; provided that if the damage or destruction occurs as a result of the negligence or willful misconduct of one Owner or the invitee of an Owner then such Owner shall pay all of the costs of the repair or rebuilding of the Party Wall. In the event that the Party Wall needs to be repaired or rebuilt, it shall be repaired or rebuilt using the same standards or construction and shall be the same size and configuration of the Party Wall that exists immediately prior to the repair or rebuilding except as provided in Section 4.10.3 hereof.

4.10.3 Change of Size or Configuration. In the event that the Party Wall needs to be repaired or rebuilt, the size, configuration, or standards of construction of the Party Wall may be changed upon the request of one Owner and the prior written approval of the other Owner, which approval shall not be unreasonably withheld. In the event that any such change in size, configuration, or standards of construction results in a higher cost than a repair or rebuilding of the Party Wall based upon the size, configuration, and standards of construction that existed as of the date of this Declaration, then the Owner requesting the change shall be responsible to pay all of the increased costs associated with any such change. In the event that either Owner wishes to change the size, configuration, or standards of construction of the Party Wall when the Party Wall is not in need of repair or rebuilding, such Owner may do so at its sole cost and expense with the prior written approval of the other Owner, which approval shall not be unreasonably withheld.

4.10.4 Payment. In the event that the Party Wall is in need of repair or rebuilding, the Owners shall attempt to agree on all aspects of the repair and rebuilding, including the contractor to be used, the timing of the repair and rebuilding, and the allocation of costs pursuant to Sections 4.10.2 and 4.10.3 hereof. In the event that the Owners cannot reach agreement within ten (10) days from the date of the damage or destruction to the Party Wall resulting in the need for repair or rebuilding, then either Owner may cause the repair or rebuilding to be done and shall have the right to reimbursement from the other Owner for such Owner's proportionate share of the costs of the repair and rebuilding, together with interest at a floating rate of interest equal to the prime rate of Bank of America bank plus three percent (3%) per annum until such costs are reimbursed in full.

4.10.5 Cross-Easement. Declarant hereby reserves for the benefit of each Owner an easement in the Unit of the other Owner upon which any portion of the Party Wall is located for each Owner's use of the Party Wall as provided for in Section 4.10 of this Declaration.

ARTICLE V
COMMON ELEMENTS

5.1. Description of Common Elements.

Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Elements of the Condominium consist of the following:

5.1.1. The real estate described above, except the portions thereof contained within a Unit.

5.1.2. Any utility lines providing service to both of the Units.

5.1.3. The paved driveway/parking area (not part of a Unit or not allocated as a Limited Common Element by this Declaration).

5.1.4. The areas surrounding the Building, including landscaping, as shown on the Survey Map.

5.1.5. Those areas shown as Common Elements on the Survey Map.

5.2. Partition, Conveyance, or Encumbrance.

5.2.1. Except as permitted by this Declaration or the Governing Law, the Common Elements shall remain undivided and are not subject to partition; any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void. No Unit Owner or other Person may bring any action for partition or division of the Common Elements, except as provided in Section 6.4 hereof. Portions of the Common Elements that are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association, but only as provided below in this Section 5.2, if the Owners of both Units, along with that percentage of Eligible Mortgagees specified in Article XV of this Declaration, consent to this action; but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest.

5.2.2. The Association, on behalf of the Unit Owners, may contract to convey or dedicate an interest in the Condominium, but the contract is not enforceable against the Association until approved pursuant to Subsections 5.2.1 and 5.2.3 hereof. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

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

5.2.4. If the consent of Eligible Mortgagees holding security interests on at least eighty percent of the Units subject to security interests held by Eligible Mortgagees on the day the Unit Owners' agreement under Subsection 5.2.3 hereof is recorded, is obtained, then:

- (a) A conveyance of Common Elements pursuant to this Section 5.2 terminates both the undivided interests in those Common Elements allocated to the Units and the security interests in those undivided interests held by all Persons holding security interests in the Units; and
- (b) An encumbrance of Common Elements pursuant to this Section 5.2 has priority over all preexisting encumbrances on the undivided interests in those Common Elements held by all Persons holding security interests in the Units.

5.2.5. The consents of Eligible Mortgagees, or a certificate of the Secretary affirming that the requisite percentage of Eligible Mortgagees have consented, may be recorded at any time before the date on which the agreement under Subsection 5.2.3 becomes void. Such consents or certificates recorded are valid from the date they are recorded for purposes of calculating the percentage of consenting Eligible Mortgagees, regardless of later conveyance or encumbrances on those Units. If the required percentage of Eligible Mortgagees consent, a conveyance or encumbrance of Common Elements does not affect interests having priority over the Declaration or created by the Association after the Declaration was recorded.

5.2.6. Proceeds of the sale or a loan are an asset of the Association, but the proceeds of the sale of Limited Common Elements must be distributed equitably among the Unit Owners of Units to which the Limited Common Elements were allocated. This Section 5.2 does not apply to the incorporation of common elements into Units as a result of relocating Unit boundaries pursuant to Subsection 4.8.2 hereof, to subdividing or combining Units pursuant to Subsection 4.9.2 hereof., or to eminent domain proceedings, which are described in Article XII to this Declaration.

5.2.7. Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section 5.2, is void. A conveyance or encumbrance of Common Elements pursuant to this Section 5.2 shall not deprive any Unit of its rights of access and support.

5.3. Allocated Interests in the Common Elements.

Pursuant to RCW 64.90.235, the Declarant has allocated to each Unit in the Condominium an undivided interest in the Common Elements of the Condominium, which is known as the Unit's Allocated Interest in the Common Elements. These undivided interests have been allocated among

the Units equally among the two Units. Each Unit's Allocated Interest in the Common Elements is expressed as a percentage and is stated with particularity on the attached Exhibit "B."

5.4. Maintenance, Repair and Replacement – Association.

The Association is generally responsible for maintenance, repair and replacement of the Common Elements, as well as any other items for which the Association has control or has been delegated the responsibility. The Common Elements for this Condominium include the driveway, parking, lawn and landscape areas. The Association is responsible for maintenance, repair and replacement of these items and must assess monies for maintenance repair or replacement. Such areas shall be maintained in a neat, clean and good order and condition.

5.5. Schedules for Preventative Maintenance, Other Routine Maintenance and Reserves.

The Board, with the assistance of the Association's Manager and/or other competent professionals, should develop a schedule of routine Preventative Maintenance for all components of the Common Elements or other improvements that the Association is responsible for that require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to perform such inspections and Preventative Maintenance. The Board should take particular care to inspect and properly maintain the exterior weather-proofing elements of the Building, including at minimum the roof, roof drains and scuppers, gutters, downspouts, siding, flashing systems, caulking, deck membranes, exterior windows and doors, all major building systems including the plumbing, storm and sanitary sewer lines, ventilation systems, electrical systems, and any other areas of the Building that are susceptible to premature structural failure as a result of water intrusion or other factors; all such areas shall be regularly re-caulked, re-sealed or otherwise appropriately maintained or repaired. Periodically, the Association should conduct a Reserve Study in accordance with requirements of the Governing Law, as described in Section 10.3 hereof. In general, such a Reserve Study reasonably attempts to (i) ascertain the probable remaining useful life of each significant component of the Common Elements that will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve Budget that would, when funded, minimize the necessity for the imposition of a Special Assessment upon the Owners within the foreseeable future.

5.6. Rights of Use and Access.

5.6.1. Owners' Rights of Use of Common Elements. Subject to the provisions of Section 5.7 below and other provisions of the Governing Documents, the Unit Owners have a right to use the Common Elements that are not Limited Common Elements for the purposes for which the Common Elements were intended.

5.6.2. Units Subject to Rights of Access. Each Unit Owner shall afford to the Association and, as needed, to other Unit Owner(s), and to their respective agents or employees, access through such Owner's Unit and any appurtenant Limited Common Elements reasonably necessary for the purposes stated in Subsection 8.4.1 hereof, including necessary inspections by the Association,

and for repairs to other Units or to Limited Common Elements serving same. If damage is inflicted on the Common Elements, or on any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible, shall be liable for the repair thereof, as provided in Section 8.4 hereof.

5.7. No Interference with Common Elements.

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

5.8. Declarant's Right to Inspect and Declarant to Receive Inspection Reports.

The Association shall promptly provide Declarant with copies of all inspection reports obtained by the Association in this regard, identifying any inspections that have been performed and what items of maintenance have been performed, for a period of five years following the sale of the last possible Unit that may be created in the Condominium. The Declarant reserves the right, but not the obligation, to undertake such inspection(s), maintenance and/or repair(s) should the Association fail to do so.

5.9. Parking.

There are four (4) uncovered parking spaces located within the Common Elements of the Condominium. These parking spaces are allocated as a Limited Common Element to specific Units as detailed on Exhibit "C". Please reference Exhibit "C" and the Survey Map for additional details. Parking within the Condominium shall only be within the Limited Common Element parking spaces assigned to the Units. Parking shall not be in the drive isle and/or block or impede access to parking spaces or Units or the ability of a vehicle to turn around. No inoperable vehicles of any kind shall be parked, stored, maintained, or constructed on any Unit or street. No goods, equipment, or vehicle (including buses, trailers, recreational vehicles, etc.) shall be dismantled or repaired within the Condominium. The Association or Unit Owner may require removal of any inoperative or unsightly vehicle, and any other vehicle, equipment or item not stored in accordance with this provision.

ARTICLE VI
LIMITED COMMON ELEMENTS

6.1. Description of Limited Common Elements.

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

6.1.1. Any utility lines providing service to one Unit but not both of the Units.

6.1.2. The four (4) parking spaces allocated to the Units as Limited Common Elements as set forth on Exhibit "C" to this Declaration.

6.1.3. The patios and landings are allocated as Limited Common Elements to the adjoining Units.

6.1.4. Any other Limited Common Elements as may be depicted and labeled on the Survey Map, as amended.

6.2. Maintenance of Limited Common Elements.

6.2.1. General Responsibility as Between Owner and Association. Each Owner of a Unit to which any of the above-described Limited Common Elements are appurtenant shall be responsible for cleaning and caring for such Limited Common Elements and keeping them in slightly condition. Except as provided in Subsection 6.2.2 below, the Board shall have exclusive control of painting, decorating, repairing, replacing and performing necessary periodic maintenance to all Limited Common Elements.

6.2.2. Financial Responsibilities as Between Owner and Association. Maintenance, painting, repair or replacement of the structure and finish of the Limited Common Elements, other than those described in Subsection 6.2.1 above, shall be a Common Expense. Notwithstanding the foregoing, the Board shall recover the costs of repairs to and replacement of the Special Limited Common Elements (described in Article II hereof), or of any such items damaged by the Occupant of the Unit, through Specially Allocated Assessments levied pursuant to Section 10.8 hereof.

6.3. Reallocation between Units.

Reallocation of Limited Common Elements between Units is authorized pursuant to the Governing Law.

6.4. Change in Character.

A Limited Common Element may be (a) created from and reallocated to one or more Units from the Common Elements, or (b) incorporated into an existing Unit or Units, only on the following conditions. Both Unit Owners, along with that percentage of Eligible Mortgagees specified in Article 15 of this Declaration, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Common Element or a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and Survey Map.

ARTICLE VII
UNIT OWNERS ASSOCIATION

7.1. Name and Form of Association.

The name of the Association shall be " Puget Street Condominium Owners Association." The Association has been or will be incorporated by the Declarant prior to the first conveyance of a Unit in the Condominium as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of the Governing Law and of this Declaration. The Association shall remain organized as a nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Governing Law, the Governing Law shall control.

7.2. Powers & Duties of Association.

7.2.1. Duties and Responsibility of Association. The purposes for which the Association was formed are to maintain, repair, replace and manage the Common Elements of the Community, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents, so as to protect the safety and well-being of Occupants of the Condominium and preserve the long-term value of the Condominium Property for the benefit of the Unit Owners. The Board shall consistently adopt Budgets for the Association for operations and Reserves that are reasonably calculated to assure that these essential purposes are realized each year of its existence, on into the indefinite future.

7.2.2. Statutory Powers Exercised by Board of Directors. Except for rights of Unit Owners explicitly reserved in the Governing Law or as elsewhere provided in the Governing Documents, the Board of Directors shall have the exclusive right and power to govern the Association and shall have all powers available to community associations under the Governing Law in order to do so. Such powers are set forth with particularity in the Bylaws of the Association and, except as otherwise expressly provided herein are not limited in this Declaration.

7.2.3. Power to Assign Future Income. Without limiting the foregoing, the Association also shall have the power to assign its right to future income (including the right to collect and receive Common Expense Assessments), provided that any specific assignment is ratified in advance by the Owners under the following procedures authorized by the Governing Law:

(a) The Board must provide Notice of the intent to borrow to all Unit Owners. The Notice must include the purpose and maximum amount of the loan, the estimated amount and term of any Assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan.

(b) In the Notice, the Board must set a date for a Meeting of the Unit Owners, which must not be less than fourteen and no more than sixty (60) days after providing the Notice, to consider ratification of the borrowing.

(c) Unless at that Meeting, whether or not a quorum is present, Unit Owners holding a majority of the votes in the Association reject the proposal to borrow funds, the Association may proceed to borrow the funds in substantial accordance with the terms contained in the Notice.

7.2.4. Rights of Association Lenders. A lender who has extended credit to the Association secured by an assignment of income or an encumbrance on the Common Elements may enforce its security agreement in accordance with its terms, subject to the requirements of the Governing Law and other law. A requirement that the Association must deposit its periodic common charges before default with the lender to which the Association's income has been assigned, or increase its common charges at the lender's direction by amounts reasonably necessary to amortize the loan in accordance with its terms, does not violate the prohibitions on lender approval contained in RCW 64.90.295(1), but lender requirements for deposits of Association income must be consistent with the provisions of RCW 64.90.530(3) and (4); see Subsection 10.9.1 hereof for details.

7.3. Membership in Association.

Membership in the Association is automatically associated with and appurtenant to the ownership of a Unit in the Condominium under the Governing Law. Except in the case of a termination of the Condominium, the membership of the Association at all times consists exclusively of all Unit Owners. Rights and privileges of membership are specified in the initial Bylaws of the Association.

7.4. Voting.

7.4.1. Voting Process. The manner of voting shall be as prescribed in the Bylaws.

7.4.2. Allocated Interests for Voting. The Declarant has allocated to each Unit in the Condominium a vote in the Association which is known as the Unit's Allocated Interest for voting, or "vote." The allocation of voting power among Units is equal, with each Unit having one (1) vote. Each Unit's Allocated Interest for voting is a percentage stated with particularity on the attached Exhibit "B."

7.5. Bylaws of Association.

Bylaws for the administration of the Association and for other purposes not inconsistent with this Declaration have been or will be prepared by the Declarant. Such Bylaws are designed to be consistent with the terms and conditions of the Governing Law including, but not limited to, RCW 64.90.410 dealing with Board members, Officers, and Committees; the Bylaws are subject to the approval of the Board of Directors of the Association. The Bylaws include certain language addressing the fact that there are only two Units within the Condominium. Please see the Bylaws for more details.

ARTICLE VIII
MANAGEMENT OF CONDOMINIUM ASSOCIATION

8.1. Management by Declarant – Period of Declarant Control.

8.1.1. General Provisions for Declarant Control. Pursuant to RCW 64.90.415, the Declarant has reserved the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Association, and (b) veto or approve a proposed action of the Board or the Association, for a period of time known herein as the "Declarant Control Period," which shall not exceed seven (7) years. Further limitations on the Declarant Control Period are specified in the initial Bylaws.

8.1.2. Further Information related to Declarant Control Period. At the termination of the Declarant Control Period, the Declarant shall provide the Association with all documents and things required under RCW 64.90.420. The Declarant's right to control the Association in this fashion is legally unrelated to the Declarant's rights to determine whether to pay all the expenses of the Association and/or when the Units will become subject to Assessments for Common Expenses by the Association under Section 10.12 hereof.

8.2. Professional Management.

Standards for professional management of the Association are specified in Section 8.2 of the initial Bylaws.

8.3. Authority of the Board.

8.3.1. General Authority. The Board, for the benefit of the Condominium and the Owners, shall have the authority to manage the project and enforce the provisions of the Governing Documents and Bylaws. The Board has all powers and authority granted to the Association under the Governing Law and this Declaration that are not expressly subject to the approval of Unit Owners.

8.3.2. Common Expenses. The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to, the following, as when applicable to the Condominium or its Association:

(a) Common water and sewer, common electrical, common garbage and/or trash collection, common gas, and any other necessary utility service as required for the Common Elements. See Section 10.8 of the Declaration for Specially Allocated Assessment items.

(b) Policies of insurance or bonds required by Article XI.

(c) The services of persons or firms as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of

the Common Elements, whether such personnel are employed directly by the Board or are furnished by a Manager.

(d) The services of attorneys, along with bookkeepers and accountants qualified to maintain Association records in the manner required by Section 8.4 of the initial Bylaws, and to perform the independent audit required under Section 8.5 of the Bylaws.

(e) Painting, maintenance, repair and replacement of the Common Elements, and other areas under the Association's control or responsibility, landscaping and gardening work, and such furnishings and equipment for the Common Elements or other areas under control as the Board shall determine are necessary and proper.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required by law to pay or procure or that in its opinion shall be necessary or proper for the operation of the Condominium, the maintenance, repair or replacement of the Common Elements, or for the enforcement of this Declaration.

(g) Maintenance and repair of any Unit, its Limited Common Elements, other appurtenances and appliances, if such maintenance or repair is reasonably necessary, in the opinion of the Board, to protect the Common Elements or to preserve the appearance and value of the Condominium development, and the Owner of said Unit has failed or refused to perform said maintenance or repair as required by Sections 4.6 and 6.2 of the Declaration, within a reasonable time after written Notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner. The cost of such maintenance or repair shall constitute a Specially Allocated Assessment against the Unit of such Owner, pursuant to Section 10.8 of the Declaration.

8.3.3. Liens or Encumbrances. The Board may also pay any amount necessary to discharge any lien or encumbrance that is claimed to constitute a lien against Common Elements or any portion thereof in violation of RCW 64.90.490(1). Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally guilty of willful misconduct or gross negligence and thus liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall constitute Specially Allocated Assessments against the Units responsible, to the extent of their responsibility.

8.3.4. Acquisition of Property. The Board may acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein and may dispose of the same by sale or otherwise. Except as may be otherwise required under the Governing Law, such property shall thereafter be held, sold, leased, rented, mortgaged, or otherwise dealt with for the benefit of the Association as the Board may direct.

8.4. Right of Entry - Allocation of Responsibility for Damage to Unit upon Entry.

8.4.1. Right of Entry - Notice Generally Required. The Board and its agents or employees may enter any Unit or Limited Common Elements appurtenant thereto when necessary in connection with any maintenance, landscaping, or construction for which the Board is responsible, including without limitation Upkeep required to a Unit under Section 8.3.2(g) to this Declaration, and also including any necessary inspections by the Association under Subsection 4.6.3 hereof or elsewhere in this Declaration, or in the event of a *bona fide* emergency. Except in the case of an emergency, reasonable advance Notice shall be given to the Unit Owner and, if applicable, to any lawful tenant in the Unit. Such entry shall be made with as little inconvenience to the Owner and/or Occupant as practicable.

8.4.2. Allocation of Responsibility for Damage to Unit upon Entry. Any damage caused by such entry shall be repaired by the Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner or a lawful Occupant of the Unit entered, in which case the cost shall constitute a Specially Allocated Assessment against the Unit entered) or for the purpose of Upkeep to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the Upkeep was necessitated by conditions within the Unit or performed at the request of its Owner or its lawful Occupants, the costs thereof shall constitute a Specially Allocated Assessment against such Unit.

8.4.3. Unit Owner to Afford Access to Association and Other Owner(s). Each Unit Owner and Occupant shall afford to the Association and, as needed, to other Unit Owner(s), and to their respective agents or employees, access through such Owner's Unit and any appurtenant Limited Common Elements reasonably necessary for the purposes stated in Subsection 8.4.1 hereof, including necessary inspections by the Association, and for repairs to other Units.

8.5. Board as Attorney in Fact.

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

8.6. Board or Association as Trustee.

With respect to a third person dealing with the Board or 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.

ARTICLE IX
PERMITTED USES; ARCHITECTURAL CONSISTENCY

9.1 Residential Use. Each Unit shall be used as a single-family residence only and such other uses as permitted by this Declaration and for no other purpose. The foregoing residential restrictions shall not, however, be construed in such a manner to prohibit a Unit Owner from maintaining their personal professional library therein, keeping their personal business and professional records therein, or handling their personal business or professional telephone calls or correspondence therefrom to the extent doing so complies with all applicable laws and ordinances.

9.2 Rental of Units. The Renting or Leasing of a Unit shall be governed by the following provisions:

9.2.1 Entire Unit. No Unit Owner may lease less than the entire Unit.

9.2.2 Written Leases. All rental agreements for Units shall be in writing and be subject to the Governing Documents, and it shall be a default in the rental agreement by the tenant if the tenant fails to comply with the Governing Documents. The Board shall be notified in advance of an Owner's intention to rent or lease a Unit. The Board shall also be notified as to the names and contact information of all Occupants of the Unit that is being rented or leased.

9.2.3 Rent Collection. If a Unit is rented or leased, the Board may collect and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner or in derogation of any rights which a Mortgagee may have with respect to such rents.

9.2.4 Rental Rules. The Board may adopt Rules pertaining to the renting or leasing of Units. Any rules should meet all requirements for renting and leasing for condominium projects established by the FNMA, FHLMC, HUD, VA, or GNMA.

9.3 Timesharing. Timesharing as defined in the Washington Timeshare Act (RCW 64.36) is prohibited.

9.4 Garbage, Refuse and Storage. No garbage, refuse, rubbish, cuttings, debris, inoperable vehicles, equipment, or waste of any kind shall be deposited on or left upon or within any Unit. Except as otherwise provided herein, there shall be no storage of equipment, materials, or any other items outside of a Building unless approved by the Board of Directors. This means all storage must be in the Building and in compliance with local ordinances. Provided, garbage cans may only be stored up against the Building when not garbage day. Garbage cans may only be out on the day of garbage pickup. The proper removal and disposal of all such materials shall be the sole responsibility of the individual Unit Owner.

9.5 Animals. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or

upon the Common Elements, except that the keeping of small birds, aquarium fish, a well-behaved dog or cat and other well-behaved domestic animals that do not normally leave the Unit or its adjacent Limited Common Elements is permitted, subject to Rules adopted by the Board of Directors. The owner of any animal maintained within the Condominium Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for such animal to remain anywhere within the Common Elements, but shall properly dispose of all such waste material in a safe and sanitary fashion. Any Person who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium. All animals shall be registered and inoculated as required by law.

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

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

9.8 Rules. All Unit Owners and their tenants, licensees and invitees shall comply with any Rules 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.

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

ARTICLE X COMMON EXPENSES AND ASSESSMENTS

10.1. Annual Budget for the Association.

10.1.1. General Provisions for the Annual Budget. At such other time as may be deemed necessary or desirable by the Board of Directors or the Association's Manager or accountant, but more than thirty (30) days prior to the Meeting described in Section 10.2 hereof, the Board shall prepare an Annual Budget that shall estimate the Common Expenses and those Specially Allocated Expenses that are subject to inclusion in the Budget, to be paid during such year. Specially

Allocated Expenses assessable under Section 10.8 should be budgeted in such fashion that they will be properly apportioned and assessed against only the affected Units. The Budget should make provision for creating, funding and maintaining Reserves required by Section 10.3 hereof, and shall take into account any expected income and any surplus determined to be available under the reconciliation required under RCW 64.90.475 from the prior year's operating fund. The Declarant or the initial Board may at any suitable time establish the first such estimate. If deemed necessary by the Board of Directors, any Annual Budget may be revised prior to the end of its budget year, subject to the provisions of Sections 10.7 and 10.2 hereof.

10.1.2. Specific Statutory Requirements for Annual Budget. The Board's proposed Budget must include:

- (a) The projected income to the Association by category;
- (b) The projected Common Expenses and those Specially Allocated Expenses that are subject to being budgeted, described below in Subsection 10.8.1, both by category;
- (c) The amount of the Assessments per Unit and the date the Assessments are due;
- (d) The current amount of regular Assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the Association has a Reserve Study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the Budget meets or deviates from the recommendations of that Reserve Study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per Unit basis.

10.2. Meeting of Association to Ratify Budget.

If any member of the Board is not a Unit Owner, the following procedure shall be followed: Within thirty (30) days after adoption of any proposed Budget for the Condominium, the Board must provide a copy of the Budget to all the Unit Owners and set a date for a Meeting of the Unit Owners to consider ratification of the Budget not less than fourteen (14) nor more than fifty (50) days after providing the Budget. Unless at that Meeting the Unit Owners of Units to which a majority of the votes in the Association are allocated reject the Budget, the Budget and the Assessments against the Units included in the Budget are ratified, whether or not a quorum is present. In the event the proposed Budget is rejected, or the required Notice is not given, the periodic Budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent Budget proposed by the Board of Directors.

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

10.3.1. Establishment of Reserves – Status and Uses of Reserve Funds. The Board of Directors should establish and maintain reasonable Reserves for major repairs and replacements, in accordance with Section 5.5 hereof. Reserves should also be established for the deductible

under insurance policies obtained pursuant to Article XI hereof, exclusive of earthquake, flood and/or similar coverages. The Annual Budget of the Association should always contain provisions for such Reserves. The Board may also establish and maintain Reserve Funds for operations, capital improvements and for such other purposes as may appear advisable. All Reserves shall be identified and segregated on the books of the Association. The portions of the Units' Assessments paid into such Reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Unit Owners. Such Reserves may be expended only for the purposes for which they were established unless the Unit Owners, at a duly constituted Meeting of the Association, otherwise decide, or if the procedure described in Subsection 10.3.3 below is followed. The Budget may include Reserves for any Special Limited Common Elements, assessable against only the Unit(s) benefitted thereby.

10.3.2. Reserve Study Required by Governing Law. Certain requirements regarding Reserve Studies are found in the Governing Law.

10.4. Assessments Against Units.

10.4.1. Liability of Units. Assessments for General Common Expenses and those Specially Allocated Expenses that are subject to inclusion in a Budget must be made at least annually based on a Budget adopted in the manner described in Sections 10.1 and 10.2 hereof.

10.4.2. Assessments in Proportion to Common Expense Liability. All General Common Expenses must be assessed against all the Units in accordance with their allocated Common Expense Liabilities, subject to the right of the Declarant to delay commencement of certain Common Expenses under Subsection 10.5 below.

10.4.3. Commencement of Assessments. Except as provided in Sections 10.5 below, Assessments for Common Expenses and Specially Allocated Expenses included within the Budget must commence on all Units that have been created upon the conveyance of the first Unit in the Condominium.

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

10.5. Option of Declarant to Pay Some or All Expenses of Association.

Pursuant to RCW 64.90.480(1)(b), the Declarant may cause the Association to delay commencement of Assessments for some or all Common Expenses or Specially Allocated Expenses, in which event the Declarant must pay to the Association all of the Common Expenses or Specially Allocated Expenses that have been delayed. The right of the Declarant to cause the Association to delay Assessments for Common Expenses, and/or for how long such delay should persist, are legally unrelated to the Declarant's rights to control the Association in the manner described in Section 8.1 hereof.

10.6. Allocated Interests for Common Expense Liability.

Pursuant to RCW 64.90.235(1)(a), the Declarant has allocated to each Unit in the Condominium a liability for payment of the Common Expenses of the Association that is known as the Unit's Allocated Interest for Common Expense Liability. This liability has been allocated among the two (2) Units equally. Each Unit's Allocated Interest for Common Expense Liability is expressed as a percentage and is stated with particularity on the attached Exhibit "B."

10.7. Special Assessments.

The Board at any time may propose a Special Assessment. If any member of the Board is not a Unit Owner, the Board shall follow the procedures for ratification of a Budget described in Sections 10.1 and 10.2 hereof and the Assessment is effective only if the Unit Owners do not reject the proposed Assessment. The Board may provide that the Special Assessment may be due and payable in installments over any period it determines and may provide a discount for early payment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability. See also Section 11.9 governing Special Assessments that may be required in conjunction with major damage repairs.

10.8. Specially Allocated Assessments.

10.8.1. Expenses Subject to Inclusion in Budget. The items included below in this Subsection constitute Specially Allocated Expenses that are subject to inclusion in the Association's Annual Budget:

(a) Any expense associated with the operation, maintenance, repair, or replacement of a Limited Common Element shall constitute a Specially Allocated Assessment against the Unit to which such facility is allocated.

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

10.8.2. Expenses Not Subject to Inclusion in Budget. The items included below in this Subsection constitute Specially Allocated Expenses that are not subject to inclusion in the Association's Annual Budget:

(a) Costs of services provided to or expenses incurred on behalf of one or more Unit Owners on a one-time or irregular basis, reasonable charges for the preparation and recordation of amendments to the Declaration benefitting particular Unit Owners, resale certificates, lender questionnaires, or statements of unpaid Assessments, "move-in" and/or "move-out" charges established by the Board, fines imposed by the

Board, the costs and attorney's fees described in RCW 64.90.485(19), or that may be imposed pursuant to the Bylaws, and interest on any delinquent account.

(b) To the extent that any expense of the Association is caused by the negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee, or Occupant, the Association may assess that expense against the Unit Owner's Unit after Notice and an opportunity to be heard as provided in the Bylaws, to the extent of the Association's deductible and any expenses not covered under an insurance policy issued to the Association. See Section 13.2 hereof.

(c) To the extent that any expense of the Association is caused by willful misconduct or gross negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee, or Occupant, the Association may assess that expense against the Unit Owner's Unit after Notice and an opportunity to be heard as provided in the Bylaws, even if the Association maintains insurance with respect to that damage or Common Expense. See Section 13.2 hereof.

(d) The costs of the insurance deductible shall be apportioned as provided in Subsection 11.3.2.

10.9. Accounts; Commingling Prohibited - Funds generally maintained in Washington.

10.9.1. General Principles Associated with Association Accounts. The Association must keep all funds of the Association in the name of the Association with a Qualified Financial Institution. The funds must not be commingled with the funds of any other association or with the funds of any Managing Agent of the Association or any other Person or be kept in any trust account or custodial account in the name of any trustee or custodian.

10.9.2. Obligations of Managing Agents. A Managing Agent who accepts or receives funds belonging to the association must promptly deposit all such funds into an account maintained by the association in compliance with Subsections 10.9.1 or 10.3.3 hereof, as appropriate. Accounts in the name of the Association over which a Managing Agent has any control must be maintained in a financial institution located in the State of Washington.

10.10. Surplus Funds.

Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of Reserves must either be paid annually to the Unit Owners in proportion to their Common Expense Liabilities or credited to them to reduce their future Common Expense Assessments, at the Board's discretion.

10.11. Liability of Unit Owners for Association Obligations.

10.11.1. General Liability Principles. A Unit Owner is not liable, solely by reason of being a Unit Owner, for an injury or damage arising out of the condition or use of the Common Elements.

Neither the Association nor any Unit Owner except the Declarant is liable for that Declarant's torts in connection with any part of the Condominium which that Declarant must maintain. An action alleging a wrong done by the Association, including an action arising out of the condition or use of the Common Elements, may be maintained only against the Association and not against any Unit Owner.

10.11.2. Proportionate Liability for Liens. A judgment for money against the Association perfected under RCW 4.64.020 is not a lien on the Common Elements but is a lien in favor of the judgment lienholder against all of the other real estate of the Association and all of the Units in the Condominium at the time the judgment was entered. Other property of a Unit Owner is not subject to the claims of creditors of the Association. Whether perfected before or after the creation of the Condominium, if a lien, other than a deed of trust or mortgage, including a judgment lien or lien attributable to work performed or materials supplied before creation of the Condominium, becomes effective against two or more Units, the Unit Owner of an affected Unit may pay to the lienholder the amount of the lien attributable to the Unit, and the lienholder, upon receipt of payment, must promptly deliver a release of the lien covering that Unit. The amount of the payment must be proportionate to the ratio that the Unit Owner's Common Expense Liability bears to the Common Expense Liabilities of all Unit Owners that are subject to the lien. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expenses incurred in connection with that lien.

10.12. Assessments to Pay Judgment Against Association.

Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests for Common Expense Liability at the time the judgment was entered.

10.13. Owners Personally Liable for Common Expenses.

10.13.1. Owners Jointly & Severally Liable for Assessments. 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.

10.13.2. Suit Against Unit Owner Authorized. Suit to recover a personal judgment for any delinquent Assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

10.13.3. Association's Failure to Adopt Budget Does not Release Owners. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay (with or without Notice) a monthly Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and Notice thereof has been sent to the Unit Owner.

10.13.4. Late Fees Authorized. The Association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020, on all subsequent delinquent Assessments or installments of Assessments. If the Association does not establish such a rate, delinquent Assessments bear interest from the date of delinquency at the maximum rate calculated under RCW 19.52.020 on the date on which the Assessments became delinquent.

10.13.5. No Waiver or Exemption of Liability for Assessments. No Unit Owner may exempt himself or herself from liability with respect to any portion of the Common Expenses for any reason, including without limitation a waiver of the enjoyment of the right to use any of the Common Elements or by leasing, rental or abandonment of his or her Unit or otherwise.

10.14. Liability Following Conveyance of Unit.

10.14.1. Liability of Unit Owner Following Sale of Unit. In a voluntary conveyance other than by foreclosure, the grantee of a Unit is 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.

10.14.2. Liability of Mortgagee or Other Purchaser Following Foreclosure or Sale. Except as provided in Subsection 10.18.2 hereof, the holder of a mortgage or other Purchaser of a Unit who obtains the right of possession of the Unit through foreclosure is not liable for Assessments or installments of Assessments that became due prior to such right of possession. Such unpaid Assessments are deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other Purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Unit Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided in this Subsection.as provided above.

10.15. Statement of Unpaid Assessments.

10.15.1. Board Required to Deliver Statement of Unpaid Assessments. The Board, upon written request, shall furnish to a Unit Owner or a mortgagee a statement signed by an Officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen (15) days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

10.15.2. Unit Owners Deemed to Consent to Notice to Lender. **Each Unit Owner, by virtue of taking title to a Unit in this Condominium, shall be deemed for all purposes to have consented in advance to the Association furnishing a statement of unpaid Assessments to a mortgagee holding a security interest in the Unit Owner's Unit – no additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a statement under circumstances that require such a delivery.**

10.16. Lien for Assessments and Power of Sale.

10.16.1. The Association has a statutory lien on each Unit for any unpaid Assessment against the Unit from the time such Assessment is due.

10.16.2. Each and every Unit Owner of any Unit in the Condominium, by virtue of his or her acquisition by any means of title to such Unit, shall take such title subject to the Association's lien for Assessments. Pursuant to RCW 64.90.485(13)(b), the Declarant as "Grantor" does hereby grant, bargain, sell and convey to Whatcom Land Title Company, as "Trustee" in trust WITH POWER OF SALE, the Units and all other real property in the Condominium described in Exhibit "A" to this Declaration, which property is not used principally for agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any manner appertaining, and the rents, issues and profits thereof, to secure the obligations of the Unit Owners to the Association, as "Beneficiary," for the payment of any Assessments lawfully levied under this Declaration. Each and every Unit Owner shall be deemed for all purposes, as of the time of his or her acquisition of title to any Unit in the Condominium, to have joined as an additional "Grantor" in the conveyance in trust above described, and to have at that time granted, bargained, sold and conveyed his or her Unit, along with its undivided Allocated Interest in the Common Elements and any Limited Common Elements assigned thereto, to such Trustee, to secure all obligations imposed by this Declaration on such Unit Owner to pay Assessments to the Association. The Power of Sale provided and granted herein shall be operative in the case of a default in the obligation to pay Assessments; upon default by such Unit Owner in the payment of any indebtedness secured hereby, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, the Trustee shall sell the Unit as trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any Person except Trustee may bid at Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of sale, including a reasonable trustee's fee and attorney's fee; (2) to the obligations secured by this Declaration; (3) the surplus, if any, shall be distributed to the Persons entitled thereto.

10.17. Automatic Perfection of Lien.

Recording of this Declaration constitutes record notice and perfection of the Association's statutory lien. Further notice or recordation of any claim of lien for Assessments is not required but is not prohibited. The Board may thus record a Notice of Claim of Lien for delinquent Assessments in the real property records of Whatcom County.

10.18. Priority of Lien.

10.18.1. General Lien Priority. The Association's statutory lien shall be prior to all other liens and encumbrances on a Unit except: (a) Liens and encumbrances recorded before the recordation of this Declaration; (b) Except as otherwise provided in Subsection 10.18.2 below, a security interest on the Unit recorded before the date on which the unpaid Assessment became due; and (c) liens for real property taxes and other governmental assessments or charges against the Unit.

10.18.2. Association's Super-priority Lien for Assessments. Except as provided in Subsection 10.18.3 hereof, The Association's statutory lien also has priority over the security interests described in Subsection 10.18.1(b) above, to the extent of an amount equal to the following:

(a) The Common Expense Assessments, excluding any amounts for capital improvements, based on the periodic Budget adopted by the Association pursuant to Sections 10.1 and 10.2 hereof, along with any Specially Allocated Assessments that are properly assessable against the Unit under such periodic Budget, which would have become due in the absence of acceleration during the six (6) months immediately preceding the institution of proceedings to foreclose either the Association's lien or a security interest described in Subsection 10.18.1(b) hereof;

(b) The Association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the Notice described in Subsection 10.18.2(c) hereof; provided, however, that the costs and reasonable attorneys' fees that will have priority under this Subsection 10.18.2 shall not exceed two thousand dollars or an amount equal to the amounts described in Subsection 10.18.2(a), whichever is less;

(c) The priority amounts described in Subsection 10.18.2 shall be prior only to the security interest of the holder of a security interest on the Unit recorded before the date on which the unpaid Assessment became due **and only if the Association has given that holder not less than sixty (60) days' prior written Notice that the Owner of the Unit is in default in payment of an Assessment. The Notice shall contain:**

(A) Name of the borrower;

(B) Recording date of the trust deed or mortgage;

(C) Recording information;

(D) Name of condominium, Unit Owner, and Unit designation stated in the Declaration or amendment thereto;

(E) Amount of unpaid Assessment; and

(F) A statement that failure to, within sixty (60) days of the written Notice, submit to the Association payment of six (6) months of Assessments as described in Subsection 10.18.2(a) hereof will result in the priority of the amounts described in Subsection 10.18.2(b); and

(d) Upon payment of the amounts described in Subsection 10.18.2(a) by the holder of a security interest, the Association's lien described in Subsection 10.18.2 shall

be thereafter fully subordinated to the lien of such holder's security interest on the Unit.

(e) The Notice described in Subsection 10.18.2(c) hereof shall be mailed by ordinary mail to the holder of the security interest on the Unit at an address for Notice provided to the Association by the holder, or if the Association mails the Notice to the holder by certified mail, return receipt requested, at that address. If the holder has not provided an address for Notice to the Association, either for the purpose of becoming an Eligible Mortgagee, or for the purposes of receiving the Notice required under Subsection 10.18.2(c) above or otherwise, then consistent with the provisions of RCW 64.90.285(9), the Association must provide Notice to the address appearing in the security interest of record which Notice shall be deemed for all purposes to satisfy the Notice requirements of RCW 64.90.485(3)(a)(iii).

(f) Every Unit Owner, by virtue of taking title to a Unit in this Condominium, shall be deemed for all purpose to have consented in advance to the Association giving the Notice described in Subsection 10.18.2(c) hereof to a mortgagee under the circumstances that require such a delivery. No additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a Notice.

10.18.3. Special Definitions Relating to Association's Lien Rights. For the purposes of this Section 10.18:

(a) "Institution of proceedings" means either:

(i) The date of recording of a notice of trustee's sale by a deed of trust beneficiary;

(ii) The date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the Association or by the holder of a recorded security interest; or

(iii) The date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract.

(b) "Capital improvements" does not include making, in the ordinary course of management, repairs to Common Elements or replacements of the Common Elements with substantially similar items, subject to: (i) Availability of materials and products, (ii) prevailing law, or (iii) sound engineering and construction standards then prevailing.

10.18.4. Amendments to Budgets to Include Improper Amounts are Prohibited. The adoption of a periodic Budget that purports to allocate to a Unit any fines, late charges, interest, attorneys' fees and costs incurred for services unrelated to the foreclosure of the Association's lien,

other collection charges, or Specially Allocated Assessments assessed under Subsection 10.8.2 hereof does not cause any such items to be included in the priority amount affecting such Unit.

10.18.5. Mechanic's Liens – Homesteads. This Section 10.18 does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association. The Association's lien is not subject to the provisions of chapter 6.13 RCW relating to Homesteads.

10.19. Enforcement of Association's Lien.

10.19.1. Judicial Foreclosure Proceedings Authorized. The Association's lien may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW, subject to any rights of redemption under chapter 6.23 RCW.

10.19.2. Nonjudicial Foreclosure Proceedings Authorized. The Association's lien also may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.19.3. Limitations Associated with Nonjudicial Foreclosures. If the Association forecloses its lien nonjudicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under Subsection 10.18.2 hereof and is subject to the limitations on deficiency judgments provided in chapter 61.24 RCW.

10.19.4. Additional Remedies for Nonpayment of Assessments. This Section 10.19 does not prohibit actions against Unit Owners to recover sums for which Section 10.16 hereof creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

10.19.5. Restrictions on Commencement of Foreclosure Proceedings. The Association may not commence an action to foreclose a lien on a Unit unless:

- (a) The Unit Owner, at the time the action is commenced, owes a sum equal to at least three (3) months of Common Expense Assessments; and
- (b) The Board approves commencement of a foreclosure action specifically against that Unit.

10.19.6. Six Year Statute of Limitation on All Enforcement Proceedings. The Association's lien for unpaid Assessments and the personal liability a Unit Owner for payment of those Assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six (6) years after the full amount of the Assessments sought to be recovered becomes due.

10.20. Rent Subject to Lien for Assessments - Other Remedies for Nonpayment.

10.20.1. Rent Payable to Association Upon Default of Owner. (a) If a Unit is rented or leased by its Owner, and if the Owner becomes delinquent in the payment of Assessments for more than ninety (90) days, the Association may collect the delinquent amount from the tenant, who shall pay over to the Association so much of the rent for such Unit as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a Notice jointly to the Owner and the Tenant by First Class U.S. Mail, advising both parties [i] of the Owner's delinquency in Assessments, [ii] of the tenant's obligations under this Subsection of the Declaration, and [iii] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Unit Owner and the Unit Owner's obligation to pay Assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided immediately below in Subsection 10.20.2.; and (b) **Every Unit Owner, by virtue of taking title to a Unit in this Community and subsequently renting the Unit, shall be deemed for all purpose to have consented in advance to the Association giving the Notice described in this Subsection 10.20.1. to a tenant of the Owner under circumstances that authorize such a delivery. No additional consent or authorization from any Unit Owner shall be required in advance of the Association providing such a Notice.**

10.20.2. Association Entitled to Appointment of Receiver During Foreclosure. In an action by the Association to collect Assessments or to foreclose a lien on a Unit that is not occupied by the Owner thereof, the Court may appoint a receiver to collect all sums alleged to be due and owing to the Unit Owner before commencement or during pendency of the action. The receivership is governed under chapter 7.60 RCW. During pendency of the action, the Court may order the receiver to pay sums held by the receiver to the Association for any Assessments against the Unit. The exercise of rights under this Subsection by the Association does not affect the priority of preexisting liens on the Unit.

10.21. Remedies Cumulative.

The remedies provided herein are cumulative and the Board may pursue them concurrently, along with any other remedies that may be available under the law although not expressed herein. Suit to recover a personal judgment for any delinquent Assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11.1. 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

- 11.2. Property Insurance. The property insurance 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 replacement costs of Buildings, Common Elements, and Limited Common Elements, and the personal property of the Association with an "Agreed Amount Endorsement". Property insurance shall be subject to the following requirements:
 - 11.2.1. If required by FNMA or FHLMC construction code endorsements, such as an Ordinance or Law Coverage Endorsement and, if applicable, such other endorsements as FNMA or FHLMC deems necessary that are available, shall be included in the property insurance coverage.
 - 11.2.2. Property insurance maintained by the Association for improvements within Units is limited to the base specifications of the Buildings and shall not include other Structures within the Unit or improvements of betterments to the Building that increase the replacement cost of the Building in the event of loss.
 - 11.2.3. Property insurance shall include appliances used for refrigerating, ventilating, cooking, dishwashing, laundry, security, fixtures, installations, floor coverings, wall coverings and ceiling coverings.
- 11.3. 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 insureds 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.

- 11.4. Insurance Trustee, Power of Attorney. The named insured under the policies referred to in Section 11.2 shall be the Association, as trustee for each of the Owners in accordance with their respective interest in the Common Elements, Limited Common Elements and Buildings. 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.
- 11.5. Additional Policy Provision. The insurance obtained pursuant to this Article shall contain the following provisions and limitations:
- 11.5.1. 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.
- 11.5.2. Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the Unit superior to the lien of a first Mortgage.
- 11.5.3. 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.
- 11.5.4. 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.
- 11.5.5. 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.

- 11.5.6. A standard Mortgagee clause which shall:
- 11.5.6.1. 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,
 - 11.5.6.2. 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,
 - 11.5.6.3. 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
 - 11.5.6.4. Provide 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.

11.6. 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 persons 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.

11.7. Owner's Insurance, Obligation to Rebuild.

- 11.7.1. 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, if reasonably

available, that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Association. All Owners shall provide the Association with proof of insurance upon the request of the Association.

- 11.7.2. The liability insurance coverage maintained by each Owner shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Owner's Unit and Limited Common Elements and such other risks as are customarily covered for similar residential properties.
- 11.7.3. Property insurance shall include the following coverage: (i) insurance for alterations of betterments made beyond the builder's base specifications of Residence (including change orders); (ii) Structures within each Owner's Unit not insured by the Association; and (iii) electrical fixtures, appliances, air conditioners, heating equipment, water heaters, built-in cabinets, unless such property is covered by the Associations' property insurance.
- 11.7.4. Each Owner shall be obligated to rebuild the portion of the Building located within their Unit in the event of damage or destruction. The Association shall assist with providing funds from the Association's Master policy of insurance. The rebuild shall be pursuant to the terms of this Declaration.
- 11.8. 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 the responsibility of the Owners. This provision is for the Common Elements. A Unit Owner is also required to rebuild any damage or destruction to the Building or other Structures in its Unit pursuant to the terms of this Declaration. The costs of repair or replacement in excess of the deductible and insurance proceeds are the responsibility of the Unit Owner(s) of the damaged Building or Residence.

ARTICLE XII CONDEMNATION

12.1. Condemnation Affecting Whole Unit.

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

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

12.2. Condemnation of Part of Unit.

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

12.3. Condemnation of Common Elements.

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

12.4. Condemnation of Limited Common Elements.

Any portion of an award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

12.5. Association Necessary Party to Proceeding.

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

12.6. Complete Taking.

In the event of a complete taking of the Condominium, or in the event that the taking by the condemning authority is so substantial as to render the remainder of the Condominium unsuitable or undesirable for use by the remaining Unit Owners, then the Condominium shall (in

the case of complete taking) or may (as to a partial taking) be terminated in accordance with the terms and conditions of RCW 64.90.030(1), and Article XV hereof.

12.7. Reconstruction and Repair.

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

12.8. Notice to Eligible Mortgagees.

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

12.9. Payment of Award.

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

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.

Each Owner, tenant or other Occupant of a Unit shall comply strictly with the provisions of the Governing Law and the Governing Documents or Bylaws. All remedies provided to the Association in this Article may be enforced against any tenant or other Occupant of a Unit.

13.2. Liability for Conduct Causing Common Expense.

13.2.1. Liability for Negligence. Any expense of the Association caused by the negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee or Occupant may be assessed against the Unit Owner's Unit after notice and an opportunity to be heard, to the extent of the Association's deductible and any expenses not covered under an insurance policy issued to the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. See Section 10.8 hereof.

13.2.2. Liability for Gross Negligence or Willful Misconduct. To the extent that any expense of the Association is caused by willful misconduct or gross negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee or Occupant may be assessed against the Unit Owner's Unit after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or Common Expense. Such liability shall include any increase in insurance

rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. See Section 10.8 hereof.

13.2.3. Maintenance of Minimum Temperature in Units. For the protection of the Units and Common Elements, and for the Association to retain the ability to acquire property insurance at reasonable rates, each Owner must continuously maintain both heat and power in his or her Unit, whether it is vacant or occupied. All Units, whether vacant or occupied, must be maintained at a minimum temperature of 55 degrees Fahrenheit at all times.

13.2.4. Owner's Liability for Damages Arising from Unoccupied Unit. Without limiting the provisions of other Subsections of this Section 13.2. hereof, an Owner may be held liable for all damages to the Owner's Unit, to the Common Elements or to any other Unit, that result from conditions that arise within the Owner's Unit during a period of time that the Owner has left the Unit unoccupied for a period of thirty days or more. Owners of Units which will be or have been vacant for more than thirty (30) days must notify the Board of such vacancy and turn off the water supply to the Unit at its main valve. The Association shall have the right to inspect Units for compliance and shall have the right to levy fines for noncompliance and otherwise enforce this Section in any manner provided in the Governing Documents or Bylaws.

13.3. Enforcement by Association.

13.3.1. General Enforcement Rights. The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents or Bylaws. Without limiting the authority and powers conferred upon the Board by the Governing Law, the Board shall have the rights, powers and duties described in Section 7 of the initial Bylaws.

13.3.2. Certain Claims against Declarant. Pursuant to RCW 64.90.685(2), the initial Bylaws for the Association contain provisions requiring a process of binding arbitration to resolve disputes between the Association, its members, and the Declarant. Unless the Declarant agrees in writing to modify such provisions, any disputes shall be resolved in the manner described in the initial Bylaws.

13.4. Tenants and other Occupants Subject to Rights and Responsibilities of Owners.

13.4.1. General Principles. Any Tenant or other Occupant of a Unit shall be deemed to be bound by all portions of the Governing Documents or Bylaws that are binding upon the Owner thereof, other than the direct obligation to pay Common Expense Assessments to the Association. All rights, remedies, and procedures available to the Association when dealing with Owners under the Governing Documents or Bylaws shall be available to the Association when dealing with any tenant or other Occupant of an Owner.

13.4.2. Remedies Against Tenants. If a tenant of a Unit Owner violates the Governing Documents, in addition to exercising any of its powers against the Unit Owner, the Association may:

(a) Exercise directly against the tenant the powers described in RCW 64.90.480(2)(l);

(b) After giving Notice to the tenant and the Unit Owner and an opportunity to be heard, levy reasonable fines against the tenant and the Unit Owner for the violation; and

(c) Enforce any other rights against the tenant for the violation that the Unit Owner as the landlord could lawfully have exercised under the lease or that the Association could lawfully have exercised directly against the Unit Owner, or both. The rights referred to in this Subsection may be exercised only if the tenant or Unit Owner fails to cure the violation within ten days after the Association notifies the tenant and Unit Owner of that violation.

13.4.3. Association's Rights Under Leases. The Association shall have the right (but not the obligation) to terminate the lease of a tenant who, following a hearing held under provisions of the Bylaws regarding the imposition of sanctions, has been found to have violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right. Unless a lease otherwise provides, the provisions of Subsection 13.4.2 above do not: (a) Affect rights that the Unit Owner has to enforce the lease or that the Association has under other law; or (b) Permit the Association to enforce a lease to which it is not a party in the absence of a violation of the Governing Documents.

13.5. Board's Discretion regarding Enforcement.

13.5.1. General Discretion. The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commencing an action for a violation of the Governing Documents, including whether to compromise any claim for unpaid Assessments or other claim made by or against it.

13.5.2. No Absolute Duty to Enforce. The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented: (a) The Association's legal position does not justify taking any or further enforcement action; (b) The covenant, restriction, or Rule being enforced is, or is likely to be construed as, inconsistent with law; (c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or (d) It is not in the Association's best interests to pursue an enforcement action.

13.5.3. Exercise of Discretion Establishes no Precedent. The Board's decision under Subsections 13.5.1 and 13.5.2 above to not pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in taking enforcement action.

13.6. Remedies for Association, Owners and Occupants.

While the Board has enforcement authority as provided above in this Article XIII, Unit Owners and other Occupants who are or may be harmed or aggrieved in some fashion also retain legal rights of enforcement on their own behalf and retain such remedies as are available under the law and may bring an action to enforce a right granted or obligation imposed under the Governing Law or the Governing Documents. The court may award reasonable attorneys' fees and costs to the prevailing party in any such proceeding.

ARTICLE XIV
LIMITATION OF LIABILITY

14.1. Association Not a Guarantor - No Liability for Utility Failure, Etc.

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

14.2. No Bailment.

Neither the Board of Directors, the Association, any Owner nor the Declarant shall be considered a bailee of any personal property stored or placed on the Common Elements (including property located in vehicles parked on the Common Elements), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

14.3. Liability of Directors and Directors - Indemnification.

14.3.1. Liability of Directors and Officers. In the performance of their duties, Officers and Board members must exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized and are subject to the conflict-of-interest rules governing directors and officers, under chapter 24.06 RCW.

14.3.2. Indemnification of Officers and Directors. The Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Association or

the Unit Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents or Bylaws. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Association, against amounts paid in settlement incurred by him in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Condominium or the Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto.

14.4. Justification for Limitations on Liability.

The Association is required to maintain property and liability insurance more particularly described in Article 11 of this Declaration. Such coverage exists for the benefit of the Association and its Unit Owner members. The limitations of liability contained above in this Article 14 are designed to insulate the Association from liability for types of harm not covered by such insurance, and/or to encourage people to run for and hold positions as Directors and Officers in the Association generally without fear of personal liability arising from such service. These provisions are intended to represent an equitable sharing of risks, losses and liabilities between the Association and its members. Unit Owners and tenants are expected to acquire their own insurance, described with greater particularity in Section 11.5 hereof, to protect themselves from the sorts of harm, damage, loss, inconvenience or discomfort that may be suffered as a result of the application of this Article 14.

ARTICLE XV
MORTGAGEE PROTECTION

15.1. Rights of Secured Lenders.

15.1.1 General Authority Consistent with Governing Law. Pursuant to RCW 64.90.295, this Declaration provides that specified percentages of lenders who hold security interests encumbering Units in the Condominium, or lenders who have extended credit to the Association, have rights to approve specified actions of the Unit Owners or the Association as a condition to the effectiveness of those actions, but no requirement for such approval may operate to:

- (a) Deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board;
- (b) Prevent the Association or the Board from commencing, intervening in, or settling any litigation or proceeding; or
- (c) Prevent the Association's Board or any other insurance trustee from receiving and distributing any insurance proceeds except pursuant to RCW 64.90.470.

15.1.2 Rights Available only to Eligible Mortgagees. With respect to any action requiring the consent of a specified number or percentage of mortgagees, the consent of only Eligible Mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to Units with respect to which Eligible Mortgagees have an interest.

15.2. Rights of Secured Lenders – Specific Provisions.

15.2.1. Consent of Eligible Mortgagees – Implied Approval in Absence of Response.

15.2.1.1. Consent of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Mortgagees is required, it shall mean, pursuant to RCW 64.90.295(2), the consent of only Eligible Mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to Units with respect to which Eligible Mortgagees have an interest.

15.2.1.2. Implied Approval by Mortgagee. The failure of an Eligible Mortgagee to respond within sixty (60) days to a written request from the Association delivered by certified or registered mail to such Eligible Mortgagee, "return receipt requested," seeking approval of [i] an amendment to the Condominium Declaration or the Articles of Incorporation or Bylaws of the Association, or [ii] any other proposed action of the Association as to which the approval of Eligible Mortgagees is required, shall constitute an implied approval by such Eligible Mortgagee of such amendment or other action.

15.3. Notice of Actions.

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

- (a) Any condemnation loss or any casualty loss that affects a material portion of the Condominium or any Unit in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee;
- (b) Any delinquency in the payment of Common Expense Assessments owed by a Unit Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee that remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any proposed action that would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 15.4. (in which case, Notice shall be provided by certified or registered mail, "return receipt requested"); and
- (e) Any judgment rendered against the Association in excess of \$5,000.00 that is not covered by insurance.

15.4. Consent and Notice Required.

15.4.1. Document Changes.

Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, no amendment of any material provision of the Governing Documents by the Association or Unit Owners described in this Subsection, the effect of which would have a material adverse effect on lenders, may be effective without Notice to all Eligible Mortgagees, as required by Section 15.3.(d) above, and the approval by Owners of Units to which at least sixty-seven percent (67%) (or any greater Unit Owner vote required in Section 17.3 of this Declaration or the Governing Law) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least sixty-seven percent (67%) (or any greater Eligible Mortgagee approval required by this Declaration) of the votes attributable to Units with respect to which Eligible Mortgagees have an interest; the following (other than those taken pursuant to rights reserved by the Declarant as Development Rights) are examples of actions that Fannie Mae historically viewed as holding the potential for a material adverse effect on lenders:

- (a) Voting rights;
- (b) Assessment liens or priority of Assessment liens;
- (c) Reductions in requirements for Reserves for maintenance, repair and replacement of Common Elements,
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the General Common Elements or Limited Common Elements, or rights to their use, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding mortgages in such Units need approve such action;
- (f) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or when a Unit is being lawfully subdivided by its Owner pursuant to Section 4.8 or 4.9 hereof, then only those Unit Owners and the Eligible Mortgagees holding mortgages in such Unit or Units need must approve such action;
- (g) Convertibility of Units into Common Elements or Common Elements into Units;
- (h) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- (i) Hazard or fidelity insurance requirements;

- (j) Imposition of any restrictions on the leasing of Units;
- (k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (l) Restoration or repair of the Condominium after damage or partial condemnation in a manner other than that specified in the Governing Documents;
- (m) Any provision that expressly benefits mortgage holders, insurers, or guarantors, where the amendment would have a material adverse effect on any such party.

15.4.2. Actions.

Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, the Association may not take any action that would have a material adverse effect on lenders, without Notice to all Eligible Mortgagees as required by Section 15.2(d) above, approval by Owners of Units to which at least sixty-seven percent (67%) (or the indicated percentage, if different) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least sixty-seven percent (67%) (or the percentage indicated below, if different,) of the votes attributable to Units with respect to which Eligible Mortgagees have an interest; the following (other than those taken pursuant to rights reserved by the Declarant as Development Rights) are examples of actions that Fannie Mae historically viewed as holding the potential for a material adverse effect on lenders:

- (a) Any action to abandon or terminate the legal status of the Condominium after condemnation or substantial destruction.
- (b) Any action to abandon or terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.
- (c) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, and the procedures specified in Subpart 15.3. hereof must be followed. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;
- (d) Change any of the Allocated Interests allocated to any Unit other than as permitted in Section 4.8 or 4.9 hereof; in any other case the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the

Association are allocated other than the Declarant must be obtained, pursuant to Section 17.3 hereof and to RCW 64.90.285(4).

(e) Increase the number of Units, change the boundaries of any Unit (other than as provided in Section 4.8 or 4.9 hereof) or change the uses to which any Unit is restricted, as to which the approval of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.90.285(4).

(f) The assignment of the future income of the Association, including its right to receive Common Expense Assessments.

(g) The restoration or repair of the Property after hazard damage, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, or after a partial condemnation, in a manner other than specified in the Governing Documents.

(h) The merger of the Condominium with any other common interest community.

15.4.3. Timing of Payment of Assessments.

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

15.5. Development Rights.

No Development Rights may be exercised or voluntarily abandoned or terminated by the Declarant unless all persons holding mortgages in the Development Rights consent to the exercise, abandonment, or termination.

15.6. Inspection of Books.

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

15.7. Financial Statements.

The Association shall provide any Mortgagee who submits a written request, a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if any Eligible Mortgagee requests it, in which case, the Eligible Mortgagee shall bear the cost of the audit.

15.8. Enforcement.

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

15.9. Attendance at Meetings.

Any representative of an Eligible Mortgagee may attend and address any Meeting that a Unit Owner may attend.

15.10. Appointment of Trustee.

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

15.11. Limitations on Mortgagees' Rights.

No requirement for approval contained in this Article may operate to (1) deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board of Directors, or (2) prevent the Association or the Board of Directors from commencing, intervening in, or settling any litigation or proceeding, or (3) prevent any insurance trustee or the association from receiving and distributing any insurance proceeds except pursuant to RCW 64.90.470.

ARTICLE XVI
EASEMENTS

16.1. Easements for Units, Unit Owners and Association Functions.

16.1.1. Easements for Units. Each Unit has an unrestricted, perpetual easement in and through each other Unit and the Common and Limited Common Elements for support and for utilities and, subject to the provisions of RCW 64.90.405(2)(f) and 64.90.465, each Unit Owner has an unrestricted perpetual right of ingress to and egress from his or her Unit over the Common Elements.

16.1.2. Units Subject to Easement Rights. The Units in the Condominium are subject to rights of access in favor of the Association and other Unit Owners. See Subsections 5.6.2 and 8.4.3 hereof for further details.

16.1.3. Easements for Association Functions. There is hereby reserved to the Association, or its duly authorized agents, contractors and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents and Bylaws.

16.2. Easement for Emergency Access.

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

16.3. Easements for Declarant.

The Declarant, pursuant to the Governing Law, hereby reserves easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Special Declarant Rights, whether arising under the Governing Law or reserved in this Declaration.

ARTICLE XVII
AMENDMENT OF DECLARATION, SURVEY MAP & PLANS

17.1. Procedure for Amendment of Declaration.

17.1.1. General Provisions for Amendments. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" that sets forth the entire amendment. For purposes hereof, "amendment" means any change to the Declaration, including adding, removing, or modifying restrictions contained in a Declaration. Except as otherwise specifically provided for in this Declaration or in the Governing Law, any proposed amendment must be approved by the Board of Directors prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.6 hereof, by the Association under Sections 6.4 or 17.7 hereof or under statutory authority in the case of condemnation or a termination of the condominium, or by certain Unit Owners under Sections 4.8 and 4.9 or 6.3 hereof, the Declaration may be amended only by vote or agreement of both Unit Owners.

17.1.2. Additional Provisions – Advance Notice to Owners. Amendments to the Declaration required to be executed by the Association must be executed by any authorized Officer of the Association who must certify in the amendment that it was properly adopted. Owners shall be entitled to Notice of a proposed amendment not less than thirty (30) days prior to the Meeting of the Association at which the amendment is to be considered. In the absence of fraud, an action to challenge the validity of an amendment adopted by the Association may not be brought more than one year after the amendment is recorded.

17.2. Recordation Required.

Every amendment to the Declaration must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. An amendment other than an amendment pursuant to RCW

64.90.260(1) must be indexed in the grantee's index in the name of the Condominium and the Association and in the grantor's index in the name of the parties executing the amendment.

17.3. Special Restrictions.

17.3.1. General Restrictions. Except to the extent expressly permitted or required by other provisions of this Declaration, or of the Governing Law, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, or change the Allocated Interests of a Unit, without the consent of Unit Owners to which at least ninety percent of the votes in the Association are allocated, including the consent of any Unit Owner of a Unit, the boundaries of which or Allocated Interest of which is changed by the amendment, and that percentage of Eligible Mortgagees specified in Article XV hereof.

17.3.2. Restrictions Affecting Special Declarant Rights. A provision in the Declaration creating Special Declarant Rights that have not expired may not be amended without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto. The time limits specified on the exercise of Special Declarant Rights may be extended, and additional development rights may be created, if Persons entitled to cast at least eighty percent of the votes in the Association, including eighty percent of the votes allocated to Units not owned by the Declarant, agree to that action. The agreement is effective thirty days after an amendment to the Declaration reflecting the terms of the agreement is recorded unless all the Persons holding the affected Special Declarant Rights, or security interests in those rights, record a written objection within the thirty (30) day period, in which case the amendment is void, or consent in writing at the time the amendment is recorded, in which case the amendment is effective when recorded.

17.3.3. Restrictions Protecting Certain Persons. To the extent that Declaration may require the affirmative vote or approval of any particular Unit Owner or class of Unit Owners as a condition of its effectiveness, the amendment is not valid without that vote or approval. See also RCW 64.90.285(1)(b).

17.4. Amendment of Survey Map.

The Survey Map may be amended by revised versions referred to and described as to effect in an amendment to the Declaration adopted as required above, subject to the provisions of RCW 64.90.245(4). Copies of any such proposed amendment to the Survey Map shall be made available for examination by every Owner. Such amendment to the Survey Map shall also be effective, once properly adopted, upon recordation in the appropriate County offices, along with the amendment to the Declaration that accompanies it.

17.5. Consent of Mortgagees May be Required – Limitations on Such Rights.

The consent of specified percentages of Eligible Mortgagees may be required, pursuant to Article XV of this Declaration, prior to recordation of certain amendments to the Governing Documents. Such consent is deemed granted if a refusal to consent in a Record is not received by the Association within sixty (60) days after the Association delivers Notice of the proposed

amendment to the holder at an address for Notice provided to the Association by the holder, or if the Association mails the Notice to the holder by certified mail, return receipt requested, at that address. If the holder has not provided an address for Notice to the Association, the Association must provide Notice to the address appearing in the security interest of record.

17.6. Amendments by Declarant.

17.6.1. Unilateral Amendments. Subject to the provisions of Section 17.8 hereof, if applicable, the Declarant may unilaterally adopt and file amendments to the Governing Documents for so long as the Declarant is the Owner of any Unit in the Condominium, in order to: (a) conform them to the actual location of any constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas; or (b) exercise any Development Right reserved by the Declarant under Subsection 3.3.1 of this Declaration.

17.6.2. Amendments Requiring Notice to Unit Owners. Upon thirty (30) days' advance Notice to Unit Owners, the Declarant may, without a vote of the Unit Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to the Governing Documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the Common Elements, the liability for Common Expenses, or the number of votes in the Unit Owners' Association appertaining to a Unit, within five (5) years after the recordation or adoption of the Governing Document containing or creating the mistake, inconsistency, error, or ambiguity. No such amendment or supplement may materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred.

17.7. Amendments by Board of Directors Requiring Notice to Unit Owners.

Upon thirty (30) days' advance Notice to the Unit Owners, the Association may, upon a vote of two-thirds of the members of the Board, without a vote of the Unit Owners, adopt, execute, and record:

17.7.1. Statutory Rights. An amendment to the Declaration designed to correct or supplement the Governing Documents in cases described in Subsection 17.6.2 above, or as authorized by RCW 64.90.285(11)(c) or (d).

17.7.2. Amendment to Adopt Amendments to Governing Law. An amendment to the Declaration designed to conform the Declaration to provisions of a corrective amendment to the Governing Law adopted by the Washington State Legislature.

17.8. Amendments Following Department of VA or FHA Project Approval.

During the Declarant Control Period described in Section 8.1 hereof, if the Department of Veterans Affairs, or the Secretary of the Department of Housing And Urban Development has given Project Approval status to this Condominium for the purpose of guaranteeing or insuring purchase money loans for Units in the Condominium, any amendment to this Declaration, the

Bylaws of the Association, or the Survey Map other than those necessary to exercise a Development Right, must be approved in advance by such entity.

ARTICLE XVIII
TERMINATION OF CONDOMINIUM

The Unit Owners may elect to terminate the Condominium status of the property only in accordance with the provisions of RCW 64.90.290 and / or RCW 64.90.226, with the requisite approval of such Mortgagees and other lienholders as may be required by law, or by Article XV hereof.

ARTICLE XIX
NOTICE

19.1. Notice to be provided in Form of a Record. Notice to the Association, Board, or any Owner or Occupant of a Unit under the Governing Law must be provided in the form of a Record.

19.2. Notice in a Tangible Medium. Notice provided in a tangible medium may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire, or wireless equipment that transmits a facsimile of the Notice.

19.3. Notice to Association. Notice in a tangible medium to the Association may be addressed to the Association's Registered Agent at its Registered Office, to the Association at its principal office shown in its most recent Corporate Annual Report or provided by Notice to the Unit Owners, or to the President or Secretary of the Association at the address shown in the Association's most recent Corporate Annual Report or provided by Notice to the Unit Owners.

19.3.1. Notice to Unit Owner or Occupant. Notice in a tangible medium to a Unit Owner or Occupant must be addressed to the Unit address unless the Unit Owner or Occupant, in a Record delivered to the Association, has requested that Notices be sent to an alternate address or by other method allowed by this Section 19 and the Governing Documents. New Unit Owners must supply their names, addresses, telephone numbers and, if desirable to receive official Notice from the Association by electronic transmission, an e-mail address or other information consistent with Subsection 19.3.1 below.

19.4. Notice by Electronic Transmission.

Notice may be provided in an electronic transmission as follows:

19.4.1. Notice to Unit Owners or Board Members by Consent. Notice to Unit Owners or Board members by electronic transmission is effective only upon Unit Owners and Board members who have consented, in the form of a Record, to receive electronically transmitted Notices under the Governing Law and have designated in the consent the address, location, or system to which

such Notices may be electronically transmitted, provided that such Notice otherwise complies with any other requirements of the Governing Law and other applicable law.

19.4.2. Notice Deemed to Include Associated Materials. Notice to Unit Owners or Board members under this Subsection includes material that the Governing Law or the Governing Documents require or permit to accompany the Notice.

19.4.3. Consent to Notice by Electronic Transmission may be Revoked. A Unit Owner or Board member who has consented to receipt of electronically transmitted Notices may revoke this consent by delivering a revocation to the Association in the form of a Record.

19.4.4. Consent may be Automatically Revoked. The consent of any Unit Owner or Board member is revoked if: The Association is unable to electronically transmit two consecutive Notices given by the Association in accordance with the consent, and this inability becomes known to the Secretary of the Association or any other Person responsible for giving the Notice. The inadvertent failure by the Association to treat this inability as a revocation does not invalidate any Meeting or other action.

19.4.5. Alternative Methods of Notice by Electronic Transmission. Notice to Unit Owners or Board members who have consented to receipt of electronically transmitted Notices may be provided by posting the Notice on an electronic network and delivering to the Unit Owner or Board member a separate Record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

19.4.6. When Electronic Notice to Association is Effective. Notice to the Association in an electronic transmission is effective only after the Association has designated in a Record an address, location, or system to which the Notices may be electronically transmitted.

19.5. Alternative Methods of Giving Notice not Prescribed by Statute.

Notice may be given by any other method reasonably calculated to provide notice to the recipient.

19.6. When Notice is Effective.

Notice is effective as follows:

19.6.1. Effectiveness of Notice Provided in Tangible Medium. Notice provided in a tangible medium is effective as of the date of hand delivery, deposit with the carrier, or when sent by fax.

19.6.2. Effectiveness of Notice Provided in Electronic Transmission. Notice provided in an electronic transmission is effective as of the date it:

(a) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose; or

(b) Has been posted on an electronic network and a separate record of the posting has been sent to the recipient containing instructions regarding how to obtain access to the posting on the electronic network.

19.7. Ineffectiveness of Notice does not Invalidate Action by Association.

The ineffectiveness of a good-faith effort to deliver Notice by an authorized means does not invalidate action taken at or without a Meeting.

19.8. When Governing Law Requires Alternative Methods of Notice.

If the Governing Law prescribes different or additional notice requirements for particular circumstances, those requirements govern.

ARTICLE XX
MISCELLANEOUS

20.1. Severability.

All provisions of the Governing Documents and Organizational Documents are severable. If any provision of a governing document, or its application to any Person or circumstances, is held invalid, the remainder of the governing document, Organizational Document or application to other Persons or circumstances is not affected.

20.2. No Right of First Refusal.

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

20.3. No Discrimination.

The Association shall not discriminate on the basis of race, color, religion, national origin, familial status, handicap or other protected class. The Association shall make reasonable accommodations in its policies and procedures and permit reasonable modifications of premises where necessary or appropriate to comply with law.

20.4. Obligation of Good Faith.

Every duty governed under this Declaration or the Governing Law imposes an obligation of good faith in its performance or enforcement.

20.5. Effective Date.

This Declaration shall take effect upon recording.

EXHIBIT "A"
TO DECLARATION FOR
PUGET STREET CONDOMINIUM

THE LAND IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON, DESCRIBED AS FOLLOWS:

LOT 12, BLOCK 4, "REPLAT OF THE JUNCTION ADDITION TO SEDRO," AS PER PLAT RECORDED IN VOLUME 3 OF PLATS, PAGE 48, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.

EXHIBIT "B"
TO DECLARATION FOR PUGET STREET DUPLEX CONDOMINIUM
UNIT DESCRIPTION

Unit No.	Square Footage†	Number of Bedrooms	Number of Bathrooms	Level(s) in Building	Allocated Interests – Common El. & Assessments*	Allocated Interest Votes
1	578	1.5	2	First floor and second floor	50%	1
2	578	1.5	2	First floor and Second floor	50%	1
Totals	1156				100%	2

* Allocated Interests are the percentages of undivided interests in the Common Elements, fractional liability for the Common Expenses of the Association, and portions of the votes in the Association, allocated by the Declarant to each Unit, described in Sections 5.3, 7.4.2 and 10.6 of this Declaration.

† Square footage is the surface area at grade of the entire Unit and not the interior square footage of the portion of Building located within the Unit. The Unit boundary is located one half foot off of the Building structure.

EXHIBIT "C"
TO DECLARATION FOR
PUGET STREET CONDOMINIUM
PARKING ALLOCATION

Parking Space No.#	Assignment for Parking Spaces
1	Unit 1
2	Unit 1
3	Unit 2
4	Unit 2

For location of Parking Spaces, refer to Survey Map. All Parking Spaces are uncovered.