

When Recorded, Return to:

DAVID S. KERRUISH, P.S.
7016 – 35th Avenue NE
Seattle, WA 98115-5917

**CONDOMINIUM DECLARATION FOR
WOODARD LANE COHOUSING, A CONDOMINIUM**

Grantor:	RUSO, CHRISTOPHER J.; STIRITZ, ROBIN; MONROE, LIV V.; REYNOLDS, JEAN; SAUNDERS, HEATHER; VENNEWITZ, PETER J.; ANEST, JAMES; SCHUBERT, MARJORIE; TERRANOVA, JOHN; TERRANOVA, JOANN; LERNER, DAVID; PANNABECKER, EVA; PARKER, JOSHUA and PARKER, KATHERINE as tenants in common
Grantee:	WOODARD LANE COHOUSING, A CONDOMINIUM
Legal Description:	Lot 1, City of Olympia Binding Site Plan No. 10-0022 OL, according to the record of survey recorded at Thurston County Auditor's File No. _____, records of Thurston County, Washington.
Assessor's Tax Parcel ID #:	67400006300
Documents Released or Assigned:	None

TABLE OF CONTENTS

	<u>Page</u>
PART ONE: INTRODUCTION	1
ARTICLE I - CREATION OF THE CONDOMINIUM	1
1.1 Purpose and Intent	1
1.2 Binding Effect	1
1.3 Conflicts	1
1.4 Governing Documents	1
1.5 Definitions	2
1.6 Statutory Definitions	6
ARTICLE II - DESCRIPTION OF CONDOMINIUM; UNITS AND ALLOCATED INTERESTS	6
2.1 Name of Condominium	6
2.2 Number and Identification of Units	6
2.3 Unit Boundaries	6
2.4 Unit Data and Allocated Interests	7
2.5 Conveyance by Owners, Notice Required	7
ARTICLE III - COMMON AND LIMITED COMMON ELEMENTS	7
3.1 Description of Common Elements	7
3.2 Use of Common Elements	7
3.3 Conveyance or Encumbrance of Common Elements	8
3.4 Description of Limited Common Elements	8
3.5 Use of Limited Common Elements	8
3.6 Reallocation of Limited Common Elements	8
3.7 Parking, Storage and Garden Areas	8
PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS	9
ARTICLE IV - USE AND CONDUCT	9
4.1 Framework for Regulation	9
4.2 Authority to Enact Use Restrictions	9
4.3 Owners' Acknowledgment and Notice to Purchasers	10
4.4 Protection of Owners and Others	10
ARTICLE V - MODIFICATION OF CONDOMINIUM AND ITS UNITS	10
5.1 General	12
5.2 Design Review	12
5.3 Guidelines and Procedures	13
5.4 No Waiver of Future Approvals	14
5.5 Variances	14
5.6 Limitation of Liability	14
5.7 Certificate of Approval	15
5.8 Enforcement	15
ARTICLE VI - MAINTENANCE AND REPAIR	15
6.1 Maintenance of Areas of Common Responsibility	15
6.2 Maintenance of Units	15
6.3 Maintenance of Limited Common Elements	15
6.4 Responsibility for Repair and Replacement	16
6.5 Inspection by Association	16
6.6 Remedies for Failure to Maintain	16
6.7 Right of Entry by Association	17

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION.....	17
ARTICLE VII - THE ASSOCIATION AND ITS MEMBERS	17
7.1 Form of Association.....	17
7.2 Function of Association.	17
7.3 Membership.....	17
7.4 Notice.....	18
7.5 Meetings.....	19
7.6 Effect of Dissolution of Association.	19
ARTICLE VIII - ASSOCIATION POWERS AND RESPONSIBILITIES	19
8.1 Acceptance and Control of Association Property.....	19
8.2 Maintenance of Areas of Common Responsibility.	19
8.3 Powers of the Association.	21
8.4 Financial Statements and Records.	22
8.5 Inspection of Condominium Documents, Books and Records.....	22
8.6 Compliance and Enforcement.....	22
8.7 Failure to Insist on Strict Performance.	24
8.8 Implied Rights.....	24
8.9 Exercise of Board Authority.....	24
8.10 Indemnification of Officers, Directors, and Others.	25
8.11 Security.....	25
8.12 Provision of Services.....	26
8.13 Relations with Other Properties.....	26
8.14 Facilities and Services Open to the Public.....	26
8.15 Permit Matters.	26
ARTICLE IX - ASSOCIATION FINANCES.....	27
9.1 Budgeting and Allocating Common Expenses – Assessments.	27
9.2 Budgeting for Reserves.....	27
9.3 Special Assessments.	27
9.4 Specific Assessments.	28
9.5 Authority to Assess Owners; Time of Payment.....	28
9.6 Obligation for Assessments.....	28
9.7 Lien for Assessments.....	30
9.8 Suspension of Voting Rights.	31
9.9 Exempt Property.....	32
PART FOUR: SPECIAL DECLARANT RIGHTS	32
ARTICLE X - ADDITIONAL RIGHTS RESERVED TO DECLARANT.....	32
10.1 Right to Complete Work.	32
10.2 Amendment of Declaration.....	28
10.3 Governmental Interests.....	32
10.4 Marketing and Sales Activities.	32
10.5 Right to Develop.	32
10.6 Right to Approve Additional Covenants.	33
10.7 Right to Approve Changes in the Standards Within the Community.	33
10.8 Right to Transfer or Assign Declarant Rights.....	33
10.9 Easement to Inspect and Right to Correct.	33
10.10 Right to Notice of Design or Construction Claims.....	33
10.11 Declarant Right to Attend Association Meetings and Receive Minutes	33
10.12 Development in Phases.	34
10.13 Subdivision and Combination.....	36
10.14 Boundaries of Limited Common Elements.....	36
10.15 Termination of Rights.	36

ARTICLE XI - EASEMENTS	37
11.1 Easements in Common Elements	37
11.2 Easements of Encroachment	37
11.3 Easements for Utilities, Drainage and Other Improvements	37
11.4 Specific Easements	38
11.5 Easements Reserved by the Declarant	38
11.6 Easements to Serve Additional Property	38
11.7 Easements for Maintenance, Emergency, and Enforcement	39
11.8 Owner's Easement for Service Work on Owner's Unit	39
11.9 Technology Utility Easements	39
ARTICLE XII - PARTY WALLS AND OTHER SHARED STRUCTURES	40
12.1 General Rules of Law to Apply	40
12.2 Maintenance; Damage and Destruction	40
12.3 Right to Contribution Runs With Land	40
12.4 Disputes	40
PART FIVE: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY	40
ARTICLE XIII - DISPUTE RESOLUTION AND LIMITATION ON LITIGATION	40
13.1 Dispute Resolution Methods	40
13.2 Claims and Exempt Claims	41
13.3 Bound Parties	41
13.4 Arbitration Agreements	41
13.5 Consensus for Association Litigation of Claims	43
13.6 Mandatory Procedures for Litigation of Claims	43
13.7 Allocation of Costs of Resolving Claims	44
13.8 Enforcement of Resolution – Attorney's Fees and Costs	44
ARTICLE XIV - MORTGAGEE PROVISIONS	45
14.1 Notices of Action	45
14.2 Special FHLMC Provision	45
14.3 Other Provisions for First Lien Holders	46
14.4 Amendments to Documents	46
14.5 No Priority	46
14.6 Notice to Association	47
14.7 Failure of Mortgagee to Respond	47
14.8 Construction of Article XV	47
14.9 Amendment by Board	47
ARTICLE XV - TORT AND CONTRACT LIABILITY	47
15.1 Declarant Liability	47
15.2 Limitation of Liability for Utility Failure, etc.	47
15.3 No Personal Liability	47
ARTICLE XVI - INSURANCE	48
16.1 Required Coverages	48
16.2 Policy Requirements	48
16.3 Restoring Damaged Improvements	50
16.4 Owner's Additional Insurance	50
16.5 Claims Adjustment	50
16.6 Certificate	51
16.7 Notification on Sale of Unit	51

PART SIX: CHANGES WITHIN AND OUTSIDE THE CONDOMINIUM.....	51
ARTICLE XVII - DAMAGE OR DESTRUCTION OF COMMON ELEMENTS.....	51
17.1 Definitions; Significant Damage; Repair; Emergency Work.....	51
17.2 Initial Board Determinations.....	51
17.3 Notice of Damage or Destruction.....	52
17.4 Duty to Restore.....	52
17.5 Damage Not Restored.....	52
17.6 Restoration by Board.....	52
17.7 Decision to Terminate.....	53
ARTICLE XVIII - CHANGES IN COMMON ELEMENTS	53
18.1 Condemnation.....	53
18.2 Partition.....	53
18.3 Transfer or Dedication of Common Elements.....	53
ARTICLE XIX - SUBDIVISION OF UNITS.....	54
19.1 Subdivision or Combination of Units Prohibited – Exception for Declarant.....	54
19.2 Application for Approval of Subdivision.....	54
19.3 Approval.....	54
19.4 Procedure After Approval.....	54
19.5 Relocation of Boundaries - Adjoining Units.....	54
19.6 Changes in Boundaries by Parole Agreement, Acquiescence or Adverse Possession.....	54
ARTICLE XX - AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS, ARTICLES, BYLAWS.....	55
20.1 Procedures.....	55
20.2 Percentages of Consent Required.....	55
20.3 Limitations on Amendments.....	56
20.4 By Declarant.....	56
20.5 Validity and Effective Date.....	56
ARTICLE XXI - TERMINATION OF CONDOMINIUM.....	57
21.1 Action Required.....	57
21.2 Condominium Act Governs.....	57
ARTICLE XXII - MISCELLANEOUS TERMS	57
22.1 Severability.....	57
22.2 Effective Date.....	57
22.3 Reference to Amended Survey Map and Plans.....	57
22.4 Assignment by Declarant.....	57
Exhibit A - Legal Descriptions	
Exhibit B - Unit Data and Allocated Interests	
Exhibit C - Description of Property Subject to Phased Development and Reserved Declarant Rights	
Exhibit D - Initial Use Restrictions	

CONDOMINIUM DECLARATION FOR WOODARD LANE COHOUSING, A CONDOMINIUM

This Condominium Declaration is made by CHRISTOPHER J. RUSSO, ROBIN STIRITZ, LIV V. MONROE, JEAN REYNOLDS, HEATHER SAUNDERS, PETER J. VENNEWITZ, JAMES ANEST, MARJORIE SCHUBERT, JOHN TERRANOVA, JOANN TERRANOVA, DAVID LERNER, EVA PANNABECKER, JOSHUA PARKER and KATHERINE PARKER as tenants in common (collectively, "Declarant").

PART ONE: INTRODUCTION

Declarant, as the developer of the Condominium, has established this Declaration to provide a governance structure and a flexible system of standards and procedures for the development, administration, maintenance and preservation of procedures for the Condominium. In addition, the Homeowners Association is assigned certain responsibilities for administration, maintenance and preservation of property within the Condominium as set forth in this Declaration. These additional responsibilities shall be for the benefit of the members and all Unit owners within the Condominium.

ARTICLE I - CREATION OF THE CONDOMINIUM

1.1 Purpose and Intent. Declarant, as an owner of the real property described in Exhibit A, intends by recording this Declaration to create the condominium identified in the title to this Declaration. This Declaration provides for the overall development, administration, maintenance and preservation of the real property now and hereafter comprising the Condominium. An integral part of the development plan is the creation of a Homeowners Association comprised of all owners of Units in the Condominium to own, operate and maintain various common areas and community improvements, and to administer and enforce this Declaration and the other Governing Documents referred to in this Declaration.

1.2 Binding Effect. All property described in Exhibit A shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title or interest in any portion of the Condominium, their heirs, successors, successors-in-title and assigns.

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

1.4 Governing Documents. The Governing Documents create a general plan of development and administration for the Condominium which may be supplemented by additional covenants, restrictions and easements applicable to the Condominium. In the event of a conflict between or among the Governing Documents and any such additional covenants or restrictions, or the provisions of any other rules or policies governing the Condominium, the Governing Documents shall control. All provisions of the Governing Documents shall apply to all Owners

and to all occupants of their Units, as well as their respective tenants, guests and invitees. Any lease on a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

1.5 Definitions. For the purposes of this Declaration and any Amendments hereto, the following definitions shall apply. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine and gender-neutral pronouns shall be used interchangeably.

1.5.1 "Allocated Interests" means the allocation of Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formula set forth in Section 2.4 and as listed in Exhibit B.

1.5.2 "Agreements and Policies" means the Board-adopted rules and regulations which establish administrative procedures for internal Association governance, and operating procedures for use of the Common Elements and other property included within the Area of Common Responsibility.

1.5.3 "Areas of Common Responsibility" includes the Common Elements, together with such other areas the Association has or assumes responsibility pursuant to the terms of this Declaration, the Permits, or other applicable easements, covenants, contracts, or agreements.

1.5.4 "Articles" means the Articles of Incorporation for the Association.

1.5.5 "Assessments" means all sums chargeable by the Association against a Unit, including, without limitation, (a) Base Assessments and Special Assessments for Common Expenses, (b) charges and fines imposed by the Association and Specific Assessments; (c) interest and late charges on any delinquent account, and (d) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

1.5.6 "Association" means the non-profit homeowners Association formed with the Washington State Secretary of State for the purpose of administering this Declaration on behalf of the Owners, and its successors or assigns. The name of the Association will be the "Woodard Lane Cohousing Association", or such other similar name as the Washington State Secretary of State shall approve.

1.5.7 "Base Assessment" means assessments levied on all Units subject to assessment to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 9.1.

1.5.8 "Board" means the board of directors of the Association, as described in Article 8.

1.5.9 "Builder" any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Condominium for further subdivision, development, and/or resale in the ordinary course of such Person's business.

1.5.10 "Bylaws" means the bylaws of the Association as they may from time to time be amended.

1.5.11 "Common Elements" means all portions of the Condominium other than Units, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including, without limitation, entrance tracts, perimeter buffers, restrictive areas, parks, surface water retention/detention tracts, landscape tracts, private roads, and other tracts or parcels conveyed to the Association.

1.5.12 "Common Expenses" means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, other than Limited Common Elements maintained by owners, including allocations to reserves.

1.5.13 "Common Expense" or "Common Expense Liability" means the liability for Common Expenses allocated to each Unit in proportion to its Allocated Interest.

1.5.14 "Community-Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Condominium. Such standard shall be established initially by Declarant and may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and demands of the Condominium change.

1.5.15 "Condominium" means Woodard Lane Cohousing, a Condominium, created under the Declaration and the Survey Map and Plans.

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

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

1.5.18 "Declarant" means the persons identified on the signature page of this Declaration, or any successor or assign who takes title to any portion of the property described in Exhibit A for the purpose of development and/or sale and who is designated as a Declarant in a Recorded instrument executed by the immediately preceding Declarant or assigned all or a portion of Declarant's rights hereunder. Upon a designation of a successor Declarant, all rights and responsibility of the former Declarant in and to such status as "Declarant" under this Declaration shall cease. At any time that more than one person holds any rights as a Declarant, a single Declarant may exercise any of the Declarant's rights described herein over that portion of the property owned by the single Declarant, and shall not be required to obtain the concurrence of any other Declarant who does not hold an ownership interest in the portion of the property over which a single Declarant desires to exercise sole authority, except for amendment of the

Declaration, which shall require the concurrence of a majority of the Declarants unless otherwise agreed by the Declarants in writing. A single Declarant may conditionally or permanently assign to the other Declarant all of a Declarant's rights hereunder, by Recorded instrument.

1.5.19 "Declaration" means this Condominium Declaration as it may from time to time be amended.

1.5.20 "Development Rights" means any right, if expressly reserved by Declarant in this Declaration to: (a) add real property or improvements to the Condominium; (b) create Units, Common Elements or Limited Common Elements within the Condominium; (c) subdivide Units or convert Units into Common Elements; (d) withdraw real property from the Condominium; (e) reallocate Limited Common Elements with respect to Units that have not been conveyed by Declarant; and (f) grant easements and make dedications or similar agreements, and enter into easement agreements.

1.5.21 "Eligible Holder" means the Mortgagee that has filed with the Secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

1.5.22 "FHLMC" means the Federal Home Loan Mortgage Corporation.

1.5.23 "FNMA" means the Federal National Mortgage Association.

1.5.24 "Foreclosure" means a forfeiture or judicial or non-judicial foreclosure of a Mortgage or a deed in lieu thereof.

1.5.25 "Governing Documents" means this Declaration and any applicable Supplemental Declaration, the Bylaws, the Articles, the Residential Design Guidelines, the Use Restrictions, and the Agreements and Policies, as each may be amended.

1.5.26 "HUD" means the Department of Housing and Urban Development.

1.5.27 "Identifying Number" means the number on the Survey Map and Plans and as listed in Exhibit B, which identifies each Unit in the Condominium.

1.5.28 "Limited Common Element" means a portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units.

1.5.29 "Local Jurisdiction" means any governmental authority having jurisdiction over the Condominium, for a matter described in this Declaration. A Local Jurisdiction may include the State of Washington, a County, a City or a local sewer or water district or other governmental entity assigned authority by law to regulate activities in the Condominium. A Local Jurisdiction may refer to different governmental authorities, depending upon which governmental authority is assigned responsibility to regulate activities described in this Declaration.

1.5.30 "Managing Agent" means the person designated by the Board under Section 8.9.1.

1.5.31 "Member" means a Person subject to membership in the Association pursuant to Section 8.4.

1.5.32 "Mortgage" means a mortgage, deed of trust, real estate contract, a deed to secure debt, or any other form of security instrument affecting title to any Unit.

1.5.33 "Mortgagee" means any holder, insurer or guarantor of a Mortgage on a Unit.

1.5.34 "Notice and Opportunity to Be Heard" means the procedure described in Section 8.9.4.

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

1.5.36 "Permits" means, collectively, the permits, land use restrictions and conditions of approval as determined, approved and issued by the Local Jurisdiction related to the development and construction of improvements located at the Condominium, as such may be amended or modified from time to time, and the Stormwater Operation and Maintenance Manual for Project number 05-0121, approved by the City of Olympia.

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

1.5.38 "Project Mortgagee" means the holder of a Mortgage secured by Declarant's interest in the Condominium, including any Units owned by Declarant or any Development Rights or Special Declarant Rights held by Declarant.

1.5.39 "PIC" means the Property Improvement Committee, as described in Section 5.2.

1.5.40 "Record," "Recording" or "Recorded" means to file, the filing, or filed of record in the Public Real Estate Records of the County in which the Condominium is located, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of recording shall refer to that time at which a document, map or plat is recorded.

1.5.41 "Residential Design Guidelines" means the architectural, design and construction guidelines and review procedures adopted pursuant to Section 5.3.1, as they may be amended.

1.5.42 "Sale" or "Sold" means the date upon which ownership of a Unit is transferred from an Owner to another person or entity by recordation of an instrument of transfer such as a deed or real estate contract.

1.5.43 "Special Assessment" means an Assessment levied in accordance with Section 8.3.

1.5.44 "Specific Assessment" means an Assessment levied in accordance with Section 8.4.

1.5.45 "Special Declarant Rights" means rights reserved for the benefit of Declarant as specified in Article X.

1.5.46 "Structure" means any building, fence, wall, pole, driveway, walkway, patio, swimming pool, antenna or the like.

1.5.47 "Subsequent Phase" means the creation by Declarant of additional Units and associated Limited Common Elements on all or a portion of the Subsequent Phase Property pursuant to Section 10.13.

1.5.48 "Subsequent Phase Property" means the real property upon which Declarant has the right to create Units and assign Limited Common Elements or to withdraw, as described in Exhibit C and shown on the Survey Map and Plans, as it may be amended upon the creation of Units in a Subsequent Phase.

1.5.49 "Survey Map and Plans" means the Survey Map and Plans filed simultaneously with the Recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed.

1.5.50 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are shown on the Survey Map and Plans.

1.5.51 "Use Restrictions" means the initial Use Restrictions set forth in Exhibit D, as they may be supplemented, modified and repealed.

1.5.52 "VA" means the Veterans Administration.

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

ARTICLE II - DESCRIPTION OF CONDOMINIUM; UNITS AND ALLOCATED INTERESTS

2.1 Name of Condominium. The name of the Condominium created by this Declaration and the Survey Map and Plans is WOODARD LANE COHOUSING, a Condominium. The real property included in the Condominium and submitted to the Condominium Act is described in Exhibit A.

2.2 Number and Identification of Units. The Condominium has twelve (12) Units in Phase 1 of the Condominium. The Identifying Number of each Unit is set forth in Exhibit B. The location of each Unit is shown on the Survey Map and Plans.

2.3 Unit Boundaries. The boundaries of the Units are the perimeter walls, floors and ceilings of the Units, including within the Unit all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided, that the Unit boundaries shall not include the Common Elements. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

2.4 Unit Data and Allocated Interests. Exhibit B sets forth the approximate square footage of each Unit, the number of bathrooms, whole or partial, the number of rooms designated primarily as bedrooms, the level or levels upon which each Unit is located, and the Unit's Allocated Interest. The Allocated Interest of each Unit in the Condominium, for purposes of Common Expense Liability, interest in the Common Elements and voting, is as follows:

2.4.1 Common Expense Liability and Common Elements Allocation. Each Unit's liability for Common Expenses shall be calculated by adding two numbers. The first is 35% divided by the number of existent units. The second is 65% of the individual unit square footage divided by the sum total of all existent units' square footage. *Example for illustration, Unit B-1: $(.65 \times 1851) + (.35 \times 16,242/11) = .032 + .074 = .106 = 10.6\%$.* The portion of the Condominium described on the Survey Map and Plans as Unit E-2 is a temporary Common Element, administered and exclusively occupied by the Association, but owned by and subject to future residential use by Declarant. Upon return to residential use and termination of Association use as the common house, the interests in Exhibit B shall be recalculated with Unit E-2 included in the calculation.

2.4.2 Voting. One vote shall be granted to the Owner of each Unit. If a Unit is owned by more than one Owner, only one vote shall be exercised with respect to all Owners of the Unit.

2.5 Conveyance by Owners, Notice Required. The right of an Owner to convey the Unit may be subject to a right of approval, disapproval, first refusal or similar restriction by the Association or the Board, or anyone acting on their behalf, if such a restriction is contained in the Bylaws of the Association. Regardless of the existence of and in addition to any such restriction, an Owner intending to convey a Unit shall deliver a written notice to the Board, at least one (1) week before closing, specifying (a) the Unit being sold, (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest, and (c) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address.

ARTICLE III - COMMON AND LIMITED COMMON ELEMENTS

3.1 Description of Common Elements. The Common Elements are all portions of the Condominium other than the Units, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 2.3. The Common Elements also include any fire sprinklers, furnace, water pipes, piping in heated floors, chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element. The Common Elements also include, without limitation, all private streets, streetlights on private streets, access tracts, utility tracts, storm water tracts, native vegetation, wetlands and buffer areas, easements (both within the Condominium and located offset and held by the Condominium for its benefit), and all other areas and structures not lying within any Unit.

3.2 Use of Common Elements. Each Owner shall have the right to use the Common Elements in common with all other Owners and holds a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends not only to each Owner, but also to the Owner's agents, servants, tenants, family members, invitees and licensees. The right to use the Common Elements, including the Limited

Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the Agreements and Policies of the Association.

3.3 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association if approved by the Owners having at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes excluding votes held by Declarant or an affiliate of Declarant (as defined in the Condominium Act) and the consent of Eligible Holders of Units to which are allocated at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Eligible Holders. All of 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. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

3.4 Description of Limited Common Elements. The Limited Common Elements allocated to each Unit or to certain Units are (a) the terrace, deck, patio and/or porch adjacent to the Unit, and stairs which serve only a single Unit, (b) any Limited Common Element depicted on the Survey Map and Plans as a part of the Unit, or (c) allocated or assigned to the Owner by the Association through a Recorded conveyance.

3.5 Use of Limited Common Elements. Each Owner shall have the exclusive right to use the Limited Common Elements allocated or assigned solely to the Owner's Unit. The right to use the Limited Common Elements extends not only to each Owner of a Unit, but also to the Owner's servants, tenants, family members and guests. The Board may adopt Agreements and Policies governing the use of the Limited Common Elements.

3.6 Reallocation of Limited Common Elements. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an Amendment to the Declaration executed by the Owners and Eligible Holders of the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this Section within sixty (60) days, or within such other period provided by this Declaration, unless the proposed reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The Amendment shall be Recorded in the names of the parties and of the Condominium. A Common Element may be reallocated as a Limited Common Element, or a Limited Common Element may be incorporated into an existing Unit with the approval of sixty-seven percent (67%) of the Owners, including the Owner of the Unit to which the Limited Common Element was allocated and the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

3.7 Parking, Storage and Garden Areas. In the Condominium, there will be parking spaces, storage areas and garden areas contained in the Common Elements. The parking spaces, storage areas, and garden areas will be assigned to Units and/or designated for common or guest use by the Board pursuant to Agreements and Policies adopted by the Board. The parking spaces, storage areas and garden areas are not Limited Common Elements and the assignments are subject to change. The parking spaces are to be used for the parking of operable passenger motor vehicles and may be used for parking trucks, trailers, or recreational vehicles, or for other purposes only to the extent expressly allowed by Agreements and Policies adopted by the Board. Only vehicles that reasonably fit in the parking spaces may be parked in them. The Board may prohibit or restrict parking by Owners or their tenants in any common

parking spaces in order to provide guest or temporary parking spaces. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof. The Board may prohibit or restrict what is stored, and how storage and garden plots are used, by adopting Agreements and Policies.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance and architecture within the Condominium are what give the Condominium its identity and make it a place that people want to call "home." This Declaration establishes procedures for regulation as a dynamic process which allows the community standards to evolve as the Condominium changes and grows over time.

ARTICLE IV - USE AND CONDUCT

4.1 Framework for Regulation. The Governing Documents establish a framework of affirmative and negative covenants, easements and restrictions which govern the Condominium. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Condominium, its Owners and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Use Restrictions set forth in Exhibit D.

4.2 Authority to Enact Use Restrictions. Subject to the terms of the Permits, this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt, modify, cancel, limit, create exceptions to, or expand the Use Restrictions as provided in this Section 4.2. The Board shall conspicuously publish notice concerning any such proposed action at least fourteen (14) business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with the distribution requirements below, unless disapproved at a meeting by Members representing more than fifty percent (50%) of the total votes in the Association. Upon receipt of such petition prior to the effective date of any Board action under this Section 4.2, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting. Such action shall require approval of the Declarant as long as the Declarant owns any Unit in the Condominium.

Alternatively, Members representing more than fifty percent (50%) of the total votes in the Association at an Association meeting duly called for such purpose may vote to adopt Use Restrictions which modify, cancel, limit, create exceptions to, or expand the Use Restrictions then in effect. Such action shall require approval of the Declarant as long as the Declarant owns any Unit in the Condominium.

Prior to any action taken under this Section becoming effective, the Board shall send a copy of any duly approved revised or new Use Restriction or explanation of any changes to the Use Restrictions to each Owner. The effective date shall be at least thirty (30) days following distribution to Owners. The Association shall provide, without cost, a copy of the Use Restrictions then in effect to any requesting Member or Mortgagee. Nothing in this Article shall authorize the Board or the Members to modify, repeal or expand the Residential Design Guidelines or other provisions of this Declaration. In the event of a conflict between the

Residential Design Guidelines and the Use Restrictions, the Residential Design Guidelines shall control.

The procedures required under this Section shall not apply to the enactment and enforcement of Agreements and Procedures (e.g., administrative issues, rules, regulations governing the use of the Units, Limited Common Elements and Common Elements, etc.) unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative Agreements and Procedures shall include, but not be limited to, hours of operation of a recreational facility, use of private trails, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment in the enactment, amendment, and enforcement of such administrative Agreements and Procedures.

4.3 Owners' Acknowledgment and Notice to Purchasers. All Owners are given notice that use of their Units, the Limited Common Elements and the Common Elements are limited by the Use Restrictions as they may be amended, expanded and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Use Restrictions may change from time to time. All purchasers of Units are on notice that changes may have been adopted by the Association. Copies of the current Use Restrictions may be obtained from the Association.

4.4 Protection of Owners and Others. Except as may be contained in this Declaration either initially or by amendment or in the initial Use Restrictions set forth in Exhibit D, all Use Restrictions shall comply with the following provisions:

4.4.1 Similar Treatment. Similarly situated Owners shall be treated similarly.

4.4.2 Displays. The rights of Owners to display religious and holiday signs, symbols and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that such shall be consistent with the Local Jurisdiction's Ordinances, and the Association may adopt time, place and manner restrictions with respect to any displays (including those outside of a dwelling) visible from outside the dwelling. No Use Restrictions shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria) and the Local Jurisdiction's Ordinances shall apply.

4.4.3 Household Composition. No Use Restriction shall interfere with the freedom of Owners to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit, to limit rental of Units, and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit, its fair use of the Common Elements, and on the basis of compliance with applicable Local Jurisdiction's Ordinances. Use Restrictions may be adopted by the Association to limit or prohibit the occupancy of Units by persons who have been convicted of a crime for which continued supervision after conviction is imposed upon the proposed occupant.

4.4.4 Activities Within Dwellings. No Use Restriction shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, it may restrict rental of Units, and it may restrict or prohibit any activities that create

monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, that create an unreasonable source of annoyance, or that involve illegal conduct.

4.4.5 Household Occupations. No Use Restriction may interfere with the rights of an Owner or occupant residing in a Unit to conduct business activities within the Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (ii) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the Board's sole discretion; (iii) any goods, materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept or stored inside any building on any Unit and that they not be visible from the exterior of the Units, and (iv) it is as otherwise allowed by the Permits and applicable law. Nothing in this Section shall permit (1) the use of a Unit for a purpose which violates law, regulations, rules or applicable zoning codes, or (2) activities that cause a significant increase in neighborhood traffic, or (3) modification of the exterior of the Unit. The Board may, from time to time, promulgate Agreements and Policies restricting the activities located in the Condominium pursuant to the authority granted to the Association under this Declaration, the Bylaws and RCW Chapter 64.34.

4.4.6 Allocation of Burdens and Benefits. No Use Restriction shall alter the allocation of financial burdens among the various Units or rights to use the Common Elements to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Elements available, from adopting generally applicable Agreements and Policies for use of Common Elements, or from denying use privileges to those who abuse the Common Elements or violate the Governing Documents. This provision does not affect the right to increase the amount of Assessments.

4.4.7 Alienation. The Association may not impose any fee on the transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that transfer. The Association may regulate the leasing or rental of Units.

4.4.8 Abridging Existing Rights. No Use Restriction shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such Use Restriction and which was in compliance with all Use Restrictions previously in force. This dispensation shall apply only for the duration of such Owner's ownership of such personal property, and this right shall not run with title to any Unit.

4.4.9 Reasonable Rights To Develop. No Use Restriction, Rule or Regulation, or action by the Association or Board shall unreasonably impede Declarant's right to develop the Condominium.

4.4.10 Timeshares. Timesharing of Units, as defined in RCW 64.36, is prohibited.

The limitations of this Section shall only limit the authority exercised under Section 5.2; they shall not apply to Amendments to this Declaration adopted in accordance with Article 20.

ARTICLE V - MODIFICATIONS OF THE CONDOMINIUM AND ITS UNITS

5.1 General. No structure or thing shall be placed, erected or installed in any Unit or within the Condominium, and no improvements or other work (including staking, clearing, excavation, grading and other site work, interior or exterior alterations of existing Units or improvements, or planting or removal of landscaping) shall take place within the Condominium, except in compliance with this Article, and the Residential Design Guidelines adopted pursuant to this Declaration. Any Owner may remodel, paint, or redecorate the interior walls of a Unit without approval, provided that the work performed complies with all laws applicable to the Local Jurisdiction. However, modifications to the interior of screened porches, patios, decks and similar portions of a Unit visible from outside the structure, and modifications to enclose garages as living space, shall be subject to approval. All dwellings constructed on any portion of the Condominium shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer unless otherwise approved by Declarant or Declarant's designee, in its sole discretion. This Article shall not apply to Declarant's activities.

5.2 Review.

5.2.1 PIC. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Condominium, acknowledges that other Owners have a substantial interest in ensuring that the improvements within the Condominium enhance the community and do not impair other Owners' ability to market, sell or lease their property. Therefore, each Owner agrees that no activity within the scope of this Article ("Work") shall be commenced on such Owner's Unit unless and until Property Improvement Committee appointed by the Association's Board of Directors (the "PIC") has given its prior written approval for such Work, which approval may be granted or withheld in the PIC's sole discretion.

The Association, acting through the PIC, shall exercise jurisdiction over design, property modification and architectural matters in the Condominium. The PIC, when appointed, shall consist of at least three (3), but not more than seven (7), persons who shall serve and may be removed and replaced in the Board's discretion. The members of the PIC need not be Members of the Association, the Board or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. If the PIC is not formed, or is determined to lack authority to exercise the powers assigned to it for any reason, the Board shall act as the PIC and may delegate any portion of the PIC's duties to any person, subject to final approval or ratification by the Board. The PIC may be broken into or may form subcommittees to preside over particular areas of review (e.g., a new construction subcommittee and a modifications subcommittee). Any reference herein to the PIC should be deemed to include a reference to any such subcommittee.

For purposes of this article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."

5.2.2 Reviewer Fees; Assistance. The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Association may employ architects, engineers or other persons as

deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget as a Common Expense.

5.3 Guidelines and Procedures.

5.3.1 Residential Design Guidelines. Residential Design Guidelines, which contain general provisions applicable to all of the Condominium as well as specific provisions which vary from area to area within the community, may be adopted by the PIC. The Residential Design Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Residential Design Guidelines does not guarantee approval of any application.

The PIC shall have the authority to amend the Residential Design Guidelines in a manner consistent with the Permits, with the consent of the Board. Any amendments to the Residential Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. Except for conditions of the Permits, there shall be no limitation on the scope of amendments to the Residential Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Residential Design Guidelines less restrictive. The Reviewer shall make the Residential Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Condominium.

5.3.2 Procedures. No Work shall commence on any portion of a Unit, Limited Common Element or Common Element in the Condominium until an application for approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation and other features of proposed construction, as applicable. The Residential Design Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. Work undertaken by the Association shall be exempt from the requirements of this Section.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, the effect of such Work upon the structural integrity of the buildings in the Condominium, and harmony of external design elements with surrounding structures and the environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall respond in writing to the applicant at the address specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner (as provided in the Residential Design Guidelines), approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Residential Design Guidelines unless a differing design proposal has been approved pursuant to Section 6.5. Notice shall be deemed to

have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant. The Board may also adopt other methods for providing notice, by promulgation of Agreements and Policies describing such notice procedures.

If construction does not commence on a project for which Plans have been approved within one (1) year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing the proposed Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed within one (1) year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

5.4 No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Residential Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or Plans for any Work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

5.5 Variances. The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations require, but only in accordance with duly adopted Agreements and Policies. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

5.6 Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Condominium; they do not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwelling are of comparable quality, value or size or of similar design.

Declarant, the Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work, any defects in

plans revised or approved hereunder, or any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the Board, the PIC, and any members thereof shall be defended and indemnified by the Association.

5.7 Certificate of Approval. Any Owner may request that the Reviewer issue a certificate of approval certifying that there are no known violations on his or her Unit of this Article or the Residential Design Guidelines. The Association shall either grant or deny such request within sixty (60) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

5.8 Enforcement. Any construction, alteration or other work done in violation of this Article shall be deemed nonconforming. On written request from the PIC, Owner shall, at their own expense, cure such nonconformance to the satisfaction of the PIC or restore the Unit to substantially the same condition as existed prior to the nonconforming work. If an Owner fails to so cure or restore, the Board may do so at the Owner's expense and assess the cost against the benefited Unit as a Specific Assessment. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with this Article may be excluded by the Board from the Condominium, subject to the notice and hearing procedures in the Bylaws. In such event, none of the Association, its officers, or directors shall be held liable to any person for exercising the rights granted by this Article. In addition, the Board may, on behalf of the Association, pursue all legal and equitable remedies available to enforce this Article and the decisions of the PIC.

ARTICLE VI - MAINTENANCE AND REPAIR

6.1 Maintenance of Areas of Common Responsibility. The Association shall maintain the Areas of Common Responsibility.

6.2 Maintenance of Units. Each Owner shall maintain his or her Unit, and all Limited Common Elements associated with the Unit, in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. Each Owner shall, at Owner's sole expense, keep the interior of the Unit and its equipment, appliances and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any Limited Common Elements assigned to the Unit, unless such area is made a part of the Areas of Common Responsibility maintained by the Association; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval of the Association.

6.3 Maintenance of Limited Common Elements. Limited Common Elements are for the sole and exclusive use of the Units for which they are reserved or assigned, provided that the use, condition and appearance thereof may be regulated under provisions of this Declaration. Decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for and manner of caring for, maintaining, repairing, repainting or redecorating Limited Common Elements ("Maintenance Work" herein) shall be made by the Board.

Maintenance Work, repair and replacement of Limited Common Element improvements other than landscaping shall be performed by the Association. Owners may not modify, paint or otherwise decorate or in any way alter improvements located on their respective Limited Common Elements without prior written approval of the Board. Unit Owners will be responsible for installation of and performing Maintenance Work for landscaping located in the Limited Common Elements reserved for or assigned to their Units.

If a Limited Common Element is reserved for or assigned to less than all Units for shared use, the cost of such Maintenance Work for such Limited Common Element may, at the Association's election, be divided in equal shares among the Units for which such Limited Common Element is reserved. With respect to any Maintenance Work performed on shared Limited Common Elements, the appropriate share may be levied as a special charge against the Unit or Units (and the Owner or Owners thereof) to which such Limited Common Element is assigned or reserved.

6.4 Responsibility for Repair and Replacement. Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard. Repair and replacement may include improvement if necessary to comply with applicable building codes or other regulations or if otherwise deemed appropriate, in the Board's reasonable discretion.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible. If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising such Owner's Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved by the Association. The Owner shall pay any costs which are not covered by insurance proceeds.

6.5 Inspection by Association. The Association may, as a Common Expense, provide for the inspection of any portion of a Unit or Limited Common Element, the failure of which to properly maintain may cause damage to the Common Elements, Limited Common Elements or another Unit or cause unnecessary Common Expenses. The Association shall provide reasonable notice to the occupant of the Unit and shall specify in the notice what items are to be inspected and a time for the inspection.

6.6 Remedies for Failure to Maintain. If any Unit Owner shall fail to conduct maintenance on the Owner's Unit (or Limited Common Element, if required by the Association) as needed to maintain the improvements in the same condition as a reasonably prudent homeowner would, the Association shall notify the Owner in writing of the maintenance required. If the maintenance is not performed within thirty (30) days of the date notice is delivered, the Association shall have the right to enter upon the Unit or Limited Common Element and provide such maintenance, and to levy an Assessment against the non-performing Owner and Unit for the cost of providing the maintenance. The Assessment shall constitute a lien against the Unit owned by the non-performing Owner and may be collected and foreclosed in the same manner as any other delinquent monthly or Special Assessment. The Association shall have all remedies

for collection as provided in the Declaration. In the event that emergency repairs are needed to correct a condition on a Unit or Limited Common Element which poses a substantial risk of injury or significant property damage to others, the Association may immediately perform such repairs as may be necessary after the Association has attempted to give notice to the Owner of the repairs necessary. Such notice in emergency circumstances shall be sufficient if attempted orally or in writing immediately prior to the Association's undertaking the necessary repairs. Emergency repairs performed by the Association, if not paid for by the Owner, may be collected by the Association in the manner provided for herein notwithstanding the failure of the Association to give the Owner the thirty (30) day notice.

6.7 Right of Entry by Association. The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that Owner has failed to perform or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given Notice and an Opportunity to be Heard as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to Owners and occupants as practicable.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

The success of the Condominium is dependent upon the support and participation of every residential owner in its governance and administration. The Declaration establishes the Association as the mechanism by which each Owner is able to provide that support and participation. While many powers and responsibilities are vested in the Association's Board of Directors, some decisions are reserved for the Association's membership – the Owners of Units in the Condominium.

ARTICLE VII - THE ASSOCIATION AND ITS MEMBERS

7.1 Form of Association. The Owners of Units shall constitute an Owners Association as described in Section 1.5.6. The Association shall be organized as a nonprofit corporation, no later than the date the first Unit in the Condominium is conveyed. The number of Board members and qualifications and procedures for election to the Board shall be provided in the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws.

7.2 Powers of Association. The Association is the entity responsible for management, maintenance, operation and control of the Areas of Common Responsibility. The Association also is the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents, the Permits and applicable Local Jurisdiction's Ordinances, and Washington law. The Board will adopt Bylaws to supplement the Declaration, provide for the administration of the Association and the property, and for other purposes not inconsistent with the Condominium Act or the Declaration.

7.3 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting and in the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is

not a natural person may be exercised by any officer, director, member, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of Owner for purposes of the Association, this Declaration and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

7.4 Notice. Any notice provided for in this Declaration shall be served personally or shall be mailed by registered or certified mail, as follows:

7.4.1 Association. For notice given to the Association, to the President or Secretary of the Association at the principal office of the Association, or at such other address of which it has given notice in accordance with this Section, or to the registered agent of the Association, as such registered agent is identified in the records of the Secretary of State of the State of Washington (or any successor agency thereof).

7.4.2 Owner. For notice given to a Property Owner, to such Owner at the address of such Owner's Unit or such other address as the Owner has registered with the Association or is listed in the public record of the county where the Unit is located, or if the Owner is an entity licensed with the State of Washington, to such registered agent as identified in the records of the Secretary of State of the State of Washington (or any successor agency thereof).

7.4.3 Notices to Eligible Holders. An Eligible Holder is a Mortgagee that has filed with the Secretary of the Board a written request that it be given copies of the notices listed below and shall also mean the Project Mortgagees with respect to Units owned by Declarant upon which it has a Mortgage. The request must state the name and address of the Eligible Holder and the Identifying Number or address of the Unit on which it has (or insures or guarantees) a Mortgage. Until such time thereafter that the Eligible Holder withdraws the request or the Mortgage held, insured or guaranteed by the Eligible Holder is satisfied, the Board shall send to the Eligible Holder timely written notice of (a) any proposed Amendment of this Declaration or Survey Map and Plans effecting a change in (1) the boundaries of any Unit and (2) the exclusive easement rights, if any, appertaining to any Unit, (3) the interest in the Common Elements or the liability for Common Expenses of any Unit, (4) the number of votes in the Association allocated to any Unit, or (5) the purposes to which a Unit or the Common Elements are restricted; (b) any proposed termination of condominium status, transfer or mortgage of any part of the Common Elements, or termination of professional management of the Condominium; (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Holder has a first Mortgage; (d) any delinquency that has continued for sixty (60) days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Holder had a Mortgage; (e) any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article 21; (f) any proposed action that would require the consent of a specified percentage of Eligible Holders pursuant to this Declaration, the Articles or Bylaws; and (g) any proposed special Assessment or supplemental budget.

7.4.4 Delivery Date. All such notices shall, for all purposes, be deemed delivered (a) upon personal delivery to the party or address specified above, or (b) on the third day (3rd) after mailing when mailed by registered or certified mail, postage prepaid, and properly addressed.

7.4.5 Alternate Means of Notice. The Board of the Association may designate additional methods of giving notice by adoption of provisions in the Bylaws or by promulgation of rules, in the manner consistent with state law, describing the alternative methods of providing notice, including the adoption of providing notice electronically.

7.5 Meetings. The Association shall hold its annual meeting each calendar year on a date selected by the Board, and at such reasonable place and time as may be designated by notice from the Board to the Owners in the manner required by the Bylaws and applicable law. A special meeting of the Association may be called by the President, the Board or Unit Owners holding twenty percent (20%) or more of the votes of all the Members of the Association. Any special meeting called shall specify the matters to be discussed at the special meeting, and notice of the special meeting shall be given by the Board to the Owners in the manner required by the Bylaws and applicable law.

7.6 Effect of Dissolution of Association. In the event that the Association is dissolved and is no longer licensed as a non-profit corporation, the rights and duties of the Association (including, but not limited to, all ownership interest in the Common Elements) shall vest in the Owners, as an unincorporated association. Any Owner or any Mortgagee may reinstate the Association's corporate status, or create a successor entity as a successor to the Association, at any time by filing with the State of Washington such documents as required by law to reinstate the Association or create its successor; and upon such reinstatement, the Owners' rights and duties, as described in this Declaration, shall re-vest in the reinstated or successor Association, and all Owners shall be Members thereof with all rights to vote provided by law and the organizational documents of the entity. To the greatest extent possible, any successor entity shall be governed by the Articles and Bylaws of the Association as if they had been made to constitute the governing documents of the successor entity.

ARTICLE VIII - ASSOCIATION POWERS AND RESPONSIBILITIES

8.1 Acceptance and Control of Association Property. The Association, through action of its Board, may acquire, hold and dispose of tangible and intangible personal property and real property, including but not limited to the Common Areas and Limited Common Areas. Declarant and Declarant's designees may convey to the Association personal property and fee title, leasehold or other property interests in any real property. The Association shall accept and maintain such property at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association and any obligations or conditions appurtenant to such property. Upon Declarant's written request, the Association and the Owners shall convey to Declarant without further consideration any unimproved portions of the Common Elements, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in Unit boundaries.

8.2 Maintenance of Areas of Common Responsibility. The Association shall maintain, in accordance with the Community-Wide Standard and the Permits, the Areas of Common Responsibility, which shall include, but need not be limited to the following:

8.2.1 The Common Elements, which include the entry features, landscaping, private roads, sidewalks and parks within the Condominium, private trails, recreational

amenities and any community center, open spaces, wetlands, natural preserve areas and conservation areas, sensitive areas, and buffers;

8.2.2 The Limited Common Elements which the Association elects to maintain (instead of requiring the users of such Limited Common Elements to maintain, based upon the limited use of the Limited Common Elements);

8.2.3 All supplemental landscaping, maintenance and repairs to property dedicated or conveyed to the Local Jurisdiction or other public entities (to the extent permitted by and consistent with any conditions imposed by such entities) and which may include public rights-of-way within or abutting the Condominium, public parks and play areas, public trails, drainage areas and storm water facilities;

8.2.4 All irrigation facilities, storm water facilities, street lighting, streets, park and pool/ride lots and transit shelters that are not maintained by the Local Jurisdiction which the Condominium is required to maintain as a condition of the Permits;

8.2.5 Planter strips, medians and central planting areas within cul-de-sacs on private and public right-of-ways located within or adjacent to the Condominium which the Condominium is required to maintain as a condition of the Permits;

8.2.6 Mailbox and mailbox shelters (which may not be moved or physically altered without approval of the PIC, the U.S. Postal Service and the Local Jurisdiction);

8.2.7 Such portions of the Areas of Common Responsibility as may be dictated by this Declaration, described on the Survey Map and Plans, or contained in any contract or agreement for maintenance thereof entered into by Declarant or the Association, including landscaping and other flora, view sheds, parks, lakes, utility areas or improvements, structures, streets, alleyways and bike/pedestrian pathways and trails, and other improvements;

8.2.8 Any ponds, streams and/or wetlands located within the Condominium which serve as part of the storm water drainage system for the Condominium, including improvements and equipment installed therein or used in connection therewith; and

8.2.9 Any property and facilities owned by Declarant (such as the temporary common room located in a Unit owned by the Declarant) and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from Declarant to the Association and to remain a part of the Areas of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property which it does not own, including, without limitation, Units and property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property which it does not own, except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Areas of Common Responsibility in accordance with any Operation and Maintenance Manual of the Local

Jurisdiction, and in accordance with the standards and requirements of the Local Jurisdiction. Except as provided above, the Areas of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval as long as Declarant owns any Unit in the Condominium. The costs associated with maintenance, repair, monitoring and replacement of the Areas of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the Owner of, or other Persons responsible for, certain portions of the Areas of Common Responsibility pursuant to this Declaration, or other Recorded covenants, or agreements with the Owner thereof.

8.3 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

8.3.1 Adopt and amend the Bylaws and the Agreements and Policies for the Condominium;

8.3.2 Adopt and amend budgets for revenues, expenditures and reserves, and impose and collect Common Expenses and Special Assessments from Owners;

8.3.3 Hire and discharge or contract with Managing Agents and other employees, agents and independent contractors;

8.3.4 Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium, subject to the limitation described in Article 14 herein;

8.3.5 Make contracts, borrow money and incur liabilities;

8.3.6 Regulate the use, maintenance, repair, replacement and modification of Common Elements and Limited Common Elements;

8.3.7 Cause additional improvements to be made as a part of the Common Elements;

8.3.8 Acquire, hold, encumber, convey and dispose of, in the Association's name, right, title or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium;

8.3.9 Grant easements, leases, licenses and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

8.3.10 Impose and collect any payments, fees or charges for the use, rental or operation of the Common Elements and for services provided to Owners;

8.3.11 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;

8.3.12 Impose and collect charges for late payment of Assessments and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws or Agreements and Policies adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and Agreements and Policies of the Association;

8.3.13 Impose and collect reasonable charges for the preparation and Recording of Amendments to this Declaration, resale certificates required by RCW 64.34.425, and statements of unpaid Assessments;

8.3.14 Provide for the indemnification of its officers and Board, and maintain directors' and officers' liability insurance;

8.3.15 Assign its right to future income, including the right to receive Assessments;

8.3.16 Provide or pay, as part of the Common Expenses, utility services to the Unit Owners as reasonably determined by the Board;

8.3.17 Exercise any other powers conferred, by this Declaration or the Bylaws;

8.3.18 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association;

8.3.19 Exercise any other powers necessary and proper for the governance and operation of the Association.

8.4 Financial Statements and Records. The Association shall keep financial records in accordance with generally accepted accounting principles and in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425. All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or an Owner. The financial statement shall be completed in time for the Association's annual meeting and in any event within one hundred twenty (120) days following the end of the fiscal year. Any Mortgagee will, upon request, be entitled to receive the annual financial statement within one hundred twenty (120) days following the end of the fiscal year. The Board, or persons having thirty-five percent (35%) of the voting power of the Association, may require that an audit of the Association be presented at any special meeting. An Owner, at his expense, may at any reasonable time conduct an audit of the books of the Association. Upon written request of FHLMC, FNMA, HUD or VA, if it is a Mortgagee, the Association shall provide such Mortgagee within a reasonable time the financial statement of the Association for the preceding fiscal year.

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

8.6 Compliance and Enforcement. Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may promulgate rules (to be included in the Agreements and Policies of the Association) and impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in the Bylaws

or Agreements and Policies adopted by the Board. Sanctions for violation may include, without limitation:

8.6.1 Imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

8.6.2 Suspending an Owner's right to vote;

8.6.3 Suspending any Person's right to use any facilities within the Common Elements; provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;

8.6.4 Suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charge owed to the Association;

8.6.5 Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

8.6.6 Requiring an Owner, at its own expense, to remove any Structure or improvement on such Owner's Unit in violation of this Declaration and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

8.6.7 Without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration and the Residential Design Guidelines from continuing or performing any further activities in the Condominium; and

8.6.8 Levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may exercise self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking Agreements and Policies) and bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both, to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the Bylaws.

In addition to any other enforcement rights, if an Owner fails to perform properly the Owner's maintenance responsibility, the Association may Record a notice of violation and/or perform such maintenance responsibilities, and assess all costs incurred by the Association against the Unit and the Owner as a Specific Assessment. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action that the covenant, Use Restriction, or Rule and Regulation being enforced is, or is likely to be construed as, inconsistent with applicable law; or that it is not in the Association's interest, based upon hardship, expenses or other reasonable criteria to pursue enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, Use Restriction or Rule and Regulation. The Association, by contract or other agreement, may enforce applicable Local Jurisdiction ordinances, if applicable, and permit the Local Jurisdiction to enforce ordinances within the Condominium for the benefit of the Association and its Members.

While conducting the Association's business affairs, the Board shall act within the scope of the Governing Documents and in good faith to further the legitimate interests of the Association and its Members. In fulfilling its governance responsibilities, the Board's actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

8.7 Failure to Insist on Strict Performance. The failure of the Board or Declarant in any instance to (i) insist upon the strict compliance with this Declaration or the Bylaws or the Agreements and Policies, (ii) exercise any right contained in such documents, (iii) serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment in the future of any term, covenant, condition or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by Owner, shall not be a waiver of the breach. No waiver by the Board or Declarant of any requirement shall be effective unless expressed in writing and signed for the Board or the Declarant, as appropriate.

8.8 Implied Rights. The Association may exercise any right or privilege given to it expressly by RCW 64.34, the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

8.9 Exercise of Board Authority. Except as otherwise specifically provided in RCW 64.34, the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership. The Board may institute, defend, settle or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation or administrative proceedings in matters pertaining to the Areas of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members. In exercising the rights and powers of the Association, making decisions on behalf of the Association and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Bylaws.

8.9.1 Professional Management. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium, and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (a) for cause, on 30 days' written notice or (b) without cause, on not more than 60 days' written notice.

8.9.2 Selection of the Board and Officers. The number of Board members, their qualifications and terms of service shall be specified in the Bylaws. The Declarant will appoint the initial Board members. The procedure for election of members of the Board by the Unit Owners after the Transition Date is set forth in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The members of the Board and officers shall take office upon election. Removal of Board members and their terms of service shall be as provided in the Bylaws.

8.9.3 Limitations on Board Authority. The Board shall not act on behalf of the Association to amend this Declaration in any manner that requires the vote or approval of the Unit Owners or Eligible Holders, to terminate the Condominium, or to elect members of the Board or determine the qualifications, powers and duties or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

8.9.4 Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, Eligible Holders, tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall not be less than five (5) business days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing, or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

8.10 Indemnification of Officers, Directors, and Others. To the fullest extent permitted by Washington law, the Association shall indemnify every officer, director, volunteer and committee member of the Association against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director or committee member.

The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

8.11 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the Condominium safer than they otherwise might be. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within the Condominium, nor shall either be held liable for any

loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Condominium, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and Declarant are not insurers and that each Person using the Condominiums' Units and Common Elements assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

8.12 Provision of Services. The Association may provide or provide for services and facilities for the Members, their guests, lessees and invitees, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, internet service, security, caretaker, transportation, fire protection, utilities and similar services and facilities. Nothing herein shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing services provided, in its discretion, unless otherwise required by the Governing Documents. No Owner shall be exempt from the obligation to pay for such services, if provided to all Owners as a Common Expense, based upon non-use or any other reason.

8.13 Relations with Other Properties. The Association may enter into contractual agreements or covenants to share costs with other associations, properties or facilities for maintaining and/or operating shared or mutually beneficial properties or facilities.

8.14 Facilities and Services Open to the Public. Certain facilities and areas within the Condominium may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts, trails and paths, parks and other neighborhood spots conducive to gathering and interaction, roads, sidewalks and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Areas of Common Responsibility or the Board may so designate at any time thereafter. Portions of the Common Elements and/or Community Area which are not intended to be open to the public may be posted as private property.

8.15 Permit Matters. The Condominium is subject to a variety of permit restrictions and obligations which are contained in the Permits and other Local Jurisdiction Ordinances and are binding upon the Condominium and run with the land. The Association and each Owner shall comply with the restrictions and requirements of the Permits, as applicable. Declarant shall have the right, but not the obligation, to delegate or assign certain responsibilities to the Association or any committee, and the Association or such committee shall have the obligation to accept and fulfill such delegation or assignment of such obligations. The cost of such activities shall be a Common Expense, if the activity is associated with the Areas of Common Responsibility and for the general benefit of all of the Condominium. In the performance of its responsibilities, the Association shall follow the standards and requirements of the Permits and the Local Jurisdiction's Ordinances. The Association shall comply with the design guidelines and maintenance standards referenced in the Permits, particularly in the use and preservation of native vegetation and landscaping, in the performance of its responsibilities under this Declaration.

ARTICLE IX - ASSOCIATION FINANCES

9.1 Budgeting and Allocating Common Expenses – Base and Special Assessments.

At least sixty (60) days before the beginning of each fiscal year, if there is any change in the sums that the Board anticipates will be collected or expended by the Association in the coming fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units. The fiscal year of the Association shall be a calendar year, unless a different fiscal year is adopted by resolution of the Board.

The Association is hereby authorized to levy Base Assessments against all Units subject to assessment to fund the Common Expenses, based upon each Unit's Allocated Interest. In determining the Base Assessment rate per Unit, the Board may consider any Assessment income expected to be generated from any additional Units reasonably anticipated to become subject to Assessment during the fiscal year.

Within thirty (30) days after the adoption of a budget by the Board, the Board shall send to each Owner a copy of the budget, notice of the amount of the Base Assessment to be levied pursuant to such budget, and notice of a meeting to consider ratification of the budget. Such meeting shall be held not less than fourteen (14) nor more than sixty (60) days from the mailing of such materials, or within such other time period that may be mandated by law for non-profit homeowner associations, such as RCW 64.38.035. The budget and Assessment shall be ratified unless disapproved at a meeting by Members representing more than fifty percent (50%) of the total votes in the Association. Such ratification shall be effective whether or not a quorum is present.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined. The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessment, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget that results in an increase in an Owner's Assessments shall be subject to ratification pursuant to this Section.

9.2 Budgeting for Reserves. The Board shall prepare and periodically review in the manner required by the Washington Condominium Act a reserve budget for the Areas of Common Responsibility for which the Association maintains capital items as a Common Expense. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 10.1 a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

9.3 Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied as a Common Expense

against the entire membership if such Special Assessment is for Common Expenses, or against the Owners benefited by the Special Assessment if the Special Assessment is made for the limited benefit of less than all of the Members. Except as otherwise specifically provided in this Declaration, any budget adopted by the Board for a Special Assessment shall be subject to the same notice and ratification process as that described for annual budgets and Base Assessments described in Section 9.1. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.4 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit (a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and (b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment.

9.5 Authority to Assess Owners; Time of Payment. Declarant hereby establishes and the Association is hereby authorized to levy Assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay Assessments shall commence as to each Unit, after the Board first determines a budget and levies Assessments, after the Unit is submitted to this Declaration.

The Association shall establish and maintain its accounts and Records in such a manner that will enable it to deposit the Assessments, including allocations to reserves, and other Association income to, and make its expenditures from, the appropriate accounts. The accounts of the Association shall be reconciled at least annually. Any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners in accordance with their Allocated Interests; provided, however, that accounts with respect to any expenses specifically assessed against less than all of the Units shall be reconciled solely with respect to the Owners of such Units.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of Assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board elects, Assessments may be paid in two (2) or more installments. Unless the Board otherwise provides, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any Assessments or other charges levied on his Unit, the Board may require the outstanding balance on all Assessments to be paid in full immediately.

9.6 Obligation for Assessments.

9.6.1 Personal Obligation. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Condominium, is deemed to covenant and agree to pay all Assessments authorized in the Governing Documents. All Assessments, together with interest (computed from its due date at a rate of six percent (6%) per annum or such other rate as the Board may establish through the adoption of Agreements and Policies, and subject to the limitations of Washington law), late charges

as determined by Board resolution, costs and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full.

Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may be exempted from liability for Assessments by non-use of Common Elements, abandonment of his Unit, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or setoff shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

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

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

9.6.4 Joint and Several Liability. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them. In addition to constituting a lien on the Unit and except as provided in Section 9.7.2 for a deed in lieu of foreclosure, each Assessment shall be the joint and several obligations of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

9.6.5 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established non-usurious rate set by the Board in the Agreements and Policies, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

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

9.6.7 Security Deposit. An Owner who has been delinquent in paying Assessments may be required by the Board, from time to time, to make and maintain a security deposit, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is 10 days or more delinquent in paying Assessments.

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

9.7 Lien for Assessments.

9.7.1 Assessments Are a Lien; Priority. The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Section shall be prior to all other liens and encumbrances on a Unit except (a) liens and encumbrances Recorded before the Recording of this Declaration; (b) a Mortgage on the Unit Recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association which would have become due during the six (6) months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, the date of trustee's sale in a non-judicial foreclosure of a Mortgage, or the date of Recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract, provided that the priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Holder or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three (3) months if and to the extent that such lien priority includes any delinquencies which relate to a period after such Mortgagee becomes an Eligible Holder or has given such notice and before the Association gives such Mortgagee a written notice of the delinquency, and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments; however, the Association may Record a notice of claim of lien for Assessments in the real property Records of the county in which the Condominium is located. Such Recording shall not constitute the written notice of delinquency to a Mortgagee referred to above.

9.7.2 Lien May Be Foreclosed; Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW Ch. 61.12 or non-judicially in the manner set forth in Section 9.7.3. 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.

Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure. Except as provided in the exception to (b) in Section 9.7.1, the holder of a Mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure or deed in lieu of foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

9.7.3 Non-judicial Foreclosure. A lien arising under this Article may be foreclosed non-judicially in the manner set forth in RCW Ch. 61.24 for non-judicial foreclosure deeds of trust. For the purpose of preserving the Association's non-judicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to First American Title Insurance Company, or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien non-judicially pursuant to this Section, it shall not be entitled to the lien priority over Mortgages provided in exception (b) of Section 9.7.1.

9.7.4 Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens, on the Unit.

9.7.5 Extinguishment of Lien. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within six (6) years after the amount of the Assessments sought to be recovered becomes due.

9.8 Suspension of Voting Rights. In the event any Member shall be in arrears in the payment of the Assessments due or shall be in default of the performance of any of the terms of this Declaration, the Articles and Bylaws of the Association, the Rules or Regulations adopted by the Association, for a period of thirty (30) days, the Member's right to vote may be suspended by the Board, and if suspended shall remain suspended until all payments, together with interest, late fees and attorneys' fees and costs, if any, are brought current and all defaults remedied. In

addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws, the Declaration or Washington state law.

9.9 Exempt Property. All Areas of Common Responsibility and any property dedicated or conveyed to and accepted by any governmental authority or public utility shall be exempt from payment of Base Assessments and Special Assessments.

PART FOUR: SPECIAL DECLARANT RIGHTS

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Association and others within or adjacent to the community.

ARTICLE X - ADDITIONAL RIGHTS RESERVED TO DECLARANT

10.1 Right to Complete Work. So long as Declarant owns a Unit in the Condominium or retains a right to use any Common Element, Declarant reserves the right to complete any Structures or other improvements, and otherwise perform work authorized by this Declaration, indicated on the Survey Map and Plans, authorized by building permits applicable to the Condominium, provided for under any purchase and sale agreement between Declarant and a purchaser of a Unit, necessary to satisfy any express or implied warranty under which Declarant is obligated, or as otherwise authorized or required by law.

10.2 Amendment of Declaration. So long as Declarant owns a Unit in the Condominium or retains the right to use any Common Element, Declarant reserves the right to amend this Declaration. Such Amendment shall not require the consent of any Person other than the Owner of the Units affected by the Amendment, if not a Declarant; such Amendment shall be subject to any required approval by the Local Jurisdiction. If the property is a Common Element, the Association shall consent to such Amendment, but such consent shall not be withheld unreasonably.

10.3 Governmental Interests. Declarant may designate sites within the Condominium for fire, police, water and sewer facilities, public schools and parks, and other public facilities, and remove such sites as Units or from the Common Elements. Neither the Association, the PIC nor the Owners may object to the use of such sites for the designated public purposes.

10.4 Marketing and Sales Activities. Declarant and Builders authorized by Declarant may construct and maintain upon portions of the Common Elements and on any Unit such facilities and activities as, in Declarant's sole opinion, may be reasonably required, convenient or incidental to the construction, marketing or sale of Units, including, but not limited to, business offices, signs, model units and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities and shall not be subject to fees or rental charges.

10.5 Right to Develop. Declarant and Declarant's employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Elements for the purpose of making, constructing and installing such improvements to the Common Elements and any Subsequent Phase Property as Declarant deems appropriate in its sole discretion, so long as such improvements are not inconsistent with the permitted uses and purposes of the Common Elements as defined in the Permit. Every Person that acquires any interest in the Condominium agrees not to protest, challenge or otherwise object to the

development of any real property by Declarant which lies adjacent to the Condominium, and which could be subjected to the terms of this Declaration by Declarant.

10.6 Right to Approve Additional Covenants. No Person shall Record any declaration of covenants, conditions and restrictions or similar instrument affecting any portion of the Condominium without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant.

10.7 Right to Approve Changes in the Standards Within the Community. No amendment to or modification of any Use Restrictions or Residential Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration.

10.8 Right to Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a written instrument signed and Recorded by Declarant. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.9 Easement to Inspect and Right to Correct. Until a date that is ten (10) years following the date on which the Declaration is recorded, Declarant reserves for Declarant and such other Persons as Declarant may designate perpetual non-exclusive easements throughout the Condominium to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning or correcting any portion of the Condominium, including Units and the Areas of Common Responsibility. Declarant shall have the right to redesign or correct any part of the Areas of Common Responsibility, and the designees of Declarant shall have the right to redesign or correct any Unit for which they were the Builder. Entry onto a Unit shall be after reasonable notice, except in an emergency. Entry into a structure on a Unit shall be only after Declarant notifies the Unit's Owner and agrees with the Owner regarding a reasonable time to enter the Structures on such Unit to perform such activities. Any damage to a Unit or the Areas of Common Responsibility resulting from the exercise of the easement or right of entry shall promptly be repaired by, and at the expense of, the Person exercising the easement right. The exercise of these easements shall not unreasonably interfere with the use of any Unit and entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

10.10 Right to Notice of Design or Construction Claims. No Person shall retain an expert for the purpose of inspecting the design or construction of any Structures or improvements within the community in connection with or in anticipation of any potential or pending claim, demand or litigation involving such design or construction unless Declarant and any Builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the Owner of the property to discuss the Owner's concerns and conduct their own inspection.

10.11 Declarant Right to Attend Association Meetings and Receive Minutes and Notices. Until a date that is ten (10) years following the date upon which this Declaration is Recorded, (a) Declarant shall have the right to attend all meetings of the Board and the

Association; (b) the Association shall send Declarant notices of such meetings at the same time notices are given to the members of the Board or the Association, as the case may be, and copies of minutes of all meetings of the Board and the Association; and (c) Declarant shall have the right to inspect the Books and Records of the Association. Notices and minutes shall be given to Declarant in writing in such other manner as Declarant shall specify.

10.12 Development in Phases.

10.12.1 Right to Phase. The real property initially included in the Condominium is described in Exhibit A. This Condominium will be developed and established in phases on the Property. Phase 1, consisting of twelve (12) Units, and the Subsequent Phase Property is depicted on the Survey Map and Plans being Recorded contemporaneously with this Declaration, and the Units which comprise Phase 1 are described in Exhibit B. Declarant reserves the right to withdraw all or a portion of the Subsequent Phase Property from the Condominium pursuant to Section 10.12.9 below.

10.12.2 Phase 1. This Declaration provides a description of the total Property, the Common Elements for all Phases and the Units and Limited Common Elements (if any) for Phase 1. The Survey Map and Plans, filed simultaneously with the Declaration, depicts with respect to Phase 1 and the Common Elements, certified as-built, the surface of the total Property, the right-of-way improvements used for access to the Units, the location of Phase 1 Units, and the number and dimensions of Phase 1 Units. The Subsequent Phase Property (including all Units and other improvements constructed thereon) shall not be established as part of the Condominium under the Act until Declarant Records an Amendment to the Declaration and an Amendment to the Survey Map and Plans pursuant to Section 10.13.3.

10.12.3 Declaration and Survey Map and Plans Amendments. For each Subsequent Phase, Declarant shall execute and Record an Amendment to this Declaration stating that such Phase is established as a Condominium under the Act and removing that portion of the real property on which the Units being created are located from the Subsequent Phase Property. From and after the Recording of an Amendment, all Units and other improvements constructed thereon shall constitute a single Condominium pursuant to the Act and the provisions of this Declaration. In conjunction with the Amendment to the Declaration, an updated or revised Survey Map, or Plans, or both, shall be filed. The Amendment to the Declaration shall assign an Identifying Number to each new Unit created, and reallocate the Allocated Interests among all Units. The Amendment must describe any Common Elements and any Limited Common Elements thereby created and, in the case of Limited Common Elements, designate the Unit to which each is allocated to the extent required by RCW 64.34.228.

10.12.4 Completion. Improvements within each Subsequent Phase will be reasonably consistent with improvements in Phase 1 in terms of quality of construction. All Units for each Subsequent Phase shall be substantially completed before each Subsequent Phase is incorporated into the Condominium.

10.12.5 Allocated Interests. The Allocated Interests for Phase 1 shall be calculated solely with respect to the Units within Phase 1. When the Subsequent Phases are established as part of the Condominium, Exhibit B will be amended to reallocate the Allocated Interests among all Units in accordance with Section 2.4 above.

10.12.6 Assessments. Assessments for Phase 1 shall utilize and be based on the Allocated Interests stated for Phase 1. When each Subsequent Phase is established, and based on the reallocation of Allocation Interests, Declarant shall re-compute the budget and the Assessments, and impose the revised Assessments. Notwithstanding the foregoing, Declarant alone is liable for all expenses in connection with the Subsequent Phase Property, except expenses associated with the operation, maintenance, repair and replacement of Common Elements utilized by other Owners.

10.12.7 Easements for Phased Development. In addition to the general easements reserved by statute and by reference in other sections of this Declaration, there is reserved a non-exclusive easement in favor of Declarant over and across the Property for ingress and egress and utilities over and across easements, roadways and utility lines specified or established in and for each completed Phase, and the right to connect thereto is reserved. Such reservations are for the purpose either of completing each Subsequent Phase, or otherwise developing portions of the land for other purposes if not completed as a Condominium Phase.

The easements reserved under this Section shall entitle the Declarant, for development of each Subsequent Phase of the Condominium, or for development and utilization of the lands to have been included in each Subsequent Phase if such lands are utilized for other purposes under the powers reserved to Declarant, to connect with water, sewer, storm sewer, electrical, gas, telephone or other utility lines of all varieties; and to connect with roadways or utility systems developed in connection with the established Phases.

Declarant shall bear the cost of connections to said utilities and roads and will not connect with the utilities in a manner that impairs or significantly reduces the quality of the utility service to the established Phases; provided, that if the connections cause an increase in the cost of delivering affected utility services to the established Phases, that cost shall be borne by the Declarant.

Any land which is withdrawn from the Condominium and which utilizes and benefits from the utility and roadway easements reserved to Declarant hereunder shall, pursuant to an irrevocable covenant running with the land, be obligated to pay a pro rata share (based on the relative number of Units) of the costs of subsequent repairs, maintenance and operation of the utilities and roadways.

10.12.8 Liens Arising in Connection with Phases. At the time the Amendment incorporating the Subsequent Phase into the Condominium is made, no lien arising in connection with the Declarant's ownership and construction of improvements as part of a Subsequent Phase shall adversely affect the rights of existing Unit Owners or the priority of Mortgages on Units in the existing Condominium Property. All taxes, assessments, mechanics liens, and other charges affecting a Subsequent Phase will be paid or otherwise satisfactorily provided for by the Declarant.

10.12.9 Withdrawal of Subsequent Phase Property. Declarant, at any time and for any reason, may elect not to incorporate any or all of the Subsequent Phase Property into the Condominium. To effectuate the foregoing, Declarant, upon its sole signature and without further consent of any of the other Owners being required, may file such Amendments to this Declaration and to the Survey Map and Plans as are necessary to withdraw all or a portion of the Subsequent Phase Property (and improvements constructed thereon) from the provisions of this Declaration. In the event Declarant

should exercise its rights under this Section to withdraw Subsequent Phase Property from the provisions of this Declaration, then established Phases of the Condominium shall thereafter continue to constitute a complete, fully operational Condominium, and withdrawn land (and improvements thereon) may be used for any other lawful purpose in Declarant's discretion; and the easements provided for in this Section shall continue for the benefit of the Declarant for the development and utilization of any withdrawn land. Declarant reserves the right to execute any application or document on behalf of the Unit Owners and the Association necessary to segregate any such Property and to effectuate any such withdrawal.

10.12.10 Limitation of Declarant's Phasing Rights. If all Phases are completed, the Condominium shall include not more than twenty-two (22) Units and a common house which may contain living facilities consistent with Permits applicable to the Subsequent Phases, including the twelve (12) Units in Phase 1. Notwithstanding any other provision of this Declaration, Declarant's right to add the Subsequent Phases by Amendments under this Section shall expire twenty (20) years after initial Declaration Recording.

10.12.11. Conversion of Unit E-2 to Residential Use. Upon completion of a subsequent phase of this Condominium which includes a common house adequate to gain approval from the Local Jurisdiction for conversion of Unit E-2 from Common Element to residential use, the Declarant is entitled to amend this declaration, without further approval of the Owners or any Mortgagee, to remove Unit E-2 from the Common Elements and establish Unit E-2 as a separate Unit with its own Allocated Interest in the Condominium. Upon recordation of such amendment, title to Unit E-2 shall be vested in the Declarant free and clear of any interest of the Association and of anyone claiming an interest in Unit E-2 by or through the Association.

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

10.13.1 If Declarant converts the Unit entirely to Common Elements, the Amendment to the Declaration shall reallocate all the Allocated Interests of that Unit among the other Units as if that Unit had been taken by condemnation.

10.13.2 If Declarant subdivides the Unit into two (2) or more Units, whether or not any part of the Unit is converted into Common Elements, the Amendment to the Declaration shall reallocate all the Allocated Interests of the Unit among the Units created by the subdivision in any reasonable and equitable manner prescribed by the Declarant.

10.13.3 If Declarant combines two (2) or more Units, the Amendment to the Declaration shall reallocate to the new Unit all of the Allocated Interests formerly allocated to the Units so combined.

10.14 Boundaries of Limited Common Elements. Declarant shall have the right to establish, expand, contract or otherwise modify the boundaries of any Limited Common Element allocated to a Unit; provided, the prior consent will be required from the Owner of the Unit.

10.15 Termination of Rights. Unless otherwise provided, the rights contained in this Article shall not terminate until the earlier of (a) ten (10) years from the date this Declaration is

Recorded, or (b) Recording by Declarant of a written statement that all development activity has ceased, and Declarant intends to relinquish all Declarant's Rights.

ARTICLE XI - EASEMENTS

11.1 Easements in Common Elements. Declarant grants to each Owner a nonexclusive right and easement of use, access and enjoyment in and to the Common Elements, subject to: (a) the Governing Documents and any other applicable covenants; (b) any restrictions or limitations contained in any deed conveying such property to the Association; (c) the Board's right to (i) adopt Agreements and Policies governing the use and enjoyment of the Common Elements, including rules limiting the number of guests who may use the Common Elements; (ii) suspend the right of an Owner to use recreational facilities within the Common Elements (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing pursuant to the Bylaws; (iii) dedicate or transfer all or any part of the Common Elements, subject to such approval requirements as may be set forth in this Declaration; (iv) impose membership requirements and charge admission or other use fees for the use of any recreational facility situated upon the Common Elements (such membership requirements, admission or use fees may, in the Board's discretion, differentiate between Members of the Association and other persons entitled to use such facilities); (v) permit use of any recreational facilities situated on the Common Elements by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board, and designate other areas and facilities within the Common Elements as open for the use and enjoyment of the public; (vi) mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the approval requirements contained in this Declaration; and (d) the rights of certain Owners to the exclusive use of Limited Common Elements.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2 Easements of Encroachment. Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Elements and between adjacent Units due to engineering errors, construction, reconstruction (in accordance with the terms of these restrictions), repairs, settlement, shifting or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

11.3 Easements for Utilities, Drainage and Other Improvements.

11.3.1 Installation and Maintenance. Declarant reserves for Declarant and its assignees, so long as Declarant owns any property described in Exhibit C of this Declaration or additional property subjected to the Declaration, on behalf of Declarant, Declarant's nominees, successors and assigns, perpetual nonexclusive easements

throughout the Condominium to the extent reasonably necessary for the purpose of (a) installing utilities and infrastructure to serve the Condominium, walkways, pathways and trails, drainage systems, street lights and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on recorded plats; (b) inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in this Section; (c) access to read utility meters; and (d) access to and from the public rights-of-way to any wetland, body of water or water monitoring site to perform water monitoring and testing.

Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing dwelling on a Unit, and any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. Exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant. No utilities may be installed or relocated in the Condominium without approval of the Board or as provided by Declarant.

11.3.2 Utility Easements Granted by the Declarant to Service Providers. The Declarant reserves the right to grant to any company or municipality providing utility services to the Condominium or to the Owners of Units in the Condominium an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utility services as gas, water, sanitary sewer, storm sewer, electricity, cable television and telephone. Any such easements will restrict the Owner's right to use that portion of their Unit that is subject to that easement. Owners should review all Recorded utility easements affecting their Unit to become aware of any such restrictions.

11.4 Specific Easements. Declarant also reserves for Declarant the nonexclusive right and power to grant and Record such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of the Condominium, or such additional property subjected to the terms of the Declaration. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed or conditioned.

11.5 Easements Reserved by the Declarant. The Declarant reserves an easement over, across and through the Common and Limited Common Elements of the Condominium for the purposes of constructing additional Structures and related improvements within the Units or other improvements within the Condominium, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Development Rights or Special Declarant Rights.

11.6 Easements to Serve Additional Property. Declarant hereby reserves for Declarant and Declarant's duly authorized agents, successors, assigns and mortgagees, an easement over the Common Elements for the purposes of enjoyment, use, access and development of any additional property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Elements for construction of roads and for connecting and installing utilities on such property. Declarant agrees that Declarant and Declarant's successors or assigns shall be responsible for any damage caused to the Common Elements as a result of their actions in connection with development of such property.

Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, or any other declaration of covenants, conditions and restrictions under which an owners' association is created or provided for, Declarant or Declarant's successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property. The allocation of costs in any such agreement shall be based on the number of residential dwellings or commercial units on the property served by the easement and not subject to this Declaration as a proportion of the total number of residential dwellings within the Condominium and on such benefited property.

11.7 Easements for Maintenance, Emergency, and Enforcement. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.8 Owner's Easement Over Other Units. Each Unit (the "Owner's Unit") shall have a nonexclusive easement over the other Units ("Other Units") for all existing utility lines that serve the Owner's Unit and for a right of access to the utility lines serving the Owner's Unit for the purpose of repair and replacement, provided the Owner promptly restores the other Unit(s) to its prior condition. In addition, each Unit shall have a nonexclusive easement over that portion of any Other Units which are adjacent to the boundary of the Owner's Unit for the purposes of accessing the Owner's Unit for repair and maintenance of the Unit, if reasonably necessary, provided the Owner promptly restores the Other Unit(s) to its prior condition. The access right described herein may be limited by the Board to require that the access right be exercised exclusively by the Association and agents of the Association, for the benefit of the Owner, or be limited to licensed contractors engaged by the Owner and approved by the Association prior to commencement of any work.

11.9 Technology Utility Easements. As long as Declarant owns any Unit in the Condominium, Declarant reserves perpetual, nonexclusive easements adjacent to the public rights-of-way throughout the Condominium, or in the Common and Limited Common Elements, on behalf of Declarant, and Declarant's nominees, successors and assigns, for the purpose of installing, operating, maintaining, repairing and replacing telephone, cable television, telecommunications, security and other systems for sending and receiving data and/or other electronic signals ("Technology Utilities") to serve the Condominium and each Unit, or any additional property, as selected by Declarant. Such easements shall be exclusive to Declarant until granted or conveyed to a third party, which may be exclusive, perpetual and irrevocable, at which point such easements or interests may be more particularly described in the instrument granting or conveying such easements or interests or on the recorded plats.

Declarant also reserves for Declarant the exclusive right and power to enter into contracts for the construction, installation and provision of any of the items addressed in this Section and to grant and Record in the public records such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of the Condominium, or any additional property, as selected by Declarant. Any such contract, agreement or easement may, in Declarant's sole discretion, grant the exclusive right to access or use of such system, including the portions of the systems installed on or in the Units, dwellings

and other structures constructed on Units, Common Elements and Limited Common Elements within the Condominium.

Any such contract, agreement or easement entered into by Declarant may require that the Board enter into a bulk rate service agreement for the provision of services offered to all Units within the Condominium. In such case, the cost shall be a Common Expense of the Association and shall be assessed as a part of the Base Assessment. If the service provides additional services or benefits to certain Owners or Units at their request, such additional services or benefits shall be paid directly by the Owner to the service provider, or become a Specific Assessment, as appropriate and specified in the agreement between the Association and the service provider.

ARTICLE XII - PARTY WALLS AND OTHER SHARED STRUCTURES

12.1 General Rules of Law to Apply. Each wall, retaining wall, fence, driveway, utility, drain, sewer or similar structure built as a part of the original construction on the Units which serves and/or separates any two (2) adjoining Units which is not described as a Common Element on the Survey Map and Plans or the maintenance of which has not been assumed by the Association as an Area of Common Responsibility shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

12.2 Maintenance; Damage and Destruction. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure. If a party structure is destroyed or damaged by fire or other casualty, then to the extent such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

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

12.4 Disputes. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XIII.

PART FIVE: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of the Condominium as a community in which people enjoy living, working and playing requires good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the community and with our neighbors, and protection of the rights of others who have an interest in the Condominium.

ARTICLE XIII - DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

13.1 Dispute Resolution Methods. The provisions of this Article shall govern the resolution of all Claims between any Bound Party. Claims, disputes and controversies shall be resolved pursuant to the Arbitration Agreements described in Section 13.4, unless specifically exempted from the Arbitration Agreements by Section 13.3; if exempt from the Arbitration

Agreements, the Exempt Claims may be litigated in a court of competent jurisdiction. Before any Claims are brought by the Association against any Person, the Association shall comply with the requirements of Section 13.5.

13.2 Claims and Exempt Claims. Unless specifically identified as an Exempt Claim in this Section, all claims or disputes arising out of or relating to (a) the interpretation, application or enforcement of the Governing Documents; (b) the rights, obligations and duties of any Bound Party under the Governing Documents; (c) the design or construction of improvements on the Condominium, (d) breach of contract, (e) negligent or intentional misrepresentations or nondisclosure in the inducement, (f) execution or performance of any contract related to the Condominium, including the Arbitration Agreements described in this Article, (g) any alleged statutory violation, (h) any claim of bodily injury related to the design or construction of the Units and the Common Elements, and (i) any claim made under the Washington State Consumer Protection Act (collectively, "Claims") shall be subject to the provisions of Section 13.4, which require the Claims to be arbitrated. Unless all necessary parties otherwise agree, the following list of exemptions ("Exempt Claims") shall not be Claims, and shall not be subject to the provisions of Section 13.4 requiring arbitration, nor shall Exempt Claims be subject to the provisions of Sections 13.5 through 13.7:

13.2.1 any suit by the Association against any Bound Party to collect Assessments, enforce liens or enforce the provisions of the Governing Documents;

13.2.2 any suit by the Association for declaratory or injunctive relief which seeks a determination as to applicability, enforcement, clarification or interpretation of any provisions of the Declaration;

13.2.3 any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents if the amount in controversy exceeds Ten Thousand Dollars (\$10,000);

13.2.4 any suit in which any indispensable party is not a Bound Party; and

13.2.5 any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 13.4(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above exemptions voluntarily may be submitted to the arbitration procedures set forth in Section 13.4. If the Association seeks to litigate items 13.2.1 through 13.2.5, such litigation shall require the majority vote of the Board of Directors.

13.3 Bound Parties. Declarant, the Association, its officers, directors and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article by contract with a Bound Party or by stipulation shall be a "Bound Party" for the purposes of this Article.

13.4 Arbitration Agreements. Each Bound Party covenants and agrees to submit all Claims to the arbitration procedures set forth in this Section 13.4, in lieu of filing suit in any court. Any dispute concerning the interpretation or the enforceability of the Arbitration Agreements

described in this paragraph, including, without limitation, revocability or voidability for any cause, the scope of arbitrable issues, and any defense based upon waiver or estoppel, shall be decided by the Arbitrator. The decision of the Arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction. These Arbitration Agreements shall inure to the benefit of, and be enforceable by, Declarant and Declarant's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person alleged to be liable for any defect in or to any Unit or the Common Elements; and shall be binding upon all family members and tenants of the Owners and the Association. No participation of a party in a judicial proceeding involving a matter which is arbitrable under these Arbitration Agreements shall be deemed a waiver of the right of such party to enforce the Arbitration Agreements. If any provision of these Arbitration Agreements shall be determined by the Arbitrator or any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms. Any party shall be entitled to recover reasonable attorneys' fees, litigation expenses and costs incurred in enforcing the Arbitration Agreements, as provided in Section 13.8.

13.4.1 Arbitration Agreement for Non-Warranty Claims. The Bound Parties agree that any Claim which is not a Claim covered by a Warranty (as described in Section 13.4.2) shall be settled and resolved by arbitration as described herein. The Arbitration shall be conducted by an arbitration service selected by the parties in writing, pursuant to the arbitration service's applicable arbitration rules to the extent such rules are not inconsistent with this Arbitration Agreement. If the parties fail to agree on the selection of an arbitration service, the choice of arbitration service shall be that of the Claimant. All administrative fees of the arbitration service and fees of the Arbitrator shall be borne equally by the parties to the arbitration, subject to the discretion of the Arbitrator to reallocate such fees in the interest of justice.

The Arbitrator shall take such steps as may be necessary to hold a hearing within ninety (90) days of the initial demand for arbitration and to conclude the hearing within three (3) days; and the Arbitrator's written decision shall be made not later than fourteen (14) calendar days after the hearing. These time limits are included in order to expedite the proceeding, but they are not jurisdictional, and the Arbitrator may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claim determined and the award made on each claim. In making the decision and award, the Arbitrator shall apply applicable substantive law. The Arbitrator may award injunctive relief or any other remedy available from a judge, including without limitation joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact or which may promote judicial economy, but shall not have the power to award punitive or exemplary damages.

The parties expressly agree that this Arbitration Agreement involves and concerns interstate commerce, and is governed by the Federal Arbitration Act (9 U.S.C. §1, et. seq.) to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule; and to the extent that any state or local law, ordinance or judicial rule shall be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the arbitration service rules shall govern the conduct of the proceeding.

13.4.2 Arbitration Agreement for Warranty Claims. The Bound Parties agree that any Claim which is a Claim covered by a Warranty shall be settled and resolved by

arbitration as described in this Section 13.4.2. A Warranty Claim is a Claim, dispute or controversy between Bound Parties arising from or related to alleged defects in the Unit or the Common Elements which are asserted after the closing of the transfer of title to a Unit, and which are covered by a contractual warranty supplied to the buyer of the Unit by the seller of the Unit. Warranty Claims shall be submitted to binding arbitration commenced and conducted in accordance with the arbitration provisions of the Warranty, even if such provisions are inconsistent with the provisions of this Section 13.4.

13.4.3 Limitation Upon Amendments. The Declarant, the Association and all Owners hereby acknowledge and agree that no Amendment of this Declaration shall modify, alter or delete any portion of the Arbitration Agreements in Section 13.4 of this Declaration without the written consent of the Declarant attached to and Recorded with such Amendment, regardless of whether Declarant continues to maintain an ownership interest in any Unit or membership in the Association.

13.4.4 Binding Upon Successors and Assigns. The Declarant, the Association and all Owners acknowledge and agree that, by virtue of the Recording of the Declaration, these Arbitration Agreements shall run with title to the real property subject to the Declaration and all additional phases, and shall be binding upon all Persons having any right, title or interest in all or any portion of the real property subject to the Declaration their respective heirs, legal representatives, successors, successors-in-title, and assigns, and shall be for the benefit of the Declarant and all Owners of Units and Common Elements subject to this Declaration, regardless of whether Declarant continues to maintain an ownership interest in any Unit or membership in the Association.

13.5 Consensus for Association Litigation of Claims. The Association shall not commence arbitration, judicial or administrative proceedings to resolve a Claim without the approval of Members representing at least sixty-seven percent (67%) of the total votes in the Association. In the event the judicial or administrative proceeding is against the Declarant or any former Declarant, seventy-five percent (75%) of the total votes in the Association are required to commence such proceeding. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

13.6 Mandatory Procedures for Resolution of Claims.

13.6.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely (a) the nature of the Claim, including the Persons involved and Respondent's role in the Claim; (b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises); (c) Claimant's proposed remedy; and (d) that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

13.6.2 Negotiation and Mediation. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Association's Board may appoint a representative to assist the Parties in negotiation. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to

mediation under the auspices of any Local Jurisdiction dispute resolution center or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the area. If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent, and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

13.6.3 Final and Binding Arbitration. If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with Section 13.4. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant. This subsection is an agreement to arbitrate and is specifically enforceable under federal and state arbitration laws. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under federal and Washington State laws.

13.7 Allocation of Costs of Resolving Claims. Each Party shall bear its own costs, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs"), except as otherwise ordered by the arbitrator pursuant to Section 13.4. Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs, except as otherwise provided in this subsection.

13.8 Enforcement of Resolution – Attorney's Fees and Costs. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 13.4 and any Party thereafter fails to abide by the terms of such agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any abiding or complying Party may file suit or initiate administrative proceedings to enforce such

agreement or Award without the need to again comply with the procedures set forth in Section 13.4. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs. If the Bound Parties litigate an Exempt Claim, the prevailing party in such litigation shall be entitled to payment of all attorneys' fees, litigation and costs by the non-prevailing party.

ARTICLE XIV - MORTGAGEE PROVISIONS

14.1 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of (a) any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder; (b) any delinquency in the payment of Assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Unit or the Owner or Occupant which is not cured within sixty (60) days; (c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or (d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

14.2 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation or any successor to FHLMC, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Members representing at least 67% of the total Association vote consent, the Association shall not:

14.2.1 By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Elements which the Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this Subsection);

14.2.2 Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently Recorded on any portion of the Condominium shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

14.2.3 By act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Elements (the issuance and amendment of architectural standards, Use Restrictions pursuant to Article III, procedures or Agreements and Policies shall not constitute a change, waiver or abandonment within the meaning of this provision);

14.2.4 Fail to maintain insurance, as required by this Declaration; or

14.2.5 Use hazard insurance proceeds for any Common Elements losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Elements and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

14.3 Other Provisions for First Lien Holders. To the extent not inconsistent with Washington law, (a) any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such Eligible Holders are allocated; and (b) any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

14.4 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association as a result of destruction, damage or condemnation.

14.4.1 The consent of Members representing at least sixty-seven percent (67%) of votes in the Association and of Declarant, so long as Declarant owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Association.

14.4.2 The consent of Members representing at least sixty-seven percent (67%) of votes in the Association and of Declarant, so long as Declarant owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a Mortgage appertain, shall be required to materially amend any provisions of the Declaration, Bylaws or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern or regulate any of the following: (i) voting; (ii) Assessments, Assessment liens, or subordination of such liens; (iii) reducing reserves for maintenance, repair and replacement of the Common Elements; (iv) insurance or fidelity bonds; (v) rights to use the Common Elements; (vi) responsibility for maintenance and repair of the Condominium; (vii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property other than the Subsequent Phase Property to or from the Association; (viii) redefinition of the boundaries of any Unit; (ix) leasing of Units; (x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer or otherwise convey the Owner's Unit; (xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or (xii) any provisions included in the Governing Documents which are for the express benefit of holders, guarantors or insurers of first Mortgages on Units.

14.5 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.

14.6 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

14.7 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within sixty (60) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

14.8 Construction of Article XIV. These provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Condominium. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Washington law for any of the acts set out in this Article.

14.9 Amendment by Board. Should FNMA or FHLMC subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may Record an amendment to this Article to reflect such changes.

ARTICLE XV - TORT AND CONTRACT LIABILITY

15.1 Declarant Liability. Neither the Association nor any Owner except Declarant is liable for Declarant's torts in connection with any part of the Condominium which Declarant has the responsibility to maintain. Otherwise, an action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association. An Owner is not precluded from bringing an action contemplated by this Section because he or she is a Unit Owner or a Member or officer of the Association.

15.2 Limitation of Liability for Utility Failure, etc. Except to the extent covered by insurance obtained by the Board, the Association, the Board, Managing Agent or Declarant shall not be liable for (a) the failure of any utility or other service to be obtained and paid for by the Board; or (b) 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 Units, or from any of their pipes, drains, conduits, appliances or equipment or from any other place; or (c) for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

15.3 No Personal Liability. So long as a Board member, PIC member, Association committee member, Association officer, Declarant or Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person, provided that this Section shall not apply where the consequences of such act, omission, error or negligence is covered by insurance obtained by the Board.

ARTICLE XVI - INSURANCE

16.1 Required Coverages. Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, or sooner if elected by the Declarant, the Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

16.1.1 Blanket property insurance covering the full replacement cost of all insurable improvements under current building ordinances and codes on the Common Elements and within the Areas of Common Responsibility to the extent that Association has assumed responsibility in the event of a casualty, regardless of ownership;

16.1.2 Commercial general liability insurance on the Areas of Common Responsibility, insuring the Association and its Members with limits of (if generally available at reasonable cost, including primary and any umbrella coverage) and medical payments insurance, at least One Million Dollars (\$1,000,000) per occurrence with respect to bodily injury, personal injury and property damage, or such additional coverage and higher limits which a reasonably prudent person would obtain;

16.1.3 Workers compensation insurance and employers liability insurance, if and to the extent required by law;

16.1.4 Directors and officers liability coverage;

16.1.5 Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment, but not less than an amount equal to one-sixth (1/6) of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

16.1.6 Such additional insurance as the Board, in its best business judgment, determines advisable.

Premiums for all insurance on the Areas of Common Responsibility shall be Common Expenses, unless the Board reasonably determines that other treatment of the premiums is more appropriate.

16.2 Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in Western Washington. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 16.1. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of

one or more Owners, their guests, invitees or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall, if commercially reasonable to obtain:

16.2.1 be written with a company authorized to do business in Washington which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

16.2.2 be written in the name of the Association as trustee for the benefited parties. Policies on the Common Elements shall be for the benefit of the Association and its Members;

16.2.3 provide that if, at the time of loss under a policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right of setoff, counterclaims, apportionment, proration, contribution or assessment by reason of any other insurance obtained by or for any Owner or any Mortgagee;

16.2.4 contain an inflation guard endorsement;

16.2.5 include an agreed amount endorsement, if the policy contains a co-insurance clause;

16.2.6 provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or Limited Common Elements as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Elements or Limited Common Elements other than that of a Member);

16.2.7 contain a waiver of subrogation as to any claims against the Association's Board, officers, employees and its manager, the Owners and their tenants, servants, agents and guests;

16.2.8 include an endorsement precluding cancellation, invalidation, suspension or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

16.2.9 provide that no failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy;

16.2.10 include an endorsement precluding cancellation, invalidation or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association; and

16.2.11 contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds.

16.2.12 contain a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

16.2.13 contain an endorsement requiring at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification or non-renewal; and

16.2.14 contain a cross liability provision.

16.3 Restoring Damaged Improvements. In the event of damage to or destruction of Common Elements or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Elements shall be repaired or reconstructed in a timely manner unless Members representing at least seventy-five percent (75%) of the total votes in the Association decide not to repair or reconstruct. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Element shall be repaired or reconstructed. If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Persons entitled to use the damaged or destroyed property, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit. If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 16.1.

16.4 Owner's Additional Insurance. Each Owner shall be primarily responsible to obtain and maintain property insurance on the Unit, Structures, equipment and improvements in their Unit, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the greater of either the replacement cost of all the Units, or the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. Such policy shall name the Association as an additional insured party. Each Owner must deliver a copy of their individual property insurance policy to the Board within thirty (30) days after receipt of a request from the Board. If, at any time, an Owner fails to fulfill the requirements of this Section, then the Association may obtain such insurance and shall assess against such Owner a special charge for the cost of such insurance. Otherwise, any insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance of the Owner's own benefit. The Association's failure to enforce this obligation does not constitute a waiver of its right to do so.

16.5 Claims Adjustment. Any loss covered by the property insurance obtained by the Association under this Article must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the

Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. Subject to the provisions of Article 18, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders 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.

16.6 Certificate. An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a Mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of RCW 48.18 pertaining to cancellation or non-renewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

16.7 Notification on Sale of Unit. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address.

PART SIX: CHANGES WITHIN AND OUTSIDE THE CONDOMINIUM

Changes in the Condominium which occur over the passage of time, either by plan or by unforeseen event, require that the Condominium community administer the consequences of the changes so that the Condominium community's character and aesthetics are preserved.

ARTICLE XVII - DAMAGE OR DESTRUCTION OF COMMON ELEMENTS

17.1 Definitions; Significant Damage; Repair; Emergency Work. As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the property which the Board is responsible to maintain or repair (a) for which funds are not available in the maintenance and repair or contingency budget of the Association to make timely repairs, and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the property or any significant portion of the property for its intended purpose. As used in this Article, the term "repair" means to repair, reconstruct, rebuild or restore the improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common Elements having substantially the same boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made. As used in this Article the term "Emergency Work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the property.

17.2 Initial Board Determinations. In the event of Significant Damage to any Common Elements of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the Board deems advisable:

17.2.1 The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby;

17.2.2 A reasonably reliable estimate of the cost to repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor;

17.2.3 The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer;

17.2.4 The amount, if any, that the estimated cost of repair exceeds the anticipated insurance proceeds and the amount of Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all of the Units in proportion to their Allocated Interests in the Common Elements; and

17.2.5 The Board's recommendation as to whether such Significant Damage should be repaired.

17.3 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Owner and each first Mortgagee with a written notice summarizing the initial Board determination made. If the Board fails to do so within said thirty (30) days, then any Owner or Mortgagee may make the determination required and give the notice required under this Section.

17.4 Duty to Restore. Any portion of the Common Elements of the Condominium for which insurance is required which is Significantly Damaged shall be repaired promptly by the Association unless (a) the Condominium is terminated; (b) repair would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Owners, including every Owner of a Unit or assigned Limited Common Element which will not be repaired, vote not to repair. Even if the Significant Damage is not to be repaired, the Board shall still have authority to perform Emergency Work. The cost of repair in excess of insurance proceeds and reserves is a Common Expense.

17.5 Damage Not Restored. If all or any portion of the damaged portions of the Common Elements of the Condominium are not repaired (regardless of whether such damage is Significant) (a) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units (if any) and Limited Common Elements which are not repaired shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the Allocated Interests in the Common Elements of all Units.

17.6 Restoration by Board. If the damage (regardless of whether such damage is Significant) is to be repaired, then:

17.6.1 Contract and Contractors. The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to effectuate the repair and restoration. Contracts for such repair and restoration shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with repair upon satisfaction of the Board that such work will be appropriately carried out.

17.6.2 Insurance Trustee. The Board may enter into a written agreement in recordable form with any reputable financial institution, trust or escrow company that such firm or institution shall act as an insurance trustee to adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

17.7 Decision to Terminate. In the event of a decision to terminate the Condominium and not repair and restore damage and destruction, the Board may nevertheless expend such of the insurance proceeds and funds of the Association as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged or destroyed improvements and clearing, filling and grading the real property), and the remaining funds, if any, and property shall thereafter be held and distributed as provided in RCW 64.34.268.

ARTICLE XVIII - CHANGES IN COMMON ELEMENTS

18.1 Condemnation. If any part of the Common Elements shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven percent (67%) of the total votes in the Association and of Declarant, as long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Elements on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Elements to the extent available, unless within sixty (60) days after such taking Declarant, so long as a Declarant owns any property subject to the Declaration or which may be made subject to the Declaration, and Members representing at least sixty-seven percent (67%) of the total votes of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. If the taking or conveyance does not involve any improvements on the Common Elements, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

18.2 Partition. Except as permitted in this Declaration, the Common Elements shall remain undivided, and no Person shall bring any action partition of any portion of the Common Elements without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3 Transfer or Dedication of Common Elements. The Association may transfer, dedicate or grant easements over portions of the Common Elements to any other local, state, federal governmental or quasi-governmental entity without a vote of the Owners. If the Common Element is a street, utility easement or open space, the Association may transfer, dedicate or grant easements over such Common Element to a private party without a vote of the Owners if the use of the easement is consistent with the existing use of the Common Element, and the grant of such easement will not materially impair the Association's and the Owners' use of the Common Element.

ARTICLE XIX - SUBDIVISION OF UNITS

19.1 Subdivision or Combination of Units Prohibited – Exception for Declarant. No Unit shall be subdivided either by agreement or legal proceedings, except as provided in this Article or in Section 10.14, which reserves to the Declarant special rights to subdivide or combine Units.

19.2 Application for Approval of Subdivision. An Owner may propose subdividing a Unit by submitting the proposal in writing to the Board and to all other Owners and Mortgagees of Units to be subdivided or combined. The proposal must include complete plans for accomplishing the subdivision and proposed Amendments of this Declaration and the Survey Map and Plans, which Amendments shall be executed by the Owner of the Unit to be subdivided, and which Amendments assign an Identifying Number to each Unit created, and reallocate the Allocated Interests and liabilities formerly allocated to the subdivided Unit to the new Units in any reasonable manner prescribed by Owner of the subdivided Unit. The Owner of the Unit to be subdivided shall bear all costs of the subdivision.

19.3 Approval. A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by all Owners and Mortgagees of the Unit to be subdivided, the Board and fifty-one percent (51%) of Eligible Holders.

19.4 Procedure After Approval. Upon approval of a proposal under this Article, the Owner making it may proceed according to the proposed plans and specifications, provided that the Board may in its discretion require that the Board administer the work or that provisions for the protection of other Units or Common Elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map and Plans and Declaration shall be placed of record as amendments thereto.

19.5 Relocation of Boundaries - Adjoining Units. The boundaries between adjoining Units may only be relocated by an Amendment to the Declaration, upon application to the Board by Owners of those Units. If Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines within sixty (60) days that the reallocations are unreasonable, the Association shall prepare an Amendment that identifies the Units involved, states the reallocations, is executed by the Unit Owners, contains words of conveyance between them, and is Recorded in the name of the grantor and the grantee. The Association shall obtain and Record a Survey Maps and Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and Identifying Numbers. The Owner or Owners benefited by a reallocation of Unit boundaries shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board or as Owners of such Units agree.

19.6 Changes in Boundaries by Parole Agreement, Acquiescence or Adverse Possession. The Owners of the Units expressly disclaim and covenant not to assert claims which would result in changes to Unit boundaries based upon theories of parole agreement, acquiescence or adverse possession. All use of the portions of an adjoining Unit are agreed to be permissive, and may be terminated by the Owner of the Unit burdened by the neighbor's use, by application to a court with jurisdiction over the Units. The procedure described in Section 19.5 shall be the exclusive means for the change in the boundary of a Unit, except for changes made by the Declarant when exercising Declarant's special rights.

ARTICLE XX - AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS, ARTICLES, BYLAWS

20.1 Procedures. Except in cases of Amendments that may be executed by Declarant under the Declaration or the Condominium Act, the Declaration, the Survey Map and Plans, the Articles, and the Bylaws may be amended only by vote or agreement of Owners, as specified in this Article. An Owner may propose Amendments to this Declaration or the Survey Map and Plans, the Articles or the Bylaws to the Board. A majority of the members of the Board may cause a proposed Amendment to be submitted to the Members of the Association for their consideration. If an Amendment is proposed by Owners with twenty percent (20%) or more of the votes in the Association, then, irrespective of whether the Board concurs with the proposed amendment, it shall be submitted to the Members of the Association for their consideration at their next regular or special meeting for which timely notice must be given. Notice of a meeting at which an Amendment is to be considered shall include the text of the proposed Amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote after notice has been given to all persons (including Eligible Holders) entitled to receive notices. Upon the adoption of an Amendment and the obtaining of any necessary consents of Eligible Holders as provided below, the Amendment to the Declaration or the Survey Map and Plans will become effective when it is Recorded or filed in the real property records of the county where the Condominium is located. The Amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously Recorded Amendment thereto. Such Amendments shall be prepared, executed, Recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association. No action to challenge the validity of an Amendment adopted by the Association pursuant to this Article may be brought more than one (1) year after the Amendment is Recorded. An Amendment to the Articles shall be effective upon filing the Amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

20.2 Percentages of Consent Required. Except as otherwise provided in connection with the exercise of Development Rights by Declarant or in the case of damage or condemnation of the property, the percentages of consent of Owners and Mortgagees required for adoption of Amendments to the Declaration, the Survey Map and Plans, the Articles and the Bylaws are as follows:

20.2.1 The consent of Owners holding at least sixty-seven percent (67%) of the votes in the Association and the consent of Eligible Holders of Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Eligible Holders are allocated shall be required to materially amend any provisions of the Declaration, the Survey Map and Plans, the Articles or the Bylaws, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following (a) voting rights; (b) Assessments, Assessment liens or subordination of such liens; (c) reduction in reserves for maintenance, repair or replacement of the Common Elements; (d) responsibility for maintenance and repair of any portion of the Condominium; (e) rights to use Common Elements and Limited Common Elements; (f) reallocation of interests in Common Elements or Limited Common Elements or rights to their use; (g) convertibility of Units into Common Elements or Limited Common Elements, Common Elements or Limited Common Elements into Units or Common Elements into Limited Common Elements; (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 leasing of Units; (k) imposition of any restriction on the right of an Owner to sell or transfer a Unit;

(l) establishment of self-management of the Condominium after professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation or by an Eligible Holder; (m) restoration or repair (after damage or partial condemnation) in a manner other than specified in the Declaration or the Survey Map and Plans; or (n) any provisions that are for the express benefit of holders of first Mortgages.

20.2.2 An Amendment that creates or increases Development Rights or Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted shall require the vote or agreement of the Owner of each Unit particularly affected, Declarant (if Declarant owns a Unit or has the rights to exercise any Development Rights or Special Declarant Rights) and Owners having at least ninety percent (90%) of the votes in the Association other than Declarant, and Project Mortgagee.

20.2.3 In addition to the foregoing requirements, the consent of Declarant and the Project Mortgagee shall be required for any amendment to Article 10, Sections 13.1, 13.2, 13.3, 18.1 or Article 19, relating to Declarant.

20.2.4 All other Amendments shall be adopted if consented to by fifty-one percent (51%) of the total votes in the Association.

20.2.5 An Eligible Holder who receives a written request to consent to an Amendment who does not deliver or post to the requesting party a negative response within sixty (60) days shall be deemed to have consented to such request.

20.2.6 If the Condominium has received a project approval from the VA, the approval of the VA will be required for any Amendment to the Declaration, Articles, Bylaws or Survey Map and Plans adopted prior to the Transition Date.

20.3 Limitations on Amendments. No Amendment may restrict, eliminate or otherwise modify any Development Right or Special Declarant Right provided in this Declaration without the consent of Declarant and Project Mortgagee, and no Amendment may restrict, eliminate or otherwise modify any right granted to Project Mortgagee without the consent of Project Mortgagee.

20.4 By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration, until conveyance of the first Unit to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to correct any typographical or factual errors, (b) to bring any provision into compliance with any applicable governmental statute, rule, regulation or judicial determination; (c) to enable any reputable title insurance company to issue title insurance coverage on the Units; (d) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (e) to satisfy the requirements of any local, state or federal governmental agency. However, any such Amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

20.5 Validity and Effective Date. No Amendment may remove, revoke or modify any right or privilege of Declarant without Declarant's written consent (or the assignee of such right or

privilege). If an Owner consents to any Amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such Amendment. Any Amendment shall become effective upon Recording, unless a later effective date is specified in the Amendment. Any procedural challenge to an Amendment must be made within six (6) months of its recordation or such Amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

ARTICLE XXI - TERMINATION OF CONDOMINIUM

21.1 Action Required. Except as otherwise provided in this Declaration, the Condominium may be terminated only by agreement of Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated and with the consent of Eligible Holders of Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Eligible Holders are allocated and in accordance with the Condominium Act. An Eligible Holder who receives a written request to consent to termination who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested. If the Condominium is terminated or changed to another ownership form, the legal duty of the Association to maintain and repair open space and critical areas will be transferred to an entity acceptable to the City of Olympia as a condition of such termination or transfer.

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

ARTICLE XXII - MISCELLANEOUS TERMS

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

22.2 Effective Date. This Declaration shall take effect upon Recording.

22.3 Reference to Amended Survey Map and Plans. The Survey Map and Plans were filed with the Recorder of Thurston County, Washington, simultaneously with the Recording of this Declaration under File No. _____.

22.4 Assignment by Declarant. Declarant reserves the right to assign, transfer, sell, lease or rent all or a portion of the Condominium, and reserves the right to assign all or any of its rights, duties and obligations created under this Declaration.

IN WITNESS WHEREOF, Declarant hereby executes this Declaration this _____ day of April, 2010.

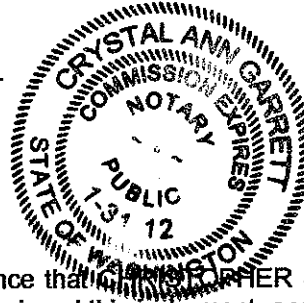
(Remainder of page intentionally left blank)

DECLARANT:

CHRISTOPHER J. RUSSO, ROBIN STIRITZ, LIV V. MONROE, JEAN REYNOLDS, HEATHER SAUNDERS, PETER J. VENNEWITZ, JAMES ANEST, MARJORIE SCHUBERT, JOHN TERRANOVA, JOANN TERRANOVA, DAVID LERNER, EVA PANNABECKER, JOSHUA PARKER and KATHERINE PARKER

By Christopher J. Russo
CHRISTOPHER J. RUSSO

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.



I certify that I know or have satisfactory evidence that CHRISTOPHER J. RUSSO is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010
Crystal Ann Garrett
Crystal Ann Garrett (Printed Name)
Notary Public
My Appointment Expires: 01/31/2012

By _____
ROBIN STIRITZ

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that ROBIN STIRITZ is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

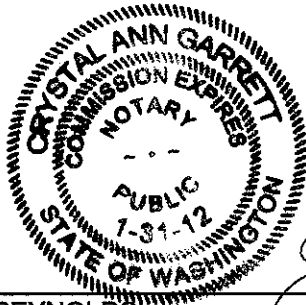
DATED: _____ 2010

(Printed Name)
Notary Public
My Appointment Expires: _____

By LIV V. Monroe
LIV V. MONROE

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that LIV V. MONROE is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.



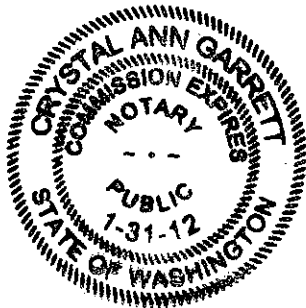
DATED: April 28 2010

Crystal Ann Garrett
Crystal Ann Garrett (Printed Name)
Notary Public
My Appointment Expires: 01/31/2012

By Jean Reynolds
JEAN REYNOLDS

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

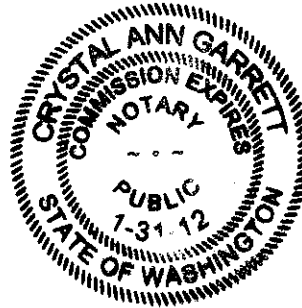
I certify that I know or have satisfactory evidence that JEAN REYNOLDS is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.



DATED: April 28 2010

Crystal Ann Garrett
Crystal Ann Garrett (Printed Name)
Notary Public
My Appointment Expires: 01/31/2012

By Heather L. Saunders
HEATHER SAUNDERS



STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that HEATHER SAUNDERS is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Cystal Ann Garrett
Cystal Ann Garrett (Printed Name)
Notary Public
My Appointment Expires: 01/31/12

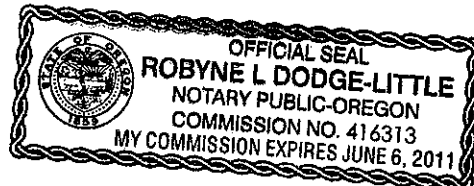
By Peter J. Vennewitz
PETER J. VENNEWITZ

STATE OF Oregon)
)
COUNTY OF Multnomah) ss.

I certify that I know or have satisfactory evidence that PETER J. VENNEWITZ is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: 4/28/2010 2010

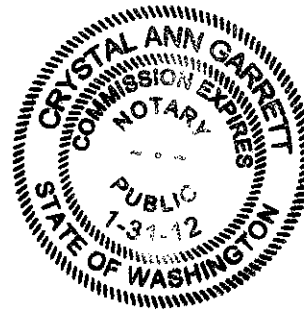
Robyne L. Dodge-Little
Robyne L. Dodge-Little (Printed Name)
Notary Public
My Appointment Expires: 6/6/2011



By James Anest
JAMES ANEST

STATE OF WASHINGTON)
COUNTY OF THURSTON)

ss.



I certify that I know or have satisfactory evidence that JAMES ANEST is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Crystal Ann Garrett
(Printed Name)

Notary Public

My Appointment Expires: 01/31/2012

By Marjorie Schubert
MARJORIE SCHUBERT

STATE OF WASHINGTON)
COUNTY OF THURSTON)

ss.

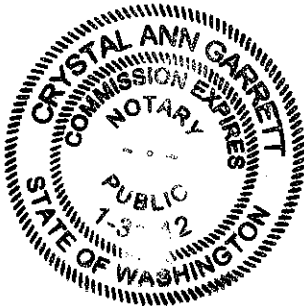
I certify that I know or have satisfactory evidence that MARJORIE SCHUBERT is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

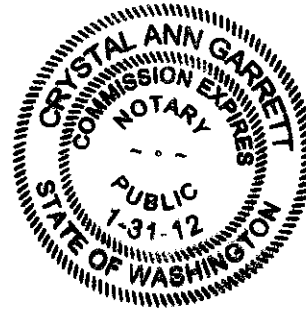
Crystal Ann Garrett
(Printed Name)

Notary Public

My Appointment Expires: 01/31/2012



By John C. Terranova
JOHN TERRANOVA



STATE OF WASHINGTON)
)
COUNTY OF THURSTON) SS.

I certify that I know or have satisfactory evidence that JOHN TERRANOVA is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Cystal Ann Garrett
Cystal Ann Garrett (Printed Name)

Notary Public

My Appointment Expires: 01/31/12

By Joann D.P. Terranova
JOANN TERRANOVA

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) SS.

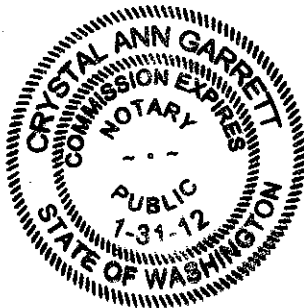
I certify that I know or have satisfactory evidence that JOANN TERRANOVA is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Cystal Ann Garrett
Cystal Ann Garrett (Printed Name)

Notary Public

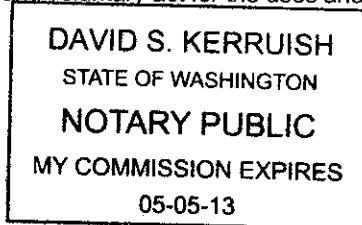
My Appointment Expires: 01/31/2012

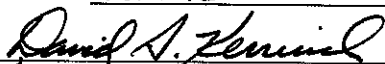


By 
DAVID LERNER

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that DAVID LERNER is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

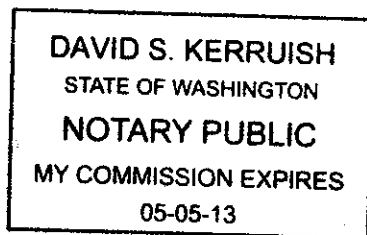


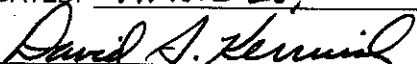
DATED: APRIL 28 2010

DAVID S. KERRUISH (Printed Name)
Notary Public
My Appointment Expires: 5-5-2013

By 
EVA PANNABECKER

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that EVA PANNABECKER is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.



DATED: APRIL 28 2010

DAVID S. KERRUISH (Printed Name)
Notary Public
My Appointment Expires: 5-5-2013

By J.C. PL
JOSHUA PARKER

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

ss.

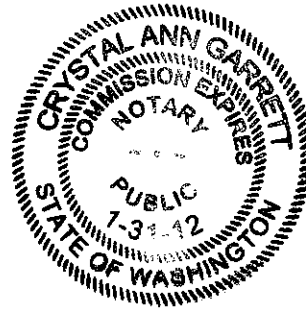
I certify that I know or have satisfactory evidence that JOSHUA PARKER is the person who appeared before me, acknowledged that he signed this instrument, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Crystal Ann Garrett
Crystal Ann Garrett (Printed Name)

Notary Public

My Appointment Expires: 01-31-2012



By Kate Parker
KATHERINE PARKER

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

ss.

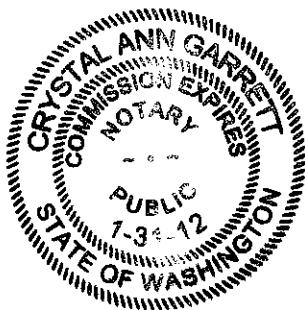
I certify that I know or have satisfactory evidence that KATHERINE PARKER is the person who appeared before me, acknowledged that she signed this instrument, and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: April 28 2010

Crystal Ann Garrett
Crystal Ann Garrett (Printed Name)

Notary Public

My Appointment Expires: 01/31/2012



THE FOLLOWING PERSONS AND ENTITY, WHICH HOLD AN INTEREST IN THE REAL PROPERTY DESCRIBED HEREIN, JOIN IN THE EXECUTION OF THIS DECLARATION AND CONSENT TO THE COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS IMPOSED THEREBY, BUT SHALL NOT HOLD THE RIGHTS OF THE DECLARANT UNLESS SUCH RIGHTS ARE ACQUIRED BY THE UNDERSIGNED BY SEPARATE INSTRUMENT:

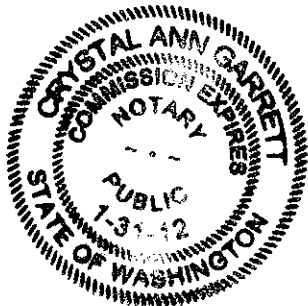
Olympia Federal Savings

By: Debra Jackson, VP Juliane Morgan, AVP
Debra Jackson Juliane Morgan (Printed Name)
Its: _____

STATE OF WASHINGTON)
)
COUNTY OF THURSTON) ss.

I certify that I know or have satisfactory evidence that Debra L. Jackson & Julie Morgan is the person who appeared before me, and that person acknowledged signing this instrument, on oath stated their authority to execute the instrument and acknowledged it as the NPI/AVP of Olympia Federal Savings, on behalf of whom instrument was executed to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED and SWORN to before me this 28 day of April, 2010.



Crystal Ann Garrett
(Printed name): Crystal Ann Garrett
NOTARY PUBLIC in and for the State of
Washington, residing at Olympia
My Commission expires: 01/31/2012

The Vennewitz/Monroe Trust

By: Peter J. Vennewitz
Peter J. Vennewitz, Trustee

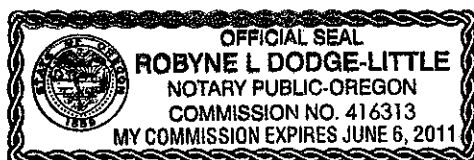
By: Liv V. Monroe
Liv V. Monroe, Trustee

STATE OF Oregon)
COUNTY OF Multnomah)

ss.

I certify that I know or have satisfactory evidence that Peter J. Vennewitz is the person who appeared before me, and that person acknowledged signing this instrument, on oath stated his authority to execute the instrument and acknowledged it as the Trustee of Vennewitz/Monroe Trust, on behalf of whom instrument was executed to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED and SWORN to before me this 28 day of April, 2010.



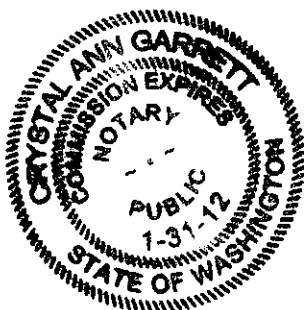
Robyne L. Dodge-Little
(Printed name) Robyne L. Dodge-Little
NOTARY PUBLIC in and for the State of
Washington, residing at Portland, OR
My Commission expires: 6/6/2011

STATE OF WASHINGTON)
COUNTY OF THURSTON)

ss.

I certify that I know or have satisfactory evidence that Liv V. Monroe is the person who appeared before me, and that person acknowledged signing this instrument, on oath stated her authority to execute the instrument and acknowledged it as the Trustee of Vennewitz/Monroe Trust, on behalf of whom instrument was executed to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED and SWORN to before me this 28 day of April, 2010.



Crystal Ann Garrett
(Printed name) Crystal Ann Garrett
NOTARY PUBLIC in and for the State of
Washington, residing at Olympia
My Commission expires: 01/31/2012

EXHIBIT A
DESCRIPTION OF REAL PROPERTY IN CONDOMINIUM

The legal description of the real property included in WOODARD LANE, a Condominium, is as follows:

Lot 1, City of Olympia Binding Site Plan No. 10-0022 OL, according to the record of survey recorded at Thurston County Auditor's File No. _____, records of Thurston County, Washington

EXHIBIT B
UNIT DATA AND ALLOCATED INTERESTS – PHASE 1

Unit Number	Unit Data ¹	Unit Square Footage ²	Allocated Interests ³
B-1	Lower and ground level, 4 bedrooms, 2 baths	1851	10.6%
B-2	Lower and ground level, 4 bedrooms, 2 baths	1851	10.6%
B-3	Second floor and loft, 1 bedroom, 2 baths	1279	8.3%
B-4	Second floor and loft, 1 bedroom, 2 baths	1279	8.3%
C-1	Lower and ground level, 4 bedrooms, 3 baths	1851	10.6%
C-2	Lower and ground level, 4 bedrooms, 3 baths	1851	10.6%
C-3	Second floor and loft, 1 bedroom, 2 baths	1279	8.3%
C-4	Second floor and loft, 1 bedroom, 2 baths	1279	8.3%
E-1	Ground level, 2 bedrooms and 1 bath	982	7.1%
E-2 ⁴	Ground level, 2 bedrooms and 1 bath	1003	Temporarily exempt
E-3	Second floor and loft, 2 bedrooms, 2 baths	1264	8.2%
E-4	Second floor and loft, 2 bedrooms, 3 baths	1476	9.1%
			100.00%

-
- 1 Identifies the levels on which the Unit is located in its building, the number of intended bedrooms and the number of full or partial bathrooms
 - 2 This calculation describes the *approximate* size of the Unit, measured from the interior wall surfaces.
 - 3 See Section 2.4 of the Declaration for method of calculation. There are no Limited Common Element parking or storage spaces as part of the Condominium. Parking and storage for each Unit are assigned to each Unit Owner from available Common Elements, and are subject to change.
 - 4 Unit E-2, serving as the temporary common house, is initially exempt from payment of common expense liability while used as the common house. Unit E-2, when converted to residential occupancy, will become subject to calculation of the common expense liability as identified in an amendment to the Declaration.

EXHIBIT C

**DESCRIPTION OF PROPERTY SUBJECT TO PHASED DEVELOPMENT AND
RESERVED DECLARANT RIGHTS**

1. PHASE 1 PROPERTY

Lot 1, City of Olympia Binding Site Plan No. 10-0022 OL, according to the record of survey recorded at Thurston County Auditor's File No. _____, records of Thurston County, Washington.

2. SUBSEQUENT PHASE PROPERTY

Lots 2, 3 and 4, City of Olympia Binding Site Plan No. 10-0022 OL, according to the record of survey recorded at Thurston County Auditor's File No. _____, records of Thurston County, Washington.

3. DESCRIPTION OF ANY REAL PROPERTY (EXCEPT REAL PROPERTY SUBJECT TO DECLARANT'S RESERVED DEVELOPMENT RIGHTS) WHICH MAY BE ALLOCATED SUBSEQUENTLY AS LIMITED COMMON ELEMENTS (OTHER THAN LIMITED ELEMENTS SPECIFIED IN SECTION 7 ABOVE):

None

4. DESCRIPTION OF REAL PROPERTY TO WHICH ANY DECLARANT'S RESERVED DEVELOPMENT RIGHTS APPLY:

Lots 1, 2, 3 and 4, City of Olympia Binding Site Plan No. 10-0022 OL, according to the record of survey recorded at Thurston County Auditor's File No. _____, records of Thurston County, Washington.

EXHIBIT D

INITIAL USE RESTRICTIONS

The following Use Restrictions shall apply to all of the Condominium until such time as they are amended, modified, repealed or limited by the Association pursuant to Article IV of the Declaration.

(a) General. The Condominium shall be used only for residential, recreational and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for Declarant or the Association, consistent with this Declaration).

(b) Restrictions. The following are prohibited within the Condominium unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board:

(1) Temporary Structures Prohibited. No basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary or moveable character erected or placed in the Condominium shall at any time be used as living quarters except as specifically authorized by the PIC.

(2) Nuisances. As a community, the Owners recognize the value of living together in harmony and tranquility and also recognize the difficulty of defining noxious or offensive activity on the part of Owner, residents and others in the Condominium and the existence of a nuisance. It is expected that the Agreements and Policies will partially anticipate and address problems of this kind, but the Board, or a special committee authorized by the Board, shall have the power to consider and resolve problems that arise. The Board can then consider whether the decision of the Board or its committee should or should not be a precedent for the future. The Board may direct that steps be taken as is reasonably necessary including, without limitation, the institution of legal action or the imposition of fines in the manner authorized by RCW Chapter 64.34, to abate any activity, remove anything or terminate any use of property which is determined by the PIC or described in this Declaration to constitute a nuisance.

(3) Limitation on Animals. No animal, livestock or poultry of any kind shall be raised, bred or kept in any Unit for any commercial purpose, and they shall not be kept in numbers or under conditions reasonably objectionable in a closely built-up residential community. The Board in its discretion may designate certain tracts as off-leash dog areas, subject to reasonable rules, so long as (i) the dog(s) are under voice command; (ii) the dog(s) are non-aggressive; and (iii) all solid waste is removed by the Owner utilizing the Tract for such purposes. Any dogs must be kept so as to minimize excessive noise from barking or otherwise shall be considered a nuisance according to the terms of this Declaration. Each Owner shall be responsible for cleaning up after his or her animal for any waste or damage to any area outside of the Owner's Unit. The Board may, after Notice and Opportunity to Be Heard, require the removal of any pet which the Board finds is disturbing Owners of Units, and may exercise this authority for specific pets even though other pets are permitted to remain.

(4) Limitation on Signs. The Association may regulate or prohibit signs, to the extent allowed by State law. The Association may establish guidelines or restrictions including duration, location and appearance of signs. Owners may display signs to the public view from their Units, Limited Common Elements or adjacent Common Elements, consistent with the guidelines and restrictions established by the Board. The Board has the authority to consider and resolve complaints concerning signs brought by Owners or tenants. The Board shall have responsibility for signage benefiting the Condominium. The Board may erect, on the Common Elements, a

master directory listing Units that are for sale or lease or may regulate the size and location of signs advertising Units for sale or lease.

(5) Completion of Construction Projects. The work of construction of all alterations of Units shall be pursued diligently and continuously from commencement of construction until the structures are fully completed and painted. Except with the approval of the Board, no person shall reside on the premises of any Unit until such time as the improvements to be erected on the Unit in accordance with the plans and specifications approved by the Board have been completed sufficiently to allow such occupancy, as determined by the Board in its discretion and consistent with Local Ordinances.

(6) Unsightly Conditions. Each Owner shall be responsible for removing all trash or garbage from the Owner's Unit and placing it in proper receptacles on garbage pickup days. No unsightly conditions shall be permitted to exist on any Unit. Unsightly conditions shall include, without limitation, litter, trash, junk or other debris; inappropriate, broken or damaged furniture or plants; non-decorative gear, equipment, cans, bottles, ladders, trash barrels and other such items. No awnings, air conditioning units, heat pumps or other projections shall be placed on the exterior walls of any Unit unless prior written approval shall have been obtained from the PIC. No trash, construction debris or waste, plant or grass clippings or other debris of any kind, or hazardous waste, shall be dumped, deposited or placed on any Common Element.

(7) Antennas; Satellite Reception. Satellite dishes of no more than one (1) meter in diameter or diagonal measurement that are visually shielded from most of the view of the residents traveling upon paths located within the Condominium are permitted on the Condominium without PIC approval. All over-the-air reception devices shall comply with the rules adopted by the Association pertaining to the means, method and location of antennas and satellite dishes. PIC approval will be consistent with FCC regulations. Satellite dishes not requiring approval of the PIC may be installed under the following conditions:

a. Satellite dishes must be gray in color, may not exceed one (1) meter in diameter, and may not be mounted on fences, hand railings or exterior wood posts in yard areas. The satellite dish must be installed at the most unobtrusive location that will still provide an acceptable quality signal, and screened with shrubs or other landscaping. It is preferred that any satellite dish which is installed on a roof not be placed on the portion of the Unit facing the center yard and other condominium buildings. If the Board reasonably determines that the Unit Owner does not provide adequate screening of their satellite dish, then the Board may require that the Owner install additional landscaping as directed by the Board. If the Board objects to the location of a satellite dish, the Board may, but shall not be required to, enter the Owner's Unit for the purpose of determining or verifying whether a particular location will still provide an acceptable quality signal.

b. Residential satellite dish installers are often not licensed contractors. Satellite system installations that penetrate the exterior surfaces of the Common Elements or a Unit may cause water leaks. Owners are encouraged to carefully monitor the installation of satellite systems that could damage the Common Elements, their Unit, or cause water leaks.

c. The Unit Owner will be solely responsible for any and all personal injuries and property damage arising either in connection with, or as a result of, the installation and use of a satellite dish system on the Owner's Unit. The Unit Owner shall indemnify and hold the Association harmless against any and all claims, lawsuits, losses, liability or expenses of any kind or nature whatsoever (including attorneys' fees and costs) arising as a result of any such personal injuries or property damage.

(8) Fences; Walls. In order to preserve the aesthetics of the Condominium, no fence, wall or hedge shall be erected or placed on any Limited Common Elements unless prior written approval has been obtained from the PIC. The design and color of any fence on the Condominium, whether visible to the other Units or not, shall be constructed and finished according to the standard fence detail, as such detail is initially designated by the PIC.

(9) Drainage Waters. Following original grading of the Condominium, no drainage waters shall be diverted or blocked from their natural course. The Owner of any Unit with the right to use Limited Common Area, prior to making any alteration in the drainage system, must make application to and receive approval from the Board and applicable governmental jurisdiction, if required by Local Ordinances.

(10) NBA Restrictions and Maintenance. All areas designated on the Survey Map and Plans as Sensitive Area, Buffer, Natural Buffer Area, Wetland or Wetland Buffer (collectively, "NBA") shall be left permanently undisturbed in a substantially natural state. No clearing, grading, filling, building construction or placement, or road construction of any kind shall occur within these areas, except the activities approved by the Local Jurisdiction. Some activities that may be permitted are (a) underground utility lines and drainage discharge swales may cross such areas, utilizing the shortest alignment possible if and only if no feasible alignment is available which would avoid such a crossing; (b) fences, when the NBA and its buffer are not detrimentally affected; and (c) removal of hazardous vegetation by the Owner of a Unit on which a NBA is located. The Association shall be responsible for operating, maintaining and restoring the condition of the NBA in the event any disturbance occurs; however, in the event that this disturbance is determined to be the fault of a party, the Association may pursue a claim for reimbursement of damages to the NBA from the party disturbing the area.

(11) Leasing.

a. Generally. An Owner may have "house mates" who pay rent and/or share expenses, and share occupancy of the Unit with its Owner. As used herein, the terms "rent" or "rental" shall include lease.

b. Rental Period. With the exception of a lender in possession of a Unit following a default in a Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to rent their Unit for any period of less than thirty (30) days. The Association may, by resolution of the Board, prohibit the rental of any Unit for a period of less than six (6) months. No operation of a timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, is permitted.

c. Rental Approval. No Owner may rent a Unit without prior written approval of the Board ("Rental Approval"). No rental of a Unit shall be valid or enforceable unless it complies with the provisions of this Article, and the written approval of the rental agreement by the Board is granted prior to occupancy of the Tenant. Owners interested in renting their Unit shall submit a written request for Rental Approval to the Board in such form as shall be prescribed by the Board. The maximum number of Units rented at any time shall be the number of Units allowed under FNMA Guidelines of accepting mortgages on Units in the Condominium. If an Owner intends to rent the Owner's Unit, the rental will be permitted only if rental of the Unit would not cause the number of Units rented to exceed the maximum number of rental Units permitted ("Rental Limitation"). Once Rental Approval has been granted by the Board, the Owner shall have sixty (60) days within which to rent the Unit. In the event the Unit is not rented within the 60-day period, Rental Approval shall automatically be revoked. Renting of a Unit within sixty (60) days of the granting of Rental Approval shall be deemed to occur if the Unit is occupied by a

Tenant within the 60-day period, or if a written rental agreement is signed within the 60-day period and the term commences within 30 days of the signing of the rental agreement.

d. Waiting List. Request for Rental Approval shall be processed and approved in the order received by the Board. Once the number of rental Units reaches the Rental Limitation, then an Owner who submits a written request for Rental Approval shall go on a Waiting List. Each Owner who has rented his/her Unit shall promptly give written notice to the Association of any rental agreement termination and the intent by the Owner to no longer rent the Unit. The Owner in the next available position on the Waiting List shall be notified and provided a reasonable opportunity to rent his/her Unit in accordance with the terms and conditions of this Article. If that Owner fails to rent his/her unit within such reasonable period of time as determined by the Board of Directors (or otherwise advises the Board of his/her waiver of a right to then seek to rent his/her Unit), then that Owners name shall be placed at the bottom of the Waiting List, and the opportunity to rent shall then be offered to the next highest person on the Waiting List.

e. Approved Rental Unit. A Unit shall be an Approved Rental Unit if and only if the Owner and the Tenant have strictly complied with the terms and conditions of this Section. A Unit shall remain an Approved Rental Unit in the event the Owner extends or renews an existing rental agreement or rents the Unit to a new renter in strict accordance with this Article. However, in the event an Approved Rental Unit (1) is subsequently occupied by an Owner or persons not bound by a written rental agreement in strict accordance with this Article for a period of thirty (30) days or more, or (2) is the subject of a transfer other than an exempt transfer (as defined below), made by the Owner to a new Owner, the Unit shall be deemed to be an Owner Occupied Unit. Upon either occurrence, any previous rental approval shall be deemed revoked, and the Owner shall thereafter be required to reapply to the Board for Rental Approval in accordance with this Article. For the purposes of this Article, exempt transfers are transfers that occur (1) as a result of a gift by the Owner to a Related Party or (2) by a testamentary transfer from an Owner to any person.

f. Pre-Existing Rental Agreements. Units which are being rented as of the effective date of this Amendment shall be deemed to be Approved Rental Units. Nevertheless, the Owners and Tenants of such Units and the rental and lease agreements used in connection with such Units are governed by and shall be subject to all remaining terms and provisions of this paragraph 11.

g. Hardship Exception. The Board of Directors shall have the right, in the exercise of reasonable discretion, to permit exceptions to the rental limitations in connection with hardship cases. In other words, where the Board of Directors determines that a hardship exists due to circumstances beyond the control of the Owner, and that the Owner would suffer serious harm by virtue of the rental limitations, and where the Board of Directors further determines that a variance from the rental limitations contained herein would not detrimentally affect the other Owners or the qualification of the Property for secondary mortgage market financing, lender approval, or VA or FHA approval, then the Board of Directors may, in its discretion, grant an Owner a waiver of the Rental Limitation for such a temporary period as to be determined by the Board of Directors. In addition, the Board of Directors shall have the authority, notwithstanding the Rental Limitation, to consent to the Rental of a Unit, title to which is acquired following a default in a mortgage or Deed of Trust.

h. Prospective Tenant Orientation and Screening. In order that prospective tenants of Units understand the operation of the Condominium before renting a Unit, the Board may require that any prospective tenant, before an Owner executes a binding rental agreement for a Unit, meet with the Board or its designee, tour the property and receive such information concerning the operation of the Condominium as the Board determines is appropriate. The Board may adopt a policy that requires any Owner desiring to rent a Unit to

have any prospective tenant (other than a relative of the Owner) screened, at the Owner's cost, by the Board or by a tenant screening service designated or approved by the Board, and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a rental agreement with the prospective tenant.

i. Contents of Rental Agreement. Any lease or rental agreement for a Unit shall provide that it is subject in all respects to the provisions of this Declaration and the Bylaws and Agreements and Policies of the Association, and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease or rental agreement. If any lease or rental agreement does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part and binding upon the Owner and the tenant by reason of their being stated in this Declaration.

j. Tenant Conduct. If any lessee or occupant of a Unit violates or permits the violation by his or her guests and invitees of any provisions hereof or of the Bylaws or of the Agreements and Policies of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Unit and the Owner thereof to forthwith cease such violations; and if the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of Owner, to evict the tenant or occupant if Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed.

(12) Irrigation Systems. No sprinkler or irrigation systems or wells of any type may draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals or other ground or surface waters within the Condominium, except that Declarant and its designees shall have the exclusive right to draw water from such sources and to reduce the level of such bodies of water if and to the extent allowed by the Permits.

(13) Burning. No open-air burning or use of wood stoves is permitted, except in compliance with Local Jurisdiction Ordinances. However, outdoor cooking facilities, such as barbecues, are permissible subject to rules, regulations and Local Jurisdiction Ordinances.

(14) Limitation on Storage of Vehicles; Temporary Permits for RVs. Except as hereinafter expressly provided, the Units, Common Elements and/or streets located in the Condominium shall not be used for the storage and/or overnight parking of any vehicle other than private family automobiles, trucks, motorcycles and commercial vehicles operated by a person residing at the Unit (provided that such commercial vehicles contain a single rear axle). No parking of any type shall be permitted on any street except in parking spaces identified in the Survey Map and Plans. Boats, boat trailers, house trailers, campers, trucks, trucks with a camper, or other recreational vehicles or similar objects may not be stored and/or parked overnight on any part of the Condominium, except as specified herein, or as may be permitted by Agreements and Policies established by the Board. No inoperable vehicles of any kind shall be parked, stored, maintained or constructed on any Unit or street. Notwithstanding the foregoing, Owners who have guests visiting them intending to stay in a camper, trailer or other form of recreational vehicle, may secure written permission from the PIC for guests to park a vehicle at the Unit or the public street adjacent to a Unit for a period of up to seventy-two (72) hours, and not to exceed two (2) weeks in any calendar year. The privilege shall only exist, however, after the written permission has been obtained from the PIC or its authorized representative. An Owner that stores a recreation vehicle off-site may park the vehicle on the driveway of a Unit, other unscreened area or on the street for forty-eight (48) hours for the purpose of preparing for departure or upon return, to facilitate preparation and return from travel.

(15) Garbage Disposal. The Owners of the Units shall ensure that all garbage placed outside a Unit shall be placed inside a receptacle.

(16) Prohibited Materials. In order to protect the environment, sensitive areas and water quality precautions must be taken with the storm water drainage system serving the Condominium. The following materials shall not be allowed to enter any surface or subsurface part of the public and/or private drainage system: (a) Petroleum products including, but not limited to, oil, gasoline, grease, fuel oil and heating oil; (b) Trash and/or debris; (c) Animal waste; (d) Chemicals and/or paint; (e) Steam cleaning waste; (f) Washing uncured concrete for cleaning and/or finishing purposes or to expose aggregate; (g) Laundry wastes or other soaps; (h) Pesticides, herbicides, or fertilizers; (i) Sewerage; (j) Heated water; (k) Chlorinated water or chlorine; (l) Degreasers and/or solvents; (m) Bark or other fibrous material; (n) Antifreeze and/or other automotive products; (o) Lawn clippings, leaves or branches; (p) Animal carcasses; (q) Silt; (r) Acids or alkalis; (s) Recreation vehicle wastes; (t) Dyes unless prior permission has been granted by the Local Jurisdiction; and (u) Construction materials. Any Owner found to not be in compliance shall immediately remove and remedy the matter upon written notice of the Association or the Local Jurisdiction.

(17) Hazardous Substances. The Owner of each Unit shall not permit any Hazardous Substance to be generated, processed, stored, transported, handled or disposed of on, under, in or through the Owner's Unit, or the Condominium. Each Owner shall indemnify, defend and hold harmless the other Owners and the Association from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or the Condominium by the Owner, tenants or invitees of the Unit. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material that is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material that now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.) or under any local or state rule or regulation. Without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities.

(18) Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element or Limited Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element or Limited Common Element that will result in the cancellation of insurance on any part of the property or that would be in violation of any laws.