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AMENDED AND RESTATED
CONDOMINIUM DECLARATION
FOR
CORRELL COMMONS, A CONDOMINIUM

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TITLE OF DOCUMENT:

AMENDED AND RESTATED CONDOMINIUM
DECLARATION FOR CORRELL COMMONS, A
CONDOMINIUM

DOCUMENT AFFECTED:

DECLARATION, AF# 2041101409

GRANTOR:

CORRELL COMMONS CONDOMINIUM
OWNERS ASSOCIATION

GRANTEE:

THE GENERAL PUBLIC

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Final

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THIS AMENDMENT is made this 5th day of November, 2014 by Correll Commons Condominium Owners Association, a Washington Nonprofit Miscellaneous and Mutual Corporation (the "Association")

ARTICLE I

PRELIMINARY MATTERS, PURPOSE

1.1. Identification of Original Declaration and Prior Amendments.

The Condominium Declaration establishing Correll Commons Condominium ("the Condominium", was recorded by its Declarant at Auditor's File No. 2041101409 among the land records of Whatcom County, Washington, along with a Survey Map and Plans, which were contemporaneously recorded at Auditor's File No. 2041101408; the Declaration has been previously amended by instruments recorded at Auditor's File No. 2041103577, 2050606216, 2070102562, 2071001441 and 2071002923, records of Whatcom County, Washington. The Survey Map has been previously amended by instruments recorded at Auditor's File No. 2050606215 and 2070102561.

1.2. Purpose of Amendment.

The Condominium was designed for residential ownership, use and occupancy primarily by persons of retirement age, consistent with provisions of the federal Fair Housing Act. Unfortunately, necessary provisions of regulations of the federal Department of Housing and Urban Development interpreting the federal Fair Housing Act were not incorporated into the Condominium's Declaration; being essential to the lawful operation of the Condominium, such provisions need to be added to the Declaration. Further, the original Declaration defined the boundaries of the Units as lying within and immediately adjacent to the structural wall, floor and ceiling components of the buildings, but the Survey Map for the Condominium depicted the boundaries of the Units as lying outside of such structural components. Yet further, the original Declarant's sales objectives were hampered by market conditions beyond the Declarant's control; the Successor Declarant wishes to revise the types of uses permitted in portions of Phase 2 of the Condominium. This Amendment is intended to accomplish such objectives. It is intended that the covenants, conditions, restrictions, and plan hereinafter set forth, including without limitation the statutory lien for Assessments described at Section 10.15 hereof, which may be foreclosed by the Association in the manner prescribed in Section 10.18 hereof, shall be binding upon the entire Property and upon each Unit therein as a parcel of realty, and upon their respective Owners and their family members, heirs, personal representatives, tenants, licensees, successors and assigns, through all successive transfers of a Unit or of any other part of the Property, irrespective of whether specifically referred to in deeds, contracts or security instruments, and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments, or of any forfeitures, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

1.3. Description of Procedures Required for Amendment.

Pursuant to Section 21.1 of the original Declaration for this Condominium, said Declaration may be amended by the vote or agreement of Owners holding at least sixty-seven percent (67%) of the votes in the Association.

1.4. Statement of Compliance.

The Association, having obtained the required vote or agreement of Unit Owners as described in Section 1.3 hereof, now adopts this Amended and Restated Declaration for the Condominium, intending and declaring that its provisions shall entirely supersede the original Declaration and any previous amendments thereto as to all events and circumstances occurring after the date of the recordation of this Amendment.

ARTICLE II

DEFINITIONS

2.1. "Allocated Interest" means the undivided interest in the Common Elements, the percentage of Common Expense liability, and votes in the Association allocated to each Unit under the provisions of Sections 5.3, 7.4.2 and 10.6 of this Declaration, pursuant to RCW 64.34.224.

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

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

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

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

2.6. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Such expenditures are described with particularity in Schedule 8.3.2 of Exhibit C to this Declaration.

2.7. "Common Expense liability" means the liability for Common Expenses allocated to each Unit pursuant to RCW 64.34.224, and Section 10.6 of this Declaration.

2.8. "Condominium" means real property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the Owners of those portions. Real property is not a Condominium unless the undivided interests in the Common Elements are

vested in the Unit Owners, and unless a Declaration and a Survey Map and Plans have been recorded pursuant to the Condominium Act.

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

2.10. "Declarant" means the entity, person or group of persons acting in concert who executed the original Condominium Declaration for this Condominium.

2.11. "Declaration" means the document that created the Condominium by setting forth the information required by law, and any amendments to that document.

2.12. "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

2.13. "Eligible Insurer" means the insurer or guarantor of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees.

2.14. "Eligible Mortgagee" means the holder of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of mortgagees. The term "Eligible Mortgagee" also includes the "servicer" of a mortgage which has been acquired or securitized by secondary mortgage market entities such as the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the like.

2.15. "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

2.16. "Governing Documents" means the Declaration, the Survey Map and Plans, the Articles of Incorporation and Bylaws of the Association, any Rules and Regulations adopted by the Board of Directors, and any amendments to any such documents.

2.17. "Identifying number" means a symbol or address that represents the designation of each Unit or, in some cases, a Common Element component, in the Condominium. A list of identifying numbers for all the Units in the Condominium in existence as of the effective date of this original Declaration, along with other information required by the Condominium Act, is attached as Exhibit C to this Declaration, where such identifying numbers are listed in a column below the words "Unit No."

2.18. "Limited Common Element" means a portion of the Common Elements allocated by Article VI of the Declaration or by operation of RCW 64.34.204(2) or (4), for the exclusive use of one or more but fewer than all of the Units.

2.19. "Limited Common Assessment" means a portion of the Common Expenses of the Association which may be assessed against one or more but fewer than all of the Units pursuant to Section 10.8 of this Declaration.

2.20. "Master Association" means an organization described in RCW 64.34.276.

- 2.21. "Mortgage" means a mortgage, deed of trust or real estate contract.
- 2.22. "Occupant" means a person lawfully occupying any Unit; the term includes without limitation Unit Owners, and family members, employees and tenants of Unit Owners.
- 2.23. "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.
- 2.24. "Preventative Maintenance" means such Upkeep as shall be necessary from time to time to prevent premature failure of any component of a Unit or the Common Elements.
- 2.25. "Purchaser" means any person who by means of a disposition acquires a legal or equitable interest in a Unit other than as security for an obligation.
- 2.26. "Reserved Common Element" means a portion of the Common Elements which is designed for temporary storage, vehicle parking or other purposes by one or more Owners or Occupants, upon payment to the Association of such user fees and/or upon satisfaction of such other conditions as the Board, by resolution, may deem appropriate; the right to use a Reserved Common Element shall be deemed to be a license rather than an interest in the property so reserved.
- 2.27. "Residential purposes" means use for dwelling and human habitation, and for reasonable social, recreational or other uses normally incident to such purposes.
- 2.28. "Special Limited Common Elements" means those Limited Common Elements which shall be repaired, replaced and subjected to periodic maintenance by the Association at the expense of the Owner of the Unit to which such Limited Common Element is allocated, under Sections 6.2.3 and 10.8 of this Declaration. In this Condominium, there are presently no Special Limited Common Elements other than items described in Section 6.2.2 hereof, if any, but the term shall include any structure or facility which in the future is constructed in the Common Elements with the Board's approval at the request of a Unit Owner, and as to which the Board determines that it would be inequitable for other Unit Owners to contribute to the costs of Upkeep associated therewith. The Board may require that a Special Limited Common Element be insured by the Owner of the Unit to which it is appurtenant, under Section 11.5.2 hereof.
- 2.29. "Timeshare" shall have the same meaning specified in the timeshare act, RCW 64.36.010(11).
- 2.30. "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to RCW 64.34.216(1)(d) and Section 4.2 hereof.
- 2.31. "Unit Owner" means any person who owns a Unit but does not include a person who has an interest in a Unit solely as security for an obligation. "Unit Owner" means the vendee and not the vendor of a Unit under a real estate contract.
- 2.32. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is required to maintain property in a decent, safe and sanitary condition, in keeping with the standards established herein.

ARTICLE III

DESCRIPTION OF LAND AND DEVELOPMENT RIGHTS

3.1. Land and Street Address.

The land on which the buildings and improvements of this Condominium are located is situated at 5666 - 5694 Correll Drive, Ferndale, Whatcom County, Washington, and is more particularly described in the Survey Map & Plans for the Condominium, as amended.

3.2. Development Rights.

No Development Rights have been reserved by the Successor Declarant.

ARTICLE IV

UNITS

4.1. Number, Type and Location.

4.1.1. Number and Type of Units.

The Condominium contains a total of fifty-seven (57) Units, plus a Unit K104 which is designated as a permanent Clubhouse.

4.1.2. Street Addresses.

The Units in the Condominium are located in buildings containing the following street addresses:

5666 Correll Drive, #s 101 to 106 inclusive.
5668 Correll Drive, #s 101 to 106 inclusive.
5670 Correll Drive, #s 101 to 106 inclusive.
5672 Correll Drive, #s 101 to 104 inclusive.
5692 Correll Drive, #s 101 to 104 inclusive. [104 permanent common Clubhouse]
5694 Correll Drive, #s 101 to 106 inclusive.
5680 Correll Drive, #s 101 to 104 inclusive [101 temporarily common Clubhouse]
5682 Correll Drive, #s 101 to 106 inclusive.
5684 Correll Drive, #s 101 to 104 inclusive.
5686 Correll Drive, #s 101 to 104 inclusive.
5688 Correll Drive, #s 101 to 104 inclusive.
5690 Correll Drive, #s 101 to 104 inclusive.

4.1.3. Location of Units.

The locations and dimensions of all Units appear on the Survey Map and Plans, as Amended.

4.1.4. Specific Information.

Exhibit B hereto contains a list of all existing Units, their identifying numbers, size, the Allocated Interests appurtenant to each Unit, and other information required by the Condominium Act.

4.2. Unit Boundaries.

The boundaries of each Unit are as follows:

4.2.1. Upper and Lower (horizontal) Boundaries.

The upper and lower boundaries of a Unit are as described on the Survey Map and Plans, as amended, but if not shown thereon shall be the following boundaries extended to an intersection with the vertical (perimetric) boundaries.

(a) Upper Boundary: A horizontal plane lying 38 feet above the Lower Boundary described below.

(b) Lower Boundary: A horizontal plane lying at Elevation 28' with reference to the benchmark identified on the Survey Map, which plane lies somewhat below the level of the lowest building footing constructed within the project; said Lower Boundary is described on the Second Amendment to Survey Map and Plans with reference to a bench mark identified thereon.

4.2.2. Vertical (perimetric) Boundaries.

The vertical boundaries of the Unit shall consist of planes extending vertically from the location of those boundaries for the Unit depicted on the Survey Map and Plans, to the intersections of those planes with the upper and lower boundaries of the Unit.

4.2.3. Boundaries Independent of Improvements.

Neither the exterior nor interior walls of the dwelling or appurtenant structure constructed within the Unit shall constitute a boundary of the Unit. All such structures shall be maintained within the boundaries of the Unit as surveyed.

4.3. Additional Items Included in Units.

Each Unit contains earth and airspace as described above. In addition, the Unit shall include, as an appurtenance, improvement and betterment to such property, the residential dwelling structure placed or erected within the Unit, along with any driveway improvements, interior fixtures, appliances, mechanical, electrical and other systems and equipment, and any heating and/or air-conditioning units installed for the sole and exclusive use of the dwelling space within the Unit.

4.4. Items Excluded from a Unit.

A Unit shall be deemed not to include: pipes, wires, conduits and other public utility lines, ventilation or other ducts, bearing walls and structural portions of the building running through a Unit which are utilized for or serve more than one Unit or the Common Elements, and all other property and fixtures of

any kind which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the Condominium.

4.5. Maintenance of Units.

4.5.1. Maintenance of Improvements by Owner.

Except as may be otherwise provided below, each Unit Owner shall have, at his or her sole expense, the right and the duty to keep the interior portions of the dwelling structure and any lawfully constructed accessory structures within the Unit, along with their respective fixtures, equipment, decks, patios, porches and other appurtenances in good order, condition and repair. The interior portions of the dwelling structure shall include: (i) all nonstructural interior partition walls; (ii) the decorated surfaces of all walls, ceilings and floors lying on the inside perimeters of the dwelling, including any wallpaper, paint, lath, wallboard, plastering, carpeting, floor and wall tiles and other floor coverings and all other finishing materials; and (iii) all interior doors and all immediately visible fixtures, appliances, mechanical, electrical and intercom systems and equipment, commencing at the point of disconnection from the structural body of the building or from utility lines, pipes or systems serving any other Unit or the Common Elements. Each Unit Owner shall perform all preventative maintenance, repair and replacements at any time necessary to maintain the good interior appearance and condition of such Unit. Each Unit Owner shall in addition perform any other maintenance which at any time becomes necessary to maintain the good appearance and condition of such Unit. In the event that the Owner shall fail to perform any necessary maintenance or repairs, the Association shall have the authority, but not the obligation, to enter the Unit, cause needed work to be performed, and recover the costs so incurred through a Limited Common Assessment pursuant to Section 10.8 hereof.

4.5.2. Association's Responsibilities.

The Association shall have primary responsibility for the Upkeep of all structural portions of the dwellings within the Units, including without limitation the roofs, foundations, columns, girders, external studding, joists, beams, supports, (as opposed to nonbearing interior partitions of Units), and all other structural parts of the buildings, to the limits of the "interior portions" of the dwellings as described above in Section 4.5.1. The Association is also generally responsible for landscape maintenance within the Units, and for Upkeep of any other portions of the dwellings or Units in the Condominium that the Association, by resolution adopted by its members at a duly constituted meeting, may hereafter elect to provide.

4.5.3. High Risk Components.

The Board may from time to time determine that certain portions of the Units or certain objects or appliances within the Units (collectively, "High Risk Components"), pose a particular risk of damage to other Units and/or to the Common Elements if they are not properly inspected, maintained, repaired or replaced. By way of example, but not of limitation, these portions, objects or appliances may include smoke detectors, electric wall heaters, fireplaces, washer hoses, dryer vents and/or water heaters. The Board may require one or more of the following with regard to any High Risk Component located within a Unit:

- (i) That it be inspected at specified intervals by the Board or an inspector or inspectors designated by the Board.

(ii) That it be replaced or repaired at specified intervals, or with reference to manufacturers' warranties, whether or not the individual component is deteriorated or defective.

(iii) That it be replaced or repaired with items or components meeting particular standards or specifications established by the Board.

(iv) That when it is repaired or replaced, the installation include additional components or installations specified by the Board.

(v) That it be replaced or repaired by contractors having particular licenses, training or professional certification or by contractors approved by the Board.

(vi) If the replacement or repair is completed by a Unit Owner, that it be inspected by a person designated by the Board.

(vii) If the replacement or repair is completed by Association, that the costs so incurred be assessed to the Owner(s) of the affected Unit(s) pursuant to Section 10.8 hereof.

4.6. Alterations of Units.

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

4.6.1. May make improvements or alterations to the Owner's Unit that do not affect the outward appearance, structural integrity or mechanical or electrical systems of the Unit or of any other Unit or the Common Elements, or lessen the support of any portion of the Condominium; PROVIDED that such work be performed during normal business hours and that any necessary municipal permits be obtained prior to performing such work; the Board shall have the authority to promulgate further rules and regulations regarding such activities.

4.6.2. May, after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, and following approval of the Board of Directors, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems of any other Units or the Common Elements, or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this Subsection is not a relocation of boundaries. The Board may condition its approval on the Owner's agreement to perform any necessary construction work during normal daytime hours, using licensed and bonded contractors, in a quiet and orderly manner so as to not unreasonably disturb other Occupants of the Condominium. The Board of Directors shall approve a Unit Owner's request, which request shall include the plans and specifications for the proposed removal or alteration, under this Subsection within thirty days, unless the proposed alteration does not comply with the Condominium Act or the Declaration or if it would impair the structural integrity or any mechanical, plumbing or electrical systems in the Condominium. The failure of the Board of Directors to act upon a request within such period shall be deemed approval thereof.

4.7. Combining Units and Relocation of Unit Boundaries.

4.7.1. Subject to the provisions of any applicable building, zoning or other applicable regulations, and with the consent of any Eligible Mortgagees holding mortgages in the affected Units pursuant to Schedule 15.3 of Exhibit C to this Declaration, the boundaries between adjoining Units may be

relocated, or Units may be combined, but only by an amendment to the Governing Documents as provided in Article XVII hereof, following application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Where two or more entire Units are combined, the Allocated Interests allocated to the resulting Unit shall equal the sum of the Allocated Interests formerly allocated to each of the Units which were combined. Unless the Board of Directors determines within thirty days that the reallocations are unreasonable, the Association shall prepare an amendment to the Declaration that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee in the Office of the County Auditor. The Owner of any Unit which has been previously combined with another, or which has had its common boundary adjusted with another, may later cause such adjustment to be reversed with the consent of the Owner(s) of any other Unit(s) affected thereby, in the manner provided in the Act.

4.7.2. The Association shall obtain and record Survey Maps or 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.

4.7.3. The reasonable costs incurred in preparing and recording amendments to the Governing Documents shall be paid by the Owners of the adjoining Units to the Association prior to recordation of such amendments.

ARTICLE V

COMMON ELEMENTS

5.1. Common Elements.

Except as otherwise specifically reserved, assigned or limited by the provisions of Article VI hereof, the Common Elements of the Condominium, which may also be referred to as "General Common Elements," consist of the following:

5.1.1. The land beneath the improvements of this project, including all open spaces depicted on the Survey Map.

5.1.2. The Clubhouse, designated as Unit K104, and its fixtures, furnishings and equipment.

5.1.3. Any common improvements constructed within the temporary Clubhouse created in Unit E-101 and the common fixtures, furnishings and equipment placed therein by Successor Declarant for common use, during the period of time that said Unit remains unsold by Successor Declarant; Unit E-101 itself shall at all times remain a Unit, and common use of the Unit exists by virtue of a license from Successor Declarant under which Unit E-101 shall become and remain exempt from assessment liability for so long as it is being used for common clubhouse purposes.

5.1.4. Installations of services for common use such as main power lines, main water or sewer lines, pipes, conduits, and wires, wherever they may be located; any common trash receptacles,

containers or "dumpsters"; any common mailbox facilities, and in general any and all apparatus and installations existing for common use rather than for any one Unit.

5.1.5. The driveway areas which provide access to areas reserved for parking, and any visitors parking spaces or other parking areas not assigned to Units or included within Units. See Section 9.1.4 hereof for limitations on parking rights.

5.1.6. Any landscaped areas and common walkways not located within the Units.

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

5.2. Partition, Conveyance, or Encumbrance.

5.2.1. Except as permitted by this Declaration or the Condominium Act, the Common Elements shall remain undivided and shall not be abandoned by act or omission, and no Unit Owner or other person may bring any action for partition or division of the Common Elements, except as provided in Section 6.4 hereof. Portions of the Common Elements which are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association, subject to RCW 64.34.348, if the Owners of Units to which at least eighty percent of the votes in the Association are allocated, along with that percentage of Eligible Mortgagees specified in Article XV of this Declaration consent to this action; but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing of General Common Elements are an asset of the Association. Proceeds of the sale or financing of a Limited Common Element may be allocated between the Association and the Unit(s) to which it was formerly appurtenant, in such reasonable proportion as the Association and Unit Owner(s) may agree, subject to Section 5.2.2 hereof.

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

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

5.3. Allocated Interests in the Common Elements.

Each Unit in the Condominium has allocated to it an undivided interest in the Common Elements of the Condominium, which is known as the Unit's Allocated Interest in the Common Elements. Each Unit's Allocated Interest in the Common Elements is expressed as a percentage and is stated with particularity on the attached Exhibit B.

5.4. Maintenance, Repair and Replacement.

The Association is responsible for maintenance, repair, and replacement of the Common Elements, including the Limited Common Elements, except as may be provided in Section 6.2 hereof.

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

The Board, with the assistance of the Association's Manager and/or other competent professionals, shall develop a schedule of routine Preventative Maintenance for all components of the Common Elements which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to perform such inspections and Preventative Maintenance. The Board should take particular care to inspect and properly maintain the exterior weather-proofing elements of the buildings, including at minimum the roof, roof drains and scuppers, gutters, down-spouts, siding, flashing systems, caulking, deck membranes, exterior windows and doors, and all major building systems including the plumbing, storm and sanitary sewer lines, ventilation systems, electrical systems, and other areas of the buildings which are susceptible to premature structural failure as a result of water intrusion or other factors; all such areas shall be regularly re-caulked, re-sealed or otherwise appropriately maintained or repaired. The Board should also periodically undertake an analysis of the adequacy of the Association's reserve fund; such analysis should (i) ascertain the probable remaining useful life of each component of the Common Elements which will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future. Periodically, the Association must conduct a Reserve Study in accordance with requirements of the Condominium Act, as described in Section 10.3.2 hereof.

5.6. Right of Access.

Each Unit Owner shall afford to the Association and the other Unit Owners, and to their agents or employees, access through the Owner's Unit and Limited Common Elements appurtenant thereto as may be reasonably necessary for the purposes of maintenance, repair and replacement. If damage is inflicted on the Common Elements, or on any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible, shall be liable for the repair thereof, as provided in Section 8.4 hereof.

5.7. No Interference with Common Elements.

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

ARTICLE VI

LIMITED AND RESERVED COMMON ELEMENTS

6.1. Limited Common Elements.

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

6.1.1. The walkways and entrance porches which are immediately adjacent to the Units, some of which are shared, and some of which are shown on the Survey Map and Plans, but all of which are described with greater particularity on the attached Exhibit B.

6.1.2. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture (including without limitation any individual heating, ventilating or air conditioning equipment) lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements.

6.2. Maintenance.

6.2.1. General Responsibility as Between Owner and Association.

Each Owner of a Unit to which any of the above-described Limited Common Elements are appurtenant shall be responsible for cleaning and caring for such Limited Common Elements, and keeping them in a clean and tidy condition, according to uniform architectural standards established by the Board from time to time. Except as provided in Section 6.2.2 below, the Association shall have exclusive control of painting, decorating, repairing, replacing and performing necessary periodic maintenance to all Limited Common Elements.

6.2.2. Owners' Special Rights and Responsibilities.

Any mechanical equipment comprising any heating, ventilating or air conditioning system serving only one Unit, or any other form of equipment installed by the Owner of a Unit within the Common Elements and serving only such Unit, shall be maintained, repaired and replaced by the Unit's Owner in a functional, clean and tidy condition. Further, the Board may, by resolution, permit certain facilities such as screen doors, window screens, awnings, planter boxes and the like to be maintained, repaired and replaced by their respective Owners in a clean and tidy condition, according to uniform architectural standards established by the Board from time to time. See additional matters appearing in Section 8.4 hereof, and in Schedule 8.3.2(g) of Exhibit C to this Declaration.

6.2.3. Financial Responsibilities as Between Residential Owner and Association.

Maintenance, painting, repair or replacement of the structure and finish of the Limited Common Elements, other than those described in Section 6.2.2 above, shall be a Common Expense. Notwithstanding the foregoing, the Board shall recover the costs of repairs to and replacement of the Special Limited Common Elements (described in Section 2.28 hereof), or of any such items damaged by the Occupant of the Unit, through Limited Common Assessments levied pursuant to Section 10.8 hereof.

6.3. Reallocation Between Units.

A Limited Common Element may be reallocated between Units, but only with the approval of the Board of Directors and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated. The Board of Directors shall approve the request of the Owner or Owners under this Subsection within thirty days, unless the proposed reallocation does not comply with the Condominium Act or this Declaration. The failure of the Board of Directors 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.

6.4. Change in Character.

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

6.5. Reserved Common Elements.

Any Reserved Common Elements shall be made available to Owners first-come-first-served but otherwise non-discriminatory basis at such rates and subject to such other appropriate terms and conditions as may be determined from time to time by the Board of Directors. See Section 2.26 hereof.

ARTICLE VII

UNIT OWNERS ASSOCIATION

7.1. Name and Form of Condominium Association.

The name of the Association is "Correll Commons Condominium Owners Association." The Association has been incorporated as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of the Condominium Act and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Condominium Act, the Condominium Act shall control.

7.2. Powers & Duties of Condominium Association.

7.2.1. Duties & Responsibility of Association.

The business of the Association shall be to maintain, repair, replace and manage the Common Elements of the project, to provide necessary insurance coverage, and to enforce provisions of the

Governing Documents to preserve the long-term value of the Condominium property for the benefit of the Unit Owners.

7.2.2. Statutory Powers Exercised by Board of Directors.

The Association shall have, through its Board of Directors, all powers available to condominium associations under the Condominium Act. Such powers are set forth with particularity in the Bylaws of the Association.

7.2.3. Power to Assign Right to Future Income.

The Association also shall have the power to assign its right to future income (including the right to receive common expense assessments), provided that any specific assignment is approved in advance by the vote or agreement of Owners holding a majority of the voting power in the Association.

7.3. Membership.

Membership rights are specified in the Bylaws of the Association.

7.4. Voting.

7.4.1. Voting Rights.

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

7.4.2. Allocated Interests for Voting.

Each Unit in the Condominium has allocated to it an equal vote in the Association which is known as the Unit's Allocated Interest for voting, or "vote". Each Unit's Allocated Interest for voting is expressed as a percentage of the total voting power and is stated with particularity on the attached Exhibit B.

7.5. Amended Bylaws of Condominium Association.

Amended Bylaws for the administration of the Association and for other purposes not inconsistent with the Condominium Act and this Declaration, have been prepared to permit the Association to be operated in a manner consistent with Washington State law. The new Bylaws will not be recorded, but will supercede any and all previously adopted bylaws for the Association, irrespective of whether such bylaws may have been recorded.

ARTICLE VIII

MANAGEMENT OF CONDOMINIUM ASSOCIATION

8.1. Management by Declarant.

The Declarant has ceased to manage the Condominium; Successor Declarant has reserved no rights to manage the Condominium, but retains all Special Declarant Rights acquired from the original Declarant, as described and enlarged elsewhere in this Declaration.

8.2. Professional Management.

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

8.3. Authority of the Board.

8.3.1. General Authority.

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

8.3.2. Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to, the items described in Schedule 8.3.2 appearing in Exhibit C to this Declaration.

8.3.3. Liens or Encumbrances.

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

8.3.4. Acquisition of Property.

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

8.3.5. No Business Authority.

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

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

The Board and its contractors, agents or employees may enter any Unit or Limited Common Elements when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, or in the event of emergencies. Except in the case of an emergency, reasonable advance notice shall be given to the Unit Owner and, if applicable, to any lawful tenant in the Unit. Such entry shall be made with as little inconvenience to the Owner or occupant as practicable, and any damage caused thereby shall be repaired by the Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner of the Unit entered, or where the Unit Owner failed to provide to the Board an entry key which could have prevented the damage, in which case the cost shall be specially assessed to the Unit entered) or for the purpose of maintenance, or repairs, to Common or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the Unit entered or its Owner or lawful occupant, or requested by its Owner, the costs thereof shall be specially assessed to such Unit. See also Schedule 8.3.2(g) of Exhibit C to this Declaration.

8.5. Board as Attorney in Fact.

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

8.6. Board's Authority Exclusive - Owners May Not Direct Association Employees.

The Board's authority with respect to the Common Elements is exclusive. No person shall attempt to engage or direct any employee of the Association or its Manager on any private business of such person, or to otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours that such employee is working on behalf of the Association.

ARTICLE IX

PERMITTED USES; ARCHITECTURAL UNIFORMITY

9.1. Permitted Uses.

9.1.1. Residential Use.

Units not owned by Successor Declarant shall be used for residential purposes only, whether on an ownership or rental basis, and for common social, recreational or other reasonable uses normally incident to such purposes. The Board may also permit the use of all or part of a Unit for a professional office or other low impact commercial use which will not create annoyance or disturbance of other Occupants, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority, and is compatible with the age-restricted nature of the Condominium. As a condition to consenting to such commercial use, the Board may require the Unit Owner to pay any increase in the rate of insurance

for the Condominium which may result from such office use, and to provide proof of adequate personal/business liability insurance coverage. Except as provided in Section 9.1.2 hereof, no other commercial uses shall be permitted.

9.1.2. Retirement Living Uses.

The Units owned by Successor Declarant may be used for retirement living and assisted living purposes, on a rental basis, providing not only housing for tenants and other lawful Occupants, but also services designed to assist such persons in performing tasks of daily living, and to augment services generally available in Ferndale, Washington to improve the well-being of older persons. Such Units may also be used for such additional purposes, both primary and accessory, which are lawful in the zone in which the Condominium is situated and which are otherwise compatible with the age-restricted nature of the Condominium. PROVIDED that any and all such uses must be and remain consistent with all applicable laws, ordinances and regulations of any governmental authority with jurisdiction.

9.1.3. Housing for Older Persons Requirements.

The Condominium has been designed as housing for older persons, and shall be operated generally for occupancy by persons fifty-five (55) years of age or older, in accordance with the provisions of Title 42 U.S.C. §3607(b)(2)(B), and with regulations later promulgated by the Secretary of HUD thereunder at Title 24 CFR Section 100.300 *et seq.* The Association shall maintain a list of all Occupants and their respective birth dates to assure compliance with this Section, and shall take the steps identified in Subpart (iii) hereof to continually verify the ages of residents. Owners and Occupants shall be subject to the following requirements:

(i) Except as provided immediately below, the Units in this Condominium are intended for the use and occupancy by older persons. At least 80 percent of the Units in the housing shall be occupied by at least one person who is at least fifty-five (55) years of age or older. No person under the age of 21 years of age is permitted to be an Occupant of a unit. Visitors under the age of 21 years (hereinafter, "young visitors") shall be allowed to visit Owners or Occupants of Units, but only for periods of time not to exceed thirty (30) nights out of any six (6) month period as to each visitor. The Board may adopt additional rules regarding such visitations, and may require that any visitor found to be unreasonably disturbing other Owners be required to leave the premises, and may exercise its authority for specific visitors even though other visitors are permitted to remain.

(ii) No Unit shall be sold, rented or leased to any person or persons unless the standards established in this paragraph are complied with. Without limiting the authority of the Board described in the Bylaws, the Association shall have the specific legal right to seek injunctive relief from the Superior Court of the State of Washington for Whatcom County with respect to any Owner or Occupant found to be not in compliance with this Section 9.1.3. Noncomplying Occupants may be evicted. The prevailing party in such an action shall be entitled to reasonable attorneys' fees and costs of suit.

(iii) The Association shall maintain permanent records substantiating its continuing compliance with the policies and age limitations described herein, and shall regularly update such records, through surveys or other means. Such updates must take place at least once every two years. A survey may include information regarding whether any units are occupied by persons who are (a) employees of the Association who perform substantial management or maintenance functions for the Condominium Community, (b) persons who are necessary to provide a reasonable accommodation to disabled residents; or

(c) family members residing in Units with their older relatives. Any of the following documents are considered reliable documentation of the age of the Occupants of the Condominium Community: Driver's license; Birth certificate; Passport; Immigration card; Military identification; Any other state, local, national, or international official documents containing a birth date of comparable reliability; A certification in a lease, application, affidavit, or other document signed by any member of the household age 21 or older asserting that at least one person in the unit is 55 years of age or older; or forms or applications previously submitted by or on behalf of such Occupant.

(iv) A summary of occupancy surveys undertaken under Subpart (iii) above shall be available for inspection upon reasonable notice and request by any person.

(v) The Association shall post in the Common Elements of the Condominium notices describing the Condominium as housing for persons 55 years of age or older. Phrases such as "adult living", "adult community", or similar statements are not consistent with an intent that this Condominium intends to operate as housing for persons 55 years of age or older.

9.1.4. Vehicle Parking and Operation - Storage Areas.

Parking spaces are restricted to use for parking of operable, properly licensed automobiles, motor cycles, light trucks and family vans; other items and equipment may be parked or kept therein only if expressly permitted by Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. Vehicles shall be operated in a responsible manner while on Condominium Property. Garage Areas are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles, and for storage of such other items that pose no unreasonable health, safety or fire risks to persons or property. Vehicle repairs other than ordinary light maintenance are not permitted on the Property. The Board may require removal of any inoperative or unregistered vehicle, and any other equipment or item improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by Rules and Regulations adopted by the Association. Any designated visitors parking areas shall be left open for use by visitors, guests, invitees and licensees of Unit Owners and their tenants. Since parking is at a premium in the Condominium, vehicle parking by Occupants must occur primarily in the garages associated with Units, and Occupants must not store materials in garages so as to prevent them from parking their vehicles in the garages. Parking is permitted in driveways in front of garages ONLY for dwelling structures addressed 5666 through 5672, and only so long as no portion of any parked vehicle lies within the 24' wide easement that is described in Section 16.3.3 hereof. Unassigned parking may be used by Occupants of dwelling structures addressed 5680 through 5694, if necessary to park a third vehicle for dwellings with 2-car garages or a second vehicle for dwellings with single car garages; the Board may regulate the use of visitors' parking areas to prevent over-use of such areas by Occupants of any Unit(s). The Board shall have the power to regulate other aspects of vehicle use and environmental protection, including speed, within the Common Elements of the Condominium. Any handicapped spaces shall remain open for use by vehicles properly designated for handicapped use. Use of Garage Areas is further governed by Section 8.4 hereof. The Board may promulgate further rules and regulations relating to parking and vehicle use and storage.

9.1.5. Signs.

Except as provided below, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior consent of the Board; provided that this Section

shall not be deemed to prohibit the Owner of a Unit from displaying a sign, of such type and in such location as may have been previously approved in writing by the Board, for a period of time in which the Owner's Unit is for sale or rent. Signage of both permanent and temporary natures is permitted for the Successor Declarant to advertise its Units and their special purposes. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the Condominium community while giving due regard to traditional democratic rights of free speech, religion and expression of persons owning or occupying Units in the Condominium. The Board's judgment in such matters, adopted in good faith, shall be conclusive, except as to matters governed by applicable state or federal law.

9.1.6. Animals.

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of quiet birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved domestic animals which do not normally leave the Unit or its adjacent Limited Common Elements is permitted, subject to Rules and Regulations adopted by the Board of Directors. To protect the interests of older persons residing in the Condominium, the Board may prohibit the keeping of breeds of dogs with overly-aggressive or violent propensities. The owner of any animal maintained within the Condominium Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for such animal to remain anywhere within the Common Elements, but shall properly dispose of all such waste material in a safe and sanitary fashion. Any person who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, and each Unit Owner free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium. All animals shall be registered and inoculated as required by law. The Board of Directors may establish reasonable fees not to exceed the additional costs incurred by the Association resulting from the presence of such animals. The Board may at any time require the removal of any animal which it finds is or has become an unreasonable source of annoyance, and may exercise this authority for specific animals even though other animals are permitted to remain.

9.1.7. Noise.

No person shall cause any unreasonably loud noise anywhere in the Condominium. The Board may by resolution establish "Quiet Hours", i.e., times of day or night during which only minimal noise shall be permitted to emanate from any Unit.

9.1.8. Offensive or Illegal Activity.

No noxious, offensive, smelly or illegal activity shall be carried on in any Unit or the Common Elements, nor shall anything be done therein which is or may become a nuisance or an unreasonable source of annoyance to other Owners or other lawful Occupants of the Property.

9.1.9. Security Systems.

In the event that the Association shall install a central security system within the Condominium, no Owner shall install or maintain any alternative security system which shall interfere with the proper operation of the central system, nor shall any Unit's individual security system be connected in any way with any such central system without the advance written approval of the Board of Directors.

9.1.10. Antennas.

Special restrictions on the installation of television, radio and other sorts of antennas and devices are found in Schedule 9.1.9 in Exhibit C to this Declaration.

9.1.11. Decks and Private Garden Areas.

To preserve an uncluttered and uniform architectural appearance to the buildings, and to protect the health and safety of Occupants of the Condominium, the use and appearance of decks and patios shall be regulated by the Association so as to prevent unsightly, unsafe or unsanitary accumulations of materials that are visible from other Units, the Common Elements or from outside the project, or which pose an unreasonable risk of harm to persons or property. Each deck or patio shall be maintained by the Owner of the Unit to which it is allocated in a neat and tidy manner, consistent with such rules and regulations as the Board of Directors may promulgate with respect thereto. At minimum, no additional light fixtures or lighting devices may be placed within or upon any patio or deck structure absent the written approval of the Board. In the event that private garden areas are created as Limited Common Elements allocated to any of the Units in this Condominium, or shall become permitted to exist among the General Common Elements by resolution of the Board of Directors, each such area shall be maintained by the Owner of the Unit to which it is allocated in a neat and tidy manner, consistent with such reasonable rules and regulations as the Board of Directors may promulgate with respect thereto.

9.1.12. Effect on Insurance.

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

9.1.13. Assignment or Subletting - No Timesharing .

The assignment of a Unit shall be subject to the same limitations as are applicable to the leasing or renting thereof. Subleasing is not permitted. No Owner or tenant may exempt himself or herself from any liability under the Governing Documents by assigning or subleasing the occupancy rights to his or her Unit. Timesharing is not permitted in this Condominium, and no Unit in the Condominium may be conveyed or held pursuant to any timeshare plan.

9.1.14. General Lease Restrictions.

Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents, and that any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a real party in interest. To ensure that legally-required percentages of occupancy by older persons, as established in Section 9.1.3 (i) hereof, are continually met in this Condominium, tenants will be required to provide birth certificates, drivers' licenses, marriage certificates, or other forms of evidence of their age to permit the Association to meet its obligations under Section 9.1.3 (iii) hereof. All leases shall be in writing. A lease, as defined herein, shall include month-to-month rentals, but subleasing and transient occupancy for periods less than 30 days is prohibited. Any tenant shall be deemed to have assumed all the

responsibilities of an Owner under Article IX of the Declaration. See Section 9.2 hereof for limitations on the numbers of Units which may be rented in this Condominium.

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

9.2.1. Number Of Units Which May be Leased By Investor-Owners.

Subject to the conditions and exceptions appearing below, the total number of Units in the Condominium that are not owned by the Successor Declarant and which may be leased to third parties at any one time by Investor-Owners (i.e., persons other than the Successor Declarant who have never occupied their Unit or who have not occupied their Unit for a period of at least 12 consecutive months before entering into a lease for the Unit) shall be twelve (12) Units; such Units shall be known herein as "Rental Units". Units owned by the Successor Declarant are not affected by this restriction. Rental Units in existence as of the date of recordation of this Amended & Restated Declaration shall retain their status as Rental Units subject to the provisions of Section 9.2.3 hereof.

9.2.2. Circumstances Justifying Temporary Increase in Number of Rental Units.

To avoid undue hardship on an Occupant-Owner (i.e., an Owner who has occupied his/her Unit for at least one year) who experiences a need to move temporarily from his or her Unit for health-related reasons for a period not exceeding two (2) years in duration, or for military service or an extended vacation or an employment-related relocation for a period not exceeding two (2) years in duration, or for other reasons which in the opinion of the Board would pose serious economic or personal hardship to the Owner, such Owner may lease the Unit to a tenant following the written approval of the Board of Directors, which approval shall not be unreasonably withheld. Upon good cause shown in writing by such an Owner, such a lease may be extended or renewed for an additional period of up to one year, provided that such Owner first demonstrates to the reasonable satisfaction of the Board that the Owner truly intends to resume use of the Unit as a personal residence following the conclusion of the lease term as extended. PROVIDED, however, that no such leasing shall be permitted if at the time of an Occupant Owner's request for same, the total number of Units occupied by tenants (including the Unit subject to such request) shall exceed 40% of the total number of Units in the Condominium not owned by Successor Declarant. The Board may, by resolution, establish a lottery or other system to accommodate requests by Occupant-Owners desiring to change their Units to Rental Units when the maximum number of Rental Units permitted under Section 9.2.1 hereof has been attained.

9.2.3. Recognition of Existing Rentals ("Grandfathering").

Rental Units in existence as of the recordation of this Amendment shall be entitled to remain Rental Units subject to the following proviso: If, as of the date of recordation of this Amendment, the total number of Rental Units shall exceed the number permitted in Section 9.2.1 hereof, then all such Units shall be permitted to remain as Rental Units until they are conveyed to a new Owner, at which time the limitations of Section 9.2.1 hereof shall apply.

9.2.4. Rental Incident to *Bona Fide* Sale of Unit.

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

9.2.5. Exemption for Lenders, Family Members and the Association.

The restrictions of this Section 9.2 shall not apply to the Association following a foreclosure of its lien for assessments, or to an institutional lender in possession of a Unit following a default under a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure. Units leased by their Owners to immediate family members [parents, children or siblings] shall not be considered Rental Units; in such cases, it shall be the responsibility of the Owner to notify the Board of the commencement and termination of the family tenancy, and this exemption shall cease when occupancy of the Unit by a family member ceases. A Unit which is owned by a family trust, family limited partnership, or similar entity for estate planning or similar purposes shall be considered exempt as a family tenancy for so long as the family member establishing the entity, or an immediate family member of such person, continues to occupy the Unit.

9.2.6. Selling Owner Responsible for Compliance with Rental Restrictions.

Each Owner shall be responsible for advising any purchaser of the Unit of the existence of these restrictions on rental units, and may be held liable to the Association for any damages, costs and/or expenses incurred by the Association as a result of a failure to so advise.

9.2.7. Justification and Enforcement.

The restrictions in this Section 9.2 are necessary to maintain the primarily owner-occupied status of the Condominium, so as to enhance the market value of the Units therein, to preserve the ability of Occupant Owners to obtain favorable, owner-occupied mortgage financing for their Units, and to permit the Association to obtain favorable insurance premium rates. No Owner shall enter into or permit nor shall the Board consent to, any lease, sublease or rental agreement, the effect of which would result in noncompliance with this Section. The Board may resort to any and all remedies contained in the Condominium Declaration, Bylaws and/or Rules and Regulations, in addition to unlawful detainer proceedings, as may be necessary to fully implement the terms hereof.

9.3. Uses of Clubhouse and Common Elements to be Compatible with Age Restrictions.

The Clubhouse, any recreational facilities and the other Common Elements shall at all times be used and operated in a quiet and careful manner so as not to disturb the Owners and Occupants of this Condominium community. No scooters, "hot wheels" or other similar recreational devices shall be ridden on the common roadways or walkways of the community. Additional rules and regulations may be promulgated to govern the use and operation of all common facilities.

9.4. Architectural Consistency.

In order to preserve a uniform exterior appearance to the buildings, and the Common Elements visible to the public, the Board shall provide for the painting and other decorative finish of the buildings, decks, or other Common Elements, and may prohibit or regulate any modification or decoration of the decks or other Common Elements proposed by any Owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each Unit and any Limited Common Elements appurtenant thereto. The Board may also require use of a uniform color and/or style of draperies, blinds, under-draperies or drapery lining for all Units.

ARTICLE X

COMMON EXPENSES AND ASSESSMENTS

10.1. Budget for Common Expenses.

Not less than forty-five (45) days prior to the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Board of Directors or the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in Section 2.6 of this Declaration, and more specifically described in Schedule 8.3.2 to Exhibit C to this Declaration, to be paid during such year. The Budget shall make provision for creating, funding and maintaining reserves required by Section 10.3 hereof, and shall take into account any expected income and any surplus available from the prior year's operating fund. If deemed necessary by the Board of Directors, any annual budget may be revised prior to the end of its budget year, subject to the provisions of Sections 10.7 and 10.2 hereof.

10.2. Meeting of Association to Ratify Budget.

10.2.1. General Notice and Ratification Requirements.

Within thirty days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Units to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors.

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

As part of the summary of the budget provided to all Unit Owners pursuant to Section 10.2.1 hereof, the Board of Directors shall disclose to the Owners, pursuant to amendments to the Condominium Act adopted in 2011:

(a) The current amount of regular assessments budgeted for contribution to the reserve account, the recommended contribution rate from the reserve study, and the funding plan upon which the recommended contribution rate is based;

(b) If additional regular or special assessments are scheduled to be imposed, the date the assessments are due, the amount of the assessments per each unit per month or year, and the purpose of the assessments;

(c) Based upon the most recent reserve study and other information, whether currently projected reserve account balances will be sufficient at the end of each year to meet the Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years;

(d) If reserve account balances are not projected to be sufficient, what additional assessments may be necessary to ensure that sufficient reserve account funds will be available each year during the next thirty years, the approximate dates assessments may be due, and the amount of the assessments per unit per month or year;

(e) The estimated amount recommended in the reserve account at the end of the current fiscal year based on the most recent reserve study, the projected reserve account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest reserve study;

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

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

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

10.3.1. Establishment of Reserves.

The Board of Directors shall establish and maintain reasonable reserves for major repairs and replacements, in accordance with Section 5.5 hereof. Reserves shall also be established for the deductible under insurance policies obtained pursuant to Article XI hereof, exclusive of earthquake and/or related coverages. The Annual Budget of the Association shall always contain provisions for such reserves. The Association shall allocate and deposit monthly to such reserves one-twelfth of the total amount budgeted for such reserves in the current fiscal year. The Board may also establish and maintain reserve funds for operations, capital improvements and for such other purposes as may appear advisable. All reserves shall be identified and segregated on the books of the Association. The portions of the Units' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Association by the Unit Owners. Such reserves may be expended only for the purposes for which they were established unless the Unit Owners, at a duly-constituted meeting of the Association, otherwise decide. The Budget may include reserves for any Special Limited Common Elements, assessable against only the Unit(s) benefitted thereby.

10.3.2. Reserve Study Required by State Law.

Unless doing so would impose an unreasonable hardship, and so long as the Association has "significant assets", the Association shall prepare and update a Reserve Study, in accordance with the relevant 2008, 2009 and 2011 amendments to the Condominium Act. The initial Reserve Study must be based upon a visual site inspection conducted by a Reserve Study Professional. Unless doing so would impose an unreasonable hardship, the Association shall update the Reserve Study annually. At least every three years, an updated Reserve Study must be prepared and based upon a visual site inspection conducted by a Reserve Study Professional. In preparing a Reserve Study, the Association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget. A Reserve Study shall include:

- (a) A reserve component list, including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair, or replacement. If any of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;
- (b) The date of the study and a statement that the study meets the statutory requirements;
- (c) The level of reserve study performed, i.e.: (i) Level I: Full reserve study funding analysis and plan; (ii) Level II: Update with visual site inspection; or (iii) Level III: Update with no visual site inspection;
- (d) The Association's reserve account balance;
- (e) The percentage of the fully funded balance to which the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;
- (h) Current reserve account contribution rate;
- (i) A recommended reserve account contribution rate, a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty year study period without special assessments, and a contribution rate recommended by a reserve study professional;
- (j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments;
- (k) Whether the Reserve Study was prepared with the assistance of a Reserve Study Professional; and
- (l) Statutory warning language.

10.3.3. Limitations on Withdrawals From Reserve Account.

The Association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be provided to the mailing address of each unit or to any other mailing address designated in writing by the Unit Owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the

Unit Owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this Section.

10.4. Assessments for Common Expenses.

10.4.1. Liability of Units.

Except as provided in Section 10.8 below, the total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Units in proportion to their respective Allocated Interests for Common Expense liability described in Section 10.6 hereof.

10.4.2. Payable in Installments.

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

10.5. Assessments to Pay Judgment Against Association.

Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests for Common Expense Liability at the time the judgment was entered.

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

10.6.1. Allocated Interests for Common Expense Liability.

Each Unit in the Condominium has allocated to it an equal liability for payment of the Common Expenses of the Association, which is known as the Unit's Allocated Interest for Common Expense Liability. Each Unit's Allocated Interest for Common Expense Liability is expressed as a percentage and is stated with particularity on the attached Exhibit B. A Unit's liability for Common Expense Assessments under such Allocated Interests may be subject to adjustment under the provisions of Section 10.8 hereof.

10.6.2. Reallocation.

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

10.7. Special Assessments.

The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board of Directors shall give notice to the Unit Owners of any

such Special Assessment by a statement in writing giving the amount and reasons therefor, along with a date for a Special Meeting of the Association to be held not less than 14 days following such notice, for approval of the Special Assessment in the manner described in Section 10.2 hereof. Such Special Assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly Assessment payment which is due more than thirty days after the delivery or mailing of such notice. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability.

10.8. Limited Common Assessments.

10.8.1 To the extent that any Common Expense is caused by the negligence or misconduct of any Unit Owner, the Association may, subject to the provisions of Section 7.10 of the Bylaws, levy a Limited Common Assessment for that expense against the Owner's Unit, pursuant to Section 13.2 hereof. In addition and without limitation, the liability of a Unit Owner to pay any Reserved Common Element license fees or other costs, fees, charges, insurance deductibles or fines imposed or incurred by the Association and attributable to a Unit, along with the costs and attorney's fees described in RCW 64.34.364(14), or which may be imposed pursuant to the Bylaws, and interest on any delinquent account shall be deemed a Limited Common Assessment which, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

10.8.3 If one or more Units or the Common Elements are not separately metered, the utility service shall be paid as a Common Expense, and the Board may either allocate, by reasonable formula, a portion of such expense to each such Unit involved as a Limited Common Expense, or reimburse any Unit Owner who pays, in whole or in part for utilities serving the Common Elements, as appropriate. To the extent permitted by statute, the Association may require that any utility costs or similar charges which vary among the Units based upon usage or other factors, and which justify differential assessment levels, may be assessed differentially among the affected Units.

10.8.4 Any Common Expense associated with the operation, maintenance, repair, or replacement of a Special Limited Common Element shall constitute a Limited Common Assessment against the Unit served by that Limited Common Element.

10.8.5 Premium costs for insurance shall be separately assessed amongst all Units, in proportion to risk;

10.9. Accounts; Commingling Prohibited.

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

10.10. Surplus Funds.

Any surplus funds of the Association remaining after payment of or provision for Common Expenses and/or the funding of reserves shall, in the discretion of the Board of Directors, either be paid to the Unit Owners in proportion to their Allocated Interest for Common Expense Liability or credited to them to reduce their future Common Expense Assessments.

10.11. Liability of Unit Owners for Association Obligations.

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

10.12. Owners Personally Liable for Common Expenses.

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

10.13. Liability Following Conveyance of Unit.

A selling Unit Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid Assessments against the Unit up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore. Except as provided in Section 10.17.2 hereof, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided above.

10.14. Statement of Unpaid Assessments.

The Association, upon written request, shall furnish to a Unit Owner or a mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen days after receipt of the request and is

binding on the Association, the Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

10.15. Lien for Assessments.

Pursuant to RCW 64.34.364, the Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the time the first installment thereof is due.

10.16. Perfection of Lien.

Recording of this Amended Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for delinquent Assessments in the real property records of any county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in Section 10.17.3 hereof.

10.17. Priority of Lien.

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

10.17.2. Except as provided in Section 10.17.3 hereof, the lien shall also be prior to the mortgages described in subpart (b) of Section 10.17.1 hereof, to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the annual Budget adopted by the Association which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of a trustee' sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract.

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

10.18. Enforcement of Lien.

The lien arising under this section may be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment

in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.19. Limitation of Lien Enforcement.

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

10.20. Rent Subject to Lien for Assessments & Other Remedies.

10.20.1. Rent Payable to Association Upon Default of Owner.

If a Unit is rented or leased by its Owner, and if the Owner becomes delinquent in the payment of assessments for more than 90 days, the Association may collect the delinquent amount from the tenant, who shall pay over to the Association so much of the rent for such Unit as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a notice jointly to the Owner and the Tenant by First Class U.S. Mail, advising both parties [a] of the Owner's delinquency in assessments [b] of the tenant's obligations under this Subsection of the Declaration, and [c] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Unit Owner and the Unit Owner's obligation to pay assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided immediately below in Section 10.20.2.

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

10.21. Remedies Cumulative.

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

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11.1. Authority, Name of Insured.

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors. Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. Unless not reasonably available, such coverage shall follow the terms, conditions and amounts required by Section 11.2 hereof. The name of the insured under each required policy shall be stated as follows: "Correll Commons Condominium Owners Association." Having the Association named as an "additional insured" or "additional named insured" in a pooled insurance agreement does not satisfy this requirement.

11.2. Coverage.

See Schedule 11.2 under Exhibit C to this Declaration; it is intended that insurance coverage obtained by the Board be the most comprehensive insurance that is currently available for projects similar in age and size to this Condominium project.

11.3. Deductible.

11.3.1. General Provisions.

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

11.3.2. Owner Responsible for Uninsured Amounts.

Where damage is limited to a single Unit, the Owner shall be held responsible and specially assessed for any uninsured amount up to the level of the deductible under the Master Insurance Policy maintained by the Association and/or for any loss for which the Owner's or Occupant's insurance may provide primary coverage. In cases where damage affects more than one Unit, or a Unit and the Common Elements, responsibility for the uninsured amount shall be pro-rated among the affected parties, including the Association. See Sections 10.8.1 and 11.5 for additional information.

11.4. Notice of Insurance Coverage or Termination Thereof.

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

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

11.5. Individual Owners' Policies.

11.5.1. Each Unit Owner should obtain, at such owner's expense, a "Condominium Unit Owner's Policy," or equivalent, to insure against loss or damage to any upgrades, improvements or betterments to the Unit not covered by the Association's master policy, or to personal property used in or incidental to the occupancy of the Unit, additional living expense, loss of rent, vandalism or malicious mischief, theft, personal liability, loss assessment coverage or coverage to help the Owner pay a special assessment due to casualty losses which exceed the amount of coverage under the master policy, any loss arising from the application of Section 11.3.2 hereof, and the like. The Association is under no obligation to acquire such insurance for the benefit of any of the Unit Owners, or to monitor whether Unit Owners have obtained such coverage. When the Board obtains insurance covering upgrades, improvements or betterments supplied or installed by or on behalf of Owners within their Units, the Board may also require that all the Owners notify the Board of all improvements made to their respective Units having a value in excess of \$5,000.

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

11.5.3. The Board of Directors is not obligated to monitor the existence or nonexistence of any insurance required under this Section 11.5; such responsibility, and the risks to the Owner of a failure to have proper insurance, are to be borne solely by the Unit Owner. A failure by the Owner to maintain insurance, which failure results in any harm or damage to the Association shall constitute misconduct on the Owner's part.

11.6. Unavailability, Cancellation or Nonrenewal.

If the insurance described in Section 11.2 hereof is not reasonably available, or is modified, canceled or not renewed, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

11.7. Adjustment and Payment of Loss Proceeds.

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

(a) Proceeds are to be paid first to repair or restore damage or destruction. After completely defraying the cost of the repair or restoration, any surplus proceeds shall be payable jointly to the Unit Owners and Mortgagees, if any, entitled thereto.

(b) If, pursuant to the provisions of Section 11.8 hereof, not all of the damaged or destroyed portions of the Condominium are to be repaired or replaced, insurance proceeds shall be payable as provided in that Section.

11.8. Reconstruction Following Casualty Loss.

See Schedule 11.8 in Exhibit C to this Declaration.

11.9. Assessments if Insurance is Inadequate.

Immediately after a casualty causing damage to property for which the Board of Directors of the Condominium Association has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires or as may be required. If the proceeds of insurance, coupled with any available reserve funds and/or any payments from Owners under Section 11.3.2 hereof, are not sufficient to defray such estimated costs, the Board shall present to the Owners a Budget containing a Special Assessment to be made against all the Units as provided in Section 10.7 hereof, in sufficient amounts to provide funds to pay the shortfall. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, the Board shall present a further Budget to the Owners containing a Special Assessment, in sufficient amounts to provide funds for the payment of such costs.

11.10. Notice to Mortgagees.

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

11.11. Miscellaneous.

The provisions of this Article XI shall constitute the procedure by which a determination is made by the Unit Owners to repair, restore, reconstruct or rebuild the Condominium following casualty thereto. The purpose of this Article XI shall be to provide a fair and equitable method of allocating the costs of repair and restoration and making a determination for repair and restoration if all or a portion of the improvements are damaged or destroyed. The provisions of this Article XI shall be liberally construed to accomplish such purpose.

ARTICLE XII

CONDEMNATION

Provisions dealing with the effect of condemnation proceedings affecting this Condominium appear in Schedule 12 in Exhibit C to this Declaration.

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.

13.1.1. Owner's General Liability.

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. See Section 10.8 hereof.

13.1.2. Owner's Liability For Damages Arising from Unoccupied Unit.

Without limiting the provisions of Section 13.2.1 hereof, an Owner will be liable for all damages to the Owner's Unit, to the Common Elements or to any other Unit, which result from conditions which arise within the Owner's Unit during a period of time that the Owner has left the Unit unoccupied for a period of thirty days or more. Owners are encouraged to notify the Board of any such period of absence so that the Board may cause inspections to be made of the Unit pursuant to Section 8.4 hereof.

13.1.3. Hearing to Determine Owner's Liability.

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

13.2. Enforcement by Association.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents. Without limiting the authority and powers conferred upon the Board by the Condominium Act, the Board shall have the rights and powers described in Section 7 of the Bylaws.

13.3. Occupants Subject to Rights and Responsibilities of Owners.

Any tenant of an Owner or other occupant of a Unit shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who, in a hearing held pursuant to the Bylaws, has been found to have seriously violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right. The Association shall not resort to this remedy unless the Owner of the Unit occupied by such tenant has failed or refused to take steps designed to

cure the tenant's violation(s) within sixty (60) days following notice from the Association to the Owner of the necessity for such curative action.

ARTICLE XIV

LIMITATION OF LIABILITY

14.1. No Liability for Utility Failure, Etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article XI, the Association shall not be liable for any failure of any utility or other service obtained by the Board, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any parts of the buildings, or from any pipes, drains, conduits, appliances, or equipment, or from any other place, or for inconvenience or discomfort resulting from any action taken to make repairs to the Property, or to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2. Liability of Officers and Directors, Indemnification.

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

14.3. No Bailment.

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

ARTICLE XV

MORTGAGEE PROTECTION

Mortgagees (lenders) in this Condominium project have various rights which are set forth with particularity in Schedule 15 in Exhibit C to this Declaration.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

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

Each Unit has an unrestricted, perpetual easement in and through each other Unit and the Common and Limited Common Elements for support, and each Unit Owner has a perpetual right of ingress to and egress from his or her Unit over the Common Elements. There is hereby reserved to the Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents. See Section 8.4 hereof for further details.

16.2. Easement for Emergency Access.

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

16.3. Easements Shown on Survey Map.

16.3.1. General Provisions.

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

16.3.2. Walking Path Easement.

A ten foot trail easement burdens the Condominium property for the benefit of the members of Correll Park Homeowners Association. Its location is depicted on the original Survey Map for the Condominium recorded at Auditor's File No. 204101408, Records of Whatcom County, Washington, near the southerly edge of the Condominium Property. Correll Park Lot Owners are not responsible for sharing costs of maintaining the trail.

16.3.3. Correll Park RV Parking and Access & Utilities Easement.

The 24 foot roadway lying southerly of Buildings A and B, and northerly of Buildings C & D is subject to perpetual non-exclusive easement for ingress, egress and utilities in favor of all lot owners

and occupants of the Plat of Correll Park to gain access to the RV Parking Area serving the Correll Park project. This easement was established by the Declarant in "Correll Park Lot Line Adjustment 2", recorded at Auditor's File No. 2040204193, Records of Whatcom County, Washington. The RV Parking Area was formerly Unit 200 of the Condominium, as depicted on the original Survey Map for the Condominium recorded at Auditor's File No. 2041101408, Records of Whatcom County, Washington. Correll Park Lot Owners are not responsible for sharing costs of maintaining any portions of the easement area.

16.4. Easements for Successor Declarant.

The Successor Declarant reserves an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Special Declarant Rights.

16.5. Special Declarant Rights.

The Successor Declarant reserves the following Special Declarant Rights for the purpose of furthering and completing the development of the Condominium: To complete any improvements identified on the Second Amendment to Survey Map and Plans; to maintain a sales and management office, signs advertising the Units within the Condominium owned by Successor Declarant in locations selected by Successor Declarant; to veto or approve a proposed action of the Board or Association for the duration of the maximum period prescribed in RCW 64.34.308(4)(b) [a failure by the Successor Declarant to veto or approve any such proposed action within thirty (30) days after receipt of written notice of the proposed action shall be deemed to constitute approval thereof by the Successor Declarant]; and to use easements through the Common Elements for the purpose of making improvements within the Condominium. Except as limited in the Bylaws, Special Declarant Rights shall terminate seven (7) years from the date of recordation of this Amended & Restated Declaration.

ARTICLE XVII

AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

17.1. Procedure for Amendment of Declaration.

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted unilaterally by the Successor Declarant described in Section 17.6 hereof, or by the Association under Section 6.4 hereof or under statutory authority in the case of condemnation or a termination of the condominium, or by certain Unit Owners under Sections 4.7 or 6.3 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association.

17.2. Recordation Required.

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

17.3. Special Restrictions.

Except to the extent expressly permitted or required by other provisions of this Declaration, or of the Condominium Act, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Successor Declarant, and that percentage of Eligible Mortgagees and/or Eligible Insurers specified in Article XV hereof. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration, or modify the rights reserved to Successor Declarant to rent its Units and/or conduct and advertize its Retirement Living business operations as described in Section 9.1.2 hereof, without the consent of the Declarant and of any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.

17.4. Amendment of Survey Map and Plans.

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

17.5. Consent of Mortgagees Required.

The consent of some or all mortgagees (lenders) is or may be required under Article 18 of the original Declaration prior to the doing of certain things or to the recordation of certain amendments to the Governing Documents. With respect to mortgagees holding loans originated prior to the effective date of this Amended and Restated Declaration, all such rights remain in full force and effect. With respect to mortgagees holding loans which are originated subsequent to such effective date, the consent only of specified percentages of Eligible Mortgagees and/or Eligible Insurers may be required, pursuant to Article XV of this Declaration, prior to taking such acts.

17.6. Amendments by Successor Declarant.

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

(a) conform them to the actual location of any of the constructed improvements included within or serving the Combined Units;

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

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

ARTICLE XVIII

TERMINATION OF CONDOMINIUM

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

ARTICLE XIX

MISCELLANEOUS

19.1. Notices for All Purposes, Delivery.

19.1.1. Except as otherwise provided by law or in the Bylaws, or by Article 15 hereof as to certain notices to Eligible Mortgagees, any notice permitted or required to be delivered under the provisions of the Declaration may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to his or her Unit if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to the President or Secretary of the Association, or to the Association's Registered Agent. Notice to any person may also be given in any other manner permitted by statute.

19.1.2. New Unit Owners must supply their names, addresses and information confirming the ages of all Occupants, to satisfy Section 9.1.3(iii) hereof, telephone numbers and, if desirable to receive official notice from the Association, e-mail addresses to the Secretary of the Association promptly after conveyance.

19.2. Severability.

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, if the remainder complies with the Condominium Act and furthers the common plan of this Condominium.

19.3. No Right of First Refusal.

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

19.4. Effective Date.

This Declaration shall take effect upon recording. The rights of any Eligible Mortgagee holding a mortgage recorded prior to such effective date, however, shall be governed by the terms of the original Declaration, as amended at the time of the recording of such mortgage. See Section 17.5 hereof.

* * * * *

IN WITNESS WHEREOF, the Association has caused this Amendment to be executed as of the date indicated below, by its President.

DATED this 5th day of November, 2014.

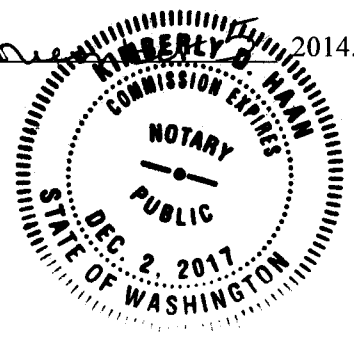
CORRELL COMMONS CONDOMINIUM OWNERS ASSOCIATION
a Washington Non-profit Miscellaneous and Mutual Corporation

By: Fred Heffley
Its: President

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that Fred Heffley is the person who appeared before me and said person acknowledged that (s)he signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the President of CORRELL COMMONS CONDOMINIUM OWNERS ASSOCIATION, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: November 2014. 11/5/2014



Kimberly D. Haan
Notary Public in and for the State
of Washington, residing at Linden
My Commission expires: 12/2/17

EXHIBIT "A"
TO DECLARATION FOR
CORRELL COMMONS, A CONDOMINIUM

LEGAL DESCRIPTION OF LAND WITHIN THE CONDOMINIUM

The legal description of the land on which the buildings and improvements of the Condominium are located is as follows:

PARCELS 1 AND 2, CORREL PARK LOT LINE ADJUSTMENT 2, ACCORDING TO THE MAP THEREOF RECORDED AT AUDITOR'S FILE NO. 2040204193, RECORDS OF WHATCOM COUNTY, WASHINGTON.

Subject to covenants, conditions, restrictions, reservations, agreements, encumbrances and other matters of record.

EXHIBIT "B"
TO AMENDED AND RESTATED DECLARATION FOR CORRELL COMMONS, A CONDOMINIUM

Unit No.	Bldg No.	Address	Square Footage †	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interests
101	A	5670 Correll Drive #101	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	A	5670 Correll Drive #102	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	A	5670 Correll Drive #103	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	A	5670 Correll Drive #104	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
105	A	5670 Correll Drive #105	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
106	A	5670 Correll Drive #106	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
201	B	5672 Correll Drive #101	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
202	B	5672 Correll Drive #102	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
203	B	5672 Correll Drive #103	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
204	B	5672 Correll Drive #104	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
301	C	5666 Correll Drive #101	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
302	C	5666 Correll Drive #102	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
303	C	5666 Correll Drive #103	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%

Unit No.	Bldg No.	Address	Square Footage †	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interests
304	C	5666 Correll Drive #104	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
305	C	5666 Correll Drive #105	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
306	C	5666 Correll Drive #106	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
401	D	5668 Correll Drive #101	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
402	D	5668 Correll Drive #102	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
403	D	5668 Correll Drive #103	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
404	D	5668 Correll Drive #104	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
405	D	5668 Correll Drive #105	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
406	D	5668 Correll Drive #106	1100	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	E	5680 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	E	5680 Correll Drive #102	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	E	5680 Correll Drive #103	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	E	5680 Correll Drive #104	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	F	5682 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	F	5682 Correll Drive #102	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%

Unit No.	Bldg No.	Address	Square Footage †	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interests
103	F	5682 Correll Drive #103	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	F	5682 Correll Drive #104	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
105	F	5682 Correll Drive #105	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
106	F	5682 Correll Drive #106	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	G	5684 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	G	5684 Correll Drive #102	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	G	5684 Correll Drive #103	900	2	1.5	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	G	5684 Correll Drive #104	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	H	5686 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	H	5686 Correll Drive #102	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	H	5686 Correll Drive #103	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	H	5686 Correll Drive #104	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	I	5688 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	I	5688 Correll Drive #102	900	2	1.5	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	I	5688 Correll Drive #103	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%

Unit No.	Bidg No.	Address	Square Footage †	Number of Bedrooms	Number of Bathrooms	Number of Fireplaces	Limited Common Elements**	Allocated Interests
104	I	5688 Correll Drive #104	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	J	5690 Correll Drive #101	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
102	J	5690 Correll Drive #102	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	J	5690 Correll Drive #103	900	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	J	5690 Correll Drive #104	858	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
101	K	5692 Correll Drive #101	1021	2	2	N/A	Concrete walkway, entrance porch, attached 1 car garage	1.754%
102	K	5692 Correll Drive #102	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	K	5692 Correll Drive #103	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	K	5692 Correll Drive #104	1021			N/A	[CLUBHOUSE]	
101	L	5694 Correll Drive #101	1021	2	2	N/A	Concrete walkway, entrance porch, attached 1 car garage	1.754%
102	L	5694 Correll Drive #102	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
103	L	5694 Correll Drive #103	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
104	L	5694 Correll Drive #104	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
105	L	5694 Correll Drive #105	1412	2	2	N/A	Concrete walkway, entrance porch, attached 2 car garage	1.754%
106	L	5694 Correll Drive #106	1021	2	2	N/A	Concrete walkway, entrance porch, attached 1 car garage	1.754%
Totals			59652					100%

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

** Items listed are Limited Common Elements permanently assigned to their respective Units as identified above, pursuant to Section 6.1 of the Declaration.

† Square footages for Phase 1 are taken from the Original Declaration and are derived from information obtained from the Surveyor for Phase 1. Square footages for Phase 2 are based on the Amendment to Survey Map referenced immediately below. Square footages do NOT include garage space within a Unit.

_____ Reference to Amendment to Survey Map.

Contemporaneously with the recordation of this Amendment to the Declaration, an Amendment to the Survey Map and Plans, showing the location and dimensions of the Units in Phase 2, using the same conventions that were in use in Phase 1, was recorded at Auditor's File No. 241100731, records of Whatcom County, Washington. The purpose of this Amendment to Survey Map was to establish equivalencies in measuring the relative sizes of the Units in Phase 1 and in Phase 2, given that the outward dimensions of the Units in both Phases are nearly identical across unit types. It appears that the original Declarant intended to accomplish a similar amendment after completing the Units in Phase 2, but the original Declarant was unable to complete those Units.

EXHIBIT "C"
TO DECLARATION FOR CORRELL COMMONS, A CONDOMINIUM

SCHEDULE OF MISCELLANEOUS PROVISIONS AFFECTING THE CONDOMINIUM

SCHEDULE 8 – MANAGEMENT OF CONDOMINIUM ASSOCIATION

8.3.2 Common Expenses.

Common Expenses of the Association include, but are not limited to the following:

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

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

(c) The services of persons or firms as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Elements, whether such personnel are employed directly by the Board or are furnished by a Manager.

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

(e) Painting, maintenance, repair and all landscaping and gardening work for the Common Elements, and such furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

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

(g) Maintenance and repair of any Unit, its Limited Common Elements, other appurtenances and appliances, if such maintenance or repair is reasonably necessary, in the opinion of the Board, to protect the Common Elements or to preserve the appearance and value of the Condominium development, and the Owner of said Unit has failed or refused to perform said maintenance or repair as required by Sections 4.5 and 6.2 of the Declaration, within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner. The cost of such maintenance or repair shall constitute a Limited Common Assessment against the Unit of such Owner, pursuant to Section 10.8 of the Declaration.

(i) All costs of Upkeep to the areas subject to easement rights described in Section 16.3.2 and 16.3.3 hereof.

SCHEDULE 9 – PERMITTED USES; ARCHITECTURAL UNIFORMITY

9.1.9 Antennas.

(1) **Definitions.** The word “antenna”, as used herein, shall be deemed to include (a) an antenna that is designed to receive direct broadcast satellite service, including direct-to-home satellite services; (b) an antenna

that is designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution service, (c) an antenna that is designed to receive television broadcast signals, (d) a mast supporting any of the foregoing, or (e) any similar or related device.

(2) General Restriction. Except as otherwise provided herein, no antenna greater than one meter in height or diameter shall be installed anywhere within the Condominium property, unless contained entirely within a Unit, or unless installed by the Association.

(3) Qualified Reception Devices Permitted in Restricted Locations. An antenna which is within the types described in Subparts (1)(a) or (b) hereof and which is less than one meter in height or diameter, or which is within the types described in Subparts (1)(c) or (d) hereof shall constitute a "Qualified Reception Device". A Qualified Reception Device may be installed by or at the request of a Unit Owner or by or at the request of such person's lawful tenant, but then only upon or within defined portions of that person's Unit, or upon or within Limited Common Elements, if any, assigned or allocated to such Unit.

(4) Installation Procedures For Building Exteriors and Limited Common Elements. In the event that an Owner or tenant desires to install a Qualified Reception Device upon or within an exterior portion of the building within the Unit or a Limited Common Element appurtenant to the person's Unit, such person shall notify the Board or its Manager in writing in advance of such installation, and in such notice shall provide in reasonable detail the following information: (a) a description of the device, (b) the location of its proposed installation, and (c) the name, address and State contractor's license number of the contractor or other person proposing to install same. Any contractor must be properly licensed, bonded and insured. The Board shall have a period of seven full calendar (7) days from receipt of the application within which to respond. During such period, the Board may either prohibit such installation entirely, modify the proposed location thereof, or otherwise reasonably condition such installation under the terms and conditions specified in Subsection (5) hereof, so as to prevent damage to the building structure. In the event that the Board shall permit the installation of the Device, the Owner or Occupant may be required to pay a reasonable damage deposit (which shall be refundable upon satisfactory removal of the Device), and the Board or its designee shall be permitted to oversee the installation of the Device. The Board may adopt and publish further reasonable rules for approval of such installations that shall not unreasonably prevent or delay the installation, maintenance, or use of a Qualified Reception Device, nor unreasonably increase the cost of installing, maintaining or using same.

(5) Board's Authority to Deny, Modify or Condition Approval. The Association may, subject to the provisions of Section (9) hereof, either prohibit the installation of a Qualified Reception Device on or within any portion of the Limited Common Elements, modify the proposed location thereof, or otherwise reasonably condition such installation under the following circumstances: (a) where the installation of any type of device, fixture or appurtenance that is comparable in size, weight or other hazardous properties to the Qualified Reception Device, or the maintenance or use of thereof, could pose an unreasonable risk of harm to persons or property, including structural damage to exterior building components, (b) where the contractor is not properly licensed, bonded or insured, or (c) where such installation would interfere with any applicable historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended, 16 U.S.C. §470.

(6) Qualified Reception Devices Located in General Common Elements. No reception devices of any sort, including Qualified Reception Devices, may be placed within any of the General Common Elements without the advance written consent of the Board of Directors, which consent may be withheld for any reason. In the event that the Board shall permit the installation of the Device, the Owner or Occupant may be required to pay a reasonable damage deposit (which shall be refundable upon satisfactory removal of the Device), and the Board or its designee shall be permitted to oversee the installation of the Device. The Board may adopt and publish further reasonable rules or regulations relating to the approval and/or installation of such Devices.

(7) Costs of Installation & Removal; Indemnification. Any person who installs or causes to be installed any Device on or in any portion of the Common Element, including the Limited Common Elements, shall do

so at his, her or its sole cost and expense and shall be responsible for all costs associated with the upkeep, repair, maintenance, replacement and removal of said device, and shall indemnify the Association against and hold the Association harmless from any and all such costs and expenses, and from any damage caused to any Unit in the Condominium or to any Common Elements as a result of such installation, upkeep, repair, maintenance, replacement or removal. A damage deposit paid to the Association as a condition for permission to install a Device will not limit the liability of the person responsible for such costs and expenses.

(8) Offensive Broadcasts. No Occupant shall cause or permit radio or television signals, or any other form of electromagnetic radiation that unreasonably interferes with reception of television, telephone or radio signals elsewhere within the Condominium Property, to emanate from his or her Unit, such being expressly declared a nuisance.

(9) Master Antennas. The Association may entirely prohibit Unit Owners or tenants from installing or maintaining any and all antennas upon or within any and all Limited Common Elements in the event that the Association shall install a central or "master" antenna, reception device or service, and where the following additional elements are present: (a) any viewer in the Condominium can receive the particular video programming service the viewer desires and could receive with an individual antenna; (b) the video reception in the viewer's Unit using the master antenna is of an acceptable quality as good as, or better than the quality the viewer could receive with an individual antenna; (c) the costs associated with the use of the master antenna are not greater than the cost of installation, maintenance and use of an individual antenna; and (d) the requirement to use the master antenna in lieu of an individual antenna does not unreasonably delay the viewer's ability to receive video programming. (Source: *Order on Reconsideration*, FCC 98-214, Docket 96-83, September 25, 1998, ¶86-89)

(10) Intent to Comply with Federal OTARD Regulations. This Section of the Declaration has been designed to comply with applicable regulations and decisions of the Federal Communications Commission ("FCC") regarding Over-the-Air Reception Devices ("OTARD"), 47 C.F.R. § 1.4000, and shall be construed in accordance with applicable OTARD regulations as they may be amended from time to time or interpreted by the FCC or courts of appropriate jurisdiction. The restrictions contained in this Section shall be construed to be limited such that they (a) shall not unreasonably delay or prevent the installation of a Qualified Reception Device, (b) shall not unreasonably increase the cost of installation, maintenance or use thereof, or (c) preclude the reception of an acceptable quality signal thereby; further, such restrictions (d) shall be applied to the extent practicable in a nondiscriminatory manner to devices, appurtenances or fixtures other than antennas that are comparable in size and weight and pose a similar or greater safety risk and (e) shall be no more burdensome to affected antenna users than is necessary to achieve the objectives of this Section. In the event that applicable OTARD regulations change to the extent that the provisions of this Section would become unlawful, this Section of this Declaration shall then be deemed to be automatically amended so as to conform to such changes.

(11) Special Procedures for Enforcement. In the event of a violation of these restrictions by a Unit Owner or tenant, the Association shall be entitled to initiate legal action in the Superior Court to obtain relief including damages and injunctions, as appropriate, and the Association shall be entitled to assess fines against the Owner or tenant of the affected Unit in accordance with the procedures prescribed in RCW 64.34.304(k). No attorney's fees shall be collected or assessed and no fine shall accrue against an antenna user while such a proceeding is pending, if the validity of any restriction is legitimately challenged in such proceeding. If a ruling is issued adverse to the viewer, the viewer shall be granted at least a 21 day grace period in which to comply with the adverse ruling, and no fine may be collected from the viewer if the viewer complies with the adverse ruling during this grace period, unless the Association demonstrates, in the same proceeding which resulted in the adverse ruling, that the viewer's claim in the proceeding was frivolous.

SCHEDULE 11 – INSURANCE

11.2 Insurance Policies and Coverage.

11.2.1 Master Policy.

The Condominium shall be insured under a "master", "blanket" or "single-entity" type of policy, against casualty or physical damage in an amount equal to the maximum insurable replacement value thereof (i.e., 100% of replacement costs based upon the value of replacing all buildings and all improvements of the Condominium exclusive of land, excavations and foundations, utilizing contemporary building materials and technology, subject to a deductible and also subject to any Agreed Amount Endorsements or similar insuring feature. Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. If reasonably available, such coverage shall afford protection against:

(a) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard "broad form" and/or "special" extended coverage endorsements or their equivalent, together with Common Expense assessments coverage with respect to the Units during any period of repair or reconstruction; and such other perils customarily covered by insurance for similar condominium projects. Such coverage shall insure all buildings and other General and Limited Common Elements that are normally included in coverage. The policy shall also cover all of the Units and their bathroom, laundry and kitchen equipment, fixtures and cabinets, together with all included electrical and plumbing fixtures and equipment, any heating and ventilating and other equipment supplied or installed at any time by the Declarant or by Unit Owners. The policy shall also cover other Condominium property including fixtures, building service equipment and common personal property and supplies owned by the Owners Association or included in the Common Elements. An insurance policy that includes either of the following endorsements will assure full insurable value replacement cost coverage:

(i) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance); or

(ii) a Replacement Cost Endorsement (under which the insurer agrees to pay up to 100% of the Property's insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance).

(b) the following Special Endorsements, or their functional equivalent:

(i) an Inflation Guard Endorsement, when it can be obtained;

(ii) Building Ordinance or Law Endorsement, if the enforcement of any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction.); and

(iii) Steam Boiler and Machinery Coverage Endorsement, if the project has central heating or cooling. (This endorsement should provide for the insurer's minimum liability per accident to at least equal the lesser of \$2 million or the insurable value of the buildings housing the boiler or machinery.) In lieu of obtaining this as an endorsement to the commercial package for the project, the Association may purchase separate stand-alone boiler and machinery coverage.

(c) liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Elements. The insurance should also cover any commercial spaces that are owned by the Association, even if they are leased to others. Coverage should be afforded under a commercial general liability policy for the entire project, including all areas under the supervision of the Association. Limits of liability shall in no event be less than \$1,000,000 with respect to any single occurrence; and

(d) medical payments coverage, in such amounts as are customarily provided in such policies.

11.2.2 Flood Insurance.

If any part of the Condominium's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM), the Association must maintain a "master" or "blanket" policy of flood insurance which should cover buildings and any other

improvements constituting Common Elements. If the project consists of high-rise or other vertical buildings, the Association must have a separate flood insurance policy for each building that houses dwelling units. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program. If the Condominium consists of high-rise buildings or other vertical buildings, the building coverage should equal 100% of the insurance value of the building, including machinery and equipment that are part of the building. The contents coverage must include 100% of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned by the Association for its members. The maximum deductible amount for policies covering the Common Elements or for those covering each building in a high-rise or vertical condominium project, is the lesser of \$5,000 or 1% of the policy's face amount. Funds to cover this deductible amount may be included in the Association's operating reserve account, as provided in Section 10.3.

11.2.3 Earthquake Insurance.

If desirable and reasonably available, earthquake insurance may be obtained. Funds to cover any deductible applying to such coverage may be included in the Association's operating reserve account, as provided in Section 10.3.

11.2.4 Directors' and Officers' Insurance.

If reasonably available, the Board shall acquire Directors' and Officers' errors and omissions insurance to underwrite the Association's indemnification responsibilities under the Bylaws of the Condominium.

11.2.5 Fidelity Insurance - Managers' Coverage.

The Association shall obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services. The policy shall name the Association as the insured and must include a provision that calls for ten days' written notice to the Association and all Eligible Mortgagees before the policy can be canceled or substantially modified for any reason, in the manner provided in Section 15.2 hereof. The policy should cover the maximum funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association may be named as an additional insured under the Association's policy, or may be covered by its own fidelity insurance policy, which should provide the same coverage required of the Association.

11.2.6 Additional Insurance.

The Board shall also acquire such additional insurance coverage as it may deem advisable and appropriate, including Workmen's Compensation insurance, where necessary to meet the requirements of law. Further, and notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity insurance meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee, guarantor or Owner of a Unit within the Condominium; in the event that such additional coverage is not reasonably available, the procedures described in Section 11.6 shall be followed.

11.2.7 General Policy Provisions and Limitations.

Insurance obtained pursuant to the requirements of this Article XI shall be subject to the following provisions:

(a) Each policy shall be written with a company or companies which are licensed to do business in the State of Washington and which hold a B general policyholder's rating or a financial performance index of 6 or better in the latest edition of Best's Key Rating Guide, or an A or better rating from Demotech, Inc., or such other rating(s) by such other entities as may be acceptable to or required by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee, guarantor or Owner of a Unit within the Condominium.

(b) The master policy will be primary, even if a Unit Owner has other insurance [other than automobile liability insurance] that covers the same loss, and no insurance coverage obtained and maintained pursuant to the requirements of this Article XI shall be brought into contribution with insurance purchased individually by any of the Unit Owners or their Mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Section shall exclude such policies from consideration.

(c) Each policy shall provide that it may not be canceled, substantially modified or reduced without at least 30 days' prior written notice to all insureds named thereon, including all named Mortgagees.

(d) Each policy of casualty insurance shall contain a waiver of any right of the carrier to elect to restore, or repair damage or reconstruct in lieu of making a cash settlement if a decision is made pursuant to this Declaration not to do so.

(e) Each policy shall contain a waiver of subrogation by the insurer as to any and all claims against the Unit Owners, the Association, the Board of Directors, the Manager, and their respective agents, arising from the acts of any Unit Owner, member of the Owner's household, or lessee of the Owner.

(f) Policy contracts shall provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

(g) Each policy shall provide that (i) the policy's coverage shall not be prejudiced by any act or neglect of any Occupants or Unit Owners of the Condominium or their agents, employees, tenants, Mortgagees or invitees when such act or neglect is not within the control of the insured or the Unit Owners collectively; and (ii) the policy shall not be prejudiced by failure of the insured or the Unit Owners collectively to comply with any warranty or condition with regard to any portion of the Condominium over which the insured or the Unit Owners collectively have no control.

(h) Each policy must contain a standard mortgage clause and must name as covered Mortgagees each such covered Mortgagee, followed by the phrase "its successors and assigns."

(i) 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 chapter 48.18 RCW pertaining to the cancellation or nonrenewal 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 RCW 64.34.352.

(j) No policy shall refuse to recognize any Insurance Trust Agreement.

11.8 Reconstruction Following Casualty Loss.

11.8.1 Duty to Reconstruct.

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

11.8.2 Decision Not To Reconstruct.

If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt 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 (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interest may appear, in proportion to the Common Element interests of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under RCW 64.34.060(1), and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Subsection, RCW 64.34.268 governs the distribution of insurance proceeds if the Condominium is terminated.

11.8.3 Manner of Reconstruction.

If destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall be accomplished as nearly as practicable to the character of the building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with then prevailing Building Code requirements and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

11.8.4 Payment of and Procedure for Reconstruction.

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

(a) If the damages exist only to parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Board of Directors and the Owner may agree that the Owner shall be responsible for reconstruction and repair after casualty and shall be entitled, with the assistance of the Board of Directors, to apply for and use any applicable insurance proceeds; the deductible under the Master Policy shall be apportioned under Section 11.3.2 of the Declaration. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.

(b) If the amount of the estimated costs of reconstruction and repair is \$50,000 or less, (as estimated by the Board of Directors) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in Subsection (c) hereof;

(c) If the estimated costs of reconstruction and repair of the buildings or other improvement is more than \$50,000, then costs and expenses so incurred from the construction fund shall be disbursed from time to time as the work progresses upon approval by an engineer or architect (hereinafter referred to as the

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

SCHEDULE 12 – CONDEMNATION.

12.1. Condemnation Affecting Whole Unit.

If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Unit Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, all that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Subsection is thereafter a Common Element.

12.2. Condemnation of Part of Unit.

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

12.3. Condemnation of Common Elements.

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

12.4. Condemnation of Limited Common Elements.

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

12.5. Association Necessary Party to Proceeding.

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

12.6. Complete Taking.

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

12.7. Reconstruction and Repair.

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

12.8. Notice to Mortgagees.

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

12.9. Payment of Award.

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

SCHEDULE 15 – PROTECTION OF MORTGAGEES

This Schedule establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain mortgages. This Article is supplemental to, and not in substitution for, any other provisions of the Governing Documents, but in the case of conflict, this Schedule shall control.

15.1. Percentage of Eligible Mortgagees.

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

15.2. Notice of Actions.

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

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

(b) Any delinquency in the payment of Common Expense Assessments owed by a Unit Owner whose Unit is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 15.3 of this Schedule (in which case, notice shall be provided by certified or registered mail, "return receipt requested"); and

(e) Any judgment rendered against the Association in excess of \$2,500 which is not covered by insurance.

15.3. Consent and Notice Required.

15.3.1. Document Changes.

Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, no amendment of any material provision of the Governing Documents by the Association or Unit Owners described in this Subsection, the effect of which would have a material adverse effect on lenders, may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 15.2(d) above, and the approval by Owners of Units to which at least 67% (or any greater Unit Owner vote required in Section 17.3 of this Declaration or the Condominium Act) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least 67% (or any greater Eligible Mortgagee approval required by this Declaration) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers. A change to any of the following would be considered material:

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

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

15.3.2. Actions.

Notwithstanding any lower requirement permitted by this Declaration or the Condominium Act, the Association may not take any action which would have a material adverse affect on lenders, without notice to all Eligible Mortgagees and eligible Insurers as required by Section 15.2(d) above, approval by Owners of Units to which at least 67% (or the indicated percentage, if different) of the votes in the Association are allocated, and approval in writing by Eligible Mortgagees and/or Eligible Insurers who represent at least 67% (or the percentage indicated below, if different,) of the votes of Unit estates that are subject to mortgages held by Eligible Mortgagees/Insurers; the following (other than taken pursuant to rights reserved by the Declarant as Development Rights) are examples of such an action:

- (a) Any action to abandon or terminate the legal status of the Condominium after condemnation or substantial destruction.
- (b) Any action to abandon or terminate the legal status of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.
- (c) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, and the procedures specified in Section 5.2 hereof must be followed. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;
- (d) Change any of the Allocated Interests allocated to any Unit other than as permitted in Section 4.7 hereof; in any other case the vote or agreement of the Owner of each Unit particularly affected and his or her Mortgagee and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264 (4).
- (e) Increase the number of Units, change the boundaries of any Unit (other than as provided in Section 4.7 hereof) or change the uses to which any Unit is restricted, as to which the approval of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated must be obtained, pursuant to Section 17.3 hereof and to RCW 64.34.264 (4).
- (f) The assignment of the future income of the Association, including its right to receive Common Expense Assessments.
- (g) The restoration or repair of the Property after hazard damage, as to which the approval of Owners to which at least eighty percent (80%) of the votes in the Association are allocated is required, or after a partial condemnation, in a manner other than specified in the Governing Documents.

15.3.3. Timing of Payment of Assessments.

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

15.3.4. Implied Approval by Mortgagee.

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

15.4. Inspection of Books.

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

15.5. Financial Statements.

The Association shall provide any Mortgagee or Eligible Insurer who submits a written request, a copy of the annual audited financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association.

15.6. Enforcement.

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

15.7. Attendance at Meetings.

Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Unit Owner may attend.

15.8. Appointment of Trustee.

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

15.9. Limitations on Mortgagees' Rights.

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