



RETURN ADDRESS

Name NATAPOC VILLAGE LLC

Address 16715 NE 79th ST

City, State, Zip REDMOND WA 98052

Document Title(s) (or transactions contained therein):

1. DECLARATIONS AND COVENANTS, CONDITIONS, RESTRICTIONS, AND RESOLUTIONS FOR
2. NATAPOC VILLAGE CONDOMINIUMS
- 3.
- 4.

Reference Number(s) of Documents assigned or released:

Additional references on page N/A of document(s).

Grantor(s) (Last name first, then first name and initial(s))

1. NATAPOC VILLAGE LLC
- 2.
- 3.
- 4.
5. Additional Grantors on page _____ of document.

Grantee(s) (Last name first, then first name and initial(s))

1. PODUC
- 2.
- 3.
- 4.
5. Additional Grantees on page _____ of document.

Legal Description (abbreviated, i.e. lot, block, plat or section, township, range)

PORTION OF LOT 1, BLOCK 16, KAHLER GLEN AMENDES PHASE 4

Additional legal description on page 4/42 of document.

Assessor's Property Tax Parcel/Account Number:

27-17-33-650-310

Additional parcel numbers on page _____ of document.

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

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Filed at the Request of
And After Recording Return to:

Jennifer D. Cobb
Jameson Babbitt Stites & Lombard, P.L.L.C.
First Interstate Center
999 Third Avenue, #1900
Seattle, Washington 98104-4008

**DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS,
AND RESERVATIONS
FOR
NATAPOC VILLAGE CONDOMINIUMS**



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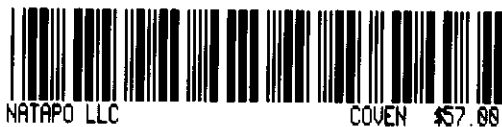
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ARTICLE 1.

DEFINITIONS

Section 1.1 Definitions. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

1.1.1 Affiliate of Declarant means any person who controls, is controlled by, or is under common control with Declarant (as "control" is defined in the Condominium Statute).

1.1.2 Allocated Interests means the undivided interest(s) in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit, all as described in Article 7.

1.1.3 Articles means the Articles of Incorporation of the Association defined below.

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

1.1.5 Association means Natapoc Village Condominiums Owners Association, a Washington nonprofit corporation, more fully described in Article 9 of this Declaration.

1.1.6 Board means the Board of Directors of the Association.

1.1.7 Building or Buildings means the building or buildings containing the Units and comprising a part of the Property.

1.1.8 Bylaws means the Bylaws of the Association.

1.1.9 Common Elements means all portions of the Condominium other than the Units.

1.1.10 Common Expenses means expenditures made by or financial liabilities of the Association, including allocations to reserves.

1.1.11 Common Expense Liability means the liability for Common Expenses allocated to each Unit, as more fully set forth in Article 7.

1.1.12 Condominium means the real property and improvements which are the subject of this Declaration.

1.1.13 Condominium Documents means, collectively, the Declaration, Articles, Bylaws, and rules and regulations of the Association, as any one or more of them may from time to time be amended or modified.

1.1.14 Condominium Statute means the Washington Condominium Act, RCW 64.34 et seq., and any amendments thereto.



1.1.15 Declarant means Natapoc Village, L.L.C., a Washington limited liability company and its representatives, successors, and assigns.

1.1.16 Declaration means this Declaration and Covenants, Conditions, Restrictions, and Reservations for Natapoc Village Condominiums, as it may from time to time be amended.

1.1.17 Declarant Control means the right of the Declarant or persons designated by the Declarant to appoint and remove officers of the Association and members of the Board pursuant to Article 10.

1.1.18 Development Rights means any right, if expressly reserved by the Declarant in this Declaration to: (a) add real property or improvements to the Condominium; (b) create Units, Common Elements, or Limited Common Elements within real property included or added to the Condominium; (c) subdivide Units or convert Units into Common Elements; (d) withdraw real property from the Condominium; or (e) reallocate Limited Common Elements with respect to Units that have not been conveyed by Declarant.

1.1.19 Eligible Mortgagee means any holder of a Mortgage on a Unit who has filed with the secretary of the Association a written request, including its name and address and the Unit number for the Unit subject to the Mortgage held by such Mortgagee, that it be notified of any proposed action that requires consent of a specified percentage of Eligible Mortgagees as defined in Article 18.

1.1.20 First Mortgage and First Mortgagee means, respectively, (a) a Mortgage on a Unit that has legal priority over all other Mortgages thereon, and (b) the holder, guarantor or insurer of a First Mortgage.

1.1.21 Identifying Number means a sequence of numbers and/or letter characters which identifies only one Unit in the Condominium.

1.1.22 Limited Common Elements means a portion of the Common Elements allocated by this Declaration (and amendments hereto) or by operation of law for the exclusive use of one or more but fewer than all of the Units as described in Article 6.

1.1.23 Managing Agent means the person designated by the Board under Section 11.3.

1.1.24 Mortgage means a recorded mortgage or deed of trust that creates a lien against a Unit and also means a real estate contract for the sale of a Unit.

1.1.25 Mortgagee means the holder, guarantor or insurer of an encumbrance on a Unit created by a Mortgage and also means the vendor of a real estate contract for the sale of a Unit.

1.1.26 Mortgagee of the Condominium means the holder of a Mortgage on the real property which this Declaration affects, which Mortgage was recorded prior to the recordation of the Declaration. The term "Mortgagee of the Condominium" does not include a Mortgagee of an individual Unit.

1.1.28 Owner means the Declarant or other legal owner of a Unit and shall also mean the vendee of a real estate contract for the sale of a Unit.



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

1.1.30 Phase I Parcel means that portion of the land described in Schedule A as the "Phase I Parcel".

1.1.31 Phase II Parcel means that portion of the land described in Schedule A as the "Phase II Parcel".

1.1.32 Phase II Improvements is defined in Section 25.4.1.

1.1.33 Property means the Land and the Buildings and all improvements and structures now or hereafter situate on the land described in Schedule A.

1.1.34 RCW means the Revised Code of Washington.

1.1.35 Special Declarant Rights means, individually and collectively, the rights reserved for the benefit of the Declarant to (a) complete improvements indicated on Survey Maps and Plans filed with the Declaration under RCW 64.34.232; (b) exercise any Development Right under Article 25; (c) maintain sales offices, management offices, signs advertising the Condominium, and models under Section 24.3; (d) use easements through the Common Elements for the purpose of making improvements within the Condominium; or (e) appoint or remove any officer of the Association or any member of the Board during any period of Declarant Control under Section 10.2.

1.1.36 Storage Units is defined in Section 3.4.

1.1.36 Survey Map and Plans means the survey map and the plans recorded simultaneously with this Declaration and any amendments, corrections, and addenda thereto subsequently recorded.

1.1.37 Transition Date is defined in Section 10.1.

1.1.38 Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are depicted on the Survey Map and Plans and described in Section 4.5 below.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

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



ARTICLE 2.

SUBMISSION OF THE PROPERTY TO THE CONDOMINIUM STATUTE

Section 2.1 Submission. Declarant, being the sole owner of the Property, makes this Declaration for the purpose of submitting the Property to the provisions of the Condominium Statute. Declarant declares that the Property shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to the covenants, conditions, restrictions, reservations, and easements stated in this Declaration, all of which are in furtherance of the division of the Property into Units and Common Elements and shall be deemed to run with the land and be a burden and benefit to Declarant and all persons who own or acquire an interest in the Property or any part thereof, and their grantees, successors, heirs, executors, administrators, and assigns.

Section 2.2 Name. The name of the Condominium is Natapoc Village Condominiums.

ARTICLE 3.

DESCRIPTION OF LAND; BUILDING; PARKING AND STORAGE LOCKERS

Section 3.1 Land. The land comprising the Condominium is described in Schedule A. Pursuant to Section 25.4.8, Declarant may withdraw the Phase II Parcel from the Condominium.

Section 3.2 Buildings. The location of the Buildings is shown on the Survey Map and Plans. The Building comprising the Units has three (3) levels, denominated Floor 1, Floor 2 and Floor 3. In addition, the twelve (12) additional storage/parking buildings are denominated as "Storage Unit(s)" on the Survey Map and Plans.

Section 3.3 Parking Spaces. There are a total of ten (10) parking spaces in the Condominium, consisting of 4 parking spaces in enclosed garages, and 6 spaces protected by carports. The parking spaces are identified by number on the Survey Map and Plans.

Section 3.4 Storage Lockers. There are a total of six (6) Storage Lockers which are identified by number on the Survey Map and Plans.

Section 3.5 Storage Units. There are a total of twelve (12) Storage Units for storage located in three (3) separate buildings ("Storage Units"). The Storage Units are identified by number on the Survey Map and Plans.

ARTICLE 4

DESCRIPTION OF UNITS

Section 4.1 Number of Units. There are eight (8) Units in the Condominium. Pursuant to Section 25.4, Declarant has reserved the right to create an additional eight (8) Units on the Phase II Parcel.



Section 4.2 Unit Number. The Identifying Number of each Unit is shown on the Survey Map and Plans.

Section 4.3 Unit Location. The location of each Unit is shown on the Survey Map and Plans.

Section 4.4 Unit Data. The approximate square footage, number of bathrooms (whole or partial), and number of rooms designated primarily as bedrooms pertaining to each Unit is shown on Schedule B. All Units have one (1) fireplace.

Section 4.5 Unit Boundaries. The boundaries of the Units are the walls, floors, and ceilings of the Units, including all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided, that the Unit boundaries shall not include the Common Elements described in Article 5. All spaces, interior partitions, fireplaces (if any) and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

ARTICLE 5

COMMON ELEMENTS

Section 5.1 Description. The Common Elements consist of all portions of the Condominium other than the Units.

Section 5.2 Use. Each Owner shall have the right to use the Common Elements, except Limited Common Elements, in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the dedicated streets. The right to use the Common Elements shall extend not only to each Owner, but also to his or her agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements shall be governed by the provisions of the Condominium Statute, this Declaration, the Bylaws, and the rules and regulations of the Association.

ARTICLE 6

LIMITED COMMON ELEMENTS

Section 6.1 Description. The Limited Common Elements are Common Elements that are reserved for the exclusive use of the Unit or Units to which they are allocated.

Section 6.2 Allocation of Limited Common Elements. The Limited Common Elements consist of those specified in the Condominium Statute, as well as the following:

6.2.1 Decks and Patios. Decks and patios accessible only from a Unit as shown on the Survey Map and Plans are allocated to the Unit from which access is achieved.

6.2.2 Storage Lockers. The storage lockers, as identified by number on the Survey Map and Plans are allocated to a Unit as indicated on Schedule B attached hereto.

6.2.3 Parking Spaces. The parking space or spaces allocated to a Unit pursuant to Section 6.5.



6.2.4 Storage Units. The Storage Unit(s) allocated to a Unit by Declarant pursuant to Section 6.5.

Section 6.3 Boundaries. The boundaries of such Limited Common Elements areas are defined as the interior surfaces of the walls, floor, ceiling, windows, ground, railings, curb or fence enclosing such areas. If no such enclosure exists, the boundaries shall be as depicted on the Survey Map and Plans.

Section 6.4 Use. Each Owner of a Unit to which a Limited Common Element is allocated shall have the right to use the Limited Common Element in common with all other Owners to which that Limited Common Element is allocated. Subject to Section 6.6, the right to use the Limited Common Element shall extend not only to each Owner, but also to his or her agents, servants, tenants, family members, invitees, and licensees. The right to use the Limited Common Elements shall be governed by the provisions of the Condominium Statute, this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 6.5 Allocation of Parking Spaces, Storage Lockers, and Storage Units to Units. Parking spaces, Storage Lockers, and Storage Units are or shall be allocated to Unit(s) by Declarant pursuant to Schedule B or an amendment to Schedule B executed solely by Declarant. Declarant is not required to allocate a Storage Unit to a Unit. Declarant may remove Storage Units until allocated to a Unit. Nothing in this Declaration shall restrict Declarant's right to allocate parking spaces, Storage Lockers, and/or Storage Units for value as a Limited Common Element to a Unit.

Section 6.6 Rental of Storage Units.

6.6.1 Rental and Transfer of Storage Units The Owner of a Unit may rent a Storage Unit which is exclusively allocated as a Limited Common Element to that Unit only to the occupant of a Unit in the Condominium, but such rental shall be subject to termination upon 15 days' notice. Rental of a Storage Unit shall be terminated automatically and without notice upon the transfer of title of the Unit to which it is allocated as a Limited Common Element. No person who rents a Storage Unit shall sublease the Storage Unit to another person, unless such a lease is to an occupant of a Unit.

6.6.2 Rental of Storage Units by Declarant. The Declarant may rent a Storage Unit which is unallocated and collect all income from such rental.

Section 6.7 Transfers and Reallocations of Limited and Common Elements.

6.7.1 Reallocation Between Units. Except as otherwise provided in Section 25.6, a Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to the Declaration executed by the Owners of, and approved in writing by the Mortgagees holding Mortgages against, the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this section within thirty (30) days unless the proposed reallocation does not comply with the Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium.

6.7.2 Common to Limited Common; Incorporation of Limited Common Element Into Unit. Sixty-seven percent (67%) of the Unit Owners, including the Owner of the Unit to which the Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Limited Common Element into



an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans, provided, however, this Section shall not apply with respect to any such reallocation or incorporation made as a result of the exercise of any Development Right reserved by Declarant.

ARTICLE 7

PERCENTAGES OF ALLOCATED INTEREST IN COMMON ELEMENTS

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

Section 7.2 Method or Formula for Establishing Allocated Interests. The method or formula used to establish the Allocated Interest for each Unit is as follows:

7.2.1 Interest in Common Elements. The formula for allocating the interest in Common Elements is the ratio of (A) the Declared Value of each Unit as shown on Schedule B to (B) the aggregate Declared Values of all Units.

7.2.2 Common Expense Liability. The formula for allocating the Common Expense Liability among the Units is the ratio of (A) the approximate square footage of each Unit as shown on Schedule B to (B) the approximate aggregate square footage of all Units, as shown on Schedule B.

7.2.3 Votes in Association. All Units are allocated one (1) vote in the Association.

ARTICLE 8

PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES

Section 8.1 General. The Units are intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, and for the purposes of operating the Association and managing the Condominium if required. Units may not be used for timeshare purposes or sold or leased on a timeshare basis.

8.1.1 Leases of Units. The leasing or rental of a Unit shall be governed by the provisions of this Section 8.1.1:

8.1.1.1 No lease or rental of a Unit may be of less than the entire Unit.



8.1.1.2 Any lease or rental agreement must provide that its tenants shall be subject in all respects to the provisions of this Declaration and the Bylaws and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease or rental agreement.

8.1.1.3 If a Unit is rented by its Owner, the Association may collect, and the tenant or lessee shall pay over to the Association, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The tenant or lessee shall not have the right to question payment over to the Association, and such payment will discharge the tenant's or lessee's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner or purchaser and the Unit under this Declaration for Assessments and charges, or operate as an approval of the lease. The Association shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner; nor in derogation of any rights which a Mortgagee of such Unit may have with respect to such rents.

8.1.1.4 In connection with the rental of Units, the Board may impose "move in-move out" fees in reasonable amounts.

8.1.1.5 Other than as stated in this Section 8.1 there is no restriction on the right of any Owner to lease or otherwise rent his or her Unit.

Section 8.2 Parking Spaces; Storage Units.

8.2.1 General. Parking spaces are restricted to use for parking of operative automobiles. Other items and equipment may be parked or kept therein only subject to the rules and regulations of the Association. The Board of Directors may require removal of any inoperative or unsightly vehicle, and any other equipment or item not stored in accordance with this provision. If the same is not removed, the Board of Directors may cause removal at the risk and expense of the Owner. Storage Units are to be used for general storage purposes of nonhazardous materials and are subject to restrictions on use set forth in rules and regulations which may be adopted by the Association. No recreational vehicles or boats may be stored on the Property, except inside the Storage Units.

8.2.2 Restrictions on Leases of Storage Units. Leases of Storage Units allocated as Limited Common Elements to Units are subject to the restrictions set forth in Section 6.6.1.

Section 8.3 Maintenance of Units and Limited Common Elements.

8.3.1 General. Each Owner shall, at the Owner's sole expense, keep the interior of his or her Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, heating or cooling equipment, filters, electrical fixtures, or appliances which are in the Unit or portions thereof that serve that Unit only, and, except to the extent covered by insurance maintained by the Association, shall replace any glass in the windows and in the exterior doors of the Unit that becomes cracked or broken. Each Owner may make any improvements or alterations to his or her Unit that do not affect the structural integrity, mechanical or electrical systems, or lessen the support, of any portion of the Condominium. Each Owner will be



responsible for care, maintenance, cleanliness, and orderliness of the Limited Common Elements that are adjacent or allocated exclusively to the Unit, except that sweeping and maintenance of the parking areas shall be the responsibility of the Association. Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Elements without the prior written approval of the Board.

8.3.2 Hard Surface Floors. With the exception of tile, stone, wood or other hard surface flooring installed by Declarant, an Owner shall not install any hard surface flooring without the permission of the Board, which approval shall not be unreasonably withheld. The Board may condition its approval on the installation of an acoustical subfloor to reduce noise transmission between floors in accordance with plans and specifications to be submitted by the Owner seeking to install the hard surface flooring.

Section 8.4 Exterior Appearance.

8.4.1 General. In order to preserve a uniform exterior appearance of the Building, the Board shall provide for the maintenance of the exterior of the Building. No Owner may modify or decorate the Common Elements, the exterior of the Building, or screens, doors, awnings, window coverings, or other portions of any Unit visible from outside the Unit (including decks appurtenant thereto) without the prior written consent of the Board, and such modification or decoration shall be in accordance with rules or regulations of the Board. No exterior radio, television or satellite reception antenna or disc may be installed without the prior written consent of the Board. Furniture and other items used, stored or placed on decks and sunscreens or sunshades on the exterior of the Buildings shall be of a quality and type designated in the rules and regulations of the Board, and activities on private decks may be subject to reasonable rules and regulations adopted by the board. Outdoor barbecues may be used only if fueled by propane or natural gas and in such a manner so as not to cause damage to the Building, smoke, odor or other nuisance to any other Units.

8.4.2 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or Common Element. This section shall not apply to Declarant or Declarant's agents in exercising any Special Declarant Right reserved by Declarant under this Declaration.

Section 8.5 Effect on Insurance. Nothing shall be done or kept in any Unit or Common Element that will increase the rate of insurance on the Property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or Common Element that will result in the cancellation of insurance on any part of the Property, or would be in violation of any applicable laws or regulations.

Section 8.6 Alteration of Common Elements. Nothing shall be altered or constructed in or removed from any Common Element except with the prior written consent of the Board.

Section 8.7 Pets. Domestic household pets, such as dogs and cats, may be kept by Unit Owners; provided, that the keeping of pets shall be subject to such reasonable rules and regulations as the Board may from time to time adopt. Pets will not be allowed on the Common Elements unless the pet is leashed or being carried and is being walked to or from a Unit to the dedicated street. The owner of the pet is responsible for removing any pet feces deposited by his or her pet, and pet feces may not be deposited in the garbage refuse system nor placed in garbage disposal areas. No livestock, poultry, rabbits or other animals shall be kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose. The Board may require the removal of any animal which the Board in the exercise of reasonable



discretion finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain.

Section 8.8 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or which would be in violation of any laws.

Section 8.9 House Rules. The Board or the Association membership is empowered to pass, amend and revoke detailed, reasonable administrative rules and regulations, or "House Rules," necessary or convenient from time to time to insure compliance with the general guidelines of this Article. Such House Rules shall be binding on all Unit Owners, lessees, guests and invitees upon adoption by the Board or Association.

Section 8.10 Conveyances; Notice Required. The right of an Owner to sell, transfer, mortgage or otherwise convey his or her Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Unit, at least two (2) weeks before closing and prior to or simultaneously with any request by such Owner for preparation of a resale certificate with respect to such Unit pursuant to the Condominium Statute, shall deliver a written notice to the Board specifying the Unit being sold, the name and addresses of the purchaser, whether the purchaser will occupy the Unit as his or her primary residence, closing agent, title insurance company insuring the purchaser's interest, and the estimated closing date, and shall comply in all respects with the provisions of the Condominium Statute pertaining to the resale of Units. The Board shall have the right to notify the purchaser, title insurance company, and closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested.

ARTICLE 9

ASSOCIATION OF UNIT OWNERS

Section 9.1 Form of Association. No later than the date the first Unit in the Condominium is conveyed, the Association shall be organized as a nonprofit organization under the laws of the State of Washington; provided that, from and after the formation of such corporation, the rights and duties of the members and of such corporation shall continue to be governed by the provisions of the Condominium Statute and of this Declaration.

Section 9.2 Membership. Each Owner (including Declarant) shall be a member of the Association. Declarant shall be considered an "Owner" as that term is used herein, and shall be a member of the Association and the voting representative with respect to any Unit owned by Declarant.

9.2.1 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership and shall not be transferred in any way except upon the transfer of the Owner's interest in the Unit and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of an Owner's interest in a Unit shall operate automatically to transfer the membership in the Association to the new owner.

9.2.2 Voting. One vote is allocated to each Unit. An Owner (including Declarant) of more than one Unit shall have the votes appertaining to each Unit owned. No votes



allocated to a Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to the Association shall be disregarded.

9.2.3 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for his or her Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from the Owner of the Unit or by actual notice to the Board of the death or judicially declared incompetence of the Owner of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact for the Owner under a durable power of attorney, and the administrators or executors of an Owner's estate. If no designation has been made among multiple Owners of a Unit, or if a designation has been revoked and no new designation has been made, all votes allocated to each Unit may be cast by the one of multiple Owners present at the meeting, or if more than one of multiple owners are present, according to the agreement of a majority in interest of such Owners in the Unit.

9.2.4 Joint Owner Disputes. The voting interest of each Unit must be cast as a single vote. Fractional votes shall not be allowed. If joining owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

9.2.5 Pledged Votes. If an Owner is in default under a First Mortgage on the Unit for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged his or her vote on all issue's to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor, will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board.

Section 9.3 Powers of Association.

9.3.1 General. The Association acting by and through the Board, or a Managing Agent appointed by the Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under the Act and this Declaration, including without limitation:

9.3.1.1 Adopt and amend Bylaws, rules, and regulations;

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

9.3.1.3 Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

9.3.1.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

9.3.1.5 Make contracts and incur liabilities;

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



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

9.3.1.8 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to RCW 64.34.348;

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

9.3.1.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements;

9.3.1.11 Impose and collect charges for late payment of Assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the Declaration or Bylaws or rules and regulations adopted by the Board levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and rules and regulations of the Association;

9.3.1.12 Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by RCW 64.34.425 and statements of unpaid Assessments;

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

9.3.1.14 Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent the Declaration provides;

9.3.1.15 Join in a petition for the establishment of a parking and business improvement area, participate in the rate payers' board or other advisory body set up by the legislative authority for operation of a parking and business improvement area, and pay special Assessments levied by the legislative authority on a parking and business improvement area encompassing the Property for activities and projects which benefit the Condominium directly or indirectly;

9.3.1.16 Exercise any other powers conferred by the Declaration or Bylaws;

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

9.3.1.18 Exercise any other powers necessary and proper for the governance and operation of the Association;

9.3.1.19 Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Element or preserve the appearance



and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair; and

9.3.1.20 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 (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Units responsible to the extent of their responsibility.

9.3.2 Limitations on Powers. The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement having a total cost in excess of Five Thousand Dollars (\$5,000.00) which has not been included in the current year's budget, without first obtaining the affirmative vote of a majority of Owners at a meeting called for such purpose, or if no such meeting is held, then the written consent of a majority of Owners.

9.3.3 No Active Business. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all of the Owners or any of them.

9.3.4 Entry for Repairs. The Association and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association and paid for as a Common Expense if the entry was due to an emergency, 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; provided, if the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units and Limited Common Elements.

Section 9.4 Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or by Unit owners having twenty percent of the votes in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer.



Section 9.5 Books and Records of Association; Audits; Other Financial Matters.

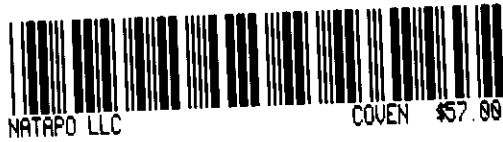
9.5.1 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, and, at least annually, shall prepare, or cause to be prepared, a financial statement of the Association, in a form that complies with generally accepted accounting principals, and in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425.

9.5.2 Audits. The financial statements of the Association shall be audited at least annually by a certified public accountant, however, if there are fewer than fifty (50) Units in the Condominium, the annual audit may be waived annually by Owners (other than the Declarant) of Units to which sixty percent (60%) of the votes in the Association are allocated, excluding the votes allocated to Units owned by the Declarant. The Board, or persons having thirty-five percent (35%) or more of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner, at his or her expense, may at any reasonable time conduct an audit of the books of the Association. Upon written request of FHLMC, FNMA, HUD, or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.

9.5.3 Segregation of Funds. The funds of the Association shall not be commingled with the funds of any other association, nor with the funds of any Managing Agent of the Association or any other person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the Association.

9.5.4 Inspection of Condominium Documents, Books, and Records. During normal business hours and at other reasonable times the Condominium Documents shall be available for inspection free of charge by the Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them and, in addition, at such times the books and records, financial statements, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for inspection by the Owners, Mortgagees, and the agents or attorneys of either of them.

Section 9.6 Association as Trustee. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.



ARTICLE 10

PERIOD OF DECLARANT CONTROL

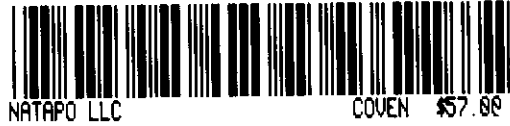
Section 10.1 Transition Date. The "Transition Date" shall mean the date after which Declarant may no longer exercise Declarant Control (as defined in Section 10.2), which shall be the earlier of (1) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Declarant; (2) two (2) years after the last conveyance or transfer of record of a Unit except as security for a debt; (3) two (2) years after any development right to add new Units was last exercised; or (4) the date on which Declarant records an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders Declarant Control. Declarant may voluntarily surrender Declarant Control before the Transition Date, but require that until the Transition Date, specified actions of the Association or the Board, as described in a recorded instrument executed by Declarant, be approved by Declaration before they shall become effective.

Section 10.2 Declarant's Powers Until Transition Date. Until the Transition Date, Declarant shall have the full power and authority to appoint and remove the Board and the officers of the Association ("Declarant Control") subject to the limitations set forth in this Section 10.2. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Owners other than Declarant, at least one (1) member of the Board and not less than twenty-five percent (25%) of the members of the Board must be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board must be elected by Owners other than Declarant.

Section 10.3 Transfer of Administration. Within thirty (30) days after the Transition Date the Owners shall elect a Board of not fewer than three (3) directors. The Board or the Managing Agent shall call a meeting of the Association to be held within thirty (30) days after the Transition Date for the purpose of electing the new Board. The new Board shall elect the officers of the Association and such members of the Board and officers shall take office upon election.

Section 10.4 Mortgagee Assumption of Declarant's Position. In the event that the Mortgagee of the Condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its mortgage or acquires a deed in lieu of foreclosure, and obtains possessory rights, legal title or certificates of sale to an unsold Unit or Units and appurtenant Common Elements covered by the respective deed of trust or mortgage liens, then the Mortgagee of the Condominium or other transferee may succeed to and assume to the exclusion of Declarant, the rights and obligations of Declarant set forth in this Declaration including any Special Declarant Rights unless such transferee requires that such Special Declarant Rights not be transferred and such rights not being transferred are described in the instrument conveying title; and provided that the Transition Date shall be deemed to have passed unless the judgment or instrument transferring title provides for transfer of all Special Declarant Rights to such transferee.

Section 10.5 Transfer of Association Control. Within sixty (60) days after the Transition Date, Declarant shall deliver to the Association all property of the owners and the Association held or controlled by Declarant including, but not limited to, the original or a photocopy of this Declaration and each amendment hereto; the certificate of incorporation and a copy or duplicate original of the Articles of the Association as filed with the Washington Secretary of State; the Bylaws and minute books, including all minutes and other books and records of the Association; any rules and regulations that have been adopted; any resignations of officers and members of the Board who are required to resign because Declarant is required to relinquish control of the Association; all financial records, including canceled checks, bank statements and financial



statements of the Association and source documents from the time of incorporation of the Association through the date of transfer of control to the Owners; all Association funds or the control thereof; all tangible personal property of the Association represented by Declarant to be the property of the Association or ostensibly the property of the Association and an inventory of such property; a copy of Declarant's plans and specifications utilized in the construction or remodeling of the Condominium and a certificate of the Declarant or a licensed architect or engineer that the plans and specifications represent, to the best of their knowledge and belief, the actual plans and specifications used by the Declarant in the construction or remodeling of the Condominium (except for alterations to a Unit made by an Owner other than Declarant), insurance policies or copies thereof for the Condominium and the Association, copies of any certificates of occupancy that may have been issued to the Condominium, any other permits issued by governmental bodies applicable to the Condominium, all written warranties still in effect for the Common Elements or any areas or facilities which the Association has the responsibility to maintain and repair and all documents related thereto, a roster of Owners and Eligible Mortgagees and their addresses and telephone number, and any leases or contracts to which the Association is a party.

Section 10.6 Audit of Records Upon Transfer. Upon the transfer of control to the Owners, the records of the Association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted accounting principles, unless the Owners other than Declarant by two-thirds (2/3) vote elect to waive the audit. The cost of the audit shall be a Common Expense.

Section 10.7 Termination of Contracts and Leases Made by Declarant. If entered into before the Board elected pursuant to Section 10.3 takes office, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities or (2) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined in the Condominium Statute, may be terminated without penalty by the Association at any time after the Board elected pursuant to Section 10.3 takes office upon not less than 90 days' notice to the other party or within such less notice period provided for without penalty in the contract or lease.

ARTICLE 11.

AUTHORITY OF THE BOARD

Section 11.1 Adoption of Rules and Regulations. The Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to ensure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the Condominium. The Declaration and the Bylaws and the rules and regulations of the Association shall be binding upon all Owners and occupants and all other persons claiming any interest in the Condominium.

Section 11.2 Enforcement of Declaration, Etc. The Board shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws, and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association.

Section 11.3 Managing Agent. The Board may, but shall not be required to, contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. If professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation, the procedure



for terminating professional management and assuming self-management shall be the procedure set forth in Section 22.3. The Managing Agent shall not enter any Unit (directly or through Agents) without the consent of the occupant unless entry has been directed by the Board. Only the Board can approve an annual budget or a supplemental budget, and only the Board can impose a special Assessment on a Unit or authorize foreclosure of an Assessment lien. Any contract with a Managing Agent, or any other contract providing for management or operational services, shall have a term no longer than one (1) year (but may be renewable by agreement of the parties for successive one (1) year period) and shall be terminable by the Board without payment of a termination fee, with or without cause, on thirty (30) days' written notice.

Section 11.4 Protection of Property. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Property, settle claims, or otherwise act in what it considers to be the best interests of the Condominium or the Association.

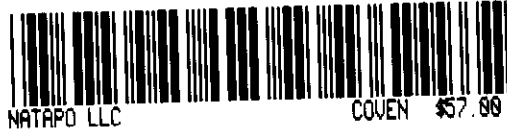
Section 11.5 Imposition of Payments, Fees, Fines. The Board may impose and collect charges for late payment of Assessments described in Articles 12 and 13 and, after notice and opportunity to be heard by the Board or by such representative designated by the Board and in accordance with procedures provided by the Bylaws or rules and regulations adopted by the Board and furnished to the Owners, for violations of the Declaration, Bylaws, or rules and regulations of the Association. The Board may impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates and statements of unpaid Assessments, and may assign its right to future income, including the right to receive common expense assessments. The Board may impose and collect any payments, fees or charges for the use, rental or operation of the Common Elements other than services provided to Owners.

ARTICLE 12.

BUDGET AND ASSESSMENT FOR COMMON EXPENSES

Section 12.1 Preparation of Budget. At least thirty (30) days prior to the beginning of each calendar year the Board shall estimate the charges (including Common Expenses, and any special charges for particular Units) to be paid during such year and prepare a budget for creating, funding and maintaining reasonable repair, replacement and acquisition of Common Elements, taking into account any expected income and any surplus available from the prior year's operating fund (which surplus may be applied by the Association to current operating expenses as referenced in the budget). Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular monthly Assessments a reserve fund for periodic maintenance and repair of Common Elements and for replacement of those Common Elements which can reasonably be expected to require replacement prior to the end of the useful life of the Building. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace each Common Element covered by the fund at the end of the estimated useful life of each such Common Element. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment of any Owner's Assessment), the Board may at any time levy a further Assessment, which shall be assessed to the Owners in like proportions.

Section 12.2 Ratification of Budget. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary thereof to all Owners and set a date which is not less than fourteen (14) nor more than sixty (60) days after mailing of the summary for a meeting of the Owners to consider ratification of the budget. The budget shall be ratified unless at such meeting Owners to which a majority of votes in the Association are allocated reject the budget, whether or not a quorum is present.



Section 12.3 Monthly Assessments for Common Expenses and Accrual of Assessments. The sums required by the Association for Common Expenses as reflected by the budget and any supplemental budgets shall be divided into equal installments to be paid each month over the period of time covered by the budget, or supplemental budget. Except for Assessments described in subparagraphs of this Section 12.3, the monthly installments shall be assessed to all of the Units and their respective Owners in accordance with the Common Expense Liability allocated to each Unit as set forth on Schedule B.

12.3.1 Only Some Units Benefited. The Board may elect that any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited.

12.3.2 Insurance Costs. The Board may elect that the costs of insurance must be assessed in proportion to risk.

12.3.3 Utility Costs. The Board may elect that the costs of utilities must be assessed in proportion to usage.

12.3.4 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Unit Owner, the Association shall assess that expense against the Owner's Unit.

12.3.5 Assessments for Judgment. Assessments to pay a judgment against the Association perfected under RCW 4.64.020 may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interest in the Common Expense Liability at the time the judgment was entered.

Section 12.4 Reallocation of Assessments. If Common Expense Liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

Section 12.5 Commencement of Assessments.

12.5.1 General. Monthly Assessments begin to accrue for all Units upon the closing of the first sale of a Unit by Declarant. Declarant may delay the commencement of Assessments and pay all Common Expenses during such period of delay (except that during any such period, there shall be no allocation to or funding of reserves).

12.5.2 Addition of Units on Phase II Parcel. In the event Declarant records an amendment adding Units to the Condominium comprising the Phase II Improvements, monthly Assessments shall begin to accrue for all such additional Units upon the closing of the first sale of an additional Unit by Declarant, however, Declarant may delay the commencement of Assessments with respect to such additional Units and pay all Common Expenses with respect to such additional Units during such period of delay (except that during any such period, there shall be no allocation to or funding of reserves with respect to such additional Units).

12.5.3 Costs Attributable to Phase II Parcel. Certain costs and expenses attributable to the Phase II Parcel and Phase II Improvements are payable by the Declarant pending the commencement of assessments with respect to additional Units comprising the Phase II Improvements or the termination of Declarant's Development Rights, as set forth in Section 25.4.5 below.



Section 12.6 Working Capital. Upon the initial sale of each Unit by Declarant, the purchaser shall pay to the Association, in addition to other amounts due, an amount equal to two (2) months of monthly Assessments as a contribution to the Association's working capital. Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction of the Condominium, to pay Declarant's contributions to Association reserves or to make up any deficits in the budget of the Association. Within thirty (30) days of the Transition Date, Declarant shall pay to the Association as a working capital contribution an amount equal to two (2) months of monthly Assessments for each of the Units then owned by Declarant. When a Unit owned by Declarant is sold, Declarant may apply funds collected at closing from the purchaser to reimburse itself for funds paid to the Association for such contribution with respect to that Unit.

Section 12.7 Special Assessments. If a special Assessment becomes chargeable against a Unit under the authority of this Declaration or the Bylaws, and Board shall determine the amount of such special Assessment and fix the month or months in which it is to be paid. The special Assessment shall be added to the Unit's monthly installment of Common Expenses and be included in the Assessment against the Unit.

Section 12.8 Notice of Assessment. The Board shall notify each Owner in writing of the amount of the monthly Assessments to be paid for such Owner's Unit and shall furnish copies of each budget on which the Assessments are based to all Owners and, if so requested, to their respective Mortgagees.

Section 12.9 Payment of Assessments. On or before the first day of each calendar month each Owner shall pay or cause to be paid to the treasurer of the Association the Assessment against the Unit for that month. Any Assessment not paid by the first day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 13.

Section 12.10 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 12.11 Failure to Assess. Any failure by the Board or the Association to make the budget and Assessments hereunder before the expiration of any budget period for the ensuing period shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent time period, and the monthly Assessments and amounts previously established shall continue until a new Assessment is established.

Section 12.12 Certificate of Unpaid Assessments. Upon the request of any Owner, Mortgagee, prospective purchaser, or prospective Mortgagee of a Unit, the Board shall furnish within fifteen (15) days after request therefore a certificate in recordable form stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be binding upon the Board, the Association and every Owner as to the amount of such indebtedness on the date of the certificate unless and to the extent known by the recipient to be false.

Section 12.13 Separate Accounts. The Board shall require that the Association maintain separate accounts for current operations, reserves, and a special separate reserve account for payment of insurance. No funds of the Association shall be commingled with the funds of any other Association or with the funds of the Managing Agent or any other person responsible for the custody of such funds. Each month the Board shall first deposit to the insurance reserve account that portion of the Common Expense assessment necessary to pay at least one-twelfth



(1/12th) of the total cost of all of the insurance policies maintained for the Condominium and such insurance reserve account shall be held separately and inviolate until utilized for payment of insurance premiums. Thereafter the remainder of the Common Expense assessment collected may be utilized for payment of other expenses or deposited or credited to other accounts. Any action affecting reserve funds, including the issuance of checks, shall require the signature of at least two (2) persons who are officers and directors of the Association. All such assessments and charges shall be collected and held in trust for, and administered and expended for the benefit of, the Owners.

ARTICLE 13

LIEN AND COLLECTION OF ASSESSMENTS

Section 13.1 Assessments are a Lien; Priority.

13.1.1 Lien Established. All unpaid Assessments by the Association for the share of the Common Expenses chargeable to any Unit and any amounts specially assessed to any Unit under the authority of this Declaration or the Bylaws (together with interest, fines, late charges, costs, and attorneys' fees in the event of delinquency) shall constitute a continuing lien on the Unit and all its appurtenances from the time the Assessment is due.

13.1.2 Priority. The lien for such unpaid Assessments shall be prior to all other liens and encumbrances except (a) liens and encumbrances recorded before the recording of the Declaration, (b) a Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, subject to Subsection 13.1.3, and (c) liens for real property taxes and other governmental Assessments or charges against the Unit.

13.1.3 Certain Mortgagees. Unless the Association elects to foreclose its lien nonjudicially pursuant to Chapter 61.24 RCW, the lien shall also be prior to any Mortgage described in Section 13.1.2(b) to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association, which would have become due during the six (6) months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, or the date of recording of the notice of forfeiture in a proceeding by the vender under a real estate contract. The priority of the Association's lien against any Unit encumbered by a Mortgage held by a Mortgagee which has given the Secretary of the Association a written request for notice of delinquent Assessments shall be reduced by up to three (3) months if and to the extent the Association's lien priority includes delinquencies which relate to a period after such holder has given such notice and before the Association gives the holder a written notice of the delinquency.

13.1.4 After Foreclosure of Mortgage. Except as provided above, a Mortgagee that obtains the right of possession of a Unit through a foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Unit free of any claims for Assessments or installments thereof that became due prior to such right of possession, but will be liable for the Common Expenses and Assessments that become due thereafter, and the Unit's past due share of Common Expenses or Assessments shall become new Common Expenses chargeable to all of the Owners, including the Mortgagee or foreclosure or sale purchaser and their successors and assigns, in proportion to their respective Allocated Interest in the Common Expense liability; however, the Owner shall continue to be personally liable for such past accrued Assessments, as provided in Section 13.3.



13.1.5 Extinguishment of Lien, Etc. The lien for delinquent Assessments and the personal liability for payment of the Assessments shall be extinguished unless proceedings to enforce the lien or collect the obligation are instituted within three (3) years after the amount of Assessment sought to be recovered becomes due.

Section 13.2 Lien may be Foreclosed.

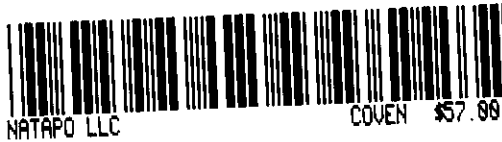
13.2.1 General. The lien arising under this Article 13 may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12, or nonjudicially in the manner set forth in Section 13.2.3. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit the Association from taking a deed in lieu of foreclosure.

13.2.2 Nonjudicial Foreclosure. A lien arising under this Article 13 may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure deeds of trust. For the purpose of establishing the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Land Title Company or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Each Grantor shall retain the right to possession of the Grantor's Unit so long as the Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. Nothing herein shall derogate from the limitations imposed by RCW 64.34.364(5) in the case of a nonjudicial foreclosure.

Section 13.3 Assessments are Personal Obligations. In addition to constituting a lien on the Unit and all its appurtenances, all sums assessed by the Association chargeable to any Unit (together with interest, costs and attorney's fees in the event of delinquency) shall be the joint and several personal obligations of the Unit Owner when the Assessment is made and such Owner's successors in title who assume such obligations, for all Assessments due up to the time of each Owner's conveyance of the Unit, without prejudice to any such successor's ability to recover from the Owner the amounts paid by such successor therefore. Suit to recover a personal judgement for any delinquent Assessments may be maintained without foreclosing or waiving the lien securing them.

Section 13.4 Receiver. From the later of (a) commencement of an action by the Association to foreclose a lien for delinquent Assessment(s) against a Unit that is not occupied by its Owner or (b) delinquency of the Assessment(s), the Association may appoint a receiver to collect from any lessor of the Unit the rent for the Unit as and when due. If the rental 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. Exercise by the Association of the foregoing rights shall not affect the priority of any preexisting liens on the Unit.

Section 13.5 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on Assessments that may thereafter become delinquent. In the absence of another established nonusurious rate,



delinquent Assessments shall bear interest at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 13.6 Recovery of Attorney's Fees and Costs. In any action to collect delinquent Assessments, including appeal thereof and enforcement of a judgement, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorney's fees and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

Section 13.7 Rented Units. If Assessments are more than thirty (30) days delinquent for a Unit which is rented, the Association may collect from the tenant of the Unit so much of the rent for the Unit as is required to pay any amounts due for Assessments, plus interest and costs. The tenant shall have no right or duty to question payment to the Association, and the payment to the Association will discharge the tenant's obligation to the Owner for rent.

Section 13.8 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under the law although not expressed herein, either concurrently or in any order.

Section 13.9 Security Deposit. An Owner who has been delinquent in paying its monthly Assessments for three (3) of the five (5) preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three (3) months' estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held by the Association in a separate fund, credited to such Owner, and may be resorted to by the Association at any time when such Owner is ten (10) days or more delinquent in paying its Assessments.

ARTICLE 14.

INSURANCE

Section 14.1 General Requirements. The Board shall cause the Association to purchase and maintain at all times as a Common Expense a policy or policies and bonds necessary to provide property insurance; commercial general liability insurance; fidelity bonds; worker's compensation insurance to the extent required by applicable laws; with such deductible provisions as the Board deems advisable; insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs; and such other insurance as the Board deems advisable or is required by the Condominium Statute; provided, however, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such insurance and a fidelity bond 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 or Owner of a Unit within the project, except to the extent such coverage is not available or has been waived in writing by such agency. The Board shall review at least annually the adequacy of the Association's insurance coverage. All such insurance policies and fidelity bonds shall provide that coverage may not be canceled or substantially modified without complying with all applicable notice requirements set forth in RCW 48.18. Promptly upon the conveyance of a Unit, the new Owner shall notify the Association of the date of the conveyance and the Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the



Association for the benefit of the Owners under this Article 14 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. Certificates of insurance shall be issued to each Owner and Mortgagee upon request.

Section 14.2 Property Insurance. The property insurance shall, at the minimum, consist of a standard form of fire insurance policy with extended coverage and "all risk" endorsements in an amount equal to the full (100%) current replacement cost (exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the Common Elements, and all fixtures and equipment belonging to the Association. The policy or policies shall provide for separate protection for each Unit to the full insurance replacement value thereof (limited as above provided), and a separate loss payable endorsement in favor of the holder of the Mortgage that creates a lien against such Unit. The insurance proceeds may be made payable to any trustee with which the Association may enter into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. The policies shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

Section 14.3 Commercial General Liability Insurance. The comprehensive policy of public liability insurance shall insure the Board, the Association, the Owners, Declarant, and the Managing Agent and cover all of the Common Elements, with "Severability of Interest Endorsement" or equivalent coverage that would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association of another owner, and shall include protection against water damage liability, liability for nonowned and hired automobiles, liability for property of others, and such other risks as are customarily covered with respect to condominium projects of similar construction in the greater Seattle metropolitan area. The limits of liability shall not be less than One Million Dollars (\$1,000,000) combined single limits for bodily injuries, death and property damage.

Section 14.4 Additional Policy Provisions. The Board shall exercise its reasonable best efforts to obtain insurance policies pursuant to Sections 14.2 and 14.3 containing the following provisions and limitations:

14.4.1 Each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

14.4.2 Such policies shall provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household.

14.4.3 Such policies shall provide that no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

14.4.4 Such policies shall provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.



14.4.5 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the property superior to the lien of a First Mortgage.

14.4.6 Contain, if available, an agreed amount and Inflation Guard Endorsement.

14.4.7 A standard mortgagee clause which shall:

14.4.7.1 provide that any reference to a mortgagee in the policy shall mean and include all holders of Mortgages that create liens against any Units or Unit leaseholds or subleaseholds in their respective order of preference, whether or named therein;

14.4.7.2 provide that such insurance as to the interest of any holder of a Mortgage shall not be invalidated by any act or neglect of the Board or Owners or any person under any of them;

14.4.7.3 waive any provision invalidating such mortgagee clause by reason of the failure of any holder of a Mortgage to notify the insurer of any hazardous use or vacancy, any requirement that such holder pay any premium thereon, and any contribution clause; and

14.4.7.4 provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

Section 14.5 Fidelity Bonds. The required fidelity bonds shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association of the Managing Agent and all other persons who handle or are responsible for handling funds of the Association and be in an amount equal to at least thirty percent (30%) of the estimated annual operating expenses of the Condominium, including reserves. All such fidelity bonds shall name the Association as an obligee and contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 14.6 Owners' Individual Insurance. Each Owner may obtain additional insurance on his or her Unit and its contents at his or her own expense but only if the Owner's insurance does not decrease the amount that the Board, or any trustee for the Board, on behalf of all of the Owners, will realize under any insurance policy that the Board may have in force on the Property.

Section 14.7 Insurance Proceeds.

14.7.1 General. Insurance proceeds for damage or destruction to any part of the Property shall be paid to the Board on behalf of the Association which shall segregate payment as provided for in Section 12.12. Association, acting through the Board, shall have the authority to settle and compromise any claim under insurance obtained by the Association. Each Owner hereby appoints the Association as its attorney in fact for this purpose and the insurer may accept the release and discharge of liability made by the Board on behalf of the named insured under the policy.

14.7.2 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article 14 which is damaged or destroyed shall be repaired or replaced promptly by the Association pursuant to Article 15 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) 80% of the Unit Owners, including every Owner of a Unit which will not be rebuilt or every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. 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 interests may appear, in proportion to the Common Elements interest for each Unit. 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 Article 16, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this section, Article 23 governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 15

DAMAGE; REPAIR OF DAMAGE

Section 15.1 Initial Board Determination. In the event of damage to any part of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

15.1.3 The nature and extent of the damage, together with an inventory of the improvements and property directly affected thereby.

15.1.4 A reasonably reliable estimate of the cost to repair the damage, which estimate shall, if reasonably practicable, be based upon two (2) or more firm bids obtained from responsible contractors.

15.1.5 The expected insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

15.1.6 The amount, if any, by which the estimated cost of repair exceeds the expected insurance proceeds and the amount of the Assessments that would have to be made against each Unit if the excess cost were to be paid as a maintenance expense and specially assessed against all the Units in proportion to their Allocated Interests in the Common Expense Liability.

15.1.7 The Board's recommendation whether the damage should be repaired.

Section 15.2 Notice of Damage. The Board shall promptly, and in all events within thirty (30) days after the date of damage, provide each Owner and each first Mortgagee with a written notice describing the damage and summarizing the initial Board determinations made under Section 15.1. If the Board fails to do so within said thirty (30) days, any Owner may make the determinations required under Section 15.1 and give the notice required under this Section 15.2.



Section 15.3 Definitions: Damage, Repair, Emergency Work. As used in this Article 15:

15.3.1 Damage shall mean all kinds of damage, whether of slight degree or total destruction.

15.3.2 Substantial Damage shall mean that in the judgment of a majority of the Board the estimated Assessment under Section 15.1.4 for any one Unit exceeds ten percent (10%) of the fair market value of the Unit before the damage occurred, utilizing the then current assessed value of the Unit for property tax purposes as determinative of fair market value.

15.3.3 Repair shall mean restoring the improvements to substantially the condition they were in before they were damaged, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to applicable governmental rules and regulations or available means of construction may be made.

15.3.4 Emergency Work shall mean work that the Board deems reasonably necessary to avoid further damage or substantial diminution in value to the improvements and to protect the Owners from liability from the condition of the site.

Section 15.4 Execution of Repairs.

15.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefore unless (a) the Condominium is terminated, (b) the repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (c) before the repairs (other than Emergency Work) are begun the Owners decide in accordance with this Article not to repair. If the cost of repair exceeds the available insurance proceeds the Board shall impose a special Assessment against all Units in accordance with their Allocated Interests in the Common Expense liabilities in an amount sufficient to pay the excess costs.

15.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has provided for the cost thereof. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily and if such authorization does not contravene any insurance trust agreement or requirement of law.

15.4.3 The Board may enter into a written agreement with a reputable financial institution or trust or escrow company that the institution or company shall act as an insurance trustee to adjust and settle any claim for casualty loss in excess of Fifty Thousand Dollars (\$50,000) or for the institution or company to collect the insurance proceeds and carry out the provisions of this Article 15.

Section 15.5 Damage Not Substantial. If the damage is not Substantial as determined under Section 15.3.2, the provisions of this Section 15.5 shall apply.

15.5.1 The Board shall promptly, and in all events within thirty (30) days after the date of damage, call a special Owner's meeting to consider repairing the damage. If the Board fails to do so within thirty (30) days, then notwithstanding the provisions of Section 9.4 and the Bylaws, any Owner may call and conduct the meeting.



15.5.2 Except for Emergency Work, no repairs shall be commenced until after the expiration of the notice period set forth in Section 15.5.1 and until after the conclusion of the special meeting if such a special meeting is called within said notice period.

15.5.3 A concurring vote of Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated (including Owners of all Units which would not be rebuilt and/or are allocated Limited Common Elements which would not be rebuilt) will be required to elect not to repair the damage. The failure of the Board and the Owners to call for a special meeting at the time or in the manner set forth in this Section 15.5 shall be deemed a unanimous decision to repair the damage.

Section 15.6 Substantial Damage. If the damage is Substantial as determined under Section 15.3.2, the provisions of this Section 15.6 shall apply.

15.6.1 The Board shall promptly, and in all events within thirty (30) days after the date of damage, call a special Owner's meeting to consider repairing the damage. If the Board fails to do so within thirty (30) days, then notwithstanding the provisions of Section 9.4 and the Bylaws, any Owner may call and conduct the meeting.

15.6.2 Except for Emergency Work, no repairs shall be commenced until the conclusion of the special Owner's meeting.

15.6.3 A concurring vote of Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated (including Owners of all Units which would not be rebuilt and/or are allocated Limited Common Elements which would not be rebuilt) will be required to elect not to repair the damage.

15.6.4 All Owners must consent to rebuild if the election to rebuild is in accordance with a plan which is different than the original plan.

15.6.5 In addition to the consent of the Owners described immediately above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan requires the approval of Eligible Mortgagees of first Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Mortgagees are allocated.

15.6.6 Failure of the Board or the Owners to convene the special meeting provided for under subsection 15.6.1 within sixty (60) days after the date of damage shall be deemed a unanimous decision to repair the damage.

Section 15.7 Effect of Decision Not to Repair. Prior to and notwithstanding a decision under either Subsection 15.5 or 15.6 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter to be held and distributed as set forth in Section 14.7.2.



ARTICLE 16.

CONDEMNATION

Section 16.1 Condemnation of a 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 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, 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 this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element or Limited Common Element.

Section 16.2 Condemnation of Part of a Unit. Except as provided in Section 16.1, 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.

Section 16.3 Condemnation of Common Elements or Limited 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 interests in the Common Elements. Any portion of the 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 the acquisition.

Section 16.4 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 15.

ARTICLE 17.

EASEMENTS

Section 17.1 In General. Each Unit has an easement in and through each other Unit and the Common Elements for all support elements and utility, wiring, heat, and service elements and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium. The specific mention or reservation of an easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

Section 17.2 Encroachments. Except as provided for in RCW 64.34.252, each Unit and all Common Elements are hereby declared to have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the Property, or any other similar cause, and any encroachment due to Building overhang or projection. There shall be valid easements for the maintenance of the encroaching



Units, and/or Common Elements so long as such encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by such encroachments; provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section 17.2 shall not be construed to be encumbrances affecting the marketability of title of any Unit.

Section 17.3 Easement and Rights Reserved by Declarant. Declarant hereby reserves nonexclusive easements over, across and through the Common Elements as reasonably necessary for the purpose of discharging Declarant's obligations hereunder and under the Condominium Statute and for exercising any Special Declarant Rights and Development Rights for the benefit of itself and its successors and assigns. The easements reserved hereby shall not be exercised in a manner that will overload or materially impair the use and enjoyment of the roadways, pathways, and utilities by the Owners. The easements reserved shall be exercised for the purpose of discharging Declarant's obligations hereunder and under the Condominium Statute and for exercising any Special Declarant Rights and Development Rights. Declarant also reserves an easement over, across and through the Common Elements for the purpose of completing the construction of any Units or other improvements and preparing Units for sale.

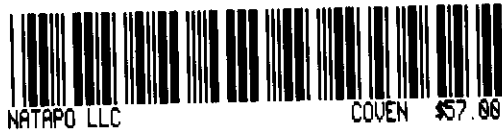
Section 17.4 Utility Easements Granted by Declarant. Declarant grants to each company or municipality providing utility services to the Condominium or to the Owners an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium and the Owners, including but not limited to water, sanitary sewer, storm sewer, electricity, gas, cable television and telephone, and an easement for reasonable access over and under the roadways and Common Elements to the utility service facilities.

ARTICLE 18

NOTICES

Section 18.1 Form and Delivery of Notice. All notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered three (3) days after it has been deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the Association.

Section 18.2 Eligible Mortgagees. Until such time as any Eligible Mortgagee withdraws its request for notice or satisfies the Mortgage held, guaranteed or insured by such Eligible Mortgagee of record, the Board shall send to the Eligible Mortgagee a copy of all notices of any proposed actions which require the consent of a specified percentage of Eligible Mortgages, including (a) any proposed amendment of the Declaration or the Survey Map and Plans causing a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the Allocated Interest in the Common or Limited Common Elements or the Liability for Common Expenses, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements or Limited Common Elements are restricted; (b) any proposed termination of the Condominium, transfer of any part of the Common Elements, or termination of professional management of the Condominium (except changes from one



professional management firm to another professional management firm); (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first Mortgage; (d) any delinquency which has continued for sixty (60) days in the payment of Assessments or charges by an Owner of a Unit on which an Eligible Mortgagee has a Mortgage; (e) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association under Article 14; and (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Articles 15 or 22.

ARTICLE 19

COMPLIANCE WITH DECLARATION

Section 19.1 Enforcement. Each Owner and the Association shall comply strictly with the provisions of this Declaration and with the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to the Declaration and the Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both maintainable by the Board acting through its officers on behalf of the Owners, or by the aggrieved Owner on its own.

Section 19.2 No Waiver of Strict Performance. The failure of the Board (or the Managing Agent) in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed by the Board.

ARTICLE 20

LIMITATION OF LIABILITY

Section 20.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board, none of the Association, the Board, the Managing Agent or the Declarant shall be liable for the failure of any utility or other service to be obtained and paid for by the Board; any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the Buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of 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.

Section 20.2 No Personal Liability. Except as otherwise provided in the Condominium Statute, so long as a Board Member, Association Committee Member, Association Officer, Declarant or the Managing Agent has acted in good faith, with ordinary and reasonable care (and in the case of Board officers and members appointed by Declarant, with the care required of a fiduciary of the Owners), without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to



any other persons, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided this section shall not apply where consequences of such act, omission, error or negligence is covered by insurance obtained by the Board.

ARTICLE 21

INDEMNIFICATION

Each Board Member, Association Committee Member and Officer, Declarant and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses or liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE 22

AMENDMENTS OF DECLARATION AND SURVEY MAP AND PLANS

Section 22.1 Amendments by the Association. Any Owner may propose amendments to this Declaration or the Survey Map and Plans to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners to which twenty percent (20%) or more of the votes in the Association are allocated, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including Eligible Mortgagees) entitled to receive notice.

Section 22.2 Approvals Required. Subject to Article 15, Article 16 and Article 25, amendments to the Declaration or the Survey Map and Plans by the Association require the following level of approval by the Owners:

22.2.1 General. Except as otherwise set forth in this Sections 22.2 and 6.5, all amendments shall be adopted if Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated approve the amendment.

22.2.2 Ninety Percent Approval. Except to the extent expressly permitted or required by other provisions of the Act, an amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, shall require the vote or agreement of the Owner of each Unit particularly affected and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant.



22.2.3 Unanimous Approval. The unanimous consent of all Owners, Mortgagees, and holders of liens affecting any of the Units shall be required to remove any property from the Condominium.

22.2.4 Other Governing Provisions. Different procedures and/or levels of approval may be set forth in the following provisions of this Declaration: amendments that may be executed by the Association under Article 16 (condemnation), or by certain owners under Section 6.7 (reallocation of Limited Common Elements), and except for amendments under Article 23 (terminating the Condominium).

Section 22.3 Mortgagee Approval.

22.3.1 Material Amendments. Notwithstanding any other provision of any of the Condominium Documents, to the extent required or permitted by law, the prior written approval of fifty-one percent (51%) of the Eligible Mortgagees, with each Eligible Mortgagee being counted as having the same percentage of votes in the Association allowed to it as if allocated to the Unit encumbered by its Mortgage, shall be required for any of the following, and without such approval, no person, the Board or the Association shall by either act or omission seek nor can they legally effect any change of a material nature to any of the Condominium Documents, including but not limited to any change respecting:

22.3.1.1 Voting rights;

22.3.1.2 Assessments, assessment liens or the priority of such liens;

22.3.1.3 Reserves for maintenance, repair and replacement of the Common Elements;

22.3.1.4 Insurance or fidelity bonds;

22.3.1.5 Reallocation of Allocated Interests in or rights to use of the Common Elements;

22.3.1.6 Responsibility for maintenance and repair of the Condominium;

22.3.1.7 Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

22.3.1.8 Redefinition of the boundaries of any Unit;

22.3.1.9 Conversion of Units into Common Elements or of Common Elements into Units;

22.3.1.10 Leasing of Units;

22.3.1.11 Imposition of any restrictions on the right of an Owner to sell, transfer or otherwise convey his or her Unit;

22.3.1.12 Any decision by the Association to establish self-management when professional management has been required previously by the Condominium Documents or any Eligible Mortgagee;



22.3.1.13 Restoration or repair of the Condominium (after a hazard, damage or partial condemnation) in any manner other than that specified in the Condominium Documents;

22.3.1.14 Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; and

22.3.1.15 Any provisions which are for the express benefit of Mortgagees;

provided, however, that any abandonment or termination of the Condominium, for reasons other than substantial destruction or condemnation of the Condominium, shall require the consent and approval of at least sixty-seven percent (67%) of the Eligible Mortgagees.

Section 22.4 Failure to Respond. Any Eligible Mortgagee who fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, return receipt requested, shall be deemed to have approved and consented to the amendment in question. Notwithstanding anything to the contrary in this Declaration, no requirement for Mortgagee approval may operate to (1) deny or delegate control over the general administration of affairs of the Association by the Owners or the Board, or (2) prevent the Association or the Board from commencing, intervening in or settling any litigation or proceeding, or receiving and distributing any insurance proceeds except pursuant to Article 15.

Section 22.5 Special Declarant Rights. No amendment may restrict, eliminate, or otherwise modify any Special Declarant or Development Right provided in the Declaration without the consent of the Declarant and any Mortgagee of record with a security interest in the Special Declarant or Development Right or in any real property subject thereto, excluding Mortgagees of Units owned by persons other than the Declarant.

Section 22.6 Miscellaneous.

22.6.1 Recording. Every amendment to the Declaration must be recorded in Chelan County, 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. All amendments adding Units shall contain a cross-reference by recording number to the Survey Map and Plans relating to the added Units and set forth all information required by RCW 64.34.216(1).

22.6.2 Execution. Amendments to the Declaration required by the Act to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

22.6.3 Challenge to Validity. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded.

22.6.4 Map and Plan Amendments. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein.



Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with the Declaration amendment.

ARTICLE 23

TERMINATION OF CONDOMINIUM STATUS

Except as provided in Article 15 (damage) and Article 16 (condemnation), the condominium status of the Property may be terminated only by agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and in accordance with the Condominium Statute.

ARTICLE 24

SPECIAL DECLARANT RIGHTS

Section 24.1 General. As more particularly provided in this Article 24, Declarant, for itself and any successor Declarant, has reserved the following Special Declarant Rights:

Section 24.2 Completion of Improvements. Declarant, its agents, employees and contractors shall have the right to complete improvements and otherwise perform work: authorized by the Declaration; indicated on the Survey Map and Plans; authorized by building permits; provided for under any Purchase and Sale Agreement between Declarant and the purchaser of a Unit; necessary to satisfy any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law.

Section 24.3 Sales Facilities of Declarant. Declarant, its agents, employees and contractors shall be permitted to establish and maintain in any Unit still owned by Declarant and in any of the Common Elements, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Units and appurtenant interests, including but not limited to: business offices; management offices; sales offices; construction offices; storage areas; signs; model units; and parking areas for all agents, employees, contractors, prospective tenants or purchasers of Declarant. Any such facilities not designated a Unit by the Declaration is a Common Element and, if Declarant ceases to be a Unit Owner, the Declarant ceases to have any rights with regard thereto unless it is removed promptly from the Condominium, which Declarant shall have the right to do. Declarant may maintain signs on the Common Elements advertising the Condominium. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion.

Section 24.4 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights under this Declaration and the Condominium Statute.

Section 24.5 Termination of Special Declarant Rights. The foregoing Special Declarant Rights shall continue so long as Declarant is completing improvements within the Condominium, or Declarant owns one or more Units, or any Development Rights remain in effect; provided, that Declarant may voluntarily terminate any one or more of such rights at any time by



recording an amendment to the Declaration which identifies which Special Declarant Right is thereby terminated.

ARTICLE 25
DEVELOPMENT RIGHTS

Section 25.1 General. As more particularly provided in this Article 25, the Declarant, for itself and any successor Declarant, has reserved the following Development Rights:

Section 25.2 Parking and Storage Unit Allocations. Declarant reserves the right to make the initial allocation of **Storage Units** and parking spaces as Limited Common Element to particular Unit(s), as described in Section 6.5, with such allocations to be made in Schedule B attached hereto (or by amendments thereto). With respect to each Unit, Declarant shall make such allocations prior to or contemporaneously with the closing of the sale of such Unit by Declarant. At least annually, the Declarant shall record an amendment to Schedule B identifying the allocations made to date. Once the Declarant's right to make such allocations has expired, the balance of any parking spaces and Storage Units, if any, not so allocated to specific Units shall continue as part of the Common Elements (not as Limited Common Elements) to be used in accordance with the rules and regulations established from time to time by the Board.

Section 25.3 Subdivision and Combination. Declarant shall have the right to subdivide or combine Units (owned by Declarant) or convert Units (owned by Declarant) into Common Elements. Whenever Declarant exercises a Development Right to subdivide, combine or convert a Unit previously created into additional Units, Common Elements, or both:

25.3.1 Conversion to Common Elements. If Declarant converts the Unit entirely to Common Elements, the amendment to the Declaration must reallocate all the Allocated Interests of that Unit among the other Units as if that Unit had been taken by condemnation under Article 16.

25.3.2 Subdivision. If Declarant subdivides the Unit into two or more Units, whether or not any part of the Unit is converted into Common Elements, the amendment to the Declaration must reallocate all the Allocated Interests of the Unit among the Units created by the subdivision in any reasonable and equitable manner prescribed by the Declarant.

25.3.3 Combination. If Declarant combines two or more Units, the amendment to the Declaration must reallocate to the new Unit all of the Allocated Interests formerly allocated to the Units so combined.

Section 25.4 Addition of Improvements; Creation of Units, Common Elements and Limited Common Elements.

25.4.1 General. Declarant reserves the right to construct, install and add improvements on and to the Phase II Parcel ("Phase II Improvements"), and to create Units, Common Elements and Limited Common Elements with respect to the Phase II Parcel and Phase II Improvements, all as set forth in this Section 25.4.

25.4.2 Effective on Recordation of Amendment. To create Units, Common Elements and Limited Common Elements with respect to the Phase II Parcel and Phase II Improvements as described in Section 25.4.1 above, Declarant shall execute and record an



amendment satisfying the requirements of Section 25.7 and cause to be prepared, executed and recorded an amendment to the Survey Map and Plans to comply with RCW 64.34.232. The amendment to the Declaration shall assign an Identifying Number to each new Unit created, and reallocate the Allocated Interests among all Units. The Declarant is the Owner of any Units thereby created. Subject to Section 25.4.3, the amendment shall describe any Common Elements and any Limited Common Elements thereby created and, in the case of Limited Common Elements, designate the Unit to which each is allocated to the extent required by RCW 64.34.228. Development Rights may be reserved within any real property added to the Condominium if the amendment adding that real property includes all matters required by RCW 64.34.216 and the Survey Map and Plans include all matters required by RCW 64.34.232. This provision does not extend the time limit on the exercise of Development Rights imposed by this Declaration.

25.4.3 Declaration Applicable to Resulting Units, Common Elements and Limited Common Elements. Except to the extent specifically set forth to the contrary in the amendment adding Units to the Condominium, all terms and provisions of this Declaration, including the definitions of Unit, Common Element and Limited Common Element, shall be applicable to the Phase II Improvements and Phase II Parcel following the recordation of the amendment as if the Phase II Improvements had been in existence on the date of recordation of this Declaration.

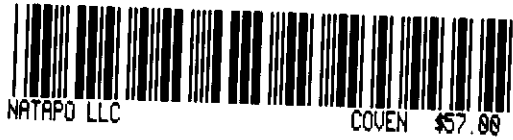
25.4.4 Allocated Interests. The Allocated Interests shall be reallocated among the Units in connection with an amendment to the Declaration adding Units to the Condominium. Such reallocation shall be in accordance with the methods and formulas set forth in Section 7.2 of this Declaration, and Declarant shall record as part of such amendment a revised Schedule B identifying the reallocated interests. To the extent any of such methods or formulas depend for computation on the declared values of the Units, Declarant may in its discretion make such adjustments to the declared values of the existing Units shown in Schedule B and/or newly created Units to reflect inflation, appreciation in value, and such other factors as Declarant deems appropriate to cause a fair and equitable reallocation.

25.4.5 Assessments and Common Expenses. The Declarant or Board may, upon the recordation of an amendment adding Units to the Condominium, recompute the Association budget and Common Expense Liability, and in connection therewith impose revised Assessments. Prior to the commencement of Assessments with respect to the Units added to the Condominium pursuant to this Section 25.4 or the termination of Declarant's Development Rights under this Section 25.4, Declarant shall pay the actual expenses attributable to the ownership, operation, maintenance, repair, replacement and insurance of the Phase II Land and Phase II Improvements. Costs and expenses which cannot be specifically allocated between the initial eight Units comprising the Condominium and the Phase II Land and Phase II Improvements shall be allocated between the Association and the Declarant on the basis of the ratio of the square footage of the Phase II Land to the square footage of the land described in Schedule A.

25.4.6 Reserved Easement Rights.

25.4.6.1 In addition to the general easements set forth in the Act and elsewhere in this Declaration, Declarant reserves for itself and Declarant's successors and assigns, a non-exclusive easement over, under, across and through the Phase I Parcel, including all easements, roadways, and existing utility lines, for the purpose of constructing and installing Phase II Improvements.

25.4.6.2 The easements reserved under this Section 25.4.6 shall entitle the Declarant and Declarant's successors and assigns to connect to or tie into all water,



sewer, storm sewer, electric, gas, telephone, cable or other utility lines and facilities of any type, and to connect with roadways or utility systems situated anywhere within the Condominium.

25.4.6.3 Declarant shall be responsible for the cost of all connections and tie-ins to such utilities, roadways and other facilities.

25.4.6.4 Declarant and Declarant's successors and assigns shall have a nonexclusive easement to construct, install and maintain signs on such portions of the Phase I Parcel as Declarant may desire for the purpose of identifying the name, location, direction, and availability for sale or lease, of such improvements as Declarant may install on the Phase II Parcel, regardless of whether such improvements are to become part of the Condominium or whether intended to be withdrawn from the Condominium.

25.4.6.5 Declarant may, in connection with the recordation of an amendment withdrawing the Phase II Parcel from the Condominium in accordance with Section 25.5, include in such an amendment easements for the benefit of the Phase II Parcel and burdening the remainder of the Condominium which are consistent with the foregoing to ensure the usability of the Phase II Parcel following withdrawal.

25.4.7 Liens Arising Out of Construction Activities. At the time an amendment adding Units to the Condominium is recorded, no lien arising in connection with Declarant's improvement of the Phase II Parcel shall adversely affect the rights of existing Unit Owners or the priority of first Mortgages on Units in the Condominium. All taxes, assessments, mechanics liens, and other charges affecting the Phase II Parcel and improvements thereon shall be paid or otherwise provided for by the Declarant at such time.

25.4.8 Withdrawal of Phase II Parcel and Improvements. Declarant reserves the right to withdraw the Phase II Parcel and any improvements situated thereon from the Condominium as set forth in Section 25.5 of this Declaration.

25.4.9 Maximum Number of Units. The maximum number of Units which may be added to the Condominium is eight (8) Units, causing a maximum of sixteen (16) total Units to be part of the Condominium, subject to Declarant's subdivision and combination rights set forth in Section 25.3.

25.4.10 Nature of Improvements. Improvements installed and constructed on the Phase II Parcel by Declarant shall be generally consistent with the improvements comprising the Condominium in structure type and quality of construction.

25.4.11 Termination of Right to Add Units, Etc. Notwithstanding Section 25.8, Declarant's right to add Units, Common Elements and Limited Common Elements pursuant to this Section 25.4 shall expire December 31, 2007.

Section 25.5 Withdrawal of Real Property from Condominium. Declarant reserves the right to withdraw the Phase II Parcel and any improvements thereon by recordation of an amendment to the Declaration and otherwise satisfying the requirements described in Section 25.7. Notwithstanding the foregoing, the Phase II Parcel may not be withdrawn if Units have been created with respect to the Phase II Parcel ("Phase II Unit") and a Phase II Unit is owned by any person other than Declarant.



Section 25.6 Reallocation of Limited Common Elements. Declarant reserves the right to reallocate Limited Common Elements with respect to Units which have not been conveyed by Declarant by recording an amendment to the Declaration satisfying Section 25.7.

Section 25.7 Exercise of Development Right. To exercise any Development Right reserved under this Article 25, the Declarant shall prepare, execute, and record an amendment to the Declaration under Article 22 and comply with RCW 64.34.236 and 64.34.232.

Section 25.8 Termination of Development Rights. Except as otherwise provided in this Declaration, the foregoing Development Rights shall continue so long as Declarant owns one or more Units in the Condominium; provided, that Declarant may voluntarily terminate any or all of such rights at any time by recording an amendment to the Declaration, which amendment specifies which Development Right is thereby terminated.

ARTICLE 26

MISCELLANEOUS

Section 26.1 Severability. The provisions of this Declaration shall be independent and severable, and the enforceability of any one provision shall not affect the enforceability of any other provision, if the remainder complies with the Condominium Statute or, as covenants, affect the common plan.

Section 26.2 Liability for Damage. The Declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the Condominium, of any portion of the Condominium damaged by the exercise of Special Declarant Rights or Development Rights reserved by Declarant pursuant to or created by this Declaration or the Condominium Statute.

Section 26.3 Effective Date. This Declaration shall take effect upon recording.

Section 26.4 Assignment By Declarant. Declarant reserves the right to assign, transfer, sell, lease or rent all or any portion of the Property then owned by it and reserves the right to assign all or any of its rights, duties and obligations created under this Declaration; however, such assignment shall not diminish Declarant's duties and obligations, including without limitation all contractual or warranty obligations imposed on the Declarant by the Condominium Statute.

ARTICLE 27

REFERENCE TO SURVEY MAP AND PLANS

The Survey Map and Plans were filed with the Division of Records and Elections of Chelan County, Washington, simultaneously with the recording of this Declaration under Rec. No. 2025579 in Volume 26 of Condominium, pages 04 through 68.



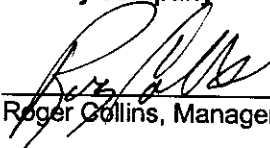
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Chelan Co, WA

Executed as of the 10th day of April, 1998.

DECLARANT:

**NATAPOC VILLAGE, L.L.C., a Washington
limited liability company**

By:



Roger Collins, Manager

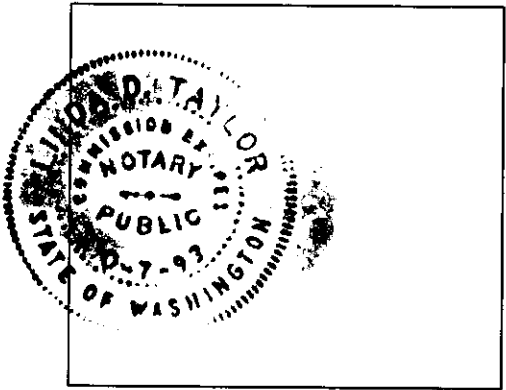


STATE OF WASHINGTON)
)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

On this 10th day of April, 1998, before me personally appeared Roger Collins, to me known to be a manager of Natapoc Village, L.L.C., a Washington limited liability company, the limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Linda D. Taylor
Notary Public in and for the State of Washington,
residing at Bellevue
My commission expires: October 7, 1999
LINDA D. TAYLOR
[Type or Print Notary Name]

(Use This Space for Notarial Seal Stamp)



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Chelan Co, WA

SCHEDULE A

Page 1 of 2

Description of Land

Phase I Parcel:

THAT PORTION OF LOT 1, BLOCK 16, KAHLER GLEN AMENDED PHASE 4, CHELAN COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 25 OF PLATS, PAGES 54-59. LYING EAST OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 70°07'53" WEST 257.78 FEET TO THE TRUE POINT OF BEGINNING OF SAID LINE; THENCE SOUTH 15°44'33" EAST 184.66 FEET TO THE SOUTH LINE OF SAID LOT 1 AND END OF SAID DESCRIBED LINE. CONTAINING 1.05 ACRES, MORE OR LESS.

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Chelan Co. WA

SCHEDULE A

Page 2 of 2

Description of Land

Phase II Parcel:

THAT PORTION OF LOT 1, BLOCK 16, KAHLER GLEN AMENDED PHASE 4, CHELAN COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 25 OF PLATS, PAGES 54-59. LYING WEST OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 70°07'53" WEST 257.78 FEET TO THE TRUE POINT OF BEGINNING OF SAID LINE; THENCE SOUTH 15°44'33" EAST 184.66 FEET TO THE SOUTH LINE OF SAID LOT 1 AND END OF SAID DESCRIBED LINE. CONTAINING 0.53 ACRES, MORE OR LESS.

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**SCHEDULE B
FLOOR LOCATION, UNIT DATA, ALLOCATION OF COMMON ELEMENTS AND COMMON
EXPENSE INTERESTS, PARKING SPACES AND STORAGE LOCKERS**

Unit 101

1854 square feet; 3 bedroom, 2.5 bath, 1 fireplace, Levels 1 and 2
Value: \$259,950.00 15.5% Allocation of Common Elements
15.5% Allocation of Common Expense
Assigned 2-car, attached Garage 101

Unit 102

1158 square feet, 2 bedroom, 2 bath, 1 fireplace, Level 1
Value: \$174,950.00 10% Allocation of Common Elements
10% Allocation of Common Expense
Assigned carport P102, and Storage Locker S102

Unit 103

1163 square feet, 2 bedroom, 2 bath, 1 fireplace, Level 1
Value: \$169,950.00 10% Allocation of Common Elements
10% Allocation of Common Expense
Assigned carport P103, and Storage Locker S103

Unit 104

1151 square feet, 2 bedroom, 2 bath, 1 fireplace, Level 1
Value: \$169,950.00 10% Allocation of Common Elements
10% Allocation of Common Expense
Assigned carport P104, and Storage Locker S104

Unit 105

1862 square feet, 3 bedroom, 2.5 bath, 1 fireplace, Levels 1 and 2
Value: \$249,950.00 15.5% Allocation of Common Elements
15.5% Allocation of Common Expense
Assigned 2-car, attached Garage 105

Unit 201

1548 square feet, 3 bedroom, 2.5 bath, 1 fireplace, Levels 2 and 3
Value: \$229,950.00 13% Allocation of Common Elements
13% Allocation of Common Expense
Assigned carport P201, and Storage Locker S201

Unit 202

1550 square feet, 3 bedroom, 2.5 bath, 1 fireplace, Levels 2 and 3
Value: \$219,950.00 13% Allocation of Common Elements
13% Allocation of Common Expense
Assigned carport P202, and Storage Locker S202



Unit 203

1540 square feet, 3 bedroom, 2.5 bath, 1 fireplace, Levels 2 and 3
Value: \$219,950.00 13% Allocation of Common Elements
13% Allocation of Common Expense
Assigned Carport P203, and Storage Locker S203

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