



CONDOMINIUM DECLARATION

AND

COVENANTS, CONDITIONS, EASEMENTS, RESTRICTIONS, AND
REGULATIONS

FOR

QUIET FOREST, A CONDOMINIUM

A HORIZONTAL PROPERTY REGIME

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CONDOMINIUM DECLARATION
AND
COVENANTS, CONDITIONS, EASEMENTS, RESTRICTIONS AND REGULATIONS
FOR
QUIET FOREST, a Condominium

A HORIZONTAL PROPERTY REGIME

THIS DECLARATION is recorded pursuant to the Washington Horizontal Property Regimes (condominium) Act, (RCW Chapter 64.32 et seq, as amended) hereinafter referred to as "The Act", for the purposes of submitting the property as hereinafter described on the terms hereinafter set forth and as may be, from time to time, lawfully amended, to the provisions of The Act.

IT IS AGREED by acceptance, of a conveyance, contract for sale, lease, rental agreement or any form of security agreement or instrument, or any privileges of use of enjoyment respecting the property or any apartment or condominium unit in the horizontal property regime created by this Declaration, that this Declaration, together with the Survey Maps and Plans as referred to herein, states covenants, conditions, restrictions, reservations, easements and plans which are binding upon and benefit and burden the entire property and each apartment or condominium unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors, and assigns, through all successive transfers of all or part of the property, apartment or condominium unit, or through the creation or transfer or enforcement of any security interest therein, without requirement of further specific reference or inclusion in deeds, leases, contracts or security instruments or agreements, and regardless of any subsequent forfeitures, foreclosures, sales or transfers of all or part of the property, apartments, or condominium units under security instruments.

ARTICLE 1 - INTERPRETATION

1.1. Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan for the development and operation of this Horizontal Property Regime under the provisions of Washington law as the same may now exist or be hereinafter amended. It is also intended, declared and covenanted that the provisions of The Act shall be liberally construed to effectuate the intent of this Declaration insofar as reasonably possible.

1.2 Terminology

For the purposes of this Declaration and any amendments thereto, the following definitions shall apply:

1.2.1 The Act shall mean the Horizontal Property Regimes Act of the State of Washington, Laws of 1963, Chapter 1956, and amendments thereto in Chapter 11, Laws of First Extraordinary Session of 1965, (RCW Chapter 64.32, as amended) and amendments thereto.

1.2.2 Association shall mean the association of apartment owners as defined in the Act and provided for in Article 9 hereof.

1.2.3 Condominium shall mean the horizontal property regime created by this Declaration; that is to say, the QUIET FOREST condominium development and the property included within it.

1.2.4 Declarant shall mean D & E Enterprises, a Washington Partnership and its successors and assigns.

1.2.5 Interior Surfaces Where this phrase is used in defining the boundaries of apartments, or where applicable the boundaries of limited common areas, shall not include paint, wallpaper, paneling, carpeting, tiles or other such decorative surface coverings or finishes.

1.2.6 Institutional Holder A mortgagee which is a bank or savings and loan association or established mortgage company, or other similar entity chartered under federal or state laws or any similar type corporation, insurance company, state or federal agency.

1.2.7 Lease This term shall be construed to include month to month rental agreements.

1.2.8 Mortgage shall be read to include a recorded mortgage or Deed of Trust.

1.2.9. Mortgagee shall be read to include the beneficial owner or designee of the beneficial owner of the encumbrance created by a mortgage or deed of trust.

1.2.10. Mortgagee of an Apartment shall mean the mortgagee of an apartment, which mortgage was recorded simultaneous with or after the recordation of the Declaration. Unless the

context requires otherwise, the term "mortgagee of an apartment" shall also be deemed to include the mortgagee of the condominium.

1.2.11 Mortgagee of the Condominium shall mean the mortgagee of the real property which this declaration effects, which mortgage was recorded prior to the recordation of this declaration. The term "mortgagee of the condominium" does not include mortgagees of the individual apartments.

1.2.12. Unit shall have the same meaning given in the Act as the term "Apartment".

1.2.13 Terms such as, but not limited to, "apartment", "apartment owner", "association of apartment owners", "building", "common areas and facilities", "common expenses", "land", "limited common areas" and "property", used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to do so define the terms would produce an illegal or improper result.

1.2.14 "Person", etc. when interpreting this Declaration, the term "person" may include natural persons, partnerships, corporations, associations, and personal representatives. The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires.

1.3 Captions, Exhibits and Schedules

Captions given to the various articles, sections, paragraphs or subparagraphs herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various schedules or exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.4 Covenants running with Land

It is intended, covenanted and declared that this Declaration shall be operative as covenants running with the land, or equitable servitudes, supplementing and interpreting The Act, and operating independently of The Act, should the Act be, in any respect, inapplicable.

1.5 Apartment or Building Boundary

In interpreting the Survey Maps and Plans, the existing physical boundaries of the building and each apartment as constructed shall be conclusively presumed to be its boundaries.

1.6 Declarant as Original Owner

Declarant or its successors and assigns shall be deemed the original owner of all apartments and property and will continue to be deemed the owner thereof except as conveyances or documents changing such ownerships regarding specifically described apartments and the appurtenances thereof are filed of record.

ARTICLE 2 - DESCRIPTION

2.1 Description of Land

The land on which the buildings and improvements provided for in this Declaration are located is described in Schedule A attached hereto.

ARTICLE 3 - DESCRIPTION OF BUILDINGS AND IMPROVEMENTS

3.1 Buildings and Improvements.

The condominium consists of 27 separate detached buildings containing 155 apartment units. There are twenty three 6-unit buildings, three 4-unit buildings and one 5-unit building, and there are five different basic building types. These basic building types, which are distinguished by the number of units, stories and location of garages, are described in Article 3.2.

All the buildings are of similar construction. They are 2x4 wood frame buildings with 2x10 and 2x12 floor joists. The roof structures are wood truss systems. The principal roofing material is glass guard shingles. The siding and shutters are vinyl. All buildings are double wall construction, foundations are concrete.

The buildings are situated on both sides of an interior private circular drive. The main entrance to the condominium is at 1st Avenue South and the other entrance is at S. 328th Street. There is a perimeter fence surrounding the property. Both entrances are controlled by a gate system. The grounds are heavily wooded. Building sites are landscaped with sod lawns, large plantings, natural areas and underground sprinkler systems. All buildings have garages for each unit. Exclusive parking is available in garages and on garage aprons, and common parking is provided in some driveway areas and along portions of the interior circular drive.

3.2 Building Types.

The five basic building types, and the categories the 27 different buildings fall within, are as follows:

Building Type I.

The type-I buildings contain six units. The two end- units are one story, and the four interior-units are two story. The two end-units' garages are attached to the rear of the building, and the four-interior-units' garages are detached to the rear of the building (Buildings Nos. 1, 4, 5, 6, 17, 20)

Building Type II.

The type—II buildings contain six units. The two end- units are two stories (with basement included), and the four interior—units are three stories (with basement included). All six units' garages are rear—entrance basement garages. (Buildings Nos. 2, 7, 8, 9, 11, 13, 15, 16, 18, 19, 21, 22, 23, 24, 25, 26, 27).

Building Type III.

The type—III building contains five units. All five units are two story. All the units' garages are detached to the rear of the building (Building No. 3).

Building Type IV.

The type—IV buildings contain four units. All four units are three stories (with basement included). All the units' garages are rear-entrance basement garages. (Buildings Nos. 10, 12)

Building Type V.

The Type-V building contains four units. A11 four units are two stories. The two end-units' garages are attached to the side of the building. The two interior-units' garages are detached from the units, but attached to the side of the building. (Building No. 14)

ARTICLE 4 - DESCRIPTION OF APARTMENTS, LOCATION, AREA, ROOMS

4.1 Apartments, Location

There are 155 apartment units in the Quiet Forest Condominium. These units are located within the 27 buildings described in Article 3, Each apartment unit is identified by building number representing the building in which the apartment unit is located, and the apartment unit number in the building. For example, Building No. 1 contains six units, specifically described as Apartment Unit Numbers 11, 12, 13, 14, 15 and 16. Additionally, each unit is identified by its street address.

4.2 Apartment Description

In Schedule "C" attached hereto, each apartment unit is described by building number, unit type and description of type, apartment unit number, apartment unit address, type and location of garage, whether the apartment unit has a patio area or patio deck area therewith, the base number of rooms, the number of stories, and the approximate square feet of the apartment unit and its garage.

4.3 Manager Apartment

On or before the transition date as defined in Article 10 hereof, Declarant, or its assigns, will deed (free of mortgage or other such encumbrance) to the Association of Apartment Owners, Apartment Unit No. 156 (Unit 6, Building 15). This apartment shall then be owned and the property of the Association of Apartment Owners, and it shall be responsible for the same as any other owner. It is originally intended, but not as a covenant or condition, that this apartment be for the resident manager, if any.

ARTICLE 5 - ACCESS AND PARKING

5.1 Access to Common Ways

Each apartment unit has direct access to the common condominium walks, driveways and roadways, and other common areas, and to any limited common areas reserved for the apartment unit.

5.2 Access to Public Streets

The common condominium areas include the private roadways within the condominium property. These roadways have direct access to public streets at 1st Avenue South and So.328th Streets.

5.3 Parking

Each unit includes a garage area as part of the unit. In addition to the garage parking, the apron immediately in front of each garage may be used for parking by the garage owner. Additionally, there are some marked stalls provided adjacent to some drive areas, and portions of the interior condominium drives are marked for parking, both of which shall be common—use parking. All parking may be regulated by and shall be done in accordance with any By-laws or rules and regulations which may be from time to time established by Declarant or the Board.

ARTICLE 6 - DESCRIPTION OF COMMON AREAS AND FACILITIES; CERTAIN ITEMS MAY BE
MADE OWNERS RESPONSIBILITY.

6.1

Except as otherwise specifically reserved, assigned or limited by the provisions of Article 7 hereof, the common areas and facilities consist of the following:

6.1.1 The land described in Article 2 hereof.

6.1.2 The roofs, foundations, columns, girders, studding, joists, beams, supports, main walls (excluding only non-bearing interior partitions of apartments), and all other structural parts of the buildings and garages, to the interior surface of the apartment and its garages perimeter walls, floors, ceilings, windows, and doors; that is, to the boundaries of the apartments and their garages as the boundaries are defined in the Act, and any replacements thereto. Each apartment's fireplace and its chimney shall be considered a part of the apartment, provided, however, that from where the chimney exits the apartment, the chimney shall be considered a common facility. The exterior of garages as described above shall be considered common facilities and the interior shall be considered a part of the apartment.

6.1.3 Installations of central services such as: power, light, gas, hot and cold water, incinerating, (heating, refrigeration and air conditioning, if there be any as central services); pipes, conduits, and wires, wherever they may be located, whether in partitions or otherwise; tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use. The common areas will be subject to easements for utility services as recorded.

6.1.4 The roadways and driveways which provide access to the limited common areas for parking, and any parking areas not assigned to apartments.

6.1.5. The fences, gates, and the yards, gardens, sprinkler systems, landscaped areas and walkways which surround and provide access to the buildings or are used for recreational purposes.

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

6.1.7. Certain items which could ordinarily be considered common areas such as but not limited to screen doors, window screens, awnings, storm windows, and the like, may, pursuant to decision of a majority of owners and specification in the By—laws or administrative rules, be designated as items to be furnished and maintained by apartment owners at their individual expense, in good order, according to standards and requirements set by the Board by rule, ‘ regulation or By-laws.

ARTICLE 7 - DESCRIPTION OF LIMITED COMMON AREAS; EASEMENTS FOR EXCLUSIVE USE
RESERVED FOR CERTAIN APARTMENTS

7.1 Limited Common Areas

The limited common areas and facilities are reserved for the exclusive use of the owner or owners of the apartment or apartments to which they are adjacent or assigned, and consist of:

7.1.1 The entry deck or decks and the patio/yard area or patio deck which is adjacent to each apartment, each as more particularly shown on the survey maps and plans, and any common stairways between apartments, the boundaries of said entrance deck or decks and patio/yard area or patio deck area, or stairways, being defined by the interior surfaces of the walls, floor, ceiling, doors, windows, ground, railings, fence or curb, if any, enclosing same.

7.1.2 The driveway apron immediately in front of each garage shall be a limited common parking area for use by the garage owner.

ARTICLE 8 - VALUE AND PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREAS

The value of the entire property and the values and percentages of interest for each apartment in the common areas and facilities are expressed in Schedule B attached hereto. The value of each apartment reflects the limited common areas appertaining thereto and includes the percentage of undivided interest in the common areas and facilities. The values are schedules to establish the percentages required by the Act. They do not necessarily reflect the amount for which an apartment will be sold, from time to time, by Declarant or others, and will not be altered by variations in selling price.

ARTICLE 9 - ASSOCIATION OF APARTMENT OWNERS

9.1 Form of Association

Initially the Association may be an unincorporated association. The Board, or Declarant until the transition date as specified in Article 10 hereof, may at any time, if deemed advisable in the exercise of its sole discretion, without necessity of prior approval or other action by the members being necessary, of thereafter the association of apartment owners upon a majority approval if not previously incorporated by Declarant, may cause such unincorporated association to be converted to a non-profit corporation under the laws of the State of Washington; provided, that from and after the formation of such non—profit corporation, the rights and duties of the members and of such corporation shall continue to be governed by the provisions of the Act and of this Declaration.

9.2 Membership

9.2.1 Qualification. Each fee owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each apartment so owned; provided, that if an apartment has been sold on contract, the contract purchaser shall exercise the rights of the apartment owner for purposes of the association, this Declaration, and the By—laws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of an apartment shall be the sole qualification for membership in the Association.

9.2.2 Transfer of Membership. The Association membership of each owner (including Declarant) shall be appurtenant to the apartment giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any manner except upon the transfer of title to said apartment and then only to the transferee of title to such apartment. Any attempt to make a prohibited transfer shall be void. Any transfer of title to an apartment shall operate automatically to transfer the membership in the Association appurtenant thereto to the new owner thereof.

9.3 Voting

9.3.1 Number of Votes. The total voting power of all owners shall be 100 votes and the total number of votes available to owners of any one apartment shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to such apartment. If a person (including declarant) owns more than one apartment, he shall have the votes for each apartment so owned.

9.3.2 Voting Owner. There shall be one (1) voting representative of each apartment. Declarant shall be the voting representative with respect to any apartment or apartments owned by declarant. The voting representative shall be designated by the owner or owners of each apartment by written notice to the Board, and need not be an owner.

The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in an apartment or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the apartment. This power of designation and revocation may be exercised by the guardian of an apartment owner, and the administrators or executors of an owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each apartment shall be the group composed of all of its owners. If an apartment is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community, unless they have specifically designated otherwise by written notice to the board.

9.3.3 Pledged Votes. An apartment owner may, but by this subsection shall not be obligated to, pledge his vote on all issues or on certain specific issues to a mortgagee or beneficiary of a Deed of Trust or to a vendor under a duly recorded real estate contract. In the event the record owner or owners have pledged their vote regarding all or certain specific issues to a mortgagee or beneficiary of a Deed of Trust or to a vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary or vendor will be recognized in regard to the issues upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting owners and their respective mortgagees, deed of trust beneficiaries, and vendors, if any.

9.3.4 Voting by Condominium Mortgagee. The mortgagee of the condominium shall be entitled to exercise the votes of the declarant arising from apartments owned by the declarant and against which the mortgagee of the condominium holds a mortgage or deed of trust, with respect to amendments to this Declaration, subdivision or combining of apartments, abandonment of the condominium status of the property, or reconstruction; provided, however, that said mortgagee may, as to any specific matter on which it has a right to vote in place of the Declarant, waive said voting right in writing, in which event the Declarant shall be entitled to exercise its votes as to those matters specifically set forth in the written waiver.

9.4 Meetings, Audits, Notices of Meetings

9.4.1 Annual Meetings, Audits. There shall be an annual meeting of the owners in the first quarter of each year at such reasonable place and time as may be designated by written U notice of the Board delivered to the owners no less than ten ` (10) days prior to the date fixed for said meeting. At the annual meeting, there shall be presented an audit of the common expenses, charges and

assessments and special expenses, charges and assessments, itemizing receipts and disbursements for the preceding calendar year, and the allocation thereof to each _ owner, and the estimated common expenses, charges and assessments · and special expenses, charges and assessments for the coming calendar year. The Board at any time, or by written request of owners having at least Sixty-six percent (66%) of the total votes, may require that an audit of the Association and management books be presented at any special meeting. An apartment owner, at his own expense, may at any reasonable time make an audit of the books of the Board and Association.

9.4.2 Special Meetings. Special meetings of the owners may be called at any time for the purpose of considering matters which by the terms of the Act or of this Declaration require the approval of all or some of the owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the president of the Association upon the decision of the president, or after request signed by a majority of the Board, or by written request by the owners having at least fifty- one (51%) percent of the total votes, which notice shall be delivered not less than ten (10) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and in general the matters to be considered. Such meetings may also be called at any time in other reasonable manner as provided in the By—laws. Any first mortgagee of any apartment may attend or designate a representative to attend all meetings of the Association.

9.5 By-laws of Association.

9.5.1 Adoption of By-laws. By-laws for the administration of the Association and the property, and for other purposes not inconsistent with the Act or with the intent of this Declaration, shall be amended or adopted by the Association upon concurrence of those voting owners holding fifty one percent (51%) of the voting power at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each apartment OW≈€f within the time fixed for such meetings. Amendments to the By—laws may be adopted by the same vote at a regular or special meeting similarly called. Declarant may adopt initial By—laws, and may from time to time amend them at any time before the transition date as defined in Article 10 hereof. Thereafter, By-laws may be amended or adopted by the Association as provided above.

9.5.2 By-law Provisions. The By-laws shall contain provisions identical to those provided in this Article 9, and may contain supplementary, not inconsistent, provisions regarding the administration of the Association and the property. The By-laws may establish such non-inconsistent provisions for quorum, ordering of meetings, and details regarding the giving of notice as may be required for the proper administration of the Association and the property.

ARTICLE 10 - ADMINISTRATION OF CONDOMINIUM

10.1 Transition Date.

The "transition date" shall be the date organizational control and management of the condominium passes from Declarant or its designees to the Association of Apartment Owners. The transition date will be either (A) the date designated by Declarant in a written notice to the owners which date may, at Declarant's election, be at any date after this declaration is recorded; or (B) two (2) years from the date of recording this declaration; or (C) six (6) months after Declarant has transferred title and the sales have closed on 154 apartments to purchasers; whichever of the foregoing shall first occur.

10.2 Administration until Transition Date.

Until the Transition Date, Declarant shall have the full power to administer the property and the authority to exercise all of the rights, duties, and functions of the Board of Directors and the officers of the Association, including, but not limited to, the adoption of rules and regulations, contracting for the purchase of goods and services, buying insurance, and collecting and expanding all assessments and other Association funds. Declarant shall have the power to contract with managing agents and delegate to the managing agents all or any of the powers and duties of the Board that the Board is authorized to delegate under Article 10.4.3. All such management contracts made by Declarant shall be subject to the same requirements as are set forth in Article 10.4.3 for management contracts made by the Board. Declarant may at such times as it deems appropriate, if any, select and from time to time replace an interim board of three to seven directors, who need not be apartment owners or purchasers, who shall have any or all the powers, duties, and functions of the Board of Directors, or the Declarant may hold elections and constitute an advisory board while continuing to exercise the powers of the Board until the transition date, but is not required to do so. At any time until the transition date declarant shall have the right but not obligation to provide free of charge to the Association the services, management services or labor of any of its agents, contractors or employees.

10.3 Transfer of Administration and Management By Board. On the Transition Date, the authority and responsibility to administer and manage the Association and the condominium, subject to this Declaration and the By-laws, shall pass to the Association. The Association shall be governed by a Board of not fewer than five nor more than nine directors elected from among the apartment owners. The initial Board will have seven directors and the number of directors and method of electing, thereafter shall be as established in the Bylaws. Declarant, its managing agent, or the interim board of directors will call a meeting of the association to be held before the transition date for the purpose of

electing the first Board. The Board positions shall thereafter be open for election as provided in the Bylaws at the first annual meeting after the Transition date.

10.4 Authority of the Board.

10.4.1 Adoption of Rules and regulations The Board (or Declarant, Declarant's managing agent, or the interim Board of Directors until the transition date) 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 insure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the property. The rules and regulations of the Association shall be binding upon all apartment owners and occupants and all other persons claiming any interest in the condominium.

10.4.2 Enforcement of Declaration, Etc. The Board (or Declarant, Declarant's managing agent, or the interim board of directors until the transition date), shall have the power and the duty to enforce the provisions of this Declaration, the By-laws, and the rules and regulations of the Association for the benefit of the Association.

10.4.3 Managing Agent. The Board may contract with or employ managers, management firms or managing agents (hereinafter "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. The managing agent shall not enter any apartment (except in an emergency) without the consent of the occupant unless entry has been directed by the Board. Only the Board U can approve an annual budget or a supplemental budget, and only the Board can impose a special assessment on an apartment or authorize foreclosure of an assessment lien. Any contract with a managing agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one—year periods) and shall be terminable for cause by the Board or the Association on 30 days' written notice.

10.4.4 Goods, Services, Expenses, etc. The Board (or Declarant, or Declarant's managing agent, or the interim Board of Directors until the transition date) in accordance with the provisions of this declaration and the By-laws shall pay for out of the common expense funds hereinafter provided for, all goods, expenses and services for the proper functioning of the condominium, including but not limited to the following:

- (a) Water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility services as required for the common areas and facilities. If one or more apartments or the common areas are not separately metered, the utility service may be paid as a common expense, and the Board may by reasonable formula allocate a portion of such expense to each such apartment involved as a portion of its common expense.

(b) Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter or in the By-laws.

(c) The services of persons or firms as required to properly manage the affairs of the condominium to the extent deemed advisable by the Board and under the conditions as otherwise provided for herein as well as such other personnel as the Board shall determine are necessary or proper for the operation of the condominium, whether such personnel as the Board shall determine are necessary or proper for the operation of the condominium, and whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent.

(d) Legal and accounting services necessary or proper in the administration of the condominium or the enforcement of this Declaration.

(e) Painting, maintenance, repair and all landscaping and gardening work for the common areas and facilities and such furnishings and equipment for the common area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the common areas and facilities; provided, however, that the interior surfaces of each apartment shall be painted, maintained and repaired by the owners thereof, all such maintenance to be at the sole cost and expense of the particular owner as more particularly provided in Article 11 hereof.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law or which in its opinion shall be necessary or proper for the operation of the common areas and facilities or for the enforcement of this Declaration: provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular apartments or their owners, the cost thereof shall be specially assessed to the owner of such apartments.

(g) Maintenance and repair of any apartment, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common areas and facilities or preserve the appearance and value of the condominium development, and the owner or owners of said apartment have 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 or owners; provided that the Board shall levy a special assessment against the apartment of such owner or owners for the cost of such maintenance or repair.

- (h) The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the property or against the common areas, and facilities, rather than merely against the interest therein of particular owners. Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall be assessed against the owners and the apartment responsible to the extent of their responsibility.
- (i) 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 maintenance or common expense funds, capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the common areas and facilities) having a total cost in excess of seven thousand Dollars (\$7,000.00), without first obtaining the affirmative vote of the owners holding a majority of the voting power present or represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of voting owners having a majority of the voting power; provided that any expenditure or contract for capital additions or improvements other than for purposes of restoring, repairing or replacing portions of the common areas and facilities in excess of twenty five Thousand dollars (\$25,000.00) must be approved by the owners having not less than seventy—five percent (75%) of the voting power.
- (j) Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the owners or any of them.
- (k) The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the common funds of the Association. The Board may delegate such powers subject to the terms thereof.
- (l) The Board may, from common funds of the Association, acquire and hold and own in the name of the Association, for the benefit of the condominium and the owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise, and the owners' beneficial interest in such property shall be in the same proportion as their respective interests in the common areas and facilities, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the common fund of the Association as the Board may direct. The Board shall not, however, in any case, acquire real property or personal property valued in excess of seven thousand dollars (5 7,000.00) by lease or purchase except upon a majority vote of the apartment owners, provided the foregoing shall not be applicable or restrict the right of the Board (or the Declarant or

Declarant's managing agent exercising the power of the Board) to purchase or acquire a manager's or caretakers' apartment for the condominium on behalf of the Association or to maintain said apartment as a common expense.

(m) The Board and its agents or employees, may enter any apartment or limited common area when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, for other responsible purposes in carrying out their functions under this Declaration, 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 Board out of the common expense funds if the entry was due to an emergency (unless the emergency was caused by the owner of the apartment entered, in which case the cost shall be specially assessed to the apartment entered) or for the purpose of maintenance or repairs to common areas and facilities where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the apartment entered or its owners, or requested by its owners, the costs thereof shall be specially assessed to such apartment. Each Owner shall deposit a key to the exterior door of his apartment with the Board and shall not change the lock on the exterior door without providing the Board with a new key.

(n) Each owner by the act of becoming an owner or contract purchaser of an apartment shall irrevocably appoint the Association as his attorney—in-fact, with full power of substitution, to take such action as may be reasonably necessary to promptly perform the duties of the Association and the Board hereunder, including but not limited to the duties to maintain, repair and improve the property, to deal with the apartment upon damage or destruction, and to secure insurance proceeds.

ARTICLE 11 - Use; Regulation of Use; Architectural Uniformity.

11.1 Residential Use.

The building and apartments shall be used for single family residential purposes only, on an owner—occupied basis, and for the social, recreational or other reasonable uses normally incident to such purposes, and also for such additional not inconsistent uses or purposes as are from time to time determined appropriate by the Board. such use as a single family residence shall be deemed to include accessory use as a professional office to the extent permitted by applicable zoning ordinances and to the extent customarily incidental to primary use as a residence. Apartments of the building may be used for the purposes of operating the Association and for the management of the condominium if required.

11.2 Sales Facilities of Declarant.

Notwithstanding any provision in Article 11.1, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of sale of the condominium upon such portion of the property as Declarant may choose such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the sale or rental of condominium apartments and interests, including, but not limited to, a condominium office, storage area, signs, model apartments, sales office, and parking areas of prospective tenants or purchasers of Declarant.

11.3 Vehicle Parking.

Exterior parking spaces are restricted solely to use for parking of operative transportation vehicles. Other items and equipment including, but not limited to, boats, trailers, mobile homes, may E2; be kept or parked in parking spaces except by prior written approval of the Board or pursuant to Uniform Rules or Regulations of the Board. The Board may require removal of any inoperative vehicle, any unsightly vehicle, and any other equipment or item improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof. Use of all parking areas may be regulated and is subject to the provisions of Articles 5 through 7 of this Declaration.

11.4 Restriction on Leasing.

With the exception of a mortgagee in possession of an apartment from a default in a first mortgage, or a foreclosure proceeding, or a deed or other arrangement in lieu of foreclosure, or of a contract vendor in possession from a foreclosure proceeding, no apartment owner or other person shall

be permitted to lease or rent an apartment for transient or hotel purposes. No apartment owner or other person shall otherwise be permitted to rent an apartment, unless such is specifically provided under this article or the provisions of Article 12.6 hereof. Any leasing or renting by a mortgagee or contract vendor for hotel or transient purposes shall be limited in that such shall not be permitted for a total period longer than two (2) months from its possession as stated above. Any such transient or hotel leasing may be discontinued by the board at any time, upon five (5) days prior written notice to the mortgage lender or contract vendor, when in its sole discretion any such lease or rental of an apartment is not in the best interests of the Association or the owners. A mortgagee or contract vendor shall be permitted to otherwise lease or rent an apartment, for a total period not to exceed three and one-half (3 1/2) months from its possession as stated above, provided, however, that any such lease or rental arrangement shall be on a month to month basis, and the Board shall have the right to discontinue any such lease or rental arrangement, when in its sole discretion it is not in the best interest of the Association or the owners, by giving written notice to the mortgagee or vendor at least twenty—five (25) days prior to the expiration of such lease or rental period. Any notice required to be given to any lessee or tenant under this States Landlord-Tenant Act or other laws, rules or regulations shall be the sole responsibility of the mortgagee or vendor.

Otherwise, NO LEASE OR RENTAL OF AN APARTMENT BY AN APARTMENT OWNER OR ANY OTHER PERSON IS PERMITTED WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF THE BOARD. It is the intent that the condominium be an owner-occupied single-family residence condominium. Purchase or ownership of an apartment unit for investment or rental purposes is not desired. It is not desired that persons who have purchased an apartment unit, as an owner-occupier discontinue residence of their unit, and continue thereafter to hold the unit for investment or rental purposes. It is the intent of this restriction to further and continue the condominium as an owner-occupied single family residence condominium. Any owner who has a special hardship, and believes it justifies a waiver of this restriction against leasing or renting, may make application for consent of the Board, in writing to the Board, at least forty-five (45) days prior to the proposed commencement of the lease or rental period. The application shall contain a statement of the specific reasons and justifications of the need to lease or rent the unit, it shall contain all the proposed terms and conditions of the lease or rental agreement, and shall contain the name and general information concerning the proposed tenant or lessee. The Board shall call a special meeting for the purpose of considering said application and may require the applicant to attend such meeting. The Board shall make its determination on whether to allow or deny the proposed arrangement within twenty—five (25) days from the date of submission of the application. Consent by the Board allowing the leasing or rental of a unit shall not be freely given. The determination of whether to allow or deny any proposed leasing or rental arrangement shall be in the sole discretion of the Board. The Board shall only allow a leasing or rental arrangement when in its sole discretion the owner is under an extreme and unique hardship. The

Board shall have the right, in its sole discretion, to approve the proposed tenant or lessee, provided, however, that no disapproval of any proposed tenant or lessee shall be based upon sex, marital status, race, color, creed, religion, or national origin. The Board may additionally impose such restrictions or conditions upon said leasing or renting arrangement which it deems in its sole discretion reasonable and necessary to protect the best interests of the Association or the owners. The decision of the Board in these regards shall be conclusive.

No lease or rental of an apartment may be of less than the entire apartment. A lease of a parking space which is part of or belongs to an apartment, by the apartment owner, to another apartment owner, is permitted without the restrictions and the approval process by the Board as stated above, provided, however, that the Board may adopt rules and regulations or by—laws regulating parking space leasing. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of this declaration and the By-laws and rules and regulations of the Association of Apartment Owners 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. All leases and rental agreements must be in writing.

Notwithstanding any provision or restriction in this article II.4, declarant shall have the right to lease or rent any unit owned by declarant to prospective purchasers or other persons at any time prior to the closing of the sale of a unit. No approval of the Board or otherwise shall be necessary for such rental or leasing by declarant. Any such lease or rental agreement by declarant, however, must provide that its terms shall be subject in all respects to the provisions of this Declaration and the By-laws and the rules and regulations of the Association of Apartment Owners, and must be in writing.

As used herein, the terms leasing, renting, leasing or rental agreements, or leasing or rental arrangements shall be read to include sub-leasing or sub—renting, and assignment of leases or rental agreements. (Also see Article 12-6)

11.5 Common Drive and Walks.

Common drives, walks, and other common passageways shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

11.6 Apartment Maintenance.

11.6.1 Each apartment owner shall, at his sole expense, have the right and the duty to keep the interior of his apartment and its windows, exterior doors, equipment, appliances, and appurtenances in good order, condition and repair and shall do all redecorating and painting and provide all upkeep, which, from time to time, shall be necessary to maintain the good appearance and condition of his apartment. Each owner shall be responsible for the maintenance, repair or replacement

of any plumbing fixtures, water heaters, fans, electrical fixtures or appliances which may be in or connected with his apartment that serve his apartment only, and shall be responsible for any glass in the windows, exterior doors and garage of his apartment, and shall replace any of same that becomes cracked or broken.

11.6.2. Without limiting the generality of the foregoing, each owner shall have the right and the duty, at his sole cost and expense to maintain, repair, paint, paper, panel, plaster, tile, and finish window frames, doors, door frames and trim and the interior surfaces of the ceilings, floors, and perimeter walls of the apartment and the surfaces of the bearing walls located within his apartment and shall not permit or commit waste of his apartment or the common areas. The painting and finishing of exterior surfaces of window frames, doors, door frames and trim must be in conformance with the painting and finish of the building in which the apartment is located. Each owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls. Each owner and his agent has the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. This paragraph shall not be construed as permitting an interference with or damage to the structural integrity of the building or interference with the use and enjoyment of the common areas and facilities or of the other apartments or any of them, nor shall it be construed to limit the powers or obligations of the Board hereunder.

11.7 Limited common areas

Limited common areas as defined in Article 7 are for the sole and exclusive use of the apartments for which they are reserved or assigned; provided, that the use, condition and appearance thereof may be regulated under provisions of the By—laws, Rules or this Declaration including the following:

- (a) Decisions with respect to the standard of appearance and condition of limited common areas, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting or redecorating limited common areas, ("maintenance work" herein) shall be made by the Board;
- (b) Performance of such maintenance work shall be carried out by the Board on behalf of the owner or owners of apartments to which the limited common area in question is assigned or reserved (excluding sweeping, debris removal, and snow and ice removal, which shall be the owners responsibility, but not periodic general clean—ups which may be carried-out by the Board) provided, that by written notice, the Board may permit such owners or owner to perform such maintenance work themselves;
- (c) Owners may not, however, modify, paint or otherwise decorate, or in any way alter their respective limited common areas without prior written approval of the Board;

(d) Except for general maintenance or repair of parking areas and concrete walks, porches, patios or slabs, (such general maintenance does not include sweeping, debris removal, and ice and snow removal, but may include periodic general clean—ups) apartment owners will be responsible for the cost of such maintenance work for the limited common areas reserved for or assigned to their apartments;

(e) With respect to a limited common area reserved for or assigned to more than one apartment for the mutual and joint use thereof, the cost of such maintenance work for such limited common area shall be divided in equal shares among the apartments for which such limited common area is reserved;

(f) With respect to any such maintenance work performed by the Board, the cost thereof (or the appropriate share thereof if the limited common area in question has been assigned or reserved jointly to more than one apartment) shall be levied as a special charge against the apartment or apartments (and the owner or owners thereof) to which such limited common area is assigned or reserved, provided, however, that the Board shall have the authority to budget and levy common charges to owners on a common basis for costs of maintenance work on limited common areas which it determines in its sole discretion may be so allocated.

11.8 Exterior Appearance.

In order to preserve a uniform exterior appearance of the building, and the common and limited common areas, the Board may require and provide for the painting and other decorative finish of the building, porches, garages, lanais or patio/yard areas, balconies or other common areas and facilities and prescribe the type and color of such painted and other decorative finishes, and may prohibit, require or regulate any modification or decoration of the building, lanais, porches, garages, patio/yard areas, balconies, or other limited common and common areas and facilities undertaken or proposed by any owner. This power of the Board extends to but is not limited to windows, screens, doors, awnings, rails or other portions of each apartment and the building visible from outside the apartment. The Board may also require use of a uniform color of draperies, under draperies or drapery lining for all apartments. No owner shall modify, paint or decorate any portion of the exterior of the building or apartment, any lanai, patio/yard areas, balconies, common or limited common areas and facilities or parking stalls without first obtaining the written consent of the Board.

11.9 Effect on Insurance.

Nothing shall be done or kept in any apartment or any common area which will increase the rate of insurance on the common areas, apartments, or other buildings without the prior written consent of the Board. Nothing shall be done or kept, and no owner shall permit anything to be done or

kept, in any apartment or in any part of the common areas which will result in the cancellation of insurance on any apartment or building or any part of the common areas, or which would be in violation of law.

11.10 Signs.

No sign of any kind shall be displayed to the public view on or from any apartment or common area and facilities without the prior consent of the Board; provided, that this paragraph shall not apply to Declarant or Declarant's agents.

11.11 Pets.

No animals, which term includes, livestock, domestic animals, poultry, reptiles or living creatures of any kind, shall be raised, bred, or kept in any apartment or in the common or limited common areas, whether as pets or otherwise, except as may be allowed by and subject to rules and regulations adopted by the Board and/or By—laws adopted by the Association. There shall only be allowed by the Board one domestic animal (pet) per apartment, provided however, that the Board may, but is not required, adopt uniform rules or regulations allowing there to be more than one domestic household pet per apartment. The Board may at anytime require animals to be on leashes while outside of units and may also require owners to carry waste disposal devices while escorting their pet. The Board may at any time require the removal of any animal, including but not limited to any dog, cat or other reasonably acceptable household pet which it finds, at its sole discretion, is unreasonably disturbing or interfering with other owners or their use and enjoyment of the property, and may exercise this authority for specific animals even though other similar animals are permitted to remain.

11.12. Offensive Activity.

No noxious or offensive activity shall be carried on in any apartment or on any common areas, nor shall any thing be done therein which may be or becomes an annoyance or nuisance to other owners.

11.13. Common Area Alterations.

Nothing shall be altered or construed in or removed from any common areas except upon the written consent of the Board and after procedures required herein or by law.

ARTICLE 12 - ESTIMATED EXPENSES, PREPARATION OF BUDGET

12.1 Estimated Expenses, Preparation of Budget.

Within twenty (20) days prior to the beginning of each calendar year, the Board shall prepare a budget estimating the expenses, assessments (including common expenses and assessments which include expenses for maintaining and/or acquiring a manager's apartment, and any special assessments for particular apartments) to be paid and assessed during the coming year. The budget shall take into account and make provision for creating, funding and maintaining reasonable reserves for contingencies, operations, and repair, replacement and acquisition of common areas and facilities, and take into account any expected income and any surplus available from the prior year's operating fund; provided that Declarant or its interim Board may at any suitable time prepare such estimate for the remainder of the calendar year in which this Declaration is recorded and for subsequent years until the transition date. If the sum estimated, budgeted or assessed at any time proves inadequate for any reason (including nonpayment for any reason of any owner's assessment), the Board may at any time prepare a supplemental budget estimate and levy a further assessment which shall be assessed to the owners in like proportions. Notwithstanding the provisions of this Article 12.1 until the transition date under Article 10, Declarant may elect to collect neither the full budgeted assessment for each month nor any assessments for reserve funds (other than reserves for insurance premiums), and instead may collect and expend only the actual costs of operation of the common areas.

12.2 Basis of Assessments.

Except for certain special assessments which may be levied against particular apartments under the provisions of this Declaration, all assessments for common expenses shall be assessed to apartments and the owners thereof on the basis of the apartment's percentage of undivided interest in the common areas and facilities as set forth in the schedule for same, SCHEDULE B hereof. The assessments for common expenses required by the association to be paid by the apartment owners as reflected by the budget estimate and any supplemental budget estimates shall be divided into installments to be paid each month over the period of time covered by the budget estimate or supplemental budget estimate. Any assessments for special expenses required by the Association to be paid by the apartment owners as reflected by the budget estimate and any supplemental budget estimates shall be divided into installments as provided above for assessments for common expenses, but may be assessed during the period of time covered by the budget in any other equitable manner as determined by the board.

12.3 Notice of Assessment.

The Board shall notify each apartment owner of the amount of the assessments to be paid for his apartment and may furnish copies of the budget on which the assessments are based to apartment owners and, if so requested, to their respective mortgagees.

12.4 Payment of Assessments by Owners.

Each owner shall be obligated to pay assessments or charges made pursuant to this Declaration to the treasurer for the Association on or before the first day of each calendar month for which such assessments or charges are due, or in other reasonable manner as may be otherwise designated in writing by the Board,(or as may be designated by Declarant until the transition date) and any unpaid assessments or charges shall be delinquent and bear interest at the rate of ten percent (10%) per annum from due date until paid, and shall be subject to collection charges and procedures as provided for in this Declaration.

12.5 Purpose.

All funds collected hereunder shall be expended for the purposes designated in this Declaration.

12.6 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. 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 (1/12) of the total cost of all of the insurance policies provided regarding the 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 assessments collected may be utilized for payment of other expenses or deposited or credited to other payments. All such assessments shall be collected and held in trust for, and administered and expended for the benefit of, the apartment owners.

12.7 Proceeds Belong to Association.

All assessments and other receipts received by the Association on behalf of the condominium shall belong to the Association.

12.8 Omission of Assessment.

The omission by the Board or the Association before the expiration of any year to fix the estimate for assessments and charges hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the owner

from the obligation to pay the assessments and charges, or any installment thereof for that or any subsequent year; but the assessment and charge fixed for the preceding year shall continue until a new assessment or charge is fixed.

12.9 Records.

The Board shall cause to be kept detailed and accurate records, in the form established by the Association's accountant, of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses and any other expense incurred. Such records and any resolutions authorizing the payments involved shall be available for examination by any owner at convenient hours of week days.

12.10 Declarant Liability.

Until the transition date as provided in Article 10 hereof, Declarant shall not be liable for any portion or portions of common or special expenses or charges or assessments therefor attributable to any apartment owned by Declarant which is not occupied and has not been sold, rented or leased, except for the following:

- (a) The portion of assessments attributable to insurance reserves attributable to any such apartment.
- (b) Apartments owned by Declarant in buildings in which no apartment is occupied shall not be assessed sewer or water metered to other apartment buildings, but such apartments shall be assessed for their proportionate share of water charges attributable to other common areas and facilities. when an apartment is occupied in a building in which Declarant owns apartments which are not occupied then such apartments shall be regularly assessed for water charges.
- (c) During such time as any charges are based on the number of occupied apartments, any apartments owned by Declarant and not occupied shall be exempt from the portion of assessments for such charges; if such charges cannot be segregated, then such apartments owned by Declarant shall be responsible for the portion of assessments attributable to such charges.
- (d) The portion of assessments attributable to any apartment owned by Declarant which are attributable to management fees, legal and accounting services.

12.11 Lien Indebtedness.

Each monthly common expense assessment, each special expense assessment and any and all other unpaid sums assessed by the Association under the authority of this Declaration or the By-laws shall be joint and several personal debts and obligations of the owner or owners, contract

purchasers and their grantees, of the apartment for which the same are assessed or charged and shall also in addition thereto constitute a lien on the apartment from the date the assessment or charge became due and shall be collectable as such. The amount of any assessment or charge, whether regularly or specially assessed or charged to any apartment and the owner and/or purchaser of any apartment, plus interest at the rate of ten percent (10%) per annum, and costs, including reasonable attorney's fees, shall be a lien upon such apartment. Such lien shall be subordinate to tax liens on the apartment in favor of any assessing unit and/or Special district and all sums unpaid on all mortgages of record, but shall have priority over all other liens and encumbrances, recorded or unrecorded. Any suit to recover any money judgment for any unpaid assessments or charges shall be maintainable without foreclosing or waiving the liens securing the same. Where a mortgagee or beneficiary of a mortgage or deed of trust of record or other purchaser of an apartment obtains possession of the apartment as a result of foreclosure of the mortgage or deed of trust, such possessor, its successor and assigns shall not be liable for the share of the charges or assessments by the Association chargeable to such apartment which become due before such possession, but will be liable for the charges and assessments that accrue after such possession. The apartments past—due share of charges or assessments shall become new common expenses chargeable to and collectable from all of the apartment owners including such possessor, its successor and assigns, in accordance with their respective percentage of undivided interest in the common areas and facilities.

12.12 Collection and/or Foreclosure.

Any suit to recover any money judgment for any unpaid assessments or charges shall be maintainable without foreclosing or waiving the liens securing same. The lien for delinquent assessments or charges may be foreclosed by suit by the managing agent or the Board, acting on behalf of the association, in like manner as a mortgage of real property. The managing agent or Board, acting on behalf of the Association shall have the power to bid in the apartment at foreclosure sale, and to acquire and hold, lease, mortgage and convey same. Any and all delinquent assessments or charges shall bear interest at the rate of ten percent (10%) per annum. In any action brought by the managing agent or the Board, on behalf of the Association, to collect delinquent assessments or charges, they shall be entitled to recover as part of its judgment in addition to sums owing and interest thereon, a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in preparing for and prosecuting the action, in addition to taxable costs permitted by law.

12.13. Certificate of Assessment.

A certificate executed and acknowledged by the treasurer or the president of the Board, or an authorized agent thereof if neither the president nor treasurer is available, stating the indebtedness for assessments or lack thereof secured by the assessment lien upon any apartment

shall be conclusive upon the Board and the owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any owner or any encumbrancer of an apartment within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer holding a lien on an apartment may pay any unpaid assessments or charges payable with respect to such apartment, and, upon such payment, such encumbrancer shall have a lien on such apartment for the amounts paid of the same rank as the lien of his encumbrance.

12.14 Security Deposit.

In the event of delinquency, an apartment owner may be required by the Board, the Association, or by the managing agent, from time to time, to make and maintain a security deposit not in excess of three (3) months' estimated monthly assessments or charges which may be collected as are other assessments and charges. Such deposit shall be held in a separate fund, credited to such owner, and resort may be had thereto at any time when such owner is ten (10) days or more delinquent in paying his monthly or other assessments and charges.

12.15 Rental Value.

From the time of commencement of any action to foreclose a lien against an apartment for non- payment of delinquent assessments or charges, the owner or purchaser of such apartment shall pay to the Association the reasonable rental value of the apartment to be fixed by the Board. The plaintiff in any such foreclosure shall be entitled to the appointment of a receiver to collect the same, who may, if said rental is not paid, obtain possession of the apartment, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the apartment or permit its rental to others, and apply rents first to costs of the receivership and attorney's fees thereof, then to costs of refurbishing the apartment, then to costs, fees and charges of the foreclosure action, then to the payment of the delinquent assessment charges.

12.16 Rental Apartments.

Any and all leasing or renting of apartments is subject to the restrictions and consent of the Board as stated in Article 11.4 of this Declaration. If a leasing or rental arrangement is allowed pursuant to Article 11.4, it shall additionally be subject to the following: All leasing or rental agreements for an apartment shall be in writing and be subject to the Declaration and By—laws (with a default by the tenant in complying with the Declaration and By—laws constituting a default under the lease or rental agreement). If an apartment is rented by its owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such apartment as is required to pay any amounts due the Board hereunder, plus interest and costs, if the same are in default over thirty (30) days. This provision shall not apply to apartments leased by Declarant prior to sale. The tenant or

lessee shall not have the right to question payment over to the board, and such payment will discharge the lessee's or renter'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 apartment under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the apartment or its owner; nor in derogation of any rights which a mortgagee of such apartment may have with respect to such rents.

12.17 Termination of Utility Service.

In addition to, and not by way of limitation upon other methods of collecting assessments, if an assessment or charge becomes delinquent, the Board may give notice to the delinquent apartment owner to the effect that unless the delinquent assessment or charge is paid within ten days (10) (or such longer time as is specified in the notice) any or all utility services furnished to the apartment will be forthwith severed and shall remain severed until the delinquent assessment has been paid. If the delinquency is not cured in the time specified, the Board may take the action described in the notice.

12.18 Remedies Cumulative.

The remedies provided are cumulative, and the Board may pursue them concurrently, separately, or in any order, as well as any other remedies which may be available under law although not expressed herein.

ARTICLE 13 - INSURANCE

13.1 Insurance Coverage.

The Board shall obtain and maintain at all times as a common expense, a policy or policies and bonds required to provide:

13.1.1 Casualty Insurance.

Casualty insurance which shall at least consist of a standard form of fire insurance policy, with extended coverage endorsement, in an amount equal to the full insurable replacement value (i.e., one hundred percent (100%) of current replacement cost exclusive of land, foundation, excavation, and other items normally excluded from coverage, but without deduction for depreciation) of the common and limited common areas and facilities and the apartments and all fixtures and equipment belonging to the Association, with the Board of the Association named as insured as trustee, for the benefit of owners and mortgagees as their interests may appear, with an "Agreed Amount Endorsement" or its equivalent or an "Inflation Guard Endorsement", and if the Board may find such reasonable after consultation with an insurance consultant a "Demolition and Contingent Liability From Operation of Building Laws Endorsement", an "Increased Cost of Construction Endorsement", and other reasonable endorsements. In addition to protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, the policy shall provide protection against loss or damage from debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and also such other risks as are customarily covered with respect to residential condominium projects of similar construction in the greater Seattle area. The Board may obtain such other fire and casualty insurance policy or policies which give substantially equal or greater protection as above defined. The policy or policies shall provide for separate protection for each apartment to the full insurable replacement value thereof (limited as above provided), and a separate loss payable endorsement, in favor of the mortgagee or mortgagees of each apartment, if any, and further, a separate loss payable clause in favor of the mortgagee of the condominium, if any. All insurance shall be obtained from an insurance carrier rated triple A (and rated as in Class VI or better financial condition) by Best's Insurance Reports or equivalent rating service, and licensed to do business in the State of Washington. The policy or policies shall provide that, despite any provisions thereof which give the carrier the right to elect to restore damage in lieu of making cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with this Declaration or any requirement of law.

13.1.2 Comprehensive Liability Insurance. General comprehensive liability insurance which shall insure the Board, the Association, the owners, Declarant and managing agent against any liability to the public or to the owners of apartments and of the common or limited common areas and facilities and public ways in the condominium, and their invitees, or tenants, incident to the ownership or use of the common and limited common areas and facilities and apartments. It shall include a "severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an apartment owner because of the negligent acts of the Association or of another apartment owner, and shall include protection against water damage liability, liability for non—owned and hired automobiles, liability for property of others, and such other risks as are customarily covered with respect to residential condominium projects of similar construction in the greater Seattle area. The limits of liability shall be not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence. The amount of such coverage, subject to the above limitation, shall be determined by the Board after consultation with insurance consultants and such policy limits shall be reviewed at least annually by the Board and increased in its discretion.

13.1.3 Additional Policy Provisions. The insurance obtained pursuant to Articles 13.1.1 and 13.1.2 should additionally be subject to the following provisions, and the Board shall exercise its reasonable best efforts to obtain such coverage:

- (a) The named insured shall be the Board of the Association as Trustee, for each of the apartment owners in the percentage of their respective interests in the common areas and facilities, and for the mortgagees and others as their interests may appear.
- (b) Provide that the insurance coverage shall not be brought into contribution with other insurance obtained by or for the owners of apartments or their mortgagees.
- (c) Provide that coverage shall not be prejudiced by act or neglect of the owners of apartments when such act or neglect is not within the control of the Association, or by failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.
- (d) Provide that such policy may not be cancelled (whether or not requested by the Board and including cancellation for non—payment of premium) except by the insurer giving at least sixty (60) days' prior written notice thereof to the Board and every other person in interest who shall have requested such notice of the insurer.
- (e) Contain a waiver by the insurer of any right of subrogation to any right of the Board, the Association, officers of the Association, the owner of any apartment and their respective agents, employees or tenants.
- (f) Contain a standard mortgagee clause which shall:
 - (1) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any apartment or apartment lease or sublease

of the project, in their respective order and preference, whether or not named therein;

(2) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or apartment owners or any persons under any of them;

(3) waive any provision invalidating such mortgage clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause; and

(4) Provide that without affecting any protection afforded by such mortgage clause, any proceeds payable under such policy shall be payable to the Board.

If any insurance required by this Article 13 is upon written consultation with a qualified insurance broker deemed unobtainable or for unique circumstances not in the best interests of the Association or owners, the board shall obtain other obtainable or generally acceptable coverage in lieu thereof.

13.1.4 Workman's Compensation Insurance. Workman's Compensation Insurance to the extent required by applicable laws.

13.1.5 Fidelity Bonds. Fidelity Bonds naming the officers, Board, manager, managing agent, volunteers, trustees and employees of the Association, and such other persons as may be designated by the Board as principals and the Association as obligee, in an amount equal to at least one and one-half times the total estimated annual operating expenses of the condominium including reserves. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression. Such bonds shall provide that they will not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 30 days prior written notice to insureds named therein.

13.1.6 Other Insurance. Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable. Insurance for the protection of the Association's Board, officers, and representatives from liability in the management of the Association's affairs, if available and if the Board deems advisable. Such other insurance as the Board deems advisable.

13.1.7 Flood Insurance. If the condominium property is located in any area designated by the United States Department of Housing and Urban Development (or its successor) as a special flood hazard area, then the Board shall also obtain and maintain flood hazard insurance on the common areas, limited common areas, and all apartments for the benefit of owners and mortgagees as their interest may appear in an amount equal to the aggregate of all outstanding principal balances on purchase money apartment mortgages or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less.

13.1.8 Owners Individual Insurance. Each owner may obtain additional insurance respecting his apartment and/or the personal contents thereof as contemplated under RCW 64.32.220 and RCW 64.32.010(l) at his own expense. No owner shall, however, exercise his right to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all of the owners, will realize under any insurance policy which the Board may have in force on the condominium at any particular time. Each owner is required to and agrees to notify the Board of all improvements by the owner to his apartment the value of which is in excess of One Thousand Dollars (\$1,000). Any owner who obtains individual insurance policies covering any portion of the condominium other than personal property belonging to such owner is hereby required to file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance, and the Board shall, as soon thereafter as is reasonably possible, review its effect with the Board's insurance broker, agent or carrier.

13.1.9 Insurance Proceeds. 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 such proceeds from other funds of the Association for use and payment as provided for in Article 14. The Association acting through its Board shall have the authority to settle and compromise any claim under insurance obtained by the Association and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy.

ARTICLE 14 - DESTRUCTION E DAMAGE; DISPOSITION

14.1 Initial Board Determinations.

In the event of damage or destruction to any part of the property, the Board shall immediately, and in all events within sixty (60) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board deems advisable:

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

14.1.2 A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

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

14.1.4 The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefor and the amount of assessment to each apartment if such excess was paid as a maintenance expense and specially assessed against all the apartments in proportion to their percentage of interest in the common areas and facilities.

14.1.5 The Board's recommendation as to whether such damage or destruction should be repaired or restored.

14.2 Notice of Damage or Destruction.

The Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide each owner, and each mortgagee who has theretofore requested notice, with a written notice summarizing the initial Board determination made under Article 14.1. If the Board fails to do so within said sixty (60) days, then any owner or mortgagee may make the determinations required under Article 14.1 and give the notice required under this Article 14.2.

14.3 Definitions: Restoration; Emergency Work.

14.3.1 As used in this Article 14, the words "repair," "reconstruct," "rebuild" or "restore" shall mean restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each apartment and the common areas and facilities having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

14.3.2 As used in this Article 14, the term "emergency work" shall mean that work which the board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the owners from liability from the condition of the site.

14.4 Restoration by Board.

14.4.1 Unless prior to the commencement of repair and restoration work (other than emergency work referred to in Article 14.3.2) the owners shall have decided not to repair and reconstruct in accordance with the provisions of either Article 14.5.3 or 14.6.3, the Board shall promptly repair and restore the damage and destruction, use the available insurance proceeds therefor, and pay for the actual cost of repair and restoration in excess of insurance proceeds secured as a common expense which shall be specifically assessed against all apartments in proportion to their percentages of interest in the common areas.

14.4.2 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the repair and restoration. Contracts for such repair and restoration shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with repair and restoration upon satisfaction of the Board that such work will be appropriately carried out and such authorization does not contravene any requirement of law.

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

14.5 Limited Damage; Assessment under \$5,000.

If the amount of the estimated assessment determined under Article 14.1.4 does not exceed \$5,900 for any one apartment, then the provisions of this Article 14.5 shall apply:

14.5.1 The Board may, but shall not be required to, call a special owners' meeting to consider such repair or restoration work, which call and notice may be given simultaneously with but in any event within 15 days of the notice required to be given by the Board under Article 14.2 above. If the Board shall fail to call such meeting, then the requisite number of owners under Article 9.4.2, may, but shall not be required to call a special owners meeting to consider such repair and restoration work within 15 days of the Notice required to be given by the Board under Article 14.2 above. Any such

special owners meeting I shall be called in accordance with Article 9.4.2, and shall be convened not less than ten (10) nor more than twenty (20) days from the date of notice of such meeting.

14.5.2 Except for emergency work, no repair and restoration work shall be commenced until after the expiration of the notice period set forth in Article 14.5.1 and until after the conclusion of said special meeting if such meeting is called within said requisite period.

14.5.3 A unanimous decision of the apartment owners will be required to avoid the provisions of Article 14.4.1 and to determine not to repair and restore the damage and destruction; provided, that the failure of the Board, or the owners to call for a special meeting at the time or in the manner set forth in Article 14.5 shall be deemed a unanimous decision to undertake such work.

14.6 Major Damage; Assessment Over; \$5,000

If the amount of the estimated assessment determined under Article 14.1.4 exceeds \$5,000 for any one apartment, then the provisions of this Article 14.6 shall apply:

14.6.1 The Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, call a special owners' meeting to consider repair and restoration of such damage or destruction. If the Board fails to do so within said sixty (60) day period, then notwithstanding the provisions of this declaration or the By-laws with respect to calling special meetings, any owner or mortgagee may convene and conduct the meeting under this Article 14.6.1.

14.6.2 Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special owners' meeting under Article 13.6.1.

14.6.3 A concurring vote of more than seventy-five (75%) of the total voting power will be required to avoid the provision of Article 14.4.1 and to determine not to repair and restore the damage and destruction; provided, however, that failure of the Board, or owners, or mortgagee to convene the special meeting required under Article 14.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision not to undertake such repair and restoration work.

14.7 Decision not to Restore; Disposition

In the event of a decision under either Article 14.5.3 or 14.6.3 not to repair and restore damage and destruction, the Board may nevertheless expend such 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 or destroyed buildings and clearing, filling and grading the real property), and the remaining funds, if any, and property shall thereafter be held and distributed as follows:

14.7.1 The property shall be owned in common by the apartment owners and shall no longer be subject to this Declaration or to condominium ownership;

14.7.2 The undivided interest in the property owned in common which appertains to each apartment owner shall be the percentage of undivided interest previously owned by such _ owner in the common areas and facilities;

14.7.3 Any mortgages or liens affecting any of the apartments shall be deemed transferred in accordance with the existing priorities to the percentage of the undivided interest of the apartment owner in the common areas and facilities as provided herein; and

14.7.4 The property shall be subject to an action for partition at the suit of any apartment owner, in which event the net proceeds of sale, together with the net proceeds of the insurance of the property, if any, shall be considered as one fund; such fund shall be divided into separate shares one for each apartment owner in a percentage equal to the percentage of undivided interest owned by each such owner in the common areas and facilities; then, after first paying out of the respective share of each apartment owner, to the extent sufficient for the purpose, to all mortgages and liens on the undivided interest in the property owned by such apartment owner, the balance remaining in each share shall then be distributed to each apartment owner respectively.

14.8 Miscellaneous

The provisions of this Article 14 shall constitute the procedure by which a determination is made by the apartment owners to repair, restore, reconstruct or rebuild as provided in the Act. By the act of accepting an interest in the property, each apartment owner and party claiming, by through or under such owner hereby consents and agrees to the provisions hereof. In the event that any provision of this Article 14 shall be determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not affect the validity of any other provision of this Declaration. The purpose of this Article 14 shall be to provide a fair and equitable method of allocating the costs of repair and restoration and making a determination for repair and restoration if all or a portion of the improvements are damaged or destroyed. The provisions of this Article 14 shall be liberally construed to accomplish such purpose. The dollar amounts specified in this Article 14 may, in the discretion of the Board, be increased proportionately to the increase in the consumer price index for the city of Seattle, Washington, for all items, prepared by the United States Department of Labor for the year preceding the damage over the year 1977 to adjust for any decrease in the value of the dollar. By unanimous vote of the apartment owners, which vote shall be taken within ninety (90) days after the damage or destruction, the owners may determine to do otherwise than provided in this Article 14.

ARTICLE 15 - CONDEMNATION

15.1 Consequences of Condemnation.

If at any time or times during the continuance of the condominium ownership pursuant to this Declaration, all or any part of the property shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in advance thereof, the provisions of this Article 14 shall apply.

15.2 Proceeds.

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association.

15.3 Complete Taking

In the event that the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to the respective undivided interest in the common area and facilities; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall as soon as practicable determine the share of the Condemnation award to which each owner is entitled. After first paying out of the respective share of each owner, to the extent sufficient for the purpose, all mortgages and liens on the interest of such owner, the balance remaining in each share shall then be distributed to each owner respectively.

15.4 Partial Taking

In the event that less than the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

15.4.1 As soon as practicable the Board shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds.

15.4.2 The Board shall apportion the amounts so allocated to taking of or injury to the common areas and facilities which in turn shall be apportioned among owners in proportion to their respective undivided interests in the common areas and facilities.

15.4.3 The total amount allocated to severance damages shall be apportioned to those apartments which were so damaged.

15.4.4 The respective amounts allocated to the taking of or injury to a particular apartment and/or improvements and owner had made within his own apartment shall be apportioned to the particular apartment involved.

15.4.5 The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

15.4.6 If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable.

15.4.7 Distribution of apportioned proceeds shall be made to the respective owners and their respective mortgagees in the manner provided in Article 15.3.

15.5 Reconstruction and Repair.

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 14 above, provided that the Board may retain and apply such portion of each owner's share of the Condemnation Award as is necessary to discharge said owner's liability for any special assessment arising from the operation of said Article 14.

ARTICLE 16 - COMPLIANCE WITH DECLARATION

16.1 Enforcement

Each owner shall comply strictly with the provisions of this Declaration and with the By—laws 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 this Declaration and the By-laws 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 his own.

16.2 No Waiver of Strict Performance

The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the By-laws, or to exercise any right or option contained in any such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed for the Board. This section also extends to the Declarant or Declarant's managing agent, exercising the powers of the Board during the initial period of operation of the Association and the condominium development.

ARTICLE 17 - LIMITATION OF LIABILITY

17.1 Liability for Utility Failure, Etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article 12, neither the Association nor the Board (or the Declarant or Declarants' managing agent exercising the powers of the Board) shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; or 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 utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

17.2 No Personal Liability

As long as a Board member, or Association committee member, or Association officer, or Declarant, or Declarant's Managing Agents, employees or the resident manager exercising Board powers has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this section shall not apply where the consequences of such Act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 12.

17.3 Indemnification of Board Members

Each Board member or Association committee member or Association officer, or Declarant or Declarant's managing agent exercising the powers of the Board, shall be indemnified by the owners against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misfeasance or malfeasance in the performance of his 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. This

section shall extend to and apply also for the indemnification of the Declarant or for the indemnification of the manager, if any.

ARTICLE 18 - MORTGAGEE PROTECTION

18.8 Priority of Mortgages

Notwithstanding other provisions hereof and as provided in the Act, the liens created under this Declaration upon any apartment for assessments or charges shall be subject to the rights of the secured party in the case of any indebtedness secured by mortgages or deeds of trust which were made in good faith and for value upon the apartment. Where such mortgagee of the apartment or other purchaser of an apartment, obtains possession of an apartment as a result of mortgage foreclosure or deed of trust sale, such possessor and his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such apartment which become due prior to such possession, but will be liable for the common expenses and assessments accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the apartment owners including such possessor, his successor and assigns.

18.2 Change of Manager

In the event that professional management is employed by the Association, at least thirty (30) days' notice of any contemplated change in the professional manager shall be given to any institutional first mortgagee or institutional deed of trust beneficiary which has requested to be notified.

18.3 Abandonment of Condominium Status

Except when acting pursuant to the provisions of the Act involving damage, destruction, or condemnation, the Association shall not, without consent of all institutional first mortgagees and institutional first deed of trust beneficiaries of any apartment, seek to abandon the condominium status of the project.

18.4 Partitions And Subdivision

The Association shall not partition or subdivide any apartment or the appurtenant common and limited common elements, or accept any proposal to do so, without the prior approval of all institutional first mortgagees or institutional first deed of trust beneficiaries of the apartment being subdivided or partitioned.

18.5 Change in Percentages

The Association shall not change the percentages of interest in the common areas and facilities without the prior approval of all institutional first mortgagees or institutional first deed of trust beneficiaries of the apartments, for which the percentages would be changed.

18.6 Copies of Notice

In the event the Association gives to any owner of an apartment any notice that such owner has for more than thirty (30) days failed to meet any obligation under the condominium documents, it shall also give a copy of such notice to any institutional first mortgagee or institutional first deed of trust beneficiary which has been requested to be so notified.

18.7 Effect of Declaration Amendments

No amendment of this Declaration shall be effective to modify, change, limit or alter the specific rights expressly conferred upon mortgagees in this instrument, unless the amendment shall be consented to in writing by the holder or beneficiary of any unsatisfied mortgage or trust deed duly recorded.

18.8 Insurance

Where the mortgagee of an apartment has filed a written request with the Board, or where the mortgagee of the condominium has filed a written request with the Board, the Board shall:

18.8.1 Furnish the mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the apartment on which such mortgagee has a lien;

18.8.2 Require any insurance carrier to give such mortgagee at least ten (10) days written notice before cancelling any insurance with respect to such property on which mortgagee has a lien;

18.8.3 Not make any settlement of any insurance for loss or damage to any such apartment exceeding \$5,000 without the approval of such mortgagee; provided, that the withholding of such approval shall not be unreasonably withheld or in conflict with the provisions of Article 14.

18.8.4 Give the mortgagee written notice of any loss or taking affecting common areas, if such loss or taking exceeds \$10,000.

18.9 Inspection of Books

Institutional first mortgagees and institutional deed of trust beneficiaries shall be entitled to inspect at all reasonable hours of week days, the books and records of the Association.

18.10 Obtaining Declarant's Powers.

In the event the mortgagee of the condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its mortgage or deed of trust and obtains possessory rights, legal title, or certificates of sale to the unsold apartment or apartments and appurtenant common areas covered by the respective deed of trust or mortgage liens, then the mortgagee of the condominium may succeed to and assume, to the exclusion of the Declarant, the powers of the Declarant as set forth in this Declaration.

18.11 Extension of Declarant's Powers

In the event the mortgagee of the condominium commences a foreclosure action during the time the Declarant may perform all Board functions pursuant to Article 10, then said powers conferred upon Declarant by said Section, and to which the mortgagee of the condominium may succeed, shall be extended for an additional two (2) years. The mortgagee of the condominium shall be entitled to appoint a receiver during the pendency of any foreclosure and said receiver shall immediately, upon appointment, succeed to and assume the rights and powers of the Declarant as set forth in this Declaration, and the receiver shall be entitled to sell unsold condominium units during the pendency of said foreclosure, and said sales shall be subject to confirmation by court order.

18.12 Liability of Mortgagee

In the event the mortgagee of the condominium is conveyed Declarant's unsold apartments in lieu of foreclosure, or obtains possessory rights, legal title or purchaser's certificate to said unsold apartments as a result of the foreclosure of the mortgage or deed of trust covering the condominium, then said mortgagee will be liable for only that portion of any assessment against any completed apartment so owned by mortgagee (or to which mortgagee has a certificate of purchase) for which Declarant would be liable under Article 12 provided, that in no event will the mortgagee be liable for any past due assessments which accrued or became due prior to the time the mortgagee obtained possession by foreclosure or by deed in lieu of foreclosure; and provided further, that after initial sale if the mortgagee reacquires any apartment unit, or if at any time the mortgagee retains any apartment and grants, rents or leases the same, the mortgagee shall be liable for the normal assessments for such apartment unit.

ARTICLE 19 - EASEMENTS

19.1 In General.

It is intended that in addition to rights under the Act, each apartment has an easement in and through each other apartment and the common areas and facilities for all support elements and utility, wiring, heat and services elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this condominium plan. without limiting the generality of the foregoing, each apartment and all common areas and facilities are specifically subject to an easement for the benefit of each of the other apartments in the building for all duct work for the several apartments for fireplaces and associated flues or chimneys. In addition, each apartment and all the common areas and facilities are specifically subject to easements as required for the intercom and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each apartment, for the vacuum system in each apartment, if any, for the intercom system, if any, for the master antenna cable system, if any, and for the location and maintenance of all the original equipment and facilities and utilities for each apartment. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.

19.2 Association Functions

There is hereby reserved to Declarant and the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, or in the By- laws, and the Association Rules and regulations.

19.3 Encroachments

Each apartment and all common areas and facilities are hereby declared to have an easement over all adjoining apartments and common areas and facilities for the purpose of accommodating any present or future encroachment due to engineering errors, original construction, reconstruction, settlement, shifting or movement of the building, or any other similar cause, repairs, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachments, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful act or acts with full knowledge of said owner or owners. In the event an apartment area or common or limited common area is partially or totally destroyed, and

then repaired or rebuilt, the owners agree that minor encroachments over adjoining apartments and common areas and facilities shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any apartment.

ARTICLE 20 - PROCEDURES OF SUBDIVIDING OR COMBINING

20.1 Procedure

Subdivision and/or combining of any apartment or apartments, common areas and facilities, or limited common areas and facilities are authorized only as follows:

20.1.1 Any owner of any apartment or apartments may propose any subdividing or combining of an apartment or apartments, and appurtenant common areas or limited common areas in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to the Declaration, survey Map and Plans covering such subdividing or combining, to the Board, all other apartment owners and the mortgagees and other encumbrancers of the apartment to be subdivided or combined.

20.1.2 Upon written approval of such proposal by sixty percent (60%) of the owners, and upon approval of the first mortgagees involved, the owner making the proposal may proceed according to such plans and specification; provided that he has any and all other necessary approvals and provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for the protection of other apartments or common areas or reasonable deadlines for completion of the work be inserted in the contracts for the work.

20.1.3 The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of Section 21.1.

ARTICLE 21 - DECLARATION AMENDMENT

21.1 Declaration Amendment

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the owners. Amendments may be adopted at a meeting of the owners if two thirds (2/3) of the owners vote for such amendment, or without any meeting if all owners have been duly notified and two thirds (2/3) of the owners consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Any decision changing the values and percentage of interest expressed herein, except as provided herein, shall require the unanimous consent of the apartment owners and their mortgagees. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the section being amended or the amendment itself.

21.2 Map and Plans Amendment

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

21.3 Amendments by Declarant

The Declarant, in addition to any other right reserved to it to amend this Declaration, may at any time, until all apartments have been sold by Declarant, record an amendment to the Declaration showing, correcting or revising the assignment of parking spaces, and until the transition date, changing the person who is to receive service of process, and such amendment need be

acknowledged only by the Declarant and need not otherwise comply with the requirements of this Article 21.

21.4 Amendments to Conform to Construction

In addition, Declarant, upon Declarant's sole signature, may at any time, until all apartments have been sold by Declarant, file an amendment to the Declaration and to the Survey Map and Plans to conform them to the actual location of any of the improvements and to establish, vacate and relocate utility easements, access road easements and parking areas.

21.5 Amendment by Board of Agent for Process

The Board may, from time to time, without the consent or approval of the owners, file an amendment to this Declaration changing the name and address of the agent for service of process.

21.6 Discontinuance of Condominium

It is further specifically covenanted that any decision or failure to act by the owners under this Declaration or any applicable provision of law which intends or requires discontinuance of this condominium or removal of the property from the provisions of the Act, shall, if such decision or failure to act is sufficient under the Act, also terminate and discontinue the effect of any and all of the covenants, conditions, and restrictions set forth herein, and all provisions of the Survey Map and Plans, unless other specific provision is made by recorded amendments to the Declaration, and, if required, to the Survey Map and Plans.

ARTICLE 22 - MISCELLANEOUS

22.1 Service of Process

Robert King whose address is 32429 1st Place South, Federal Way, Wash. 98003, is the person upon whom process may be served as provided for in the Act. After organization of the Board and officers of the Association, service of process for the purposes provided in the Act may also be made upon the president of the Association. The Board may at any time designate a new or different person or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then president of the Association. The Declarant may, at any time before the Board is organized, change such designation by amendment to the Declaration signed and acknowledged only by Declarant.

22.2 Warranties and Guaranties

Except as may be specifically provided in any purchase agreement or separate warranty or guarantee, Declarant disclaims any warranty or guarantee, express or implied, of any type, kind or description regarding any aspect or condition of the condominium, apartment and contents thereof, common areas and facilities, or condominium documents.

22.3 Notices for all Purposes

22.2.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the By—laws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States Mail, postage prepaid, for first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board, in writing, for the purpose of service of such notice, or to the most recent address known to the Board. Notice to the owner or owners of any apartment shall be sufficient if mailed to the apartment of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until the Association and Board have been constituted and thereafter shall be given to the president or secretary of the Board.

22.3.2 Mortgagee Notice. Upon written request therefor, and for a period of three years (or such longer time as the Board may set) after such request, a vendor, mortgagee, or deed of trust beneficiary of any apartment shall be entitled to be sent a copy of any notices respecting the apartment

covered by his security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

22.4 Severability

The provisions hereof shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, provided the remainder complies with the Act or is effective U as covenants affecting the common plan.

22.5 Effective Date.

This Declaration shall take effect upon recording.

22.6 Reference to Plans and Survey.

The Plans and Survey of the building referred to herein were filed with the Recorder of King County, Washington, simultaneously with the recording of this Declaration, under File No. 7806190620 in Volume 20) of Condominiums, pages 16 thru 28.

22.7 Assignment by Declarant.

Declarant reserves the right to assign, transfer, sell, lease or rent all or a portion of its rights in or to the property described in Exhibit "A" and reserves the right to assign all or any of its rights, duties or obligations created under this Declaration.

22.8 Mortgagee's Acceptance.

Pacific First Federal Savings and Loan Association holds a mortgage upon the property and other instruments securing said mortgage dated June 15, 1977, recorded on June 27, 1977 under King County Recording Nos. 7706270020, 7706276063 and 7706270021, which secure a loan, and executes this Declaration to evidence its consent to the constituting of this property as a . condominium pursuant to the Act and this Declaration. Pacific First Federal Savings and Loan Association covenants and agrees that its mortgage and other instruments securing said loan will be released in accordance with the Act as to each apartment and its appurtenant limited common areas and facilities as each such apartment sale is closed by a release and partial conveyance recorded independently from this Declaration pursuant to a Release Agreement between Declarant and said mortgagee. The issuance and recording of the first such partial release by said mortgagee shall constitute its acceptance of the provisions of this Declaration of the condominium status of the apartments remaining subject to its deed of trust and other security instruments and acknowledge that appropriate arrangements have been made for partial releases.

IN WITNESS WHEREOF, the parties have executed this Declaration this 14th day of June, 1978.

DECLARANT: D & E ENTERPRISES, A Partnership

By: [Handwritten Signature]

By: [Handwritten Signature]

MORTGAGEE: PACIFIC FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

By: [Handwritten Signature] ASST. VICE PRESIDENT

By: [Handwritten Signature] asst. Secretary

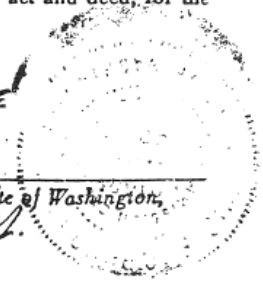
STATE OF WASHINGTON, }
County KING } ss.

On this day personally appeared before me ERNEST CARINO
to me known to be the individual described in and who executed the within and foregoing instrument, and
acknowledged that HE signed the same as HIS free and voluntary act and deed, for the
uses and purposes therein mentioned.

GIVEN under my hand and official seal this

14TH day of JUNE

[Signature]
Notary Public in and for the State of Washington,
residing at Federal Way



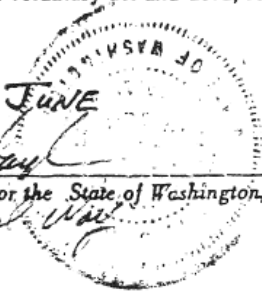
STATE OF WASHINGTON, }
County KING } ss.

On this day personally appeared before me DUANE PFAFF
to me known to be the individual described in and who executed the within and foregoing instrument, and
acknowledged that HE signed the same as HIS free and voluntary act and deed, for the
uses and purposes therein mentioned.

GIVEN under my hand and official seal this

14TH day of JUNE

[Signature]
Notary Public in and for the State of Washington,
residing at Federal Way



STATE OF Washington }
County of Pierce } ss.

On this 15TH day of JUNE A. D. 1978, before me, the under-
signed, a Notary Public in and for the State of Washington duly commissioned
and sworn personally appeared David B. Foreman and Mary E. Mocha
to me known to be the Asst. Vice President and Asst. Secretary, respectively, of
Pacific First Federal Savings & Loan Association
the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and volun-
tary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that They
their authorized to execute the said instrument and that the seal affixed is the corporate seal of said
corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

[Signature]
Notary Public in and for the State of Washington
residing at Gig Harbor



SCHEDULE "A" - LEGAL DESCRIPTION

Lot 1 of Campus Park Division 1, as recorded in Volume 107 of Plats, at pages 7 and 8, on June 6, 1978, under recording number 7806060636, Records of King County, Washington, also known as Lots 2 and 3 of Short Plat No. 1075046, according to the Plat thereof recorded under King County Recording Number 7706100878, Records of King County, Washington.

SUBJECT TO the terms and conditions of said instruments above described;

SUBJECT TO an easement in favor of Pacific Northwest Bell Telephone Company, and affecting said premises, as granted by instrument recorded on September 20, 1974, in the office of the Recording Officer of King County, Washington, under Recording Number 7409200432;

SUBJECT TO an easement in favor of Lakehaven Sewer District, a municipal corporation, as affecting said premises, as granted by instrument recorded on April 5, 1971, in the office of the Recording Officer of King County, Washington, under Recording Number 7104050460;

SUBJECT TO an easement in favor of Pacific Northwest Bell Telephone Company, and affecting said premises, as granted by instrument recorded on November 22, 1977, in the office of the Recording Officer of King County, Washington, under Recording Number 7711220835;

SUBJECT TO rights to make necessary slopes for cuts and fills upon said premises as granted to King County, Washington, by deeds recorded in the Department of Records and Elections by King County under King County Recording Numbers 5345296 and 5345297, and by instrument recorded on February 27, 1970, under Recording Number 7402270419;

SUBJECT TO an agreement for the preparation of a comprehensive land use plan affecting said premises and other property, dated July 24, 1970, and recorded February 28, 1973, in the office of the Recording Officer of King County, Washington, under Recording Number 7302280392;

SUBJECT TO the exceptions and reservations regarding minerals and other rights contained in deed from Weyerhaeuser Timber Company, dated September 9, 1953, and recorded September 20, 1953, in the office of the Recording Officer of King County, Washington, under Recording Number 4384496;

SUBJECT TO Short Plat and covenants, conditions, and restrictions contained therein as found and recorded in Lots 2 and 3 of Short Plat Number 1075046 as filed under King County Recording Number 7603080521;

SUBJECT TO covenants, conditions and restrictions by Weyerhaeuser Real Estate Company filed on January 28, 1976, in the office of the Recording Officer of King County, Washington, under Recording Number 7601280415;

SUBJECT TO an easement in favor of LAKEHAVEN SEWER DISTRICT, a municipal corporation, and affecting said premises, as granted by instrument recorded on June 15, 1978, in the Office of the Recording Officer of King County, Washington, under Recording Number 7806150929

SUBJECT TO an easement in favor of LAKEHAVEN SEWER DISTRICT, a municipal corporation, and affecting said premises, as granted by instrument recorded on June 15, 1978, in the Office of the Recording Officer of King County, Washington, under Recording Number 7806150930F

SUBJECT TO a Certificate of Compliance with Covenants and Conditions dated June 12th, 1978, and recorded on June 15, 1978, in the Office of the Recording Officer of King County, Washington, under Recording Number 7806150928;

SUBJECT TO a mortgage and accompanying instruments in favor of Pacific First Federal Savings and Loan Association, and affecting said premises, which mortgage and other instruments shall be released from the property and no longer affect same as provided in Article 22.8 of this Declaration, said mortgage and instruments being filed under King County Recording Numbers 7706270020, 7706276063 and 7706270021.