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AMENDED AND RESTATED CONDOMINIUM DECLARATION FOR LEA HILL, A CONDOMINIUM (FORMERLY CARRIAGE SQUARE)

Grantor/Declarant:

Lea LLC, a Washington limited liability company

Additional names on pg. N/A

Grantee:

Lea Hill, a condominium, and Lea Hill Owners Association, a

Washington corporation

Additional names on pg. N/A

Legal Description:

Ptn. E. ½ of S.W. ¼, Sec. 8, Twp. 21 N., Rge. 5 #., W.M., King

County, Washington

Official legal description on Schedule A

Assessor's Tax Parcel ID#: 140250-0005-06

Reference # (if applicable): N/A

DEPARTMENT OF ASSESSMENTS

Examined and approved this

Assessor

Deputy Assessor

AMENDED AND RESTATED

CONDOMINIUM DECLARATION

FOR

LEA HILL, A CONDOMINIUM

(FORMERLY CARRIAGE SQUARE)

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AMENDED AND RESTATED

CONDOMINIUM DECLARATION

FOR

LEA HILL, A CONDOMINIUM

(FORMERLY CARRIAGE SQUARE)

- A. The undersigned Lea LLC, a Washington limited liability company, is the owner of all Units of Carriage Square, a condominium (the "Condominium"), per Condominium Declaration of Carriage Square, a condominium under King County Recording No. 8403140775, as amended (the "Original Declaration") and as shown on the Survey Maps and Plans for the Condominium recorded in Volume 68 of Condominiums, pages 60 69, pages 70 80 and pages 81-88, King County, Washington.
- B. The undersigned desires to amend and restate in its entirety the Original Declaration as set forth below.
- C, The Condominium was created under the Horizontal Property Regimes Act, RCW 64.32, and shall continued to be governed by that Act except to the extent necessary to be governed by the Washington Condominium Act, RCW 64.34, give effect to the provisions of this Declaration.

Article 1. DEFINITIONS

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

Allocated Interests means the allocation of Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formulas set forth in Section 5.4 and as specified in Schedule C.

Articles means the articles of incorporation for the Association.

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

Association means the owners association identified in Article 12.

Board means the board of directors of the Association, as described in Article 14.

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

Common Elements means all portions of the Condominium other than Units and the improvements on the Subsequent Phase Property.

Common Expenses means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance, repair, and replacement of the Common Elements and the Limited Common Elements and the general operation of the Association, including allocations to reserves, and the following utility service to the Units: garbage removal.

Common Expense Liability means the liability for Common Expenses allocated to each Unit, as set forth in Schedule C.

Condominium means Lea Hill, a condominium (formerly Carriage Square, a condominium, created under this Declaration and the Survey Map and Plans

Condominium Act means the Horizontal Property Regimes Act, RCW 64.32, except to the extent necessary to be governed by the Washington Condominium Act, RCW 64.34, give effect to the provisions of this Declaration.

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

Declarant means Lea LLC, a Washington limited liability company, and its successors and assigns.

<u>Declarant Control</u> means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board pursuant to Article 13.

<u>Declaration</u> means this Amended and Restated Condominium Declaration for Lea Hill, a Condominium (formerly Carriage Square), as it may from time to time be amended.

Development Rights means the rights reserved by the Declarant specified in Section 10.1 and elsewhere in this Declaration.

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

FHLMC means the Federal Home Loan Mortgage Corporation.

First Mortgagee means, with respect to each Unit, the Mortgagee whose Mortgage on the Unit is prior to all other Mortgages on the Unit.

FNMA means the Federal National Mortgage Association.

<u>First Mortgagee</u> means, with respect to each Unit, the Mortgagee whose Mortgage on the Unit is prior to all other Mortgages on the Unit.

Foreclosure means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage or a deed in lieu thereof.

HUD means the Department of Housing and Urban Development.

<u>Identifying Number</u> means the designation of each Unit as shown on the Survey Map and Plans and listed in Schedule C, which identifies each Unit in the Condominium.

<u>Limited Common Element</u> means a portion of the Common Elements allocated in Article 7 for the exclusive use of one Unit.

Managing Agent means the person designated by the Board under Section 14.3.

Mortgage means a mortgage, deed of trust, or real estate contract.

Mortgagee means any holder, insurer, or guarantor of a mortgage on a Unit.

Notice and Opportunity To Be Heard is the procedure described in Section 14.5.

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

<u>Person</u> means a natural person, corporation, partnership, limited partnership, limited liability company, trust, governmental subdivision or agency, or other legal entity.

Phase I means the first phase of the Condominium, consisting of the real property described in Schedule A and the 132 Units in Buildings A through P and R though T, as shown on the Survey Map and Plans, and the Limited Common Elements allocated thereto under this Declaration.

Property means the land in the Condominium and all improvements thereon.

Public Offering Statement means the public offering statement for the Condominium furnished by the Declarant to purchasers of the Units in connection with the initial sale thereof by the Declarant and any addenda thereto

Rules and Regulations means the rules and regulations of the Association, as adopted by the Board or the Owners pursuant to this Declaration.

Special Declarant Rights means rights reserved for the benefit of the Declarant as specified in Article 10.

Specially Allocated Expenses means certain expenditures or liabilities of the Association which are specially allocated among Units pursuant to Section 15.6.

Subsequent Phase means the creation by the Declarant of additional Units and associated Limited Common Elements on the Subsequent Phase Property pursuant to Article 4.

Subsequent Phase Amendment means an amendment to this Declaration recorded by the Declarant creating Units and Limited Common Elements on the Subsequent Phase Property pursuant to Article 4.

Subsequent Phase Property means that portion of the real property included in the Condominium upon which the Declarant has the right to create Units and associated Limited Common Elements, as described in Schedule B and shown on the Survey Map and Plans.

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

Transition Date means the date upon which the period of Declarant Control terminates as determined in Article 13.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 5.2 and shown on the Survey Map and Plans.

VA means the Veterans Administration.

- Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.
- Section 1.3 <u>Statutory Definitions</u>. Some of the terms defined above are also defined in the Condominium Act. The definitions in this Declaration are not intended to limit or contradict the definitions in the Condominium Act. If there is any inconsistency or conflict, the definition in the Condominium Act will prevail.

Article 2. CONSTRUCTION AND VALIDITY OF DECLARATION

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of this Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a

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

Article 3. NAME OF CONDOMINIUM

The name of the Condominium created by this Declaration and the Survey Map and Plans is Lea Hill, a condominium.

Article 4. DESCRIPTION OF LAND; DEVELOPMENT IN PHASES

- Section 4.1 <u>Description of Land.</u> The real property included in the Condominium and submitted to the Condominium Act is described in Schedule A.
- Section 4.2 Development in Phases. The Declarant reserves the right to develop the Condominium in phases within the property described in Schedule A. The first phase (Phase I) consists of the property described in Schedule A and the 132 Units located in Buildings A through P and R through T, as listed in Schedule C and as shown on the Survey Map and Plans, any Limited Common Elements allocated to those Units pursuant to Article 7. The Declarant reserves the right to create up to an additional 36 Units in one or more Subsequent Phases by (a) recording an amendment to the Declaration amending Schedule C to list all of the Units in the Condominium, including those being created in that Subsequent Phase, together with all of the information called for by that schedule and to reallocate the Allocated Interests among all of the Units in accordance with the formulae provided in Section 5.4 and amending Schedule B to show any remaining Subsequent Phase Property; and (b) recording an amendment to the Survey Map and Plans showing the Units and associated Limited Common Elements created by that Subsequent Phase and any remaining Subsequent Phase Property.
- Section 4.3 <u>Improvements in Subsequent Phases.</u> The Declarant reserves the Development Right to make any repairs or improvements to the Common Elements, Limited Common Elements or the Units as it deems appropriate. The improvements added to the Condominium in the Subsequent Phases shall be consistent with the improvements in Phase I in terms of structure type and quality of construction and shall be substantially completed before they are added to the Condominium.
- Section 4.4 <u>Liens.</u> Any liens that arise in connection with the Declarant's ownership of or construction or remodeling of improvements on the Subsequent Phase Property shall attach only to the Declarant's interest in that property and shall not adversely affect the rights of other Unit Owners or the priority of Mortgages on the Units.

Article 5. DESCRIPTION OF UNITS; ALLOCATED INTERESTS

Section 5.1 Number and Identification of Units. The Condominium has 132 Units in Phase I. The Identifying Number of each Unit is set forth in Schedule C. The location of the Units are shown on the Survey Map and Plans. Pursuant to Article 4, the Declarant may create an additional 36 Units in one or more Subsequent Phases on the Subsequent Phase Property.

Section 5.2 Unit Boundaries. The boundaries of the Units are the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the Units, and shall include within the Unit all paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof, provided, that the Unit boundaries shall not include those Common Elements specified in Article 6. All spaces, interior partitions, and other fixtures and improvements, other than the Common Elements described in Section 6.1, within the boundaries of a Unit are a part of the Unit.

Section 5.3 <u>Unit Data.</u> Schedule C sets forth the following data for each Unit in Phase I:

- (a) The approximate square footage of Unit;
- (b) The number of bathrooms, whole or partial:
- (c) The number of rooms designated primarily as bedrooms:
- (d) Whether the Unit has a fireplace;
- (e) The level or levels upon which the Unit is located; and
- (f) The Allocated Interests.

The location and configuration of each Unit are shown in the Survey Map and Plans. When the Declarant creates Units in a Subsequent Phase, Schedule C shall be amended by the Declarant to show all of the data for the Units created.

Section 5.4 <u>Allocated Interests.</u> Schedule C sets forth the Allocated Interests of each of the Units in Phase I of the Condominium for the purposes of Common Expense Liability, interest in the Common Elements, and voting. The formulas for making the allocations are as follows:

Common Expense Liability: relative area of Units

Common Interest: relative area of Units

Voting: equally among Units (one vote per Unit)

When Units in a Subsequent Phase are created, the Allocated Interests shall be recalculated using the foregoing formulas. When the Units in a Subsequent Phase are created, the Declarant shall amend Schedule C to show the Allocated Interests for the preexisting Units and the Units thereby created.

Article 6. COMMON ELEMENTS

Section 6.1 <u>Description</u>. The Common Elements are all portions of the Condominium other than the Units, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 5.2. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit that serves another Unit or any portion of a Common Element.

Section 6.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the Rules and Regulations.

Section 6.3 Conveyance of Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association of the Owners having at least 80% of the votes in the Association, including 80% of the votes excluding votes held by the Declarant or an affiliate of Declarant (as defined in the Condominium Act); but all of the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

Article 7. LIMITED COMMON ELEMENTS

- Section 7.1 <u>Description</u>. The Limited Common Elements allocated to the Units are as follows:
 - 7.1.1 The patio, deck or decks adjacent to each the Unit;
- 7.1.2 The parking spaces and carport assigned to Units pursuant to Section 8.1;
- 7.1.3 The yard area adjacent to certain Units, as shown on the Survey Map and Plans; and
- 7.1.4 The driveway in front of the garage of the Unit if designated by "D" on the Survey Map and Plans;
- Section 7.2 <u>Reallocation</u>. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration

executed by the Owners of the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this Section within 30 days, or within such other period provided by the Declaration, unless the proposed reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium. A Common Element may be reallocated as a Limited Common Element, or a Limited Common Element may be incorporated into an existing Unit with the approval of 67% of the Owners, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

Section 7.3 <u>Use.</u> Each Owner shall have the exclusive right to use the Limited Common Elements allocated to the Owner's Unit. The right to use the Limited Common Element extends to the Owner's agents, servants, tenant, family members, invitees, and licensees.

Article 8. PARKING

Parking Spaces, Carports and Garages, There are 122 uncovered Section 8.1 parking spaces, 82 carports and 29 garages in the Condominium. The Declarant reserves the right to delete any parking spaces located within the Subsequent Phase Property in connection with the development of that property in a Subsequent Phase and any parking space designated as temporary on the Survey Map and Plans in connection with the granting of easements for adjacent property pursuant to Section 23.5. All parking spaces and carports are identified by number in the Survey Map and Plans. Each garage in Phase I is included within a Unit. Declarant has allocated all carports and parking spaces and four uncovered parking space to Units as a Limited Common Element in Schedule D. The remaining 118 uncovered parking spaces shall be for common or guest use, subject to Section 8.3 and the Rules and Regulations. The Declarant reserves the right to change the assignment of parking spaces to correspond with purchase and sale agreements for the purchase of Units from Declarant by amendment to Schedule D signed only by Declarant. Declarant reserves the right to create additional parking spaces, carports and garages on the Subsequent Phase Property and to assign them to Units as Limited Common Elements by amendment to Schedule D.

Section 8.2 <u>Rental of Parking Spaces</u>. The Owner of a Unit may rent a parking space which is a Limited Common Element of that Unit to the occupant of another Unit in the Condominium, but such rental shall be subject to termination upon 15 days' notice. Rental of a parking space shall be terminated automatically and without notice upon the transfer of title of the Unit to which it is a Limited Common Element. The Board may rent common parking spaces to Owners or tenants.

Section 8.3 <u>Use of Parking Spaces, Carports, Driveways and Garages.</u> Parking spaces, carports and driveways are to be used for the parking of operable passenger motor vehicles and may not be used for parking trucks (other than small pick-up trucks), campers,

trailers, or recreational vehicles, or for other purposes unless authorized by the Rules and Regulations. Until all Units have been sold, the Declarant shall have the right to control the use of any unassigned parking spaces. Parking by guests in the guest/second car parking spaces shall be limited to 48 hours. The resident(s) of a Unit may park a second car in the guest/second car parking spaces, but may not park a third or any additional cars in such spaces. The Rules and Regulations may prohibit, restrict or limit the parking of automobiles owned by Owners or their tenants in all or a portion of the common or guest parking spaces. In addition, certain driveways in front of garages (identified by "D" on the Survey Map and Plans) may be used for parking by the resident or guest of the Unit in which is garage is located, subject to the Rules and Regulations. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof. Garages are intended primarily for parking motor vehicles and may not be converted to living space.

Article 9. PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES

Section 9.1 <u>Residential Use; Timesharing Prohibited.</u> The Units are intended primarily for and restricted to residential uses only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, including use as a home office not involving use by nonresident employees or regular visits by customers or clients. Timesharing of Units, as defined in RCW 64.36, is prohibited.

Leases. Except for Units rented by the Declarant, the minimum initial Section 9.2 lease term for Units shall be six months. All leases and rental agreements shall be in writing. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration, the Bylaws, and Rules and Regulations and that any failure by the tenant to comply with the terms thereof shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. No Owner of a Unit may lease the Unit if the leasing of the Unit would result in more than ten percent of the Units in the Condominium being leased; provided, however, that the Board may, in the case of substantial hardship or in the case of an Owner being temporarily absent from the Owner's Unit, grant waivers of this provision for up to one year. If an Owner of a Unit that was not being leased desires to lease the Unit and if leasing the Unit would result in more than ten percent of the Units in the Condominium being leased, the Owner may place the Unit on a waiting list and that Owner will be permitted to lease the Unit on a first-come first-served basis when a Unit that was being leased has been sold or is occupied by the Owner. Units leased to tenants who are immediate family members (parents or children) of the Owner shall not be subject to the percentage limitation on leasing and shall not be considered a leased Unit for the purposes of determining the percentage of Units being leased. The Owner of the Unit shall notify the Board of any changes in occupancy of the Unit and the Board shall maintain a list of residents of the Units. The Board may adopt a rule that requires any Owner desiring to rent a Unit to have any prospective tenant (other than an immediate family member of the Owner) screened, at the Owner's cost, by a tenant screening service designated or approved

by the Board and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a lease with the prospective tenant. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences. Before a lease of any Unit shall become effective or tenancy commences, a copy of the lease shall be delivered to the Board and acknowledged by the Board to be in compliance with this Section. If any lessee or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws of of the Rules and Regulations, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Unit and the Owner thereof to forthwith cease such violations. If the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 16. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

- Section 9.3 <u>Maintenance of Units, Common Elements</u>, and <u>Limited Common Elements</u>. Except as provided below, the Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and each Owner is responsible for maintenance, repair, and replacement of the Owner's Unit. Each Owner shall, at the Owner's sole expense, be responsible for the following:
- (a) Keeping the interior of the Unit, including its perimeter walls, floors and ceiling, and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair, including all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit;
- (b) Replacement of any broken or damaged glass (including fogged glass or glass with broken seals) in the windows or exterior doors of the Unit;
- (c) Maintenance, repair and replacement of the window frames and cranks for the windows in the exterior windows of the Unit;
- (d) Maintenance, repair and replacement of the exterior doors of the Unit, including any garage door and its opening and closing mechanism, although the Association shall be responsible for painting the doors;
- (e) Keeping the Limited Common Elements allocated to the Owner's Unit in a neat and clean condition and in accordance with such rules and regulations as may be adopted by the Association;

(f) Operation, maintenance, cleaning, repair, or replacement of any plumbing, wiring, water heaters, fans, heating/cooling equipment and other equipment which serve only that Unit, whether or not located in the Unit, and for any damage caused by faulty or leaking plumbing fixtures or pipes, hot water tanks, sinks, bathtubs, toilets, dishwashers, and washers in the Unit, including any connecting hoses or drains.

The Association shall be responsible for repair and replacement of the Limited Common Element decks and patio adjacent to the Units, including keeping the deck surface free of leaks, and shall specially assess the cost thereof to the Unit Owner. The Association may, as a Common Expense, provide for the inspection of any portion of a Unit or Limited Common Element, the failure of which to maintain properly may cause damage to the Common Expenses, including, but not limited to bathtubs, sinks, toilets, hot water tank, plumbing fixtures and pipes, and electrical fixtures and wiring. The Association shall provide at least three days' notice to the occupant of the Unit and shall specify in the notice what items are to be inspected and a time for the inspection. If the inspection discloses the need for repair or replacement, the Association may either require the responsible Owner to make the repair or replacement, or make the repair or replacement, or make the repair or replacement, itself and specially assess the cost thereof to the Owner.

Section 9.4 Exterior Appearance. In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the maintenance of the exterior of the buildings. No Owner may modify or decorate the exterior of a building, or screens, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior written consent of the Board or in accordance with the Rules and Regulations. No solar panels, wiring, radio or television antennas, satellite dish or other appliances may be installed on the exterior of a building without the prior written consent of the Board. Unless otherwise established by rule or regulation of the Board, all portions of curtains, blinds or draperies visible from outside the Units shall be white or off-white and the Owners shall not replace the glass or screens in the windows or doors of the Units except with materials of similar color and quality to those originally installed.

Section 9.5 Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element that will increase the rate of insurance on the Property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element that will result in the cancellation of insurance on any part of the Property, or that would be in violation of any laws.

Section 9.6 <u>Use or Alteration of Common and Limited Common Elements.</u> Use of the Common Elements and Limited Common Elements shall be subject to the provisions of this Declaration and the Rules and Regulations. Nothing shall be altered or constructed in or removed from any Common Element or Limited Common Element without the prior written consent of the Board or pursuant to the Rules and Regulations. Holiday lights are allowed to be displayed from December 1 to January 15. No other exterior lights may be installed by an Owner without prior Board approval.

- Section 9.7 <u>Trees and Shrubs.</u> Shrubs along Lea Hill Road shall be kept five feet high and replaced as necessary by the Association as a privacy screen for the Units along that road. No trees or shrubs greater than six feet tall may be cut down or removed from the Common Elements without the approval of the Board and Owners holding 67% of the votes in the Association. The Unit Owner shall be responsible for any damage to any trees or shrubs caused by the Owner or tenant, resident or guest of the Owner's Unit.
- Section 9.8 Signs. No signs, stickers, flags or banners may be displayed from any window. No real estate, for sale, for lease or other signs of any kind shall be displayed to the public view on or from any Unit, Limited Common Element, or Common Element or at the entrance to the Condominium; provided that the Board may erect, on the Common Elements, a master directory listing Units that are for sale or lease. This Section shall not apply to the Declarant who may post such signs on the property as it deems necessary or appropriate for the sale or leasing of Units in the Condominium as long as the Declarant has a Unit for sale.
- Section 9.9 Pets. Domesticated animals, birds, or reptiles (herein referred to as "pets") may be kept in the Units subject to rules and regulations adopted by the Board. The Board may prohibit dangerous breeds of dogs. Dogs and cats shall not be permitted to roam at large in the Condominium. The Board may, after Notice and Opportunity to be Heard, at any time require the removal of any pet which it finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain. In particular, the Board may require the removal of any dogs left alone on Limited Common Element decks or patios that disturb residents of other Units in the Condominium.
- Section 9.10 Quiet Enjoyment. No Owner shall permit anything to be done or kept in the Owner's Unit, Limited Common Elements, or Common Elements which would interfere with the right of quiet enjoyment of the other residents of the Condominium. In particular, sound system loudspeakers shall not be rigidly attached to the party wall with another Unit or the ceilings, walls, shelves, or cabinets in a Unit in a manner that will induce vibrations into the structure of the building.
- Section 9.11 <u>Garbage Removal.</u> Owners shall be responsible for removing their trash or garbage from their Units and depositing it in the proper receptacles in accordance with the Association's Rules and Regulations concerning trash or garbage removal and recycling and for removing any trash or garbage not suitable for such receptacles or recycling.
- Section 9.12 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element, or Common Element, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners. Owners shall not permit any condition to exist that will induce, breed, or harbor infectious plant diseases or noxious insects or vermin.
- Section 9.13 <u>Hazardous Substances</u>. The Owner of each Unit shall not permit any Hazardous Substance to be generated, processed, stored, transported, handled, or disposed of on, under, in or through the Owner's Unit or the Property. Each Owner shall indemnify,

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

Section 9.14 Conveyance by Owners; Notice Required. The right of an Owner to convey or sell the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Unit being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Prior to closing the purchase of a Unit in the Condominium each purchaser of a Unit prior to December 31, 2013, shall be required to have an inspection of the Unit and the Common Elements by a qualified building inspector. In addition to performing the usual inspection, the building inspector shall be given the opportunity to review any inspection reports in the Association's files. The purchaser shall be required to furnish a copy of the building inspector's report to the Association. The Association shall be required to maintain a copy of the Public Offering Statement and the other inspection reports furnished to it from time to time. Unless the Declarant has otherwise agreed in writing with respect to a particular item, each purchaser of a Unit in the Condominium (including each successive purchaser) shall accept the Unit and the Common Elements (including the Limited Common Elements) with all defects, flaws or conditions noted in the Public Offering Statement, in purchaser's inspection report or in any other inspection report made available to the purchaser. The Declarant's sole responsibility with respect to equipment and appliances installed in or farnished with the Unit will be to assign to purchaser any warranties issued by the manufacturer or supplier of such equipment or appliances. In connection with the resale of each Unit until December 31, 2013, the Owner of the Unit (or the Association) shall furnish a copy of the Public Offering Statement to the buyer of the Unit together with an opportunity to review the inspection reports in the Association's files as well as such additional information as may be required to be furnished by buyers pursuant RCW 64.34.425. Accordingly, the foregoing limitations on Declarant's warranties shall apply to the purchaser of the Unit from the Declarant, each successive purchaser of a Unit in the

Condominium and the Association. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy under Article 20 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. At the time of the first conveyance of each Unit, every mortgage, lien, or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien, or other encumbrance.

Article 10. DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 10.1 <u>Development Rights</u>. The Declarant reserves the Development Rights to (a) create up to 36 Units and associated Limited Common Elements on the Subsequent Phase Property pursuant to Article 4; (b) grant easements for ingress, egress and utilities over the driveways of the Condominium for the benefit of adjacent property owners pursuant to Section 23.5; and (c) to make any repairs or improvements to the Common Elements, Limited Common Elements or the Units as it deems appropriate. The Development Rights specified in this Section shall terminate on the earlier of (a) the seventh anniversary of the recording of this Declaration or (b) the recording of a notice signed by the Declarant that it no longer wishes to exercise any of the Development Rights.

Section 10.2 <u>Special Declarant Rights.</u> The Declarant reserves the following Special Declarant Rights so long as the Declarant owns a Unit: (a) to complete any improvements shown on the Survey Map and Plans; (b) to maintain sales offices, management offices, signs advertising the Condominium, and models in Units that are not occupied and are for sale by the Declarant, in Units owned by the Declarant, and in the Common Elements of the Condominium; (c) to use easements through the Common Elements for the purpose of making repairs and improvements within the Condominium; and (d) to elect, appoint, or remove any officer of the Association or any member of the Board during the period of Declarant Control as provided by Article 13.

Section 10.3 <u>Transfer.</u> The rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee, and recorded in the county in which the Condominium is located. The rights and liabilities of the parties involved in such a transfer, and of all persons who succeed to any Development Right or Special Declarant Right, are set out in RCW 64.34.316.

Section 10.4 <u>Limitation of Declarant Liability; Assignment of Contract Rights.</u> The Declarant did not construct the buildings or other improvements in the Condominium and has no liability with respect to the original construction or condition thereof prior to the Declarant's acquisition of the property in December 2006. The Declarant has contracted for certain limited

repairs or renovations to the Condominium, as described in the Public Offering Statement. The Declarant's sole liability or responsibility with respect to condition of the Common Elements and Units in the Condominium will be to assign its rights under the contracts with the various contractors, suppliers, vendors and manufacturers who performed such repairs or renovations to the Condominium or supplied or manufactured materials, equipment or appliances in connection therewith.

Section 10.5 Declarant Right to Attend Association Meetings and Receive Minutes and Notices. Until December 31, 2013, (a) the Declarant shall have the right to attend all meetings of the Board and the Association; (b) the Association shall send the Declarant notices of such meetings at the same time notices are given to the members of the Board or the Association, as the case may be, and copies of minutes of all meetings of the Board and the Association; and (c) the Declarant shall have the right to inspect the book and records of the Association. Notices and minutes shall be given to the Declarant in writing to the Declarant at the following address:

Lea LLC 610 Elm Street Edmonds, WA 98020

or to such other address or by such other means as the Declarant may by notice to the Association designate or in such other manner as the Declarant shall specify

Article 11. ENTRY FOR REPAIRS OR MAINTENANCE

The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance, or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given Notice and an Opportunity to be Heard at least three days in advance of entry. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a special Assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 16. The Board may require Owners and tenants to furnish duplicate keys to their Units to the Board or the Board's designated agent.

Article 12. OWNERS ASSOCIATION

Section 12.1 Form of Association. The Owners of Units shall constitute an owners association to be known as Lea Hill Owners Association. The Association shall be organized as a nonprofit corporation, no later than the date the first Unit in the Condominium is conveyed. The number of Board members and qualifications and procedures for election to

the Board shall be provided in the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, this Declaration, and the Bylaws.

- Section 12.2 <u>Bylaws</u>. The Board will adopt Bylaws to supplement this Declaration, to provide for the administration of the Association and the Property, and for other purposes not inconsistent with the Condominium Act or this Declaration.
- Section 12.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferred of title to the Unit, provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.
- Section 12.4 <u>Powers of the Association</u>. In addition to those actions authorized elsewhere in this Declaration, the Association, acting through its Board unless otherwise provided, shall have the power to:
- 12.4.1 Adopt and amend Bylaws, provided that amendment of the Bylaws shall be governed by Article 25;
- 12.4.2 Adopt, amend and repeal Rules and Regulations for the Condominium, subject to the concurrent right of Owners holding a majority of the votes in the Association to adopt, amend or repeal Rules and Regulations;
- 12.4.3 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and Specially Allocated Expenses from Owners;
- 12.4.4 Hire and discharge or contract with Managing Agents and other employees, agents, and independent contractors; provided that any decision to terminate professional full service property management of the Condominium shall require the approval of Owners holding 67% of the votes in the Association;
- 12.4.5 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium; provided, however, that the approval of Owners holding at least 67% of the votes in the Association shall be required before the Association may institute, commence or intervene in any litigation or administrative proceeding, including arbitration, other than litigation or other proceedings against Owners for collection of delinquent

Assessments or for enforcement of this Declaration, the Bylaws or the Rules and Regulations; but Owner approval shall not be required for settlement of such litigation or administrative proceedings;

- 12.4.6 Make contracts and incur liabilities;
- 12.4.7 Regulate the use, maintenance, repair, replacement, and modification of Common Elements and Limited Common Elements; provided that no trees or shrubs greater than six feet tall may be cut down or removed from the Common Elements without the approval of the Board and Owners holding 67% of the votes in the Association;
- 12.4.8 Cause additional improvements to be made as a part of the Common Elements;
- 12.4.9 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium, provided that:
- 12.4.9.1 If the estimated cost of any separate property acquisition, addition, or improvement to the Condominium exceeds \$15,000, the approval of the Owners holding a majority of the votes in the Association shall be required; and
- 12.4.9.2 The beneficial interest in any property acquired by the Association pursuant to this Section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged, or otherwise dealt with as the Board shall determine,
- 12.4.10 Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- 12.4.11 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners;
- 12.4.12 Impose and collect reasonable fees relating to conveyance or change in occupancy of Units, such as move-in fees and transfer fees;
- 12.4.13 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;
- 12.4.14 Impose and collect charges for late payment of Assessments as further provided in Article 16 and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or the Rules and Regulations, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and the Rules and Regulations;

- 12.4.15 Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates required by RCW 64.34.425, and statements of unpaid Assessments;
- 12.4.16 Provide for the indemnification of its officers and Board, and maintain directors' and officers' liability insurance;
- 12.4.17 Provide or pay, as a Specially Allocated Expense, the cost of water and sewer for those Units;
- 12.4.18 Provide or pay, as a Common Expense, the cost of garbage removal for the Units;
- 12.4.19 Assign its right to future income, including the right to receive Assessments:
- 12.4.20 Exercise any other powers conferred by this Declaration or the Bylaws;
- 12.4.21 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and
- 12.4.22 Exercise any other powers necessary and proper for the governance and operation of the Association.
- The Association shall keep Section 12.5 Financial Statements and Records. financial records in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425. All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with accrual based accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or an Owner. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any Mortgagee will, upon request, be entitled to receive the annual financial statement within 120 days following the end of the fiscal year. The Board, or persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner or a Mortgagee, at the Owner's or Mortgagee's expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of FHLMC, FNMA, HUD, or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.
- Section 12.6 <u>Association Annual Inspections</u>. At least annually, the Association shall have the Condominium inspected by a qualified engineer or architect (the "Inspector").

in order to ascertain the physical condition of the improvements in the Condominium and to determine whether maintenance, repairs or replacements of any such improvements are indicated. The inspection shall cover, at a minimum, the "Building Enclosure" as defined in RCW 64.34.55, including but not limited to the roofs, siding, decks, caulking, windows and doors. Promptly after completion of the inspection, the Inspector shall prepare a written report of the inspection to the Board (the "Annual Inspection Report"). Until December 31, 2013, the Board shall promptly send a copy of each Annual Inspection Report to the Declarant at the address specified in Section 10.5 or to such other address as the Declarant may provide to the Association. If the Board fails to furnish an Annual Inspection Report to Declarant as required above, upon ten days' written notice to the Board, Declarant may have the Condominium inspected at the cost of the Association. In which event, the Declarant shall furnish a copy of the report to the Board.

Section 12.7 <u>Inspection of Condominium Documents, Books, and Records.</u> The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration and the Articles Bylaws, Rules and Regulations and the books, records, and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies and any other fees charged by the Managing Agent for their time incurred in assisting the requesting party.

Article 13. DECLARANT CONTROL PERIOD

Section 13.1. Declarant Control Until Transition Date. Until the Transition Date, the Declarant shall have the right to appoint and remove all members of the Board, provided that (a) not later than 60 days after conveyance of 25% of the Units that may be created to Owners other than the Declarant, at least one member and not less than 25% of the members of the Board must be elected by Owners other than the Declarant and (b) not later than 60 days after conveyance of 50% of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners other than the Declarant.

Section 13.2 <u>Transition Date</u>. Declarant Control of the Association shall terminate on the Transition Date. The Transition Date shall be no later than the earlier of (a) 60 days after conveyance of 75% of the Units that may be created to Owners other than the Declarant, (b) five years after the date of recording of this Declaration, (c) two years after the last conveyance of a Unit or the last exercise of a Development Right to create Units, or (d) the date on which the Declarant records an amendment to this Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board. If the Declarant voluntarily surrenders control pursuant to (d) above, the Declarant may require that for the duration of the period of Declarant Control, specified actions of the Association or the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

- Section 13.3 <u>Declarant's Transfer of Association Control</u>. Within 60 days after the Transition Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant including, but not limited to, the following:
- 13.3.1 The original or a photocopy of the recorded Declaration and each amendment to this Declaration;
- 13.3.2 The certificate of incorporation and a copy of the Articles as filed with the secretary of state;
 - 13.3.3 The Bylaws;
- 13.3.4 The minute books, including all minutes and other books and records of the Association;
 - 13.3.5 Any Rules and Regulations that have been adopted;
- 13.3.6 Resignations of officers and members of the Board who are required to resign because the Declarant is required to relinquish control of the Association;
- 13.3.7 The financial records, including cancelled checks, bank statements, and financial statements of the Association, and source documents from the time of incorporation of the Association through the date of transfer or control to the Owners;
 - 13.3.8 Association funds or the control of the funds of the Association;
- 13.3.9 All tangible personal property of the Association, represented by the Declarant to be the property of the Association and inventory of the property;
- 13.3.10 Except for alterations to a Unit done by a Unit Owner other than the Declarant, the copy of the Declarant's plans and specifications utilized in construction or remodeling of the Condominium, with a certificate of the Declarant or a licensed architect or engineer that the plans and specifications represent, to the best of such Person's knowledge and belief, the actual plans and specifications utilized by the Declarant in the construction or remodeling the Condominium;
- 13.3.11 A building envelope maintenance program and such other maintenance manuals or checklists as the Declarant may elect to develop and furnish to the Association;
- 13.3.12 Insurance policies or copies thereof for the Condominium and the Association;

- 13.3.13 Copies of any certificates of occupancy that may have been issued for the Condominium;
- 13.3.14 Any other permits issued by governmental bodies applicable the Condominium in force on the Transition Date;
- 13.3.15 All original warranties that are still in effect for the Common Elements, or any other areas or facilities which the Association has a responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners manuals or instructions furnished to the Declarant with respect to installed equipment or building systems;
- 13.3.16 A roster of Unit Owners and Eligible Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records and the date of closing of the first sale of each Unit sold by the Declarant;
- 13.3.17 Any leases of the Common Elements of areas and other leases to which the Association is a party;
- 13.3.18 Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Unit Owners have an obligation or a responsibility directly or indirectly, to pay some or all of the fee or charge of the Person performing the services; and
 - 13.3.19 All other contracts to which the Association is a party.
- Section 13.4 Audit of Records Upon Transfer. Upon termination of the period of Declarant Control, the records of the Association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted auditing standards unless the Owners, other than the Declarant, by two-thirds vote, elect to waive the audit. The costs of the audit shall be a Common Expense.
- Section 13.5 Termination of Contracts and Leases Made by the Declarant. If entered into before the Board elected pursuant to Section 14.1 takes office, (a) any management contract, employment contract, or lease of recreational or parking areas or facilities or (b) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined by RCW 64.34.020(1), may be terminated without penalty by the Association at any time after the Board elected pursuant to Section 14.1 takes office upon not less than 90 days' notice to the other party or within such less notice period provided for without penalty in the contract or lease. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

Article 14. THE BOARD

Section 14.1 <u>Selection of the Board and Officers</u>. Prior to the Transition Date, election or appointment of members of the Board shall be governed by Section 13.1. Within 30 days after the Transition Date, the Owners shall elect a Board, a majority of whom must be Unit Owners. The number of Board members and their terms of services shall be specified in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The members of the Board and officers shall take office upon election. Removal of Board members, and their terms of service shall be as provided in the Bylaws.

Section 14.2 Powers of the Board, Adoption of Budget. Except as provided in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, this Declaration, or the Bylaws.

Section 14.3 Managing Agent. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium, and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one year periods) and shall be terminable by the Board without payment of a termination fee, either (a) for cause, on 30 days written notice or (b) without cause, on not more than 90 days written notice.

Section 14.4 <u>Limitations on Board Authority</u>. The Board shall not act on behalf of the Association to amend this Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Article 25, to terminate the Condominium pursuant to Article 26, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

Section 14.5 Right to Notice and Opportunity To Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed. The Board shall give written notice of the proposed action to all Owners, tenants, or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time, and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Article 15. BUDGET AND ASSESSMENTS

Section 15.1 <u>Fiscal Year.</u> The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 15.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses and Specially Allocated Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for the operation, maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The Declarant shall prepare the initial budget for the first fiscal year of the Association and all budget prior to the Transition Date.

Section 15.3 <u>Ratification of Budget</u>. Within 30 days after adoption of any proposed budget for the Condominium after the Transition Date, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

Section 15.4 <u>Supplemental Budget</u>. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessment, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget that results in an increase in an Owner's Assessments shall be ratified pursuant to Section 15.3.

Section 15.5 Assessments for Common Expenses. The amounts required by the Association for Common Expenses and Specially Allocated Expenses as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly Assessment for each Unit is the total of (a) the Common Expense Liability of that Unit times the total monthly installment for Common Expenses for all Units and (b) any Specially Allocated Expenses for the Unit. Monthly Assessments begin accruing for all Units in Phase I upon the first conveyance by Declarant of a Unit in Phase I, provided that the Declarant may delay the commencement of Assessments and pay all actual Common Expenses (but no allocations to reserves). Monthly Assessments shall begin accruing with respect to all Units added in each Subsequent Phase upon the first conveyance by the Declarant of a Unit added in that phase; provided the Declarant may delay the commencement of Assessments against Units in that phase and pay all actual Common Expenses (but no allocations to reserves) with respect to the improvements in that phase.

Section 15.6 Specially Allocated Expenses. The following costs of the Association shall be specially allocated to Units based on usage or benefit: the actual cost of water and sewer shall be specially allocated to the Units in accordance with usage, as determined by submeters maintained by the Association. The Association may require security deposits from any Unit Owner who is paying for utilities based on usage and establish billing and collection procedures for such charges, the cost of which may be included with the charges. If an Owner fails to make such payment, the Association may, in addition to pursuing any of the other remedies provided in this Declaration or at law for collection of Assessments, use the Owner's deposit, if any, to pay the invoice and, upon ten days' written notice to the Owner and any tenant of the Unit, terminate water service to the Unit if the Owner has not paid the utility charges and restored the Owner's deposit by the time specified in the notice.

Section 15.7 Contribution to Initial Working Capital. In connection with the closing of the sale of the first Unit in each Phase and of the sale of each additional Unit in that Phase, the initial purchaser shall pay to the Association as a nonrefundable contribution to an initial working capital fund in an amount equal to two times the estimated monthly Assessment against the Unit, which amount shall not be considered as an advance payment of regular Assessments. On the Transition Date, the Declarant shall make such contribution for any Units remaining unsold on that date and shall be entitled to be reimbursed the amount so paid as each such Unit is conveyed. The Declarant shall not use any of the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits prior to the Transition Date.

Section 15.8 Special Assessments. For those Common Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy special Assessments for such expenses against the Units, subject to ratification by the Owners pursuant to Section 15.3. To the extent that any Common Expense is caused by the misconduct of an Owner, tenant or guest of any Unit, the Association may, after Notice and Opportunity to be Heard, levy a special Assessment for the expense against the Owner of that Unit.

Section 15.9 <u>Creation of Reserves: Assessments.</u> The Board shall create reserve accounts for anticipated expenses for repairs, replacements, and improvements which will occur in the future in order to accumulate sufficient funds to pay such expenses when they occur. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 15.10 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability allocations which apply to the Unit, on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested. In addition, the Board may provide timely written notice to the First Mortgagee of a Unit of any 60-day delinquency in the payment of Assessments or other charges owed by the Owner of that Unit.

Section 15.11 Payment of Monthly Assessments; Delinquency. On or before the first day of each calendar month each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that month. Any Assessment not paid by the tenth day of the calendar month for which it is due (or by such other day as the Board may by resolution establish) shall be delinquent and subject to late charges, interest charges, and collection procedures as provided in Article 16.

Section 15-12 <u>Proceeds Belong to Association</u>. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 15.13 <u>Failure To Assess</u>. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year. The monthly Assessments amounts established for the preceding year shall continue until new Assessments are established.

Section 15.14 Reconciliation of Assessments to Actual Income and Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it to credit Assessments for Common Expenses and Specially Allocated Expenses, including allocations to reserves, and income to the Association and to charge expenditures to the account of the appropriate Units. In order that the Unit Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually, unless the Board determines that a reconciliation would not result in a material savings to any Unit Owner, and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners of the Units who paid the surplus (or owe the deficit).

Section 15.15 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 15.16 <u>Recalculation of Assessments</u>. If Common Expense Liabilities are reallocated, Common Expense Assessments, special Assessments, and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

Article 16. LIEN AND COLLECTION OF ASSESSMENTS

Section 16.1 <u>Assessments Are a Lien; Priority.</u> The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except (a) liens

and encumbrances recorded before the recording of this Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 15 which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, the date of a trustee's sale in a nonjudicial foreclosure of a Mortgage, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract, PROVIDED that the priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such Mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such Mortgagee a written notice of the delinquency; and (c) liens for real property taxes and other governmental assessments or Recording of this Declaration constitutes record notice and charges against the Unit. perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Condominium Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to above.

Section 16.2 Lien May Be Foreclosed, Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12, or nonjudicially in the manner set forth in Section 16.3. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express warver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure. Except as provided in the exception to (b) in Section 16.1, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 16.3 Nonjudicial Foreclosure. A lifen arising under this Article may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Pacific Northwest Title Insurance Company of Washington, Inc. or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in

a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this Section, it shall not be entitled to the lien priority over mortgages provided in exception (b) of Section 16.1.

Section 16.4 Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

Section 16.5 <u>Assessments Are Personal Obligation</u>. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges provided in this Article, shall be the personal obligation of the Owner of the Unit when the Assessment is made. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 166 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

Section 16.7 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 16.8 <u>Late Charges and Inferest on Delinquent Assessments.</u> The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 16.9 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 16.10 Security Deposit. An Owner who has been delinquent in paying his monthly Assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months' estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is ten days or more delinquent in paying Assessments.

Section 16.11 <u>Remedies Cumulative</u>. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Article 17. ENFORCEMENT OF DECLARATION, BYLAWS, AND RULES AND REGULATIONS

Section 17.1 Rights of Action. Each Owner, the Board, and the Association shall comply strictly with this Declaration, the Bylaws, and the Rules and Regulations, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 17.2 Failure of Board To Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration, the Bylaws or the Rules and Regulations, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board. This Article also extends to the Declarant.

Section 17.3 <u>Board Enforcement.</u> The Board has the authority to enforce the Declaration, Bylaws, and Rules and Regulations of the Condominium by imposing the remedies provided herein. After repeated violations of the Declaration, Bylaws, or Rules and Regulations by an Owner and after an Owner's Right to Notice and Opportunity to be Heard, the Board shall have the authority to file an action for damages and for injunctive relief,

including in a proper case, removal of the Owner from the Owner's Unit and the authority to pursue any and all remedies available in law or equity.

Article 18. TORT AND CONTRACT LIABILITY

Section 18.1 <u>Association Liability</u>. An action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association.

Section 18.2 <u>Limitation of Liability for Utility Failure</u>, etc. Except to the extent covered by insurance obtained by the Board, neither the Association, the Board, the Managing Agent, nor the Declarant shall be liable for: the 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 leak or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 18:3 No Personal Liability. So long as a Board member, Association committee member, Association officer, the Declarant, or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally hable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided that this Section shall not apply when the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

Article 19. INDEMNIFICATION

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

Article 20. INSURANCE

Section 20.1 General Requirements. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance, (b) commercial general liability insurance, (c) fidelity insurance, (d) workers' compensation insurance to the extent required by applicable laws, (e) directors and officers liability insurance, and (f) such other insurance as the Board deems advisable. The Board shall review at least amually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meets the specific requirements of FNMA, HUD, VA, and FHLMC regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, liability, and fidelity insurance that meet the insurance requirements for condominium projects established by FNMA, HUD, FHLMC, and VA so long as any of them is a holder of a mortgage or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies shall provide that coverage may not be cancelled or substantially reduced without at least 45 days' prior written notice (10 days for cancellation for nonpayment of premium) to the Association as the first named insured therein.

Section 20.2 Property Insurance; Deductible The property insurance shall, at the minimum and subject to such reasonable deductible as the Board may determine provide All Risk of Direct Physical Loss coverage in an amount equal to the full replacement cost of the Common Elements, the Limited Common Elements, the Units, and the equipment, fixtures, appliances, improvements in the Units installed by the Declarant, and personal property of the Association with an "Agreed Amount Endorsement" and construction code endorsements, such as a "Demolition and Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," an "Increased Cost of Construction Endorsement" or their equivalent and such other endorsements as FNMA or FHLMC deems necessary and are available. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Unit. The policy may, in the discretion of the Board, cover improvements or betterments installed by the Unit Owners and loss due to earthquake (difference in conditions). The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy in accordance with the interest in the Common Elements appertaining to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request. Up to the amount of the deductible under the Association's policy, each Unit Owner shall be responsible for (a) damage or loss within the Owner's Unit, (b) damage to another Unit or to the Common Elements resulting from the negligence or misconduct of the Unit Owner or tenant of the Owner's Unit, or (c) damage resulting from faulty or leaking plumbing fixtures or pipes, hot water tanks, sinks, bathtubs, toilets, dishwashers, washers, including any connecting hoses or drains in or serving only the Owner's Unit.

Section 20.3 Commercial General Liability Insurance. The liability insurance coverage shall insure the Board, the Association, the Owners, the Declarant, and the Managing Agent, and cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage, bodily injury, and death of persons arising out of the operation, maintenance, and use of the Common Elements; host liquor liability, employers' liability insurance, automobile liability insurance, and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location, and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence and \$2,000,000 general aggregate.

Section 20.4 Insurance Claims; Insurance Trustee; Power of Attorney. The named insured under the policies referred to in Section 20.2 and Section 20.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in the Common Elements. All claims made against the Association's insurance policy must be approved and filed by the Board. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Subject to the provisions of Section 20.8, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, or any insurance, trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purposes.

- Section 20.5 Additional Policy Provisions. The insurance obtained pursuant to Section 20.2 and Section 20.3 shall contain the following provisions and limitations:
- 20.5.1 Each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.
- 20.5.2 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the Property superior to the lien of a first mortgage.
- 20.5.3 If, at the time of the loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy the Association's policy provides primary insurance.

- 20.5.4 Coverage shall not be prejudiced by (a) any act, omission, or neglect of the Owners of Units when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) 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.
- 20.5.5 A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Unit, and/or their respective agents, members of the Owner's household employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

20.5.6 A standard mortgagee clause which shall:

- 20.5.6.1 Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Unit or Unit lease or sublease in their respective order of preference, whether or not named therein;
- 20.5.6.2 Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them;
- 20.5.6.3 Waive any provision invalidating such mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause; and
- 20.5.6.4 Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association of the insurance trustee.
- Section 20.6 <u>Fidelity Insurance</u>. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or are responsible for handling funds of or administered by, the Association. Unless maintained by the Association, the Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.
- Section 20.7 Owners' Individual Insurance. An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit. Each Unit Owner shall be required to obtain and maintain standard condominium

unit owner's insurance for the Owner's Unit. The Board may establish, in the Rules and Regulations, the minimum coverage for Owners' policies. The Association shall have right but not the obligation to monitor the maintenance of such insurance by Unit Owners and shall have to right, but not the obligation, to obtain such insurance for the Unit Owner if the Owner fails to obtain or maintain and levy a special Assessment against the Unit Owner for the cost thereof. Each purchaser of a Unit shall deliver to the Association at closing a certificate of insurance or other proof that such insurance has been obtained.

Section 20.8 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Association pursuant to Article 21 unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) Owners holding at least 80% of the votes in the Association, including every Owner of a Unit or Limited Common Element which will not be rebuilt, and Owners other than the Declarant holding at least 80% the votes in the Association excluding votes held by the Declarant vote not to rebuild. The cost of repair or replacement in excess of the deductible, insurance proceeds and available reserves is a Common Expense. The Unit Owner shall be responsible for the amount of the deductible applicable to damage or loss within the Owner's Unit. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the interest in Common Elements of each Unit. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 22, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Section, Article 26 governs the distribution of insurance proceeds if the Condominium is terminated.

Article 21. DAMAGE AND REPAIR OR DAMAGE TO PROPERTY

Section 21.1 <u>Initial Board Determination</u>. In the event of damage to any Common Element, or to any portion of a Unit or its Limited Common Elements, equipment, or appliances covered by the Association's insurance policy, the Board shall promptly, and in all events within 60 days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

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

- 21.1.2 A reasonably reliable estimate of the cost to repair the damage, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.
- 21.1.3 The expected insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.
- 21,1.4 The amount of the deductible to be paid by a Unit Owner with respect to damage or loss within the Owner's Unit.
- 21.1.5 The amount of available reserves or other Association funds, although the Board is not required to use any reserves or other Association funds; and
- 21.1.6 The amount, if any, by which the estimated cost of repair exceeds the portion of the deductible to be paid by a Unit Owner, expected insurance proceeds and available reserves or other Association funds, and the amount of the Assessments that would have to be made against each Unit if the excess cost were to be paid as a Common Expense and assessed against all the Units in proportion to their Common Expense Liabilities.
- Section 21.2 Notice of Damage. The Board shall promptly, and in all events within 60 days after the date of damage, file a proof of loss statement with the insurance company if the loss is covered by insurance, and abide by all terms and conditions of its insurance policies, unless the Board determines it would not be in the best interest of the Association to file a proof of loss. The Board shall then provide each Owner with a written notice describing the damage and summarizing the initial Board determinations made under Section 21.1. If the damage affects a material portion of the Condominium, the Board shall also send the notice to each First Mortgagee and any Eligible Mortgagee of that Unit. If the Board fails to do so within the 60-day period, any Owner or Mortgagee may make the determinations required under Section 21.1 and give the notice required under this Section.
- Section 21.3 <u>Definitions: Damage, Substantial Damage, Repair, Emergency Work.</u>
 As used in this Article:
- 21.3.1 <u>Damage</u> shall mean all kinds of damage, whether of slight degree or total destruction due to an occurrence or an event and shall not include construction defects, deterioration, or wear and tear.
- 21.3.2 <u>Substantial Damage</u> shall mean that the estimated Assessment determined under Subsection 21.1.4 for any one Unit exceeds 10% of the full, fair market value of the Unit before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.
- 21.3.3 Repair shall mean restoring the improvements to substantially the condition they were in before they were damaged, with each Unit and the Common Elements

having substantially the same boundaries as before. Modifications to conform to applicable governmental rules and regulations or available means of construction may be made.

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

Section 21.4 Execution of Repairs.

- 21.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor as provided in Section 20.8; but only the Board may authorize a claim under the Association's insurance policy. If the cost of repair exceeds the amount of the deductible to be paid by a Unit Owner, expected insurance proceeds and available reserves or other Association funds, the Board shall impose Assessments against all Units in proportion to their Common Expense Liabilities in an aggregate amount sufficient to pay the excess costs.
- 21.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractor and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.
- 21.4.3 The Board may enter into a written agreement with a reputable financial institution, trust, or escrow company in which that institution or company shall act as an insurance trustee to adjust and settle any claim for casualty loss in excess of \$50,000, or shall collect the insurance proceeds and carry out the provisions of this Article.
- Section 21.5 <u>Damage Not Substantial</u>. If the damage as determined under Subsection 21.3.2 is not substantial, the provisions of this Section shall apply.
- 21.5.4 Either the Board or the requisite number of Owners, within 15 days after the notice required under Section 21.2 has been given, may but shall not be required to call a special Owners' meeting in accordance with Section 12.4 and the Bylaws to decide whether to repair the damage
- 21.5.2 Except for emergency work, no repairs shall be commenced until after the 15-day period and until after the conclusion of the special meeting if such a special meeting is called within the 15 days.
- 21.5.3 A decision to not repair or rebuild may be made in accordance with Section 20.8.

- Section 21.6 <u>Substantial Damage</u>. If the damage determined under Subsection 21.3.2 is substantial, the provisions of this Section shall apply.
- 21.6.1 The Board shall promptly, and in all events within 60 days after the date of damage, call a special Owners' meeting to consider repairing the damage. If the Board fails to do so within the 60-day period, then notwithstanding the provisions of Section 12.4 and the Bylaws, any Owner or First Mortgagee may call and conduct the meeting.
- 21.6.2 Except for emergency work, no repairs shall be commenced until the conclusion of the special Owners' meeting.
- 21.6.3 At the special meeting, the following consent requirements will apply:
- 21.6.3.1 The Owners shall be deemed to have elected to repair the damage in accordance with the original plan unless the Owners of at least 80% of the total voting power of the Condominium other than that held by the Declarant, including every Owner of a Unit which will not be rebuilt and every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, have given their written consent not to repair the damage, except that if repair or rebuilding is in violation of any state or local health or safety statute or ordinance, including but not limited the zoning or land use ordinances, this subsection 21.6.3.1 shall not apply.
- 21.6.3.2 The unanimous consent of all Owners will be required to elect to rebuild in accordance with a plan that is different from the original plan.
- 21.6.3.3 In addition to the consent by the Owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the consent of First Mortgagees of Units to which at least 51% of the votes of Units subject to Mortgages are allocated.
- 21.63.4 Failure to conduct the special meeting provided for under Subsection 21.6.1 within 90 days after the date of damage shall be deemed a unanimous decision to repair the damage in accordance with the original plan.
- Section 21.7 <u>Effect of Decision Not to Repair.</u> In the event of a decision under either Subsection 21.5.3 or Subsection 21.6.3 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 20.8.

Article 22. CONDEMNATION

Section 22.1 <u>Consequences of Condemnation; Notices.</u> If any Unit or portion thereof or the Common Elements or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and to each First Mortgagee and the provisions of this Article shall apply.

Section 22.2 Power of Attorney. Each Owner appoints the Association as attorney-in-fact for the purpose of representing the Owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of Common Elements or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the Owners in carrying out the foregoing functions in lieu of the Association. Should the Association not act, based on their right to act pursuant to this Section, the affected Owners may individually or jointly act on their own behalf.

Section 22.3 Condemnation of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation of a Unit shall be paid to the Owner or lienholder of the Unit as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section is thereafter a Common Element.

Section 22.4 Condemnation of Part of a Unit. Except as provided in Section 22.3, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lienholders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides (a) that the Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

Section 22.5 <u>Condemnation of Common Element or Limited Common Element.</u> If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Owners, or to lienholders, as their interests may appear, based on their respective interests in the Common Elements. Any

portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of the acquisition, or to lienholders, as their interests may appear. If the Board determines that a particular Owner's interest in the Common Elements diminished with respect to other Owners, by the acquisition of a Common Element, this Declaration may be amended to adjust that Owner's Common Expense Liability allocation, or to remove the allocation of a Limited Common Element to that Owner's Unit, as the case may be.

Section 22.6 <u>Reconstruction and Repair</u>. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 21.

Article 23. EASEMENTS

Section 23.1 <u>In General.</u> Each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominum.

Section 23.2 Encroachments. To the extent not provided by the definition of "Unit" in this Declaration and in the Condominium Act, each Unit and all Common and Limited Common Elements are hereby declared to have an easement over all adjoining Units and Common and Limited Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common and Limited Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment, provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

Section 23.3 <u>Easements Reserved by the Declarant.</u> The Declarant reserves an access easement over, across, and through the Common Elements of the Condominium for the purpose of completing any unifinished Units or other improvements, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Development Rights or Special Declarant Rights.

Section 23.4 <u>Utility Easements by Declarant</u> The Declarant reserves the right to grant to each company or municipality providing utility services to the Condominium or to the Owners of Units in the Condominium easements for the installation, construction, maintenance, repair, and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utility services as gas, water, sanitary sewer,

storm sewer, electricity, cable television, and telephone, and an easement for access over and under the Common Elements of the Condominium to the utility service facilities.

Section 23.5 Access and Utility Easements for Adjoining Property. The Declarant reserves the right to grant easements over, across, and through the Common Elements of the Condominium for the benefit of land adjoining the Condominium for ingress to and egress over the roadways and pathways of the Condominium and the right to have access to and to tie into and utilize any water, sanitary sewer, storm sewer, electricity, gas, telephone, cable television, and other utility lines now or hereafter established in the Condominium. The easements shall require the benefited property to pay a prorate share of the cost of maintenance, repair and replacement of the portion of the roadways and utilities used in common based on the number of dwelling units served. The Declarant shall be entitled to receive any consideration paid for such easements.

Article 24. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS

Section 24.1 Submission of Proposal To Subdivide or Combine Units. No Unit or Units shall be subdivided or combined either by agreement or legal proceedings, except for as provided in this Article. An Owner may propose subdividing a Unit or combining Units by submitting the proposal in writing to the Board and to all other Owners and Mortgagees of the Unit to be subdivided or Units to be combined. The proposal must include complete plans and specifications for accomplishing the subdivision or combination and proposed amendments of this Declaration and the Survey Map and Plans, which amendments shall be executed by the Owner of the Unit to be subdivided or Units to be combined upon approval pursuant to this Section, and which amendments assign an identifying number to each Unit created, and reallocate the Allocated Interests formerly allocated to the subdivided Unit or Units to be combined to the new Units or Unit, as the case may be, in accordance with the formula or formulas provided in Section 5.4. The Owner of the Unit to be subdivided or Units to be combined shall bear all costs of the subdivision. A proposal that contemplates subdivision of a Unit or combination of Units will be accepted only if approved in writing by all Owners and Mortgagees of the Unit to be subdivided or Units to be combined and by the Board, which approval may not be unreasonably withheld.

Section 24.2 Minor Alterations; Hard Surface Flooring. No Unit may be altered in any way except in accordance with this Article. An Owner may make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Owners of Units which are over other Units may install hard surface flooring only in the entry, kitchen and bathrooms. An Owner may not penetrate the perimeter walls, floors or ceiling of the Owner's Unit without the prior written approval of the Board, which may be withheld in its sole discretion or conditioned upon an inspection by a third party selected by the Board at the Owner's cost and expense. Alterations that penetrate the boundaries of a Unit include, but are not limited to, the installation of recessed spice racks, medicine cabinets, recessed lighting, and recessed speakers.

Section 24.3 Adjoining Units. After acquiring an adjoining Unit or an adjoining part of any adjoining Unit, an Owner may, with approval of the Board pursuant to Section 24.4, remove or alter any intervening partition or create apertures therein, even if the partition in whole of in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this subsection is not a relocation of boundaries. The Owner's proposal to act under this Section shall be submitted to the Board and shall include the plans and specifications for the proposed removal or alteration.

Section 24.4 <u>Substantial Alteration</u>. Except for alterations done by the Declarant, a Unit may not be substantially altered without approval by the Board. The Board shall approve an Owner's request under this Section within 30 days, unless the Board reasonably determines that proposed alteration would impair the structural integrity, sound transmission characteristics or mechanical or electrical systems in the Condominium or adversely affect another Unit or the Common Elements. The failure of the Board to act upon a request within such period shall be deemed approval thereof

Section 24.5 <u>Procedure After Approval.</u> Upon approval of a proposal under this Article, the Owner making it may proceed according to the proposed plans and specifications, provided that the Board may in its discretion require that the Board administer the work, or that provide for the protection of other Units or Common Elements or provide that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map Plans and Declaration shall be placed of fecord as amendments thereto.

Section 24.6 Relocation of Boundaries-Adjoining Units. The boundaries between adjoining Units may only be relocated by an amendment to this Declaration, pursuant to Article 25, upon application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their allocated interests, the application must state the proposed reallocations. Unless the Board determines within 30 days that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall obtain and record survey maps or plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers. The Owner or Owners benefited by a reallocation of Unit boundaries shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board.

Article 25. AMENDMENT OF DECLARATION SURVEY MAP AND PLANS, ARTICLES, OR BYLAWS

Section 25.1 <u>Procedures.</u> Except in cases of amendments that may be executed by the Declarant under this Declaration or the Condominium Act, this Declaration, the Survey Map and Plans, the Articles, and the Bylaws may be amended only by vote or agreement of

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

- Section 25.2 <u>Percentages of Consent Required.</u> Except as provided in Article 21 and Article 22 in the case of damage or condemnation of the Property or in the case of amendments made by the Declarant pursuant to reserved Development Rights in this Declaration, the percentages of consent of Owners and Mortgagees required for adoption of amendments to this Declaration, the Survey Map and Plans, the Articles and the Bylaws are as follows:
- 25.2.1 Except as provided below, the consent of Owners holding at least 67% of the votes in the Association are allocated shall be required to amend any provisions of this Declaration, the Survey Map and Plans, the Articles or the Bylaws, or to add any provision thereto.
- 25.2.2 Except as provided in this Declaration in connection with the exercise of Development Rights by the Declarant, an amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, shall require the vote or agreement of the Owner of each Unit particularly affected and the Owners other than the Declarant holding at least 90% of the votes in the Association, excluding votes held by the Declarant.
- 25.2.3 An amendment to Section 12.4.5 shall require the approval of Owners holding at least 75% of the votes in the Association.

- 25.2.4 The consent of the Declarant shall be required for any amendment to this Declaration or the Articles or Bylaws relating to the Declarant.
- 25.2.5 The consent of First Mortgagees of Units to which at least 51% of the votes of Units subject to Mortgages shall be required for any amendment to this Declaration or the Articles or Bylaws of a material adverse nature to Mortgagees. A First Mortgagee who receives a written request to consent for an amendment to this Declaration who does not deliver or post to the requesting party a negative response within 60 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.
- 25.2.6 If the Condominium has received a project approval from the VA, the approval of the VA will be required for any amendment to this Declaration, Articles, Bylaws, or Survey Map and Plans adopted prior to the Transition Date.
- Section 25.3 <u>Limitations on Amendments</u>: No amendment may restrict, eliminate, or otherwise modify any Development Right or Special Declarant Right provided in this Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Development Rights or Special Declarant Right or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.

Article 26. TERMINATION

Section 26.1 Action Required. Except as provided in Article 21 and Article 22, the Condominium may be terminated only by agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and in accordance with the Condominium Act. In addition, the consent of First Mortgagees of Units to which at least 51% of the votes of Units subject to Mortgages shall be required to terminate the Condominium. A First Mortgagee who receives a written request to consent to terminate the Condominium who does not deliver or post to the requesting party a negative response within 60 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.

Section 26.2 <u>Condominium Act Governs.</u> The provisions of the Condominium Act relating to termination of a condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the disposition of the Property in the Condominium and the distribution of proceeds from the sale of that Property.

Article 27. NOTICES

Section 27.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provisions of this Declaration or the Bylaws or the

Rules and Regulations shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the Declarant until the Transition Date, and thereafter shall be given to the president or secretary of the Association.

Section 27.2 Notices to Eligible Mortgagees. An Eligible Mortgagee is a Mortgagee that has filed with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the Eligible Mortgagee and the Identifying Number or address of the Unit on which it has (or insures or guarantees) a Mortgage. Until such time thereafter that the Eligible Mortgagee withdraws the request or the mortgage held, insured, or guaranteed by the Eligible Mortgagee is satisfied, the Board shall send to the Eligible Mortgagee timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the interest in the Common Elements or the liability for Common Expenses of any Unit, (iv) the number of votes in the Association allocated to any Unit; or (v) the purposes to which a Unit or the Common Elements are restricted; (b) any proposed fermination of condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium! (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Mortgagee had a mortgage; (e) any lapse cancellation, or material modification of any insurance policy maintained by the Association pursuant to Article 20; (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees under this Declaration.

Article 28. SEVERABILITY

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

Article 29. EFFECTIVE DATE

This Declaration shall take effect upon recording.

Article 30. REFERENCE TO SURVEY MAP AND PLANS

Reference is made to the Survey Maps and Plans for the Condominium recorded in Volume 68 of Condominiums, at pages 60 through 88, in King County, Washington, as amended by First Amendment thereto recorded in Volume 233 of Condominiums, at pages 026 through 72 in King County, Washington.

Article 31: ASSIGNMENT BY DECLARANT

The Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned by it and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

LEALLC, a Washington limited liability company

BEDDALL PROPERTIES INC., a Washington corporation, Manager

By: Heal Medical Its President

STATE OF WASHINGTON
) ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that B. E. Beddall is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as president of Beddall Properties Inc., a Washington corporation, Manager of LEA LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 1st day of May 2007.

ACKERNA (Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at 2011

OF WASHINGTON My appointment expires

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Schedule A

LEE HILL, A CONDOMINIUM

Description of Property in Condominium

PHASE I

LOTS 12 THRU 18, INCLUSIVE, OF THE VACATED REPLAT OF CARRIAGE SQUARE, ACCORDING TO THE PLAT RECORDED IN VOLUME 87 OF PLATS, PAGE 77, IN KING COUNTY, WASHINGTON; INCLUDING VACATED 107TH PLACE SOUTHEAST WITHIN SAID REPLAT, SAID VACATION BEING FOUND UNDER KING COUNTY ORDINANCE NO. 6108 AND RECORDED UNDER AUDITOR'S FILE NO. 8210070338.

PHASE II

LOTS 1 THRU 11, INCLUSIVE, OF THE VACATED REPLAT OF CARRIAGE SQUARE, ACCORDING TO THE PLAT RECORDED IN VOLUME 87 OF PLATS, PAGE 77, IN KING COUNTY, WASHINGTON; INCLUDING VACATED 106TH PLACE SOUTHEAST WITHIN SAID REPLAT, SAID VACATION BEING FOUND UNDER AUDITOR'S FILE NO. 8210070338.

PHASE III

TRACT "A" OF THE VACATED REPLAT OF CARRIAGE SQUARE, ACCORDING TO THE PLAT RECORDED IN VOLUME 87 OF PLATS, PAGE 77, IN KING COUNTY WASHINGTON.

ALSO KNOWN AS ALL UNITS OF CARRIAGE SQUARE, A CONDOMINIUM, ACCORDING TO THE DECLARATION THEREOF RECORDED MARCH 14, 1984 UNDER KING COUNTY RECORDING NO. 8403140775, AND ANY AMENDMENT(S) THERETO; SAID UNITS ARE LOCATED ON SURVEY MAP AND PLANS FILED IN VOLUME 68 OF CONDOMINIUMS, AT PAGES 60 THROUGH 69, VOLUME 68 OF CONDOMINIUMS AT PAGES 70 THROUGH 80, AND VOLUME 68 OF CONDOMINIUMS, AT PAGES 81 THROUGH 88, AND ALL SUBSEQUENT AMENDMENTS OR MERGERS THERETO, IN KING COUNTY, WASHINGTON.

Schedule B

LEA HILL, A CONDOMINIUM

Description of Subsequent Phase Property

SUBSEQUENT PHASE "A"

THAT PORTION OF PHASES I AND II OF CARRIAGE SQUARE, A CONDOMINIUM, AS RECORDED IN VOLUME 68 OF CONDOMINIUMS, PAGES 60 THROUGH 80 INCLUSIVE, THE SAME BEING A PORTION OF THE EAST 1/2 OF THE SOUTHWEST 1/4, SECTION 8 TOWNSHIP 21 NORTH RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PHASE II; THENCE N 17°59'25"W, ALONG THE EAST LINE OF SAID PHASE II, A DISTANCE OF 171.61 FEET;

THENCE N 72°00'35"E 43.32 FEET;

THENCE N 17°59'25"W 14.63 FEET;

THENCE N 47°41'34"W 43.59 FEET;

THENCE N 17°59'25"W 62.03 FEET TO THE NORTHERLY LINE OF SAID PHASE I, BEING A POINT ON A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 674.25 FEET AND THROUGH WHICH POINT A RADIAL LINE BEARS N 24°02'22"W.

THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 15°34'09", AN ARC DISTANCE OF 183.22 FEET;

THENCE, DEPARTING ON A NON-TANGENT BEARING, S 39°36'31"E A DISTANCE OF 68.40FEET.

THENCE S 16°27'05"W 66.60 FEET:

THENCE S 27°52'07''W 60.94 FEET:

THENCE S 74°58'30"E 166.51 FEET TO THE EASTERLY BOUNDARY OF SAID PHASE II;

THENCE N 03°43'00"E, ALONG SAID EASTERLY BOUNDARY, A DISTANCE OF 35.26 FEET TO AN ANGLE POINT IN THE EAST LINE OF SAID PHASE II; THENCE S 86°17'00"E, ALONG SAID BOUNDARY, A DISTANCE OF 63.69 FEET TO THE POINT OF BEGINNING.

SUBSEQUENT PHASE "B"

THAT PORTION OF PHASE II OF CARRIAGE SQUARE, A CONDOMINIUM, AS RECORDED IN VOLUME 68 OF CONDOMINIUMS, PAGES 70 THROUGH 80 INCLUSIVE, THE SAME BEING A PORTION OF THE EAST 1/2 OF THE SOUTHWEST

SCHEDULE B Page 1 of 2

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1/4, SECTION 8 TOWNSHIP 21 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PHASE II; THENCE N 30°35'00"E, ALONG THE WESTERLY LINE OF SAID PHASE II, A DISTANCE OF 407,27 FEET;

THENCE S:57°25'06"E 110.70 FEET TO THE TRUE POINT OF BEGINNING;

THENCE S 79°27'42"E 33.69 FEET

THENCE S 14°18'57"W 11.43 FEET;

THENCE S 14941'19"E 39.90 FEET;

THENCE S 08°53'41"W 32.58 FEET:

THENCE S 41°53'34"W 43.34 FEET;

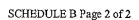
THENCE S 34°00'42"W 15.42 FEET;

THENCE N 41°49'42"W 67.44 FEET;

THENCE N 03°08'32"W 15.61 FEET TO A POINT WHICH BEARS S 35°32'38"W FROM

THE POINT OF BEGINNING:

THENCE N 35°32'38"E 82.60 FEET TO THE POINT OF BEGINNING.



SCHEDULE C

LEA HILL, A CONDOMINIUM

Unit Data; Allocated Interests; Voting

1 10		Unit			ICE		
Building	Unit	Data	Level	Area	CEL1/	Parking	Voting
Α	1 3	2 BR, 1½ BA, F	1, 2	1200	0.628	108, 109	1
. A	.2	2 BR, 1½ BA, F	1,,2	1198	0.627	110, 111	1
Α.	3	2 BR, 11/2 BA, F/	1,2	1205	0.631	112, 113	1
В	- 1	2BR, 21/2.BA, F	G, 1, 2	1772	0.927	G	1
. B	2.	2BR, 2½ BA, F	·G, 1, 2	<i>∮</i> 1777	0.930	G	1
В	. 3	2BR, 2½ BA, F	G, 1, 2	1776	0.929	G	1
В	4 .	2BR, 21/2 BA, F	G, 1, 2:	1770	0.926	G	1
С	1 ,	2BR, 2½ BA, F	G, 1, 2	1770	0.926	G	1
C	2	2BR, 2½ BA, F	G, 1, 2	- 1777	0.930	G	1
C	3	2BR, 2½ BA, F	G, 1, 2	1765	0.924	G	1
D	1 .	2BR, 2½ BA, F	G, 1, 2	1781	0.932	G	1
D	2	2BR, 21/2 BA, F	G, 1, 2	1766	0.924	G	1
E	1	2BR, 2½ BA, F	G, 1, 2	1768 🥡	0.925	G	1
В	2	2BR, 2½ BA, F	G, 1, 2	1781	0.932	""" G	1
E E	3	2BR, 2½ BA, F	G, 1, 2	1776	0,929	G	1 /
F.	1	2BR, 2BA, F	B, 1, 2	1714	.0.897	- 100; 101\(\sigma\)	1,500
F	2	2BR, 2BA, F	B, 1, 2	1765	0.924	102, 103	1
» F	3	2BR, 2BA, F	B, 1, 2	1762	0.922	104, 105	<u> </u>
F	. 4	2BR, 2BA, F	B, 1, 2	1758 :	0.920	106, 107	/ 1 /
G	1	2BR, 2BA, F	B, 1, 2	1748	0.915	220, 221	1,5
G	<i>?</i> 2	2BR, 2BA, F	B, 1, 2	1760	0:921	223, 224	.1
G	3	2BR, 2BA, F	B, 1, 2	1764	0.923	225, 226	1
G	4	2BR, 2BA, F	B, 1, 2	1742	0.912	,227, 228	/ 1
Н.	1	2BR, 2BA, F	B, 1, 2	1752	0.917	229, 230	1
H	2	2BR, 2BA, F	B, 1, 2	1772	0.927	231, 232	1
H	/3	2BR, 2BA, F	B, 1, 2	1752	0.917	233, 234	1
I	1 3	2BR, 2BA, F	B, 1, 2	1750	0.916	235, 236	1
I	2 x	2BR, 2BA, F	B, 1, 2	1764	0.923	237, 238	1
I	3	2BR, 2BA, F	B, 1, 2	1750	0.916	239, 240	1
J 🔩	1	2BR, 2BA, F	B, 1, 2	1765	0.924	243	1
J	2	2BR, 2BA, F	B, 1, 2	1757	0.920	241, 242	1
K	1	2BR, 2½ BA, F	G, 1, 2	1768	0.925	G	1
K	3	2BR, 2½ BA; F	G, 1, 2	1775	0.929	G	1
K		2BR, 2½ BA, F	G, 1, 2	1773	0.928	G	
L	1	2BR, 2½ BA, F	G, 1, 2	1789	0.943	G G	1
L	3	2BR, 2½ BA, F 2BR, 2½ BA, F	G; 1, 2 G, 1, 2	1802 1795	0.943	G	1
L	4	2BR, 2½ BA, F	7 1557	1793	0.939		
L L	5		G, 1, 2	1794	0.939	G	
		2BR, 2½ BA, F	G, 1, 2		3 0 0 0 0		***************************************
M L	6	2BR, 2½ BA, F 2BR, 2½ BA, F	G, 1, 2 G, 1, 2	1787 1784	0.935	G /	1:
M	2	2BR, 2½ BA, F	G, 1, 2 G, 1, 2	1767	0.934	G	1 5 % 1 5
M	3	2BR, 2½ BA, F	G, 1, 2	1776	0.925	:	1 3 1 3
N	$\frac{3}{1}$	2BR, 2½ BA, F	G, 1, 2	1763	0.923	G	1 2
N	2	2BR, 2½ BA, F	G, 1, 2	1779	0.922	<u> </u>	4/
N	3	2BR, 2½ BA, F		1775	0.931		1 1
1 17	ر	ZDR, Z/2 BA, F	G, 1, 2	1//3	ひ、ソムソ	G	البائث

	_						
	1	Unit			ICE		1
Building	Unit	Data	Level	Area	CELI	Parking	Voting
0	1	2BR, 2½ BA, F	G, 1, 2	1756	0.919	G	1
. 0	2	2BR, 21/2 BA, F	G, 1, 2	1756	0.919	G	1
Р	1	2BR, 2BA, F	B, 1, 2	1761	0.922	200, 201	1
P	2	2BR, 2BA, F	B, 1, 2	1759	0.920	202, 203	1
Р	3	2BR, 2BA, F	B, 1, 2	1764	0.923	204, 205	1
R	101	2BR, 134BA, F	1	1280	0.670	48	1
R	102	2BR, 1%BA, P	1	1280	0.670	51	1
R	103	2BR, 11/BA/F	1	1280	0.670	54	1
R	104	2BR, 1%BA, F	Paris Paris	1280	0.670	55	1
R:	105	2BR, 13/4BA, F	1/ //	1280	0.670	57	1
R	106	2BR, 13/4BA, F	801 8	1280	0.670	78	1
. R	107	2BR/13/BA, F	9.1	1280	0.670	62	1
R	108	2BR, 13/4BA, F	of Arm	1280	0.670	64	1
R	109	2BR, 14BA, F	111	1280	0.670	76	1
R	110	2BR, 14BA, F	9 19	1280	0.670	68	1
R	111	2BR, 1%BA, F	V 1	1280	0.670	71	1
R	112	2BR, 1%BA, F	17	1280	0.670	72	1
R	201	2BR, 1%BA, F.	2.	1260	0.659	47	1
R	202	2BR, 1%BA, F	. 2	1260	0.659	50	I
R	203	2BR, 14BA, F	2	1260	0.659	53	1
sia. R	204	2BR, 14BA, F	2	_s 1260	0.659	81:-	1 5
R	205	2BR, 1¾BA, F	2	1260	0.659	56	1 /
R	206	2BR, 14BA, F	2 .	1260	0.659	59	1.
R	207	2BR, 1%BA, F	2	1260	0.659	~~~G1 .	Ä
R	208	2BR, 1¾BA, F	2	1260	0.659	63	<i>ji</i> 1 <i>j</i>
R	: 209	2BR, 1¼BA, F	2	1260	0.659:	75	1 1
R	210	2BR, 1¼BA, F	2	1260	0,659	67	1.1
R	211	2BR, 1¾BA, F	2	1260	0.659,	70	-1
R	212	2BR, 1¼BA, F	2	1260	0.659	.73	<i>j</i> 1
R	301	2BR, 1¼BA, F	3	1260	0.659	359	⁵ 1
R	302	2BR, 1%BA, F	3	1260	0.659	49.	1
R	303	2BR, 1¼BA, F	3	1260	0.659	52	1
R	304	2BR, 1%BA, F	3	1260	0.659	82	1
R	305	2BR, 1%BA, F	3	1260	0.659	80	1
R	306	2BR, 1%BA, F	. 3	1260	0.659	58	. 1
R	307	2BR, 1½BA, F	3	1260	0.659	79	1
R	308	2BR, 1%BA, F	3	1260	0.659	77	1
R	309	2BR, 1½BA, F	3	1260	0.659	65.	1
R	310	2BR, 1½BA, F	3 :	1260	0.659	66	1
R	311	2BR, 1%BA, F	3.		0.659	69	1
R	312	2BR, 1½BA, F	.3	1260	0.659	74	1
S	101	2BR, 17/BA, F.	. 1	.1280	0.670	46, 303	1
S	102	2BR, 1%BA, F	1	1280	0.670	5	1
S	103	2BR, 1%BA, F	1	1280	0.670	- 8	!
S	104	2BR, 13/4BA, F	1'	1280	0.670	9	1
S	105	2BR, 1½BA, F	1 %	1280	0.670		we.l
S	106	2BR, 1½BA, F	1	1280	0.670	17, 43	1
S	107	2BR, 1½BA, F	- ! -	1280	0.670	42	1
S	108	2BR, 1¾BA, F	1	1280	0.670	41	1
S	201	2BR, 1¾BA, F	2	1260	0.659	2 :	1
S	202	2BR, 134BA, F	2	1260	0.659	4	1/
S	203	2BR, 1½BA, F	2	1260	0.659	7	. 1

		Unit			ICE	T ·	
Building	Unit	Data	Level	Area	CEL1/	Parking	Voting
S	204	2BR, 13/4BA, F	2	1260	0.659	10	1 1
S	205	2BR, 13/4BA, F	2	1260	0.659	13	Î
S	206	2BR, 1%BA, F	2	1260	0.659	16	1
S	207	2BR, 1%BA, F	2	1260	0.659	18	l i
S	208	2BR, 13/4BA, F	2	1260	0.659	20	1
S	301	2BR, 1%BA; F	3	1260	0.659	I	1
S	.302	2BR, 14BA, F	3	1260	0.660	3	1
S	303	2BR, 1%BA/F	3	1260	0.660	6	l i
S	304	2BR, 1%BA, F	3:	1260	0.660	11,45	
S	305	2BR, 1%BA, F	3/ //	1260	0.660	12	
S	306	2BR, 1%BA, F	× ×3 /	1260	0.660	15	1
Š	307	2BR 1%BA, F	* 3 * a.	1260	0.660	19	1
3	308	2BR, 14BA, F	/ 3	1260	0.660	21	1
T	101	2BR, 14BA, F	111	1280	0.670	23	1
T	102	2BR, 14BA, F	1 /	1280	0.670.	39	1
T	103	2BR, 1%BA, F	15	1280	0.670	38 & 301	1
T	104	2BR, 13/BA, F	4 7	1280	0.670	27	1
T	105	2BR, 1%BA, F.	3.13	1280	0.670	30	1
T	106	2BR, 14BA, F	1	1280	0.670	31	1
T	107	2BR, 1%BA, F	1 1	1280	. 0.670	36	1
:. T	201	2BR, 2BA, F	:1 :	_× 1260	0.660	24	1 :
T	202	2BR, 2BA, F	2	1260	0.660	25	1 /
T	203	2BR, 2BA, F	2	1260	0.660	302	1,7
T	204	2BR, 2BA, F	2	1260	0.660	26	Ä
^T	205	2BR, 1¾BA, F	2	1260	0:660	29	111
T	: 206	2BR, 1¾BA, F	2	1260	0.660	32 .	7 1 /
τ	207	2BR, 1¾BA, F	2	1260	0.660	35%	1,1
T	301	2BR, 1¼BA, F	2	1260	0.660,	. 22	<i>i</i> 1
T	302	2BR, 1¾BA, F	2	1260	0.660	40	f/1
# T #	.303	2BR, 1%BA, F	3	1260	0.660	300	I
T	304	2BR, 14BA, F	3	1260	0.660	28:	1
T	305	2BR, 1¼BA, F	3	1260	0.660	37	1
T	306	2BR, 14BA, F	3	1260	0.660	33	1
T	307	2BR, 1%BA, F	3	1260	0.660	34	I
TOTAL				191076	100.000		132

* Legend: BR - bedroom

BA - bathroom
CEL - Common Expense Liability
ICB - Interest in Common Elements
G - garage, in unit
F - fireplace

¹/Common Expense Liability (CEL) and Interest in Common Elements (ICE) are allocated in proportion to relative Unit area; voting is allocated equally among Units with each Unit having one vote.