RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

LeAnne M. Bremer Miller Nash LLP 500 East Broadway, Suite 400 PO Box 694 Vancouver, WA 98666-0694 BK 700 Pg 40

Grantor

Vintage Oaks, L.L.C.

Grantee

The Public

Abbreviated Legal

SE 1/4, Section 23, T3N, R1E

Assessor's Tax Parcel Nos.:

117895-071; 117895-075

Prior Excise Tax No.

NA.

Other Reference No(s).

NA.

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR VINTAGE OAKS CONDOMINIUM

WITNESSETH:

The purpose of this Declaration is to submit the Property to the condominium form of ownership and use pursuant to the Act and to establish for Declarant's benefit and for the mutual benefit of all future owners or occupants of the Property, or any part thereof, certain easements and rights in, over and upon said Property and certain mutually beneficial restrictions and obligations with respect to the use, occupancy and maintenance thereof.

Declarant intends that all Unit Owners, Mortgagees, occupants, and all other persons acquiring any interest in the Property within the Condominium shall hold their interests subject to the rights, easements, privileges, and restrictions hereinafter set forth.

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR VINTAGE OAKS CONDOMINIUM - I

NOW, THEREFORE, all of the Property shall be held, used, conveyed, encumbered, leased, rented, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of the division of portions of the Property into Units and Common Elements and shall be deemed to run with the Property and bind and benefit Declarant, its successors and assigns, and any and all persons acquiring or owning an interest in and to any portion of the Property, their grantees, successors, heirs, executors, administrators and assigns.

- ARTICLE 1. DEFINITIONS. Certain terms, as used in this Declaration, shall be defined as follows, unless the context clearly indicates a different meaning thereof. Any terms used in this Declaration that are not herein defined shall have the meanings set forth in the Act.
- 1.1 "Act" shall mean the Washington Condominium Act, Chapter 64.34 of the Revised Code of Washington, as amended.
- 1.2 "Allocated Interests" means the undivided interests in the Common Elements appurtenant to each Unit, the Common Expense liabilities assigned to each Unit, and votes in the Association allocated to each Unit, or such of those attributes as are specified in this Declaration in conjunction with the use of such term.
- 1.3 "Assessments" means all sums chargeable by the Association against a Unit, including, without limitation (a) regular and special assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent accounts; and (c) costs of collection, including reasonable attorneys fees, incurred by the Association in connection with the collection of a delinquent Unit Owner's account.
- 1.4 "Association" shall mean the association of Unit Owners incorporated under the name of "Vintage Oaks Condominium Association," and its successors.
- 1.5 "Board of Directors" and "Board" shall each mean the governing body of the Association, elected pursuant to the Bylaws.
 - 1.6 "Building" shall mean any structure upon the Property that contains Units.
 - 1.7 "Bylaws" shall mean the Bylaws of the Association.
- 1.8 "Common Elements" shall consist of all those portions of the Property that are not part of the Units.
- 1.9 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.
- 1.10 "Condominium" shall mean Vintage Oaks Condominium created by this Declaration.

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- 1.11 "Declarant" shall mean Vintage Oaks, L.L.C., a Washington limited liability company, or any other person so defined in the Act.
- 1.12 "Declaration" shall mean this instrument by which the Condominium is established pursuant to the Act.
- 1.13 "Development Rights" shall mean any such rights set forth in Article 11 of this Declaration.
- 1.14 "Eligible Mortgagee" means the holder of a mortgage on a Unit and/or the guarantor of such mortgage that has filed with the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.
- 1.15 "<u>Limited Common Elements</u>" means those portions of the Common Elements that are reserved or assigned for the use of the Unit Owners of one or more but less than all of the Units.
- 1.16 "Manager" shall mean a manager or other person or corporation engaged by the Board to assist in administration or management of the Condominium.
- 1.17 "Mortgage" shall mean a mortgage, deed of trust, security agreement, or real estate installment sales contract.
- 1.18 "Mortgagee" shall mean the mortgagee, beneficiary, creditor, secured party, or vendor in a Mortgage, including the assignees of the interests so held.
- 1.19 "Property" shall mean the entire parcel of real property described in Exhibit A attached hereto and all improvements, easements, rights and appurtenances now and hereafter belonging thereto and located thereon.
- 1.20 "Special Declarant Rights" shall mean the Declarant's rights to complete improvements indicated on Survey Maps and Plans; exercise any Development Rights; maintain sales offices, management offices, and signs advertising the Condominium and model Units; grant easements through the Common Elements for the purpose of making improvements on the Property or to provide access to and from other properties; and make the Condominium subject to a Master Association, all as more specifically set forth in this Declaration.
- 1.21 "Survey Maps and Plans" shall mean the survey maps and plans of the Condominium simultaneously recorded herewith, as amended, that are incorporated into this Declaration by this reference.
- 1.22 "Total Voting Power" shall mean all of the votes assigned to the Units, irrespective of other conditions precedent to voting and regardless of the number of votes represented at any meeting.

- 1.23 "Unit Owner" shall mean the person or persons holding legal record fee simple title to a Unit, or in the event any Unit is sold under a real estate installment sales contract, the record vendee or vendees under said contract, including any natural person, corporation, partnership, association, trustee or other legal entity.
- 1.24 "Units" shall mean those areas of a Building within the Property that are not owned by the Association or in common with all Unit Owners and are intended for use solely by the persons holding title thereto and their respective tenants, licensees, and invitees. "Unit" shall mean any one (1) of the Units.
- ARTICLE 2. NAMES OF CONDOMINIUM AND ASSOCIATION. The name of the Condominium is the "Vintage Oaks Condominium." The name of the Association is the "Vintage Oaks Condominium Association."
- ARTICLE 3. CERTIFICATE OF SUBSTANTIAL COMPLETION. The Declarant hereby certifies pursuant to RCW 64.34.200(2) that all of the structural components and mechanical systems of all buildings containing or comprising any Units that form a part of the Condominium have been substantially completed.
- ARTICLE 4. DESCRIPTION OF PROPERTY. The legal description of the real property included in the Condominium is set forth in Exhibit A attached hereto. The Condominium consists of nine, two-story buildings housing 74 Units. Buildings A, C, D, E, F, G and H include 56 units: 28 upper and 28 lower; Building B includes 12 units: 6 upper and 6 lower and Building J includes 8 units: 2 upper and 2 lower. Building J also houses the common area spaces that include the leasing office, reception area, tenant computer center, fitness center, and male and female common area bathrooms. A swimming pool and spa are located outside Building J on the south side.

ARTICLE 5. UNITS.

- 5.1 Number of Units. This Declaration creates seventy-four (74) Units.
- 5.2 <u>Physical Characteristics of Units</u>. As required to be disclosed by RCW 64.34.216(1), no Unit has a built-fireplace. Each Unit shall be assigned one covered parking space which shall not be part of the Unit. Each Unit has the following physical characteristics set forth opposite its identifying number:

Unit Yumbe				
A-01	1/74	1122	2	2
A-02	1/74	1119	2 -	2

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		Approximate "		
			15 m 25 m	
A-03	1/74	1120	2	2
A-04	1/74	1110	2	2
A-05	1/74	1122	2	2
A-06	1/74	1120	2	
A-07	1/74	1119	2	2 2
A-08	1/74	1125	2	2
B-09	1/74	691	1	1
B-10	1/74	693	1	1
B-11	1/74	691	1	1
B-12	1/74	691	1	ì
B-13	1/74	692	1	1
B-14	1/74	693	1	1
B-15	1/74	692	1	i
B-16	1/74	695	1	i -
B-17	1/74	692	1 .	i
B-18	1/74	692	1	ş İ
B-19	1/74	694	1	i
B-20	1/74	693	1	1
C-21	1/74	1119	2	
C-22	1/74	1117		2 2
C-23	1/74	1119	2 2	2
C-24	1/74	1119		2
C-25	1/74	1117	2	2
C-26	1/74	1118	2 2 2	2 2
C-27	1/74	1120	2	2
C-28	1/74	1117	2	2
D-29	1/74	1120	2	2
D-30	1/74	1117	2	2
D-31	1/74	1118	2 2 2 2	2
D-32	1/74	1118	2	2.
D-33	1/74	1120	2	2
D-34	1/74	1117		2
D-35	1/74	1118.	2 2	2
D-36	1/74	1118	2	2
E-37	1/74	1120	2	2
E-38	1/74	1119	2	2

E-39	1/74	1119	2	2	
E-40	1/74	1117	2	2	
E-41	1/74	1120	2	2	
E-42	1/74	1119	2	2 2	
E-43	1/74	1119	2	2	
E-44	1/74	1117	2	2	
F-45	1/74	1119	2	2	
F-46	1/74	1117	2		
F-47	1/74	1117	2	2	
F-48	1/74	1117	2	2 2 2	
F-49	1/74	1117	2	2	
F-50	1/74	1120	2	2	
F-51	1/74	1120	2	2	
F-52	1/74	1121	2	2 2	
G-53	1/74	687	1	1	
G-54	1/74	688	i	1	
G-55	1/74	687	1	1	
G-56	1/74	687	ì	1	
G-57	1/74	687	i	1	
G-58	1/74	688	i]	
G-59	1/74	687	î	1	
G-60	1/74	687	1	i	
H-61	1/74	1118	2		
H-62	1/74	1117	2	2 2	
H-63	1/74	1122	2	2	
H-64	1/74	1119	2	2	
H-65	1/74	1117			
H-66	1/74	1117	2	2 2 2	
H-67	1/74	1119	2	2	
H-68	1/74	1118	2	2	
J-69	1/74	686	1	1	
J-70	1/74	685	i	i	
J-71	1/74	686	i	1	
J-72	1/74	685	i	1	
J-73	1/74	685	1	1	
J-74	1/74	687	1	1	

5.3 Unit Boundaries.

5.3.1 Interior Surfaces. The interior surfaces of perimeter walls, floors, and ceilings are designated as the boundaries of a Unit that is located in a Building. The face of the stud facing the interior of the Unit, drywall, and decorative and finished surface coverings are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit and that are not otherwise defined herein as a Common or Limited Common Elements are part of such Unit.

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- 5.4.2 <u>Physical Boundaries Controlling</u>. The physical boundaries of a Unit constructed in substantial accordance with the original Survey Maps and Plans thereof become its boundaries rather than the metes and bounds expressed in the Survey Maps and Plans, regardless of settling or lateral movements of the Buildings or minor variances between boundaries shown on the Survey Maps and Plans and those of the Buildings.
- 5.5 Alterations of Units. A Unit Owner may make any improvements or alterations to the Unit 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 or violate the use restrictions in this Declaration. After acquiring an adjoining Unit or an adjoining part of an adjoining Unit the Unit Owner may, with approval of the Board, remove or alter an intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this section is not a relocation of boundaries. The Unit Owner's request for Board approval shall include the plans and specifications for the proposed removal or alteration. The Board shall approve such request within sixty (60) days, unless the proposed alteration does not comply with the Act or this Declaration or otherwise impairs the structural integrity or mechanical or electrical systems in the Condominium or violates the use restrictions in this Declaration.
- 5.6 <u>Subdivisions and Combinations of Units</u>. In addition to any rights reserved by the Declarant in this Declaration, subdivisions and/or combinations of any Unit or Units are authorized as follows:

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- 5.6.1 Owner Proposal. Any Unit Owner may propose to the Board in writing the subdividing or combining of any Unit or Units, and appurtenant Common Elements or Limited Common Elements. Complete plans and specifications shall accompany the proposal for accomplishing the same, a proposed amendment to this Declaration, and the Survey Maps and Plans covering such subdividing or combining. The Association shall then notify all other Unit Owners of the requested subdivision or combination.
- 5.6.2 Required Approvals. Upon written approval of such proposal by sixty-seven percent (67%) of the Unit Owners and sixty-seven percent (67%) of the Eligible Mortgagees, and of all Eligible Mortgagee(s) and Unit Owner(s) of the Unit(s) to be combined or subdivided, the Unit Owner(s) making the proposal may proceed according to such plans and specifications; provided, the Board may administer the work or the Board may require that provisions for the protection of other Units or Common Elements include reasonable deadlines for completion of the work and be inserted in the contracts for the work.
- 5.6.3 Allocated Interests. The Allocated Interest formerly allocated to the subdivided Unit shall be reallocated to the new Units in any reasonable and equitable manner prescribed by that Unit Owner of the subdivided Unit. The Allocated Interests of the new Unit resulting from a combination of Units shall be the aggregate of the Allocated Interests formerly allocated to the Units being combined.
- 5.6.4 <u>Amendments to Survey Maps and Plans</u>. The Association shall obtain and record amendments to the Survey Maps and Plans and Declaration required by any subdivision or combination, which costs are to be paid for by the Unit Owners requesting such subdivision or combination.
- 5.7 Access to Common Elements and Public Streets. Each Unit has direct access to a portion of the Common Elements and all of the Common Elements have access to public rights of way. Unit Owners shall have unrestricted ingress to and egress from their respective Units.
- 5.8 <u>Parking Spaces</u>. The Board shall have the authority to assign parking spaces to Unit Owners and adopt reasonable rules and regulations for the operation, use and maintenance of the parking lot; provided, however, a Unit shall at all times be assigned at least one parking space.
- ARTICLE 6. ALLOCATED INTERESTS. Except as set forth in Section 5.6.3, the Allocated Interests assigned to the Units shall be based upon a formula that, except for minor rounding adjustments and the like needed to total one hundred percent (100%) or to avoid minor distinctions, gives each Unit an approximately equal undivided fractional or percentage interest in the Common Elements and approximately equal liability for Common Expenses. Based upon such formula, each Unit is assigned the allocated expense indicated in Section 5.2, which is subject to change as the number of Units in the Condominium are adjusted.

ARTICLE 7. COMMON ELEMENTS.

7.1 <u>Description</u>. All portions of the Property that are not a part of the Units shall be Common Elements, including but not limited to the open surface parking spaces, trash enclosures, wetland, stormwater and habitat areas, carports, stairs, sidewalks and front entrys, all as illustrated on the Survey Maps and Plans.

7.2 Conveyance and Encumbrance of Common Elements.

- 7.2.1 Required Approvals. Portions of the Common Elements that are not necessary for the habitability of any Unit may be conveyed or subjected to a security interest by the Association if the Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant or an affiliate of Declarant and sixty-seven percent (67%) of the Eligible Mortgagees as set forth in Section 19.8(b), agree to that action; but all of the Unit Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing of any portion or all of the Common Elements are an asset of the Association.
- 7.2.2 Agreement. An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratification thereof must be recorded in Clark County, Washington and shall be effective upon recording.
- 7.2.3 <u>Association's Authority</u>. The Association shall have all powers necessary and appropriate to effect the conveyance or encumbrance authorized pursuant to this section, including the power to execute deeds or other instruments.
- 7.2.4 Rights of Support. A conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of support.
- 7.2.5 <u>Prior Encumbrances</u>. A conveyance or encumbrance of Common Elements pursuant to this section shall not affect the priority or validity of preexisting encumbrances.
- 7.3 Incorporation of Common Element Into Unit. The Unit Owners of the Units to which at least sixty-seven percent (67%) of the Total Voting Power is allocated, including the Unit Owner of the Unit to which the Common Element will be incorporated, must agree to incorporate a Common Element into an existing Unit. Such incorporation shall be reflected in an amendment to this Declaration and the Survey Maps and Plans.

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7.4 Other Common Element Conveyances without Unit Void. An individual interest in the Common Elements may not be conveyed, encumbered, sold or transferred, voluntarily or involuntarily, except as a part of a conveyance, encumbrance, sale or transfer of the Unit to which it is appurtenant, and any attempt to do so without such a Unit transfer shall be void.

ARTICLE 8. LIMITED COMMON ELEMENTS.

- 8.1 <u>Description</u>. The Limited Common Elements each form portions of the Property legally described herein and shall consist of the following, all of which, to the extent not otherwise stated, are allocated solely to the Unit to which they are the most immediately adjacent or are herein assigned:
 - (a) All portions of the Property designated as Limited Common Elements by the Act;
 - (b) If any chute, flue duct, wire, conduit, bearing wall, bearing column, water meter, water service line, sewer service line, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit or less than all Units is a Limited Common Elements allocated solely to that Unit;
 - (c) Any shutters, awnings, window boxes, doorsteps, stairs, stoops and all exterior doors and windows or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries unless designated as Common Elements on the attached Survey Maps and Plans;
 - (d) Some patios and storage units as designated on the Survey Maps and Plans.
- 8.2 Reservation of Use. The Limited Common Elements are reserved for the exclusive use of the Unit Owners of the Units to which they are assigned in the Act and this Declaration and such Owners' respective tenants, invitees and licensees. No portion of any of the Property may be reallocated as Limited Common Elements except as provided in this Declaration or Acts.

8.3 Leasing and Transfer of Limited Common Elements.

8.3.1 Reallocation Between Units. Except as may be provided elsewhere in this Declaration, a Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to this Declaration executed by the Unit Owners of, and approved in writing by the Mortgagees holding Mortgages against, the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Unit Owner or Owners under this section within sixty (60) days unless the proposed reallocation does not comply with the Act or this Declaration. The amendment shall be recorded in the names of the parties and of the Condominium.

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- 8.3.2 Conversion of Common Element to Limited Common Element. The Unit Owners of the Units to which at least sixty-seven percent (67%) of the Total Voting Power is allocated, including the Unit Owner of the Unit to which the Limited Common Element will be assigned, must agree to convert a Common Element to a Limited Common Element. Such conversion shall be reflected in an amendment to this Declaration and the Survey Maps and Plans.
- 8.3.3 Conversion of Limited Common Element to Common Element. The Unit Owners of the Units to which at least sixty-seven percent (67%) of the Total Voting Power is allocated, including the Unit Owner of the Unit to which the Limited Common Element has been assigned, must agree to convert a Limited Common Element to a Common Element. Such conversion shall be reflected in an amendment to this Declaration and Survey Maps and Plans.
- 8.3.4 Incorporation of Limited Common Elements into Unit. The Unit Owners of the Units to which at least sixty-seven percent (67%) of the Total Voting Power is allocated, including the Unit Owner of the Unit to which the Limited Common Element will be incorporated, must agree to incorporate a Limited Common Element into an existing Unit. Such incorporation shall be reflected in an amendment to this Declaration and the Survey Maps and Plans.

ARTICLE 9. EASEMENTS.

- 9.1 In General. Each Unit has an easement in and through each other Unit for all support elements and utility, wiring, duct, heating, ventilation, service elements and for reasonable access thereto, as required to effect and continue proper operation of each Unit.
- 9.2 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and such portions of the Common Elements as are adjacent thereto and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Elements or as between said adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, a Unit Owner, occupant, or the

9.3 Easements for Utilities, Etc.

9.3.1 There is hereby reserved unto Declarant, so long as the Declarant owns any property described on <u>Exhibit A</u>, the Association, and the designees of each (which may include, without limitation, utility service providers), blanket easements upon, across, over, and under all of the Property for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, security and similar systems, roads,

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walkways, bicycle pathways, drainage systems, street lights, signage, entry features, all other portions of the Common Elements, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit, shall be made only after reasonable notice to the Unit Owner or occupant thereof.

- 9.3.2 Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier easements across all Units and the Common Elements for ingress, egress, installation, reading, replacing, repairing, and maintaining water meter boxes. Notwithstanding anything to the contrary contained in this section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property, except as may be approved by the Association's Board of Directors or as provided by the Declarant.
- 9.3.3 Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Property without conflicting with the terms hereof. The easements that are provided for herein shall in no way adversely affect any other recorded easement on the Property.

ARTICLE 10. USE RESTRICTIONS.

- 10.1 General Purposes. As further described in Section 10.6, all of the Units initially created by this Declaration and any additional Units constructed on that portion of the Property described in ARTICLE 5 hereto so long as it remains as part of the Condominium shall be used exclusively for residential purposes and normal and customary accessory purposes and by the Declarant for the purposes reserved herein as Special Declarant Rights and no commercial uses shall be allowed within the Units even if permitted under the applicable zoning laws, except as otherwise provided in this Declaration.
- 10.2 <u>Structural Alterations</u>. The Unit Owners shall not, without first obtaining written consent of the Board, make or permit to be made any structural alteration, improvement, or addition in or to its Unit or in or to the exterior of the Buildings or any of the Common Elements.
- Declaration, the Common Element Uses and Alterations. Except as otherwise set forth in this Declaration, the Common Elements shall be used only for access, ingress and egress to and from the respective Units by the respective Unit Owners or lessees residing therein, and their guests and other authorized visitors, and for such other purposes that are incidental to the use of the Units. The use, maintenance, and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner. Nothing shall be altered or constructed in, or (except for a Unit Owner's personal property) removed from, the Common Elements except upon the written consent of the Board and after following procedures required herein or by law.

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- 10.4 <u>Architectural Standards</u>. All improvements constructed on any portion of the Property shall be built in accordance with plans and specifications approved by Clark County, or any successor jurisdiction and the Modifications Committee if established pursuant to Section 10.5.
- 10.4.1 This Section 10.4 shall not apply to the activities of the Declarant nor to construction, improvements, or modifications to the Common Elements by or on behalf of the Association.
- 10.4.2 The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committees established in this Declaration. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any Unit or other Property subject to this Declaration or subject to annexation to this Declaration.
- 10.5 <u>Modifications Committee</u>. The Board of Directors may establish a Modifications Committee (MC) consisting of at least three (3) and no more than five (5) persons, all of who shall be appointed by, and shall serve at the discretion of, the Board of Directors. Members of the MC may include architects or similar professionals who are not members of the Association. The MC, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Units or structures containing Units and the open space, if any, appurtenant thereto.
- 10.5.1 The MC shall promulgate detailed standards and procedures governing its areas of responsibility and practice. In addition, the following shall apply. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations shall be submitted to the MC for approval as to quality of workmanship and design and as to harmony of external design with existing structures, location in relation to surrounding structures, topography, and finish grade elevation. Nothing contained herein shall be construed to limit the right of a Unit Owner to remodel the interior of its Unit or to paint the interior of its Unit any color desired; provided, modifications or alterations to the interior of a Unit's balcony, patio, and similar portions of a Unit visible from outside the Unit shall be subject to approval hereunder. In the event that the MC fails to approve or disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.
- 10.5.2 The approval by the MC of any proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatsoever subsequently or additionally submitted for approval or consent.
- 10.5.3 The MC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted

rules and regulations of the Board. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) stop the Committee from denying a variance in other circumstances. For purposes of this section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

- 10.5.4 Any contractor, subcontractor, agent, employee, or other invitee of a Unit Owner who fails to comply with the terms and provisions of the guidelines and procedures promulgated by the MC may be excluded by the Board from the Property without liability to any person, subject to the notice and hearing procedures contained in this Declaration.
- 10.5.5 Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and neither the Declarant, the Association, the Board of Directors, or any committee or member of any of the foregoing shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, or any committee or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit.
- 10.6 <u>Use Restrictions</u>. The Property shall be used only for residential, recreational, and related purposes that may include, without limitation, offices for any property manager retained by the Association or business offices for the Declarant or the Association as may more particularly be set forth in this Declaration and any amendments hereto. The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Property, in addition to those contained herein, and to impose reasonable user fees for use of Common Elements. Such regulations and use restrictions shall be binding upon all Unit Owners, occupants, invitees, and licensees, if any, until and unless overruled, canceled, or modified in a regular or special meeting of the Association.
- 10.6.1 Signs. No sign of any kind shall be erected within the Property visible from outside a Unit without the written consent of the Board of Directors, except entry and directional signs installed by Declarant. If permission is granted to any person or entity to erect a sign within the Property, the Board reserves the right to restrict the size, color, lettering, and placement of such sign. The Board of Directors or Declarant shall have the right to erect signs as they, in their discretion, deem appropriate. Notwithstanding the above, no signs, flags, banners, or similar items advertising or providing directional information with respect to activities being conducted outside the Property shall be permitted within the Property.
- 10.6.2 <u>Parking and Prohibited Vehicles</u>. Commercial vehicles primarily used or designed for commercial purposes which require a commercial driver's license, tractors, mobile and motor homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall not be permitted within the Property.

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Vehicles that are either obviously inoperable or do not have current operating licenses shall also not be permitted on the Property. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Property during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Elements. Any vehicle parked in violation of this section or other parking rules promulgated by the Board may be towed in accordance with the Bylaws.

of any rules and regulations or use restrictions promulgated pursuant thereto that govern the conduct of Unit Owners and that provide for sanction against Unit Owners, shall also apply to all occupants, guests and invitees of any Unit. Every Unit Owner shall cause all occupants of its Unit to comply with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Elements caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto.

10.6.4 Animals and Pets.

10.6.4.1 No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Property, except that no more than a total of two (2) dogs or cats, none of which shall be over 30 pounds, may be permitted in a Unit.

10.6.4.1.1 Excluded from the foregoing restriction shall be birds, fish, small reptiles, and small animals that are kept in cages or tanks that are permanently kept within the interior of a Unit.

10.6.4.2 Provided, however, and notwithstanding anything to the contrary set forth above, those pets that are permitted to roam free, or, in the sole discretion of the Board, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the other Unit Owners or the owner of any portion of the Property shall be removed upon request of the Board. If the Unit Owner fails to honor such request, the Board may remove the pet.

10.6.4.3 No pets shall be kept, bred, or maintained for any commercial purpose.

10.6.4.4 Dogs shall, at all times when they are outside of a Unit, be confined on a leash held by a responsible person.

10.6.4.5 Cats may not be allowed to wander freely in the Common Elements. Cats must be restricted to its owner's Unit or under the control of a responsible person when outside the Unit.

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10.6.5 Quiet Enjoyment.

- 10.6.5.1 No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye. No substance, thing, or material shall be kept upon any portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.
- 10.6.5.2 No noxious, illegal, or offensive activity shall be conducted on any portion of the Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Property. There shall not be maintained any plant, animal, device, or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property. No outside burning of wood, leaves, trash, garbage, or household refuse shall be permitted on or within the Property.
- 10.6.6 <u>Unsightly or Unkempt Conditions</u>. It shall be the responsibility of each Unit Owner to prevent any unclean, unhealthy, unsightly, or unkempt condition of its Unit. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices that might tend to cause disorderly, unsightly, or unkempt conditions, shall not be undertaken on any part of the Property.
- 10.6.7 Satellite Dishes. Satellite dishes that are 39.4 inches (1 meter) or less in diameter may be installed solely on individually owned property of a Unit. Satellite dishes shall be located in a place shielded from view from other Units or homes, from streets, or from outside the Property to the maximum extent possible. If acceptable-quality signals may be received from more than one location, the satellite dish must be located in the least visible conforming location. If an installation cannot comply with the previous section because the installation would unreasonably delay, increase the cost, or preclude reception of acceptable-quality signals, the Unit Owner must ensure that the installation location is as close to a conforming location as possible.
- 10.6.8 <u>Basketball Equipment</u>. No permanent or portable basketball hoops and backboards may be placed or used within the Property without Board approval.
- 10.6.9 Clotheslines, Garbage Cans, Tanks, Etc. Clotheslines, garbage cans, aboveground storage tanks, mechanical equipment, and other similar items at a Unit shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. All rubbish, trash and garbage shall be stored in appropriate containers approved pursuant to this Declaration, shall regularly be removed from the Property, and shall not be allowed to accumulate thereon. Garbage and recycling containers must be screened from view at all times with the exception of the night before and the day of collection.

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- 10.6.10 <u>Firearms</u>. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and any other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the Bylaws, the Association shall not be obligated to take action to enforce this section.
- 10.6.11 <u>Tree Removal</u>. No trees planted by the Declarant or the Association shall be removed without the prior approval of the Board of Directors.
- 10.6.12 <u>Lighting</u>. Except for seasonal decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved in accordance with this Declaration.
- 10.6.13 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Unit or any other portion of a Unit Owner's property unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the MC, as appropriate.
- 10.6.14 <u>Playground</u>. Any playground or other play areas or equipment furnished by the Association or erected within the Property shall be used at the risk of the user, and the Association shall not be held liable to any person for any claim, damage, or injury occurring thereon or related to use thereof.

10.6.15 Business Use.

10.6.15.1 No trade or business may be conducted in or from any Unit, except that a Unit Owner or other occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Property who do not reside in the Property or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a missance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board. Garage sales, moving sales, rummage sales, or similar activities may be allowed only with a prior grant of permission by the Board.

10.6.15.2 The terms "business" and "trade," as used in this section, shall be construed to have their ordinary, generally-accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services to persons other than the provider's family and for which the provider of the goods or services receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the

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leasing of a Unit shall not be considered a trade or business within the meaning of this section. This section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and sale of the Property or its use of any Units that it owns within the Property.

10.6.16 On-Site Fuel Storage. No on-site storage of gasoline, heating, or other fuels shall be permitted on any part of the Property, except that up to five (5) gallons of fuel may be stored on each Unit for emergency purposes and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.

10.6.17 Leasing of Units.

10.6.17.1 <u>Leasing and Rental of Units</u>. In the event an Owner is entitled to rent or lease its Unit pursuant to this subsection, any such lease or rental of an Owner's Unit shall be subject to the following provisions.

10.6.17.2 <u>Limitation on Rental Units</u>. With the exception of a mortgagee in possession of a unit following a default in a mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure, which exception terminates upon such mortgagee selling and/or otherwise transferring such Unit, an notwithstanding any other provision of this Declaration, the number of Units which may be leased or rented (on a month to month, or other periodic bases) at any time shall not exceed a total of 22 maximum rentable units for all seventy-four (74) units currently existing in the Condominium, and any lease or rental arrangement made after such maximum has been reached and/or obtained or executed without having current rental rights allocated to such Unit shall be null and void, and terminable by the Board, which is empowered to commence eviction proceedings, to be awarded and collect in addition thereto reasonable attorneys fees and costs, and to collect rents prior to the property being vacated, with respect to any non-conforming Unit. The Board shall provide a means by which Unit Owners may receive notice and a hearing before the Board with respect to the allocation of the available rental Units in the Condominium, which shall be allocated by the Board on an equitable basis for a defined period of years, and in the reasonable discretion of the Board. Prior to entering into any rental or lease arrangement, Unit Owners shall notify the Board of its intent to do so and receive the requisite permission from the Board in the event there is available allocation. The purpose of this subsection is to foster having at least 52 Units being owner-occupied, so as to promote and enhance the overall value, peace, quiet, habitability, and enjoyment of the Condominium, and the allocation of rental units shall be construed, interpreted and enforced in a manner to promote such purpose. Rental rights as set forth herein are not transferable by a Unit owner. As used herein, the terms "rent" or "lease" (and/or all derivatives and synonyms of them) shall be interchangeable, and shall consist of any contractual arrangement, whether oral or written, in which consideration may or may not be paid or received, on any basis (periodic or not) for the use or occupancy of a Unit. The terms of this subsection are to be liberally construed and interpreted, so as to effect the intent set forth herein, and are subject to reasonable interpretations of same, as made by the Board in the reasonable exercise of its discretion. The Declarant, and then the Board after Declarant's control. expires, shall allocate rentals of Units on a first come, first-served basis.

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10.6.17.3 <u>Definition</u>. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person or persons other than the Unit Owner for which the Unit Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

10.6.17.4 General. When permitted, Units may be rented only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Units or assignment of leases for Units unless prior written approval is obtained from the Board of Directors. No transient tenants may be accommodated in a Unit. All leases shall be in writing and shall be for an initial term of no less than one (1) year, except with the prior written consent of the Board of Directors. The Unit Owner shall give notice of any lease, together with such additional information as may be required by the Board, to the Board within ten (10) days of execution of the lease. The Unit Owner must make available to the lessee copies of this Declaration, the Bylaws, and the rules and regulations. The Board may adopt reasonable rules regulating leasing and subleasing.

10.6.17.5 <u>Lease Provisions</u>. Any permitted lease of a Unit in the Property shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Unit Owner covenants and agrees that if such language is not expressly contained therein, then such language shall be deemed incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the language in Section 10.6.17.6 into the lease. To satisfy a Unit Owner's obligation to the Association, the Board may collect, and the lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over 30 days. The lessee shall not have the right to question payment over to the Board. Such payment will discharge the lessee's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner, nor in derogation of any right which an Eligible Mortgageee of such Unit may have with respect to such rents.

Regulations. The lessee agrees to abide by and comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. The Unit Owner agrees to cause all occupants of its Unit to comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto and is responsible for all violations thereof and resulting losses or damages caused by such occupants, notwithstanding the fact that such occupants of the Unit are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. In the event that the lessee or a person living with the lessee violates the Declaration, Bylaws, or a rule and regulation for which a fine is imposed, such fine shall be assessed against the lessee; provided, however, if the fine is not paid by the lessee within the time period set by the Board, the Unit Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit. Any lessee

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charged with a violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto is entitled to the same procedure to which a Unit Owner is entitled to the imposition of a fine or other sanction.

10.6.17.7 <u>Use of Common Elements</u>. The Unit Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Unit Owner has to use the Common Elements and Limited Common Elements, including, but not limited to, the use of any and all common facilities and amenities.

10.6.18 <u>Laws and Ordinances</u>. Every Unit Owner and occupant of any Unit, themselves, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Property and any violation thereof may be considered a violation of this Declaration; provided, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances, and rules.

ARTICLE 11. SPECIAL DECLARANT RIGHTS.

- 11.1 <u>Declarant's Completion of Improvements</u>. The Declarant, its agents, employees and contractors shall have the right to complete improvements and otherwise perform work authorized by this Declaration, indicated on the Survey Maps and Plans, authorized by land use and building permits, provided for under any purchase and sale agreement between the Declarant and a Unit purchaser necessary to satisfy any express or implied warranty under which the Declarant is obligated, or otherwise authorized or required by law.
- Declarant's Permitted Uses. In addition to the uses otherwise permitted by this Declaration, the Declarant, or its agents, employees, and contractors, may establish and maintain in any Unit owned by the Declarant and in any of the Common Elements (other than Limited Common Elements assigned to Units not owned by the Declarant) such facilities as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the construction, sale or rental of Units and appurtenant interest, including but not limited to business offices, management offices, sales offices, construction offices, storage areas, signs, model units, and parking areas for all agents, employees, contractors, and prospective tenants or purchasers. Any such facilities not designated a Unit or Limited Common Element by this Declaration is a Common Element and, when the Declarant ceases to be a Unit Owner, the Declarant's rights to use them for the purposes enumerated above shall terminate, except that the Declarant shall have the right to promptly remove all of the Declarant's and its agents' and employees' property from such areas. The Declarant may maintain signs on the Common Elements advertising the Condominium. The provisions of this section are subject to the provisions of other state laws and local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by the Declarant in the exercise of its sole discretion; provided, however, the maintenance and use of such facilities shall not unreasonably interfere with a Unit Owner's use and enjoyment of such Owner's Unit and appurtenant Limited Common Elements and those portions of the Common Elements reasonably necessary to use and enjoy such Unit and Limited Common Elements.

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ARTICLE 12. ASSOCIATION.

- 12.1 <u>Incorporation</u>. The Association defined in Section 1.4 shall be incorporated as a Washington nonprofit corporation.
- 12.2 <u>Membership</u>. Each Unit Owner (including Declarant) shall be a member of the Association so long as it shall own a Unit in the Condominium, and such membership shall automatically terminate when a Unit Owner ceases to own a Unit. The Association's members shall consist exclusively of the Unit Owners.
- 12.3 Transfer of Membership. The membership of each Unit Owner (including Declarant) in the Association shall be appurtenant to the Unit giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. 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 appurtenant thereto to the new Unit Owner thereof.

12.4 Authority of Association.

- 12.4.1 Enumerated Powers. The Association, acting by and through the Board, or a Manager appointed by the Board, for the benefit of the Condominium and the Unit Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under and subject to the Act and this Declaration, including, without limitation, the right and authority to:
 - (a) Adopt and amend Bylaws, rules, and regulations;
 - (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments from Unit Owners;
 - (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
 - (d) 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;
 - (e) Make contracts and incur liabilities;
 - (f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;

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- (g) Cause additional improvements to be made as a part of the Common Elements;
- (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, which is a part of or adjacent to the Property, but Common Elements may be conveyed or subject to a security interest only pursuant to the provisions of this Declaration;
- (i) Grant permits, easements, leases, licenses, and concessions through or over the Common Elements for utilities, roads, and other purposes necessary for the proper operation of the Condominium, as well as petition for or consent to the vacation of streets and alleys;
- (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements (other than Limited Common Elements) and for services provided to Unit Owners;
- (k) Impose and collect charges for the late payment of Assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and, in accordance with such procedures as provided in this Declaration, or Bylaws or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Unit Owners for violations of this Declaration, Bylaws, and rules and regulations of the Association;
- (l) Impose and collect reasonable and lawful charges for the preparation and recording of amendments to this Declaration, resale certificates and updates thereof and statements of unpaid Assessments;
- (m) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;
- (n) Assign its right to future income, including the right to receive Assessments, but only to the extent this Declaration so provides;
- (o) Exercise any other powers conferred by the Act, this Declaration or the Bylaws;

- (p) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association;
- Exercise any other powers necessary and proper for the governance and operation of the Association;
- (r) Maintain and repair any Unit, its appurtenances and appliances if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or to preserve the appearance and value of the Condominium, and the Unit Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Unit Owner; provided that the Board shall levy a special charge against the Unit of such Unit Owner for the cost of such maintenance or repair; and
- (s) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof that is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorneys' fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Unit Owners and the Units responsible to the extent of their responsibility.
- hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement (other than for purposes of restoring, repairing, or replacing portions of the Common Elements) having a total cost in excess of Ten Thousand Dollars (\$10,000), without first obtaining the affirmative vote of a majority of Unit Owners at a meeting called for such purpose, or if no such meeting is held, then the written consent of a majority of Unit Owners; provided that any expenditure or contract for each capital addition or improvement in excess of Twenty-Five Thousand Dollars (\$25,000) must be approved by Unit Owners having not less than eighty percent (80%) of the Total Voting Power.
- 12.4.3 <u>Limitations upon Business Activities</u>. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all of the Unit Owners or any of them.

- Board elected by the Unit Owners takes office, (a) any management contract, employment contract, or lease of recreational or parking areas, or facilities, (b) any other management contract between the Association and the Declarant or an affiliate of the Declarant, or (c) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners takes office upon not less than ninety (90) days' notice to the other party or within such lesser 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.
- 12.4.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as herein set forth, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Unit Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that the Unit Owner of a Unit may remove said Unit and its Allocated Interest in the Common Elements appurtenant to such Unit from the lien of such assessment by payment of the Allocated Interest in Common Elements Liability attributable to such Unit. After any such payment, discharge, or satisfaction, the Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce lienor's rights against any Unit and the Allocated Interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.
- 12.5 Bylaws. Bylaws (and amendments thereto) for the administration of the Association and the Property and for other purposes not inconsistent with the Act or this Declaration shall be adopted by the Board.
- 12.6 <u>Meetings, Notices and Quorums</u>. The annual and special meetings of the Association and the Board and all procedures therefor, including required notices and quorums, shall be set forth in the Bylaws.

12.7 <u>Voting</u>.

- 12.7.1 Number of Votes. The Total Voting Power in the Association shall be the sum of all the votes assigned to the Units. Each Unit shall be assigned one vote.
- 12.7.2 <u>Method of Voting</u>. The means by which votes in the Association shall be cast and recognized, including voting by proxy, shall be set forth in the Bylaws.

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- 12.7.3 Percentage of Unit Owners or Eligible Mortgagees. For purposes of determining the percentage of Total Voting Power for approving a proposed decision or course of action in cases where a Unit Owner owns, or an Eligible Mortgagee holds Mortgages on, more than one Unit, such Unit Owner shall be deemed a separate Unit Owner for each such Unit so owned and such Eligible Mortgagee shall be deemed a separate Eligible Mortgage for each Mortgage so held.
- 12.8 <u>Management by Board</u>. Except as otherwise provided in this Declaration, the Bylaws, and the Act, the Board shall act on behalf of the Association.
- 12.9 <u>Limitation of Board's Liability</u>. A director of the Association shall not be personally liable to the Association or its members for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, or (ii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then, the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the law, as so amended. Any repeal or modification of the foregoing sections by the directors or members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.
- 12.10 <u>Indemnification</u>. The Association shall have the power and authority but not the obligation to indemnify the directors and officers of the Association, either existing or former, who may be party to any proceeding by reason of being or having served in such capacity on behalf of the Association, against any judgment, penalties, fines, settlements and reasonable expenses including legal fees actually incurred by such director or officer in connection with such proceeding, to the full extent provided in RCW 23B.08.500, et seq., and RCW 24.03.043, or any amendments or restatements thereof. The Association shall also have the power and authority but not the obligation to provide indemnification to any employee or agent of the Association as allowed by law.
- 12.11 Arbitration. In the event of a dispute among the Unit Owners that cannot be resolved through the voting procedures provided for under the Declaration and the Act, or by mere compliance with the provisions of the Declaration and the Act, such dispute shall be determined by an arbitrator in an arbitration proceeding. Such proceeding shall be conducted as expeditiously as possible and in accordance with the rules of the American Arbitration Association. The Board of Directors shall appoint the arbitrator. However, if no such arbitrator is so appointed or approved, then any Unit Owner may cause the appointment of an arbitrator by appropriate petition to the Clark County Superior Court. Such arbitrator shall be neutral and independent and an attorney licensed to practice law in the State of Washington and have reasonable prior experience with condominium law and practice. All of the costs associated with the arbitration proceeding shall be paid by the Association as a Common Expense; provided, however, the legal fees of any attorney retained by an individual Unit Owner shall be paid by such Unit Owner. The ruling of the

arbitrator shall be consistent with the Declaration and the Act, but otherwise shall be final and binding upon the Unit Owners.

12.12 Association's Records and Funds.

- Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to provide resale certificates. The Association shall keep current copies of the Declaration, the Association's Articles of Incorporation, Bylaws, and rules and regulations. All financial and other records, including, but not limited to, checks, bank records, and invoices, shall be the property of the Association. All of the items referred to in this section and the Association's books, records and financial statements shall be made available for examination and copying by the manager, a Unit Owner, a Unit Owner's authorized agent, and all Mortgagees during normal business hours. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. If this Condominium consists or hereafter consists of fifty (50) or more Units, the financial statements of the Condominium shall be audited at least annually by a certified public accountant. If this Condominium consists of fewer than fifty (50) Units, an annual audit is also required but may be waived annually by Unit Owners (other than the Declarant) of Units to which sixty-seven percent (67%) of the votes are allocated, excluding the votes allocated to Units owned by the Declarant.
- Name of Accounts. The funds of the Association shall be kept in 12.12.2 accounts under the name of the Association.
- 12.12.3 Fund Commingling. The funds of the Association shall not be commingled with the funds of any other Association, or with the funds of any Manager or any other person responsible for the custody of such funds.
- Reserve Funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two (2) persons who are officers or directors of the Association.

ARTICLE 13. ASSESSMENTS.

Unit Owner's Obligations. Each Unit Owner shall be obligated to pay its share of Assessments for Common Expenses and other special charges made pursuant to the Act, this Declaration, and the Bylaws to the treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner that the Board shall designate. No Unit Owner may exempt itself from liability for payment of Assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the Unit Owner's Unit.

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13.2 Common Expenses. Common Expenses shall include:

- (a) Expenses of administration;
- (b) Expenses of maintenance, repair, replacement and landscaping of Common Elements and Limited Common Elements;
- (c) Expenses associated with the operation, maintenance, repair, and replacement of any Common Elements that the Declarant has the right to convert to Limited Common Elements and incurred prior to such conversion being effective;
- (d) Expenses associated with the operation, maintenance, repair, and replacement of that portion of the Property that is subject to Development Rights;
- (e) Cost of insurance or bond required by the Act, this Declaration, and the Bylaws or as obtained at the direction of the Board;
- (f) Bills for any utility services furnished to the Common Elements:
- (g) Any general operating reserve established by the Board from time to time;
- (h) Reserves for replacements and deferred maintenance established by the Board from time to time;
- (i) Any deficit in Common Expenses for any prior period; and
- (j) Any other items properly chargeable as expenses of the Association.
- 13.3 Budget. The Board shall prepare a budget for the Association at least annually, estimate the Common Expenses expected to be incurred, plus any previous under assessment and less any previous over assessment, and assess the Common Expenses to each Unit in proportion to the Unit's Allocated Interest therefor set forth in this Declaration. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget. Said date shall be not less than fourteen (14) or more than sixty (60) days after mailing of the summary. Unless at that meeting the Unit Owners of Units to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until the Unit Owners ratify a subsequent budget proposed by the Board.

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- Assessments, the Board may make provision for creating, funding, and maintaining reasonable reserves for contingencies and operations and for the maintenance, repair, replacement and acquisition of Common Elements and Limited Common Elements. Such provisions shall take into account any expected income and any surplus available from the prior year's operating fund. Said reserve shall also be sufficient to cover any deductible amounts that are included in the casualty and any flood insurance policy for the Condominium obtained by the Association. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace or perform such major repair to each Common Element covered by the fund at the end of the estimated useful life of each such Common Element. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any Unit Owner's Assessment), the Board may at any time levy a further Assessment. Similarly, if the sum estimated and budgeted, and being collected and/or already collected, at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.
- 13.5 <u>Commencement of Assessments</u>. Assessments shall commence as determined by the Board. Until the Association determines and charges an Assessment, the Declarant shall pay all Common Expenses. After the Association has made any Assessment, Assessments must be made against all Units, based on their Allocated Interests for Common Expense liability and the budget adopted by the Association.

13.6 Allocation of Assessments.

- 13.6.1 <u>Allocated Liability</u>. Except as otherwise stated in this section, all Common Expenses shall be assessed against all of the Units in accordance with Article 6 of this Declaration, as amended from time to time.
- 13.6.2 <u>Limited Common Element Expenses</u>. Any Common Expenses associated with the operation, maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Units to which that Limited Common Element is assigned. If a Limited Common Element is assigned to more than one Unit, such Units shall share such Assessment equally.
- 13.6.3 Only Some Units Benefited. The Board may elect that any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited.
- 13.6.4 <u>Insurance Costs.</u> The Board may elect that the costs of insurance must be assessed in proportion to risk.
- 13.6.5 <u>Utility Costs</u>. The Board may elect that the costs of utility must be assessed in proportion to usage.

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- 13.6.6 <u>Assessments for Judgments</u>. Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their respective Allocated Common Interests at the time the judgment was entered.
- 13.6.7 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Unit Owner, the Association may assess that expense against the Unit Owner's Unit.
- 13.7 <u>Assessment Certificate</u>. The Association, upon written request, shall furnish to a Unit Owner or an Eligible Mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen (15) days after the receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

ARTICLE 14. ASSOCIATION'S RIGHTS AND REMEDIES.

- 14.1 Enforcement. Each Unit Owner shall comply strictly with the provisions of this Declaration, the Bylaws, and rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration, the Bylaws, and rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Unit Owners), or by the aggrieved Unit Owner on its own against the party (including a Unit Owner or the Association) failing to comply.
- 14.2 Access to Property. The Board, and its agents or employees, may enter any Unit or Limited Common Element in the event of emergencies. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Board and paid as a Common Expense.
- 14.3 <u>Abatement of Construction</u>. Prior to causing any items of construction that are alleged to be in violation of the Act or this Declaration to be altered or demolished, the Association shall institute appropriate judicial proceedings, including such requests for temporary restraining orders and preliminary or permanent injunctions as the Board may deem appropriate, to obtain a judicial determination of the rights of the parties.
- 14.4 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular Unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days' written notice to the Unit Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly Assessments and special charges that the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Unit.

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- 14.5 <u>Unit Owner Liability</u>. Each Assessment shall be the joint and several obligation of the Unit Owner or owners of the Unit against which the same is 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 Unit or the Unit Owner 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 waiving the lien securing such sums.
- 14.6 Mortgagee Liability. The holder of a Mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed Common Expenses collectible from all the Unit Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure or forfeiture, or delivering a deed in lieu of a forfeiture or foreclosure, of a Mortgage does not relieve the prior Unit Owner of personal liability for Assessments accruing against the Unit prior to the date of transfer as provided in this section.

14.7 Lien for Assessments.

- 14.7.1 <u>Lien</u>. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due.
- 14.7.2 General Priority. The Association's Assessment lien 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, and (c) liens for real property taxes and other governmental assessments or charges against the Unit.
- 14.7.3 Recording as Notice. Recording this Declaration constitutes record notice and perfection of the Association's lien for Assessments. While no further recording of any claim of lien for Assessment under this section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this section in the real property records of any county in which the Condominium is located. Such recording shall not constitute a written notice of delinquency to a Mortgagee.
- 14.7.4 <u>Judicial Foreclosure</u>. The Association's lien may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. Nothing in this section shall prohibit an Association from taking a deed in lieu of foreclosure.

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- Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Unit 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 rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this section, and a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.
- 14.7.6 <u>Nonjudicial Foreclosure</u>. The Association shall have the right to foreclosure its Assessment lien non-judicially in the manner provided for trustees' sales under the Washington Deed of Trust Act, RCW Ch. 61.24. For such purpose, the Property is hereby conveyed, transferred, and assigned to Stewart Title Insurance Company, or its successor, as trustee, in trust with power of sale, for the benefit of the Association as security for the payment of the Assessments when due. Said power of sale may be exercised with respect to any given Unit or Units upon the failure of the Unit Owner thereof to pay any amounts that are secured by said lien. The Declarant confirms that no portion of the Property is used principally for agricultural or farming purposes. The Association or its authorized representative shall have the power to purchase the Unit at the trustees' sale and to acquire, hold, lease, mortgage, or convey the same.
- 14.7.7 <u>Lien Survives Sale</u>. The Association's Assessment lien shall not be affected by the sale or transfer of a Unit except in the event of sale by foreclosure, trustee's sale, or contract forfeiture. Such foreclosure, trustee's sale, or contract forfeiture shall extinguish the Association's Assessment lien for all Assessments due and payable prior to the date of such foreclosure, trustee's sale, or forfeiture except to the extent of the priority of the Association's Assessment lien provided in Section 14.7.2, but in doing so shall not relieve subsequent Unit Owners of the foreclosed Unit from paying Assessments levied thereafter.
- 14.8 <u>Late Charges</u>. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all delinquent Assessments or installments thereof. In the absence of another established non-usurious 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.
- 14.9 <u>Attorneys' Fees.</u> The prevailing party 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 prevailing party shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

ARTICLE 15. ORDINARY MAINTENANCE AND REPAIR.

- 15.1 <u>Units</u>. Each Unit Owner shall, at its sole expense, keep its Unit in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting, and varnishing that may at any time be necessary to maintain the good appearance and condition of its Unit. Each Unit Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heater, fans, heating equipment, lighting fixtures, refrigerators, dishwashers, ranges, or other appliances that comprise a part of the Unit.
- 15.2 <u>Limited Common Elements</u>. Limited Common Elements are for the sole and exclusive use of the Units to which they are reserved or assigned; provided, that the use, condition, and appearance thereof may be regulated by the Board as follows:
- 15.2.1 <u>Decisions by Board</u>. The Board shall make decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for and manner of caring for, maintaining, repairing, repaining, or redecorating Limited Common Elements.
- 15.2.2 <u>Performance of Work.</u> The Association shall maintain and repair the Limited Common Elements and charge the cost therefor pursuant to Section 13.6.2.
- 15.2.3 <u>Board Approval</u>. Unit Owners may not modify, paint, or otherwise decorate or in any way alter their respective Limited Common Elements without prior written approval of the Board.
- Damage Caused by Negligence and Misconduct. If, due to the act or neglect of a Unit Owner or such Unit Owner's tenant, licensee, or invitee, or of their family member or household pet, damage shall be caused to the Common Elements or to any Unit owned by others, such Unit Owner shall pay for the repair and replacement of such damaged areas as may be determined by the Association to the extent not covered by the Association's insurance.

ARTICLE 16. INSURANCE.

- 16.1 <u>Required Policies</u>. Commencing not later than the time of the first conveyance of a Unit to any person other than a Declarant, the Association shall maintain, to the extent reasonably available:
 - (a) Property insurance on the entire Condominium, including the Units, the Common and Limited Common Elements, and fixtures, building service equipment and common personal property and supplies owned by the Association, and that may, but need not, include equipment, improvements, and betterments in a Unit installed by the Declarant or the Unit Owners unless required by Mortgagees, insuring against all risks of direct physical loss normally insured against under a standard fire and

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extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by a standard "all risk" endorsement. The total amount of insurance after application of any deductibles shall not be less than on hundred percent (100%) of the current replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from casualty policies and subject to deductibles. The policy shall contain a construction code endorsement to the extent the applicable building codes require changes to undamaged portions of the Condominium when only a part of the Condominium is destroyed by an insured hazard, and, when deemed appropriate by the Board or any Mortgagee, a steam boiler and machinery coverage endorsement that provides for the insurer's minimum liability per accident of at least the lesser of (a) Two Million Dollars (\$2,000,000), or (b) the insurable value of the Buildings;

- **(b)** Comprehensive general liability insurance for the Condominium that provides coverage for bodily injury and property damage resulting from the operation, maintenance, or use of the Common Elements in an amount of at least One Million Dollars (\$1,000,000) for any single occurrence and that contains a specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of the negligent act of the Association or other Unit Owners:
- (c) Workers' compensation insurance to the extent required by applicable laws;
- (d) If required by the Board or any Mortgagee, a fidelity bond naming the members of the Board, the Manager and its employees, and such other persons as may be designated by the Board as principals and the Association as obligee, in an amount at least equal to the greater of (i) three (3) months' aggregate Assessments for all Units plus reserves, or (ii) the maximum funds that are expected to be within the Association's custody or control. The bond shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression. The bond shall cover all persons who handle or are responsible for funds that the Association holds or administers, whether or not such person receives compensation for services and shall name the Association as the obligee. The bond shall cover the maximum funds that will be in the custody of the Association at any given time during the period in which the bond is enforced. Additionally, the Board shall ensure that any Manager is covered by its own fidelity bond paid for by the Association;

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- (e) Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable;
- (f) If any portion of the Condominium is in a special flood hazard area, a master or blanket policy of flood insurance equal to the lesser of (i) one hundred percent (100%) of the insurable value of the Condominium, or (ii) the maximum coverage available under the appropriate National Flood Insurance Administration program, and subject to deductible amount; and
- (g) Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such property, flood (if applicable under section 16.1(f)), and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee or Unit Owner of a Unit within the project, except to the extent such coverage is not available or has been waived in writing by such agency.
- 16.2 <u>Coverage Not Available</u>. If the casualty insurance described in this section is not reasonably available, or is modified, canceled, or not renewed, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses. If any insurance required by this Declaration is not commercially and reasonably available, the Board shall have the authority to obtain comparable insurance policies.
 - 16.3 Required Provisions. Insurance policies carried pursuant to this Article shall:
 - (a) Provide that the Association is the named insured, and that each Unit Owner is an insured under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association;
 - (b) Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Unit Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

- (c) Provide that no act or omission by any Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy;
- (d) Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right to set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for a Unit Owner or any Mortgagee;
- (e) Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law; and that insurance trust agreements will be recognized;
- (f) Contain standard mortgagee clauses that name Mortgagees and their successors and assigns. Provide at least ten (10) days' prior written notice to the insureds before the policy may be canceled or substantially modified. Contain no provision (other than insurance conditions) that will prevent Mortgagees from collecting insurance proceeds; and
- (g) Contain, if available, an agreed amount and inflation guard endorsement.
- 16.4 Claims Adjustment. Any loss covered by the property insurance under this Article must be adjusted with the Association, and each Unit Owner, by acquiring its Unit subject to this Declaration, appoints the Association as the Unit Owner's attorney-in-fact for such purposes. The insurance proceeds are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Unit Owners and lienholders as their interests may appear. Subject to the provisions of the Act, 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 the Condominium is terminated. In the event there is a surplus of proceeds, the first mortgagee shall have priority to the proceeds up to their interest.
- 16.5 <u>Unit Owner's Additional Insurance</u>. The Association shall have no responsibility to procure or assist in procuring property loss insurance for any Unit Owner for (a) damage to a

Unit or limited common elements not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsement); or (b) for any damage or loss to the Unit Owner's personal property. Unit Owners shall be responsible for purchasing insurance policies insuring their Units and appurtenant limited common elements for the deductible amount under the Association's policies and for insuring their Units and personal property for any loss or damage. Proof of such insurance coverage shall be provided to the Association's secretary by the Unit Owner upon the closing of the purchase of the Unit and at any other time upon request of the Association. The Board shall notify all Unit Owners of the amount of the deductible under the Association's policies. To the extent reasonably practicable, the Board shall give at least thirty (30) days' notice to the Unit Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Units Owners shall procure and maintain comprehensive liability policies having combined limits of not less than Two Hundred and Fifty Thousand Dollars (\$250,000) for each occurrence. Such insurance shall provide coverage for, without limitation, the negligent acts of the Units Owners, their tenants, guests and other occupants of the Unit for damage to the general and limited common elements and other Units and the personal property of others located therein.

- 16.6 Certificate. An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a Mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of RCW Ch. 48.18 pertaining to the cancellation or nonrenewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.
- Notification on Sale of Unit. Promptly upon 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 to the Association for the benefit of the Unit Owners of the name and address of the new Unit Owner and request that the new Unit Owner be made a named insured under such policy.

ARTICLE 17. REPAIR OF SIGNIFICANT DAMAGE.

17.1 <u>Definitions</u>. As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property that the Association is responsible to maintain or repair (a) for which funds are not available in the budgets of the Association to make timely repairs, and (b) that has a significant adverse impact on the habitability of any Unit or the ability of a Unit Owner or Owners to use the Property or any significant portion of the Property for its intended purpose. As used in this Article, the term "Repair" means to repair, reconstruct, rebuild or restore the Building or improvement that suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and

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horizontal boundaries as before. Modifications to conform to the then applicable governmental rules and regulations or available means of construction may be made. As used in this Article, the term "Emergency Work" means the work the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Unit Owners from liability arising out of the condition of the Property.

- 17.2 <u>Initial Board Determinations</u>. In the event of Significant Damage to any part of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the Board deems advisable:
 - (a) The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby;
 - (b) A reasonably reliable estimate of the cost to Repair the Significant
 Damage, which estimate shall, if reasonably practicable, be based upon a
 firm bid obtained from a responsible contractor;
 - (c) The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer;
 - (d) The amount, if any, that the estimated costs of Repair exceeds the anticipated insurance proceeds therefor and the amount of Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interest in the Common Elements; and
 - (e) Whether such Significant Damage should be Repaired.
- 17.3 Notice of Determinations. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Unit Owner and each first Mortgagee with a written notice summarizing the initial Board determination. If the Board fails to do so within said thirty (30) days, then any Unit Owner or Mortgagee may make the determination required under this section and give the notice required under this section.
- 17.4 <u>Duty to Restore</u>. Any portion of the Condominium for which insurance is required under this Article that has Significant Damage shall be Repaired promptly by the Association unless (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Unit Owners, including every Unit Owner of a Unit or assigned Limited Common Element that will not be Repaired, vote not to Repair. Even if the Significant Damage is not to be Repaired, the Board shall still have

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authority to perform Emergency Work. The cost of Repair and Emergency Work in excess of insurance proceeds and reserves is a Common Expense.

- 17.5 <u>Board's Authority</u>. Without limiting the rights and powers of the Board generally, if the Board is to Repair any damage to the Property, the Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to make the Repair. The Board may authorize the insurance carrier to proceed with Repair upon satisfaction of the Board that such work will be appropriately carried out. The Board may enter into a written agreement with any reputable firm or institution or trust or escrow company to engage such financial institution to act as an insurance trustee to adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article. In the event of a decision to terminate the Condominium and not to Repair, the Board may expend such of the insurance proceeds and funds of the Association as the Board deems reasonably necessary for Emergency Work and the remaining funds, if any, and the Property shall thereafter be held and distributed as provided in the Act.
- 17.6 <u>Damage Not Restored</u>. If all or any portion of the damaged portions of the Condominium are not Repaired (regardless of whether it is Significant Damage) (a) the insurance proceeds attributable to Units and Limited Common Elements that are not Repaired shall be distributed to the Unit Owners of those Units and the Unit Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and (b) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to their Allocated Interests in the Common Elements.

ARTICLE 18. CONDEMNATION.

- 18.1 <u>Condemnation</u>. 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 that may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Unit Owner for the Unit Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, the Unit's Allocated Interests in the Common Elements and for Common Expense liability are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests therein of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the allocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element.
- 18.2 Partial Unit Condemnation. If a part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides (a) that Unit's Allocated Interests in the Common Elements and for Common Expense liability are reduced in proportion to the reduction in the size.

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of the Unit, and (b) the portion of said 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 in the Common Elements and for Common Expense liability, respectively, before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests therein.

- 18.3 <u>Common Element Condemnation</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 Unit Owners based on their respective Allocated 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 Unit Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.
- 18.4 Association to Represent Unit Owners. The Association shall represent the Unit Owners in any proceedings, negotiations, settlement, or agreements regarding the condemnation of any part of the Condominium, and any condemnation proceeds shall be payable to the Association for the benefit of the Unit Owners of affected Units and their Mortgagees. By acquiring Units subject to this Declaration, each Unit Owner appoints the Association as its attorney-in-fact for such purposes. Should the Association not act on the Unit Owners' behalf in a condemnation process, the affected Unit Owners may individually or jointly act on their own behalf.
- 18.5 <u>Recording of Judgment</u>. The court judgment shall be recorded in the county in which any portion of the Condominium is located.

ARTICLE 19. PROTECTION OF MORTGAGEES.

- 19.1 Change in Manager. If the Association employs professional management, at least thirty (30) days' notice of any contemplated change in the professional manager shall be given to any Eligible Mortgagee. The Association shall not elect to terminate professional management and assume self-management without the prior written approval of sixty-seven percent (67%) of the Unit Owners and fifty-one percent (51%) of all Eligible Mortgagees; provided that such prior consent shall not be required to change from one professional manager to another professional manager.
- 19.2 <u>Retention of Common Elements</u>. Except when acting pursuant to the provisions of the Act involving damage, destruction, or condemnation, the Association shall not, without the prior written approval of sixty-seven percent (67%) of all Eligible Mortgagees and eighty percent (80%) of the Unit Owners, seek by act or omission to encumber, sell or transfer any of the Common Elements.
- 19.3 Partitions and Subdivisions. The Association shall not partition, combine, or subdivide any Unit or the appurtenant Limited Common Elements without the prior written approval of sixty-seven percent (67%) of all Eligible Mortgagees and sixty-seven percent (67%) of

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the Unit Owners and without unanimous approval of any Eligible Mortgagee and Unit Owner of any Unit so affected.

- 19.4 <u>Change in Percentages</u>. The Association shall not amend this Declaration to change percentages of interest in the Common Elements without the prior written approval of sixty-seven percent (67%) of all Eligible Mortgagees and sixty-seven percent (67%) of the Unit Owners and without unanimous approval of any Eligible Mortgagee and Unit Owner of any Unit for which the percentage would be changed.
- 19.5 <u>Copies of Notices</u>. A Mortgagee of a Unit (and any insurer or guarantor of such Mortgage) shall be entitled to receive timely written notice:
 - (a) That the Unit Owner/Mortgagor of the Unit has for more than sixty (60) days failed to meet any obligation under the Condominium documents, including paying assessments;
 - (b) Of all meetings of the Association and be permitted to designate a representative to attend all such meetings;
 - (c) Of any condemnation loss or a casualty loss affecting a material portion of the Property or the Unit on which it holds a Mortgage;
 - (d) Of any lapse, cancellation or material modification of insurance policies maintained by the Association; and
 - (e) Of any proposed action that requires the consent of a specified percentage of Mortgagees.

To be entitled to receive such notices the Mortgagee (or Mortgage insurer or guarantor) must send a written request for such information to the Association stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) the Mortgage.

- 19.6 <u>Insurance Requirements</u>. With respect to a first Mortgage of a Unit, the Board shall:
 - (a) Select insurance carriers that meet the Mortgagees' required Best's and financial size ratings;
 - (b) Cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any Mortgagee who makes written request to the Board to be so named:

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- (c) Furnish any such Mortgagee with a copy of any insurance policy or evidence thereof that is intended to cover the Unit on which such Mortgagee has a lien;
- (d) Require any insurance carrier to give the Board and any and all insureds (including such Mortgagees) at least thirty (30) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium nonpayment);
- (e) Not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Element exceeding Five Thousand Dollars (\$5,000) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the requirements of the Act.
- (f) Give such Mortgagee written notice of any loss or taking affecting Common Elements, if such loss or taking exceeds Ten Thousand Dollars (\$10,000);
- (g) Give such Mortgagee written notice of any loss, damage or taking affecting any Unit or Limited Common Elements in which it has an interest, if such loss, damage or taking exceeds One Thousand Dollars (S 1,000);
- (h) Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;
- (i) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Unit Owners or any persons claiming under any of them; and
- (j) Waive any provision invalidating such Mortgage clause due to 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.
- 19.7 <u>Inspection of Books</u>. Unit Owners and Mortgagees, as well as insurers and guarantors of any Mortgage on any Unit, shall be entitled to inspect during all normal business hours all of the books and records of the Association, including current copies of this Declaration, the Association's Articles of Incorporation, Bylaws, and other rules and regulations governing the Condominium, and other books, records and financial statements of the Association (within a reasonable time following request). Upon written request of any holder, insurer, or guarantor of a

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first Mortgage at no cost to the party so requesting (or if this project contains fewer than fifty (50) Units, upon the written request of any Mortgagee at its expense if any audited statement is not otherwise available), to receive an annual audited financial statement of the Association within one hundred and twenty (120) days following the end of any fiscal year of the Association.

- 19.8 <u>Approvals of Decisions</u>. Unless sixty-seven percent (67%) of the Eligible Mortgagees shall have given their prior written approval, the Association shall not be entitled to do any of the following:
 - (a) By act or omission seek to abandon or terminate the Condominium;
 - (b) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon that are owned, directly or indirectly, by the Association for the benefit of Unit Owners; provided, however, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Property shall not be deemed a transfer within the meaning of this clause;
 - (c) Change voting rights or the method of determining the obligations, assessments, dues or other charges that may be levied against the Units or the Unit Owners;
 - (d) Fail to maintain fire and extended coverage insurance on insurable portions of the Common Elements on a current replacement cost basis in an amount not less than one hundred percent (100%) of insurable value based on the then current replacement costs, or fail to maintain any other insurance or endorsement thereto then required by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, if applicable;
 - (e) Use hazard insurance proceeds for losses to any of the Property for other than the repair, replacement or reconstruction of improvements located thereon, except as provided in the Act in cases of substantial losses to the Property; and
 - (f) Alienate all or any portion of the Common Elements.
- 19.9 <u>Approvals of Amendments</u>. Any amendment to a provision of this Declaration establishing, provide for, governing or regulating the following shall require the consent of fifty-one percent (51%) of the Eligible Mortgagees:
 - (a) Increases in Assessments that raise the previously assessed amount by more than twenty-five percent (25%), or any amendments to Assessment liens or the priority of Assessment Liens;

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- (b) Convertibility of Units into Common Elements or vice versa;
- (c) Except pursuant to exercise of a Development Right set forth in this Declaration, expansion or contraction of the Condominium, or the addition, amnexation, or withdrawal of property to or from the Condominium (exercise of a Development Right does not require approval by the Eligible Mortgagees);
- (d) Imposition of any further restrictions upon the leasing of Units in addition to what is provided in this Declaration;
- (e) Imposition of any restrictions on a Unit Owner's right to sell or transfer its Unit;
- (f) Any provisions that expressly benefit Mortgage holders, insurers, or guarantors.
- 19.10 Remedial Advances. First Mortgagees or purchasers of first Mortgages on Units may, jointly or singly, pay taxes or other charges that are in default and that may have or become a charge against an Common Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Elements, and first Mortgagees or the purchasers of first Mortgages making such payments shall be owed immediate reimbursement therefor from the Association.
- 19.11 Condemnation Awards. In the event all or any portion of the Common Elements are acquired by condemnation or under threat of condemnation, the condemnation award shall be utilized by the Association to acquire, to the extent possible, comparable replacement areas and facilities. In the event the Association is unable to obtain comparable replacement areas and facilities within a period of nine (9) months from the date the Association received the condemnation award or monies paid to the Association under threat of condemnation, the Association shall pay jointly to any Unit Owner and the Mortgagee holding a Mortgage on said Unit, if any, a pro rata share of said condemnation award or monies received attributable to said Unit. The pro rata share of said condemnation award or monies received attributable to said Unit; provided, however, the first mortgagee shall have priority up to their interest.
- 19.12 <u>Provisions Controlling</u>. Any provision of this Declaration conferring rights upon Mortgagees that is inconsistent with any other provision of this Declaration or the Bylaws shall control over such other inconsistent provisions.
- 19.13 <u>HUD/VA Provisions</u>. Anything to the contrary in this Declaration notwithstanding, the following requirements of HUD and/or VA (collectively "HUD/VA") shall control, if applicable:

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19.13.1 The lien of any assessment is subordinate to the lien of any first Mortgage.

19.13.2 Mortgagees are not required to collect assessments.

19.13.3 Failure to pay assessments shall not constitute default under any insured Mortgage.

- 19.13.4 Approval by Owners representing at least sixty-seven percent (67%) of the total votes in the Association is required to amend this Declaration. Amendment of this Declaration related to the amexation of additional properties, mergers, consolidations, mortgaging common areas, dissolution and amendment of the Articles of Incorporation also requires prior approval by HUD/VA as long as the Declarant has control of the Association.
- 19.13.5 The dedication of Common Elements to an entity other than the Association requires prior approval by HUD/VA as long as the Declarant has control of the Association.
- 19.13.6 If ingress or egress to any residence is through Common Elements, any conveyance or encumbrance of such area is subject to lot Owner's easement.
- 19.13.7 The Common Elements shall be conveyed to the Association free and clear of all encumbrances (except easements, conditions, and restrictions of record) before HUD insures the first Mortgage on the Property, and any provision in this Declaration conflicting with the foregoing HUD requirement shall have no force or effect.
- 19.13.8 Absolute liability is not imposed on lot Owners for damage to Common Elements or lots within the Property.
- 19.13.9 Dedication of Common Elements, and amendment of this Declaration of Covenants, Conditions, and Restriction, require prior approval by HUD/VA before the Declarant has transferred control under Chapter 64.34.
- 19.13.10 Declarant intends that this Declaration and the Articles and Bylaws gives or shall comply with HUD certification requirements as set forth in HUD Form 4150.1 REV 1 (2/90), as contained in the U.S. Department of Housing and Urban Development publication entitled Valuation Analysis for Home Mortgage Insurance, February, 1990, Handbook 4150.1 REV 1. pages 11-23 and 11-24, and/or as referenced in Chapter 11 and HUD Handbook 4135.1 REV 2, Appendix 9, and that there is no provision in the covenants that conflicts with the HUD requirement that the Common Elements shall be conveyed to the Association free and clear of all encumbrances before HUD insures the first mortgage. The provisions of which are incorporated herein, and the event of any conflict between the HUD Certification and all revised and amended Declarations, Articles, or Bylaws, the provisions of the HUD Certification shall prevail.

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- 19.13.11 Each Unit Owner is empowered to enforce this Declaration and any amendment thereto.
- 19.13.12 No provision of this Declaration or the Bylaws gives or shall be construed as giving any Unit Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.
- 19.14 Notice to the Association. Upon request, each Unit Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgagee encumbering such Unit Owner's Unit.
- 19.15 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements that necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Unit Owners, may cause an amendment to this Article to be recorded to reflect such changes.
- 19.16 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within sixty (60) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE 20. AMENDMENTS.

- 20.1 <u>In General</u>. Except in cases of amendments that may be executed solely by the Declarant, the Association, or certain Unit Owners as otherwise stated herein, this Declaration, including the Survey Maps and Plans, may be amended only by vote or agreement of Unit Owners of Units holding at least sixty-seven percent (67%) of the Total Voting Power.
- 20.2 Execution. Amendments to this Declaration required by the Act to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.
- 20.3 Recording. Every amendment to this Declaration must be recorded in every county in which any portion of the Condominium is located, and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to this Declaration and each previously recorded amendment thereto. All amendments adding Units shall contain a cross-reference by recording number to the Survey Maps and Plans relating to the added Units and set forth all information required by the Act.

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- 20.4 General Limitations. Except to the extent expressly permitted or required by other provisions of the Act, no amendment may create or increase any Special Declarant Rights, increase the number of Units, or change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Unit Owner of each Unit particularly affected and the Unit Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated other than the Declarant; provided, however if this Declaration permits a lesser percentage for a more specific action, including but not limited to subdividing a Unit into additional Units or incorporating a Common Element into a Unit (which specific actions may qualify as increasing the number of Units or changing the boundaries of a Unit), the lesser percentage set forth in this Declaration for the more specific action shall apply.
- 20.5 Special Declarant and Development Rights. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided for in this Declaration without the consent of the Declarant and any Mortgagee of record with a security interest in the Special Declarant or Development Right or in any real property subject thereto, excluding Mortgagees of Units owned by persons other than the Declarant.
- 20.6 <u>Challenge to Validity</u>. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one (1) year after the amendment is recorded.
- 20.7 Survey Maps and Plans Amendment. Except as otherwise provided herein, the Survey Maps and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Maps and Plans shall be made available for the examination of every Unit Owner. Such amendment to the Survey Maps and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with this Declaration amendment.

ARTICLE 21. TERMINATION.

21.1 General. Except in the case of a taking of all of the Units by condemnation, this Condominium may be terminated only by agreement of the Unit Owners of Units to which at least eighty percent (80%) of the Total Voting Power is assigned. Such vote must be evidenced by the execution of a termination agreement in the same manner as a deed by the requisite number of Unit Owners, and said agreement shall specify a date after which it will be void unless it is recorded before that date and shall contain a description of the manner in which the creditors of the Association will be paid or provided for. No termination shall be effective until the termination agreement is recorded. The termination agreement may provide that the Property shall be sold following termination in the manner and with the consequences prescribed by the Act. If the Property is not sold following termination, title therein shall vest in the Unit Owners upon termination as tenants in common with the Unit Owners' respective undivided interests to be allocated as provided in the Act.

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21.2 Mortgagee Approval. Eligible Mortgagees that represent Units to which at least sixty-seven percent (67%) of the Total Voting Power is assigned must consent to any decision to terminate the legal status of this Condominium for any reason, including substantial destruction or condemnation of the Property.

ARTICLE 22. CONSTRUCTION AND INTERPRETATION.

- 22.1 <u>Liberal Construction</u>. The provisions of this Declaration shall be liberally construed to effect its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of Washington law. It is intended and covenanted also that, insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative shall be liberally construed to effect the intent of this Declaration insofar as reasonably possible.
- 22.2 <u>Immaterial Defects</u>. The creation of the Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Survey Maps and Plans or any amendment thereto to comply with the Act.
- 22.3 Partial Invalidity. If any term, covenant, condition or restriction contained in this Declaration should be held to be unenforceable or invalid by any court of competent jurisdiction such holding shall not invalidate this Declaration as creating a condominium and shall be limited to the extent practicable to the provision so invalidated.
- 22.4 <u>Consistent with Act</u>. The terms used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.
- 22.5 <u>Captions and Exhibits</u>. Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.
- 22.6 <u>Adjustments for Inflation</u>. Any dollar amounts specified in this Declaration in connection with any proposed action or decision of the Board or Association may, in the discretion of the Board, be increased proportionately by the increase in the Consumer Price Index for the City of Portland, Oregon for All Urban Consumers, prepared by the United States Department of Labor to adjust for any changes in the value of the dollar after the effective date of this Declaration.
- 22.7 <u>Rule Against Perpetuities</u>. The rule against perpetuities may not be applied to defeat any provision of this Declaration.

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- 22.8 <u>Conflicts Among Act, Declaration, and Bylaws</u>. In the event of an express conflict between the provisions of this Declaration and the Bylaws, this Declaration shall be controlling. In the event of an express conflict between this Declaration and the Act, the Act shall be controlling.
- 22.9 Natural Persons. If this Declaration or the Bylaws now or hereafter provides that any officers or directors of the Association must be a Unit Owner, the term "Unit Owner" in such context shall, unless this Declaration or the Bylaws otherwise provide, be deemed to include any director, officer, or partner in or trustee of any person who is either alone or in conjunction with another person or persons a Unit Owner. Any officer or director of the Association who would not be eligible to serve as such if not for being a director, officer, partner in or trustee of such a person shall be disqualified from continuing in office if they cease to have any such affiliation with that person or if that person would have been disqualified from continuing in such office as a natural person.
- 22.10 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of this Declaration, of the Bylaws, or to exercise any right or option 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 such term, covenant, condition, or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any Assessment from a Unit Owner with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.
- 22.11 <u>Delivery of Notice</u>. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, postage prepaid, by First Class Mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board. Notice to Unit Owner shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by at least fifteen (15) days' prior written notice to the Board. Notice to be given to the Board shall be given to the President or Secretary of the Board.
- 22.12 Attorney Fees for Enforcement of Declaration. In the event a suit, proceeding, arbitration or action of any nature whatsoever is instituted, including without limitation any proceeding under the U.S. Bankruptcy Code, or the services of any attorney are retained to enforce any term, condition, or covenant of this Declaration, or to procure an adjudication, interpretation or determination of the rights of the parties hereunder, the prevailing party shall be entitled to recover from the other party, in addition to any award of costs or disbursements provided by statute, reasonable sums as attorney fees and costs and expenses, including paralegals', accountants', and other expert's fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection with such suit, proceeding or action, including appeal or bankruptcy proceeding,

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which sum shall be included in any judgment or decree entered therein and such amounts awarded shall be in addition to all other amounts provided by law.

ARTICLE 23. SECURITY.

The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than otherwise might be. NEITHER THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY. NEITHER ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL UNIT OWNERS AND OCCUPANTS OF ANY UNIT, TENANTS, GUESTS, AND INVITEES OF ANY UNIT OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE. NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH UNIT OWNER AND OCCUPANT OF ANY UNIT, AND EACH TENANT, GUEST, AND INVITEE OF A UNIT OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH UNIT OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST, AND INVITEE OF ANY UNIT OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS, AND TO THE CONTENTS OF UNITS. EACH UNIT OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST, AND INVITEE OF ANY UNIT OWNER FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY UNIT OWNER, OCCUPANT. TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

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ARTICLE 24. EFFECTIVE DATE. This Declaration shall take effect upon recording. SIGNED BY: VINTAGE OAKS, L.L.C. By: By: Its:

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STATE OF WASHINGTON	3
County of Clark	: ss.)
Vintage Oaks, L.L.C., a Washing foregoing instrument, and acknowledge	gton limited liability company, that executed the within and wledged said instrument to be the free and voluntary act and ded depurposes therein mentioned, and on oath stated that he was
	OF, I have hereunto set my hand and affixed my official seal the
OF PORTON	My appointment expires: 12-/5-2007

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EXHIBIT A PERIMETER DESCRIPTION FOR VINTAGE OAKS CONDOMINIUM

EXHIBIT A - 1



MINISTER-GLAESER SURVEYING INC.

(360) 694-3313 FAX (360) 694-8410 2200 E. EVERGREEN VANCOUVER, WA 98661

February 15, 2006

Exhibit "A"

PERIMETER DESCRIPTION OF VINTAGE OAKS CONDOMINIUMS WHICH HEREBY BECOMES PART OF VINTAGE OAKS CONDOMINIUMS AND IS SUBJECT TO DEVELOPMENT RIGHTS SET FORTH IN THE DECLARATION:

Real property situated in Clark County, Washington, being a portion of Lot 7 and Lot 8 of "FITZHUGH ACRES" according to the plat thereof, recorded in Volume "E" of Plats at Page 21, records of Clark County, Washington, located in the Southwest quarter of the Southeast quarter of Section 23, Township 3 North, Range 1 East, Willamette Meridian.

Beginning at the Southeast corner of said Lot 8;

Thence North 88°42'20" West, for a distance of 261.16 feet to a point that bears North 83°07'05" East, 0.81 feet of a ½ inch iron rod with a yellow plastic cap marked (MURSELL);

Thence North 01°37'46" East, for a distance of 125.25 feet;

Thence North 88°43'36" West, for a distance of 346.55 feet to the Southeast corner of that certain strip of land conveyed to Clark County, by Statutory Warranty Deed, recorded under Auditor's File # 3094354, records of Clark County, Washington;

Thence North 01°37'55" East, along the East line of said strip of land, for a distance of 60.00 feet to the Northeast corner of said strip;

Thence South 88°43'36" East, for a distance of 346.55 feet:

Thence North 01°37'46" East, for a distance of 638.02 feet to a 1/2 inch iron pipe;

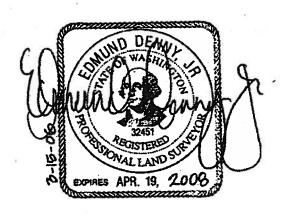
Thence South 88°37'08" East, for a distance of 260.58 feet to a 1/2 inch iron pipe;

Thence South 01°37'15" West, along the West line of "MACE SUBDIVISION", according to the plat thereof recorded in Book "G" of Plats, at Page 35, records of Clark County, Washington, for a distance of 494.17 feet to a 1/2 inch iron rod with a yellow plastic cap marked (RENTON PLS 37535), said point marking the Southwest corner of Lot 6 of said "MACE SUBDIVISION":

Thence South 01°32'31" West, along the West line of "THE WOODLANDS", according to the plat thereof recorded in Book 311 of Plats, at Page 86, records of Clark County, Washington, for a distance of 328.71 feet to the POINT OF BEGINNING.

Containing 5.40 acres.

Together with and subject to easements, reservations, covenants and restrictions apparent or of record.



CERTIFICATE FOR CONDOMINIUM

Order No.: 140681

This is to certify that in connection with the recordation of the Survey Map and Declaration of the property described in Exhibit "A"; the following list comprises all necessary parties signatory thereto:

VINTAGE OAKS, LLC, A WASHINGTON LIMITED LIABILITY COMPANY

This certificate does not purport to reflect a full report on conditions of title, nor nature and extent of interest vested in each of the parties enumerated above, and shall have no force and effect, except in fulfilling the purposes for which it was requested.

Dated this 31 day of March, 2006

Stewart Title of Western Washington

Debbi Hodgson, Title Officer



DOUG LASHER Clark County Treasurer

PO BOX 5000, Vancouver, Washington 98666-5000
Telephone (360) 397-2252. Fax (360) 397-6042 Web: www.clark.wa.gov/treas

Condominium Certification Letter

DATE: April 05, 2006

TO WHOM IT MAY CONCERN:

This is to certify that the 2005 Full Year and all prior years taxes and special assessments have been paid on the property described as follows:

Account Nbr(s)	1st Line Legal(s)
1) 117895-071	FITZHUGH ACRES #3 LOT 7 .87A
2) 117895-075	FITZHUGH ACRES #4 LOTS 7 & 8 4.43A

Short Platted By: VINTAGE OAKS LLC

201 SE PARK PLAZA DR #200

VANCOUVER

WA 98684

Paid By:

VINTAGE OAKS LLC

201 SE PARK PLAZA DR #200

VANCOUVER

WA 98684

CERTIFICATION FEE PAID BY TREASURER'S RECEIPT NUMBER 57103

RCW 58.17-060: "Short plats and subdivision-Summary approval-Regulations-Requirements" states that such regulations must contain a requirement that land in short subdivisions may not be further divided in any manner within a period of five years without the filing of a final plat, except that when the short plat contains fewer than four parcels, nothing in this section shall prevent the owner who filed the short plat from filing an alteration within the five-year period to the state of the short plat of four lots within the original short plat boundries.

Treasurer

4/5/2006 11:13:07 AM

Page 1 of 1

VINTAGE OAKS CONDOMINIUMS
IN A PORTION OF LOT 7 AND LOT 8 OF "FIZHUGH
ACRES" (E-21) IN THE SW 1/4, SE 1/4 OF SECTION 23
CLARK COUNT, WASHINGTON
CLARK COUNT, WASHINGTON
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SHEET 1 OF 10





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3) PROPER DEFENDENCE AND A COUNCY ELEMENT.
4) ALL PRINCE AND LANTED COMMON RELIGIORY ALLOCATED TO THE LANTS THEY
ARE APPROVED. SEE SMETTS 2, 4, 7, 8 AND 9 OF 18.

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Girls Kinsey by Sharla Comestro AUDITORS CERTIFICATE:

RECORDING CERTIFICATE:

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ASSESSORS CERTIFICATE:

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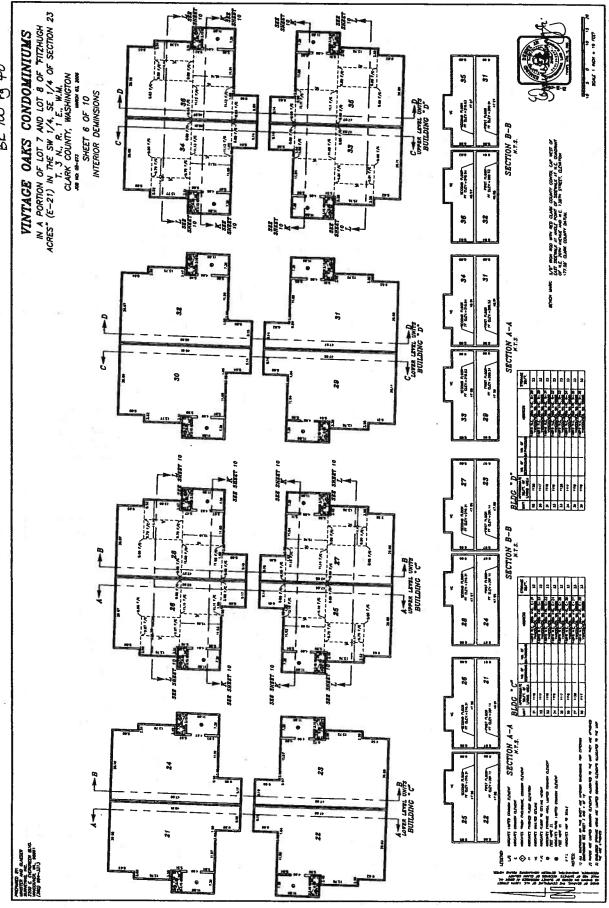
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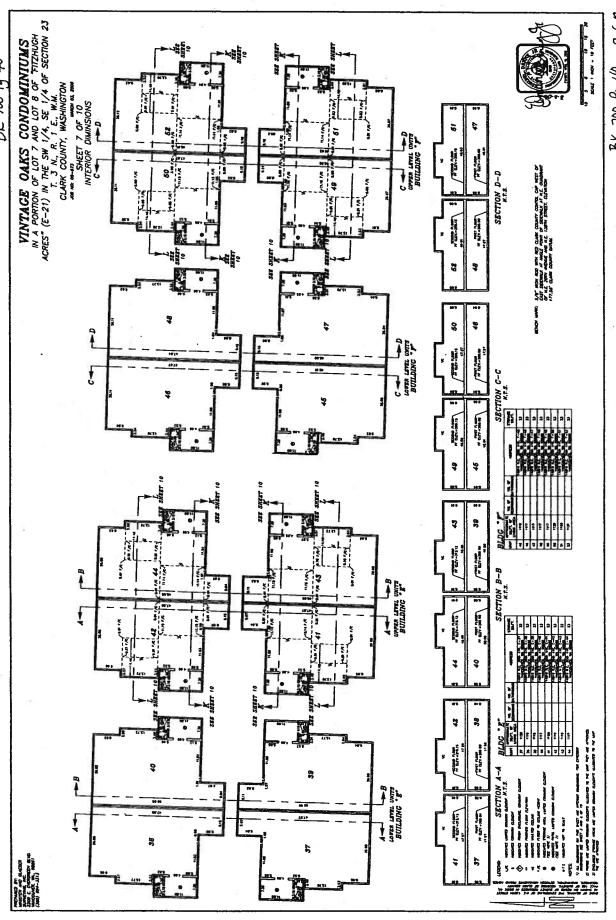
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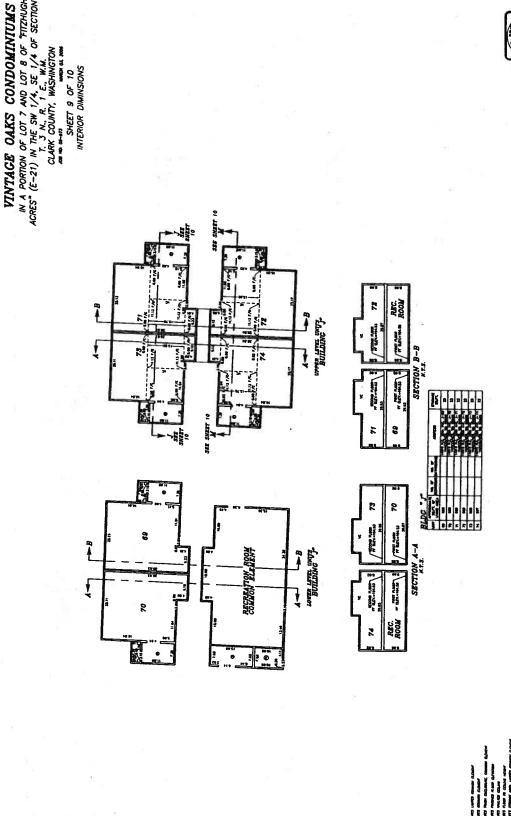


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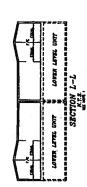
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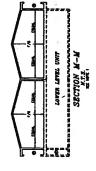
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VINTAGE OAKS CONDOMINIUMS
IN A PORTION OF LOT 7 AND LOT 8 OF FITZHUGH
ACRES" (E-21) IN THE SW 1/4, SE 1/4 OF SECTION 23
T, 3 N., R, 1 E., W.M.
CLARK COUNT, WASHINGTON
AS MAN COUNT, WASHINGTON
SHEET 10 OF 10
TYPICAL BUILDING SECTIONS



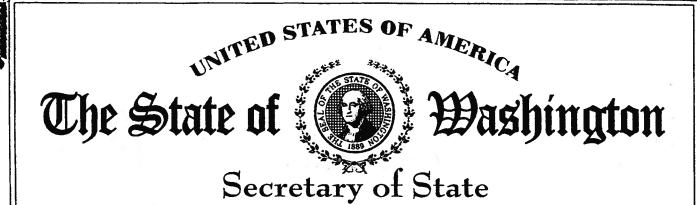




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AT 51 01 - NOW 1 FROM

TOWN TEAST DAIL



I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

VINTAGE OAKS CONDOMINIUM ASSOCIATION

a/an WA Non-Profit Corporation. Charter documents are effective on the date indicated below.

Date: 1/19/2006

UBI Number: 602-576-446

APPID: 468930



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

2006-01-19 02:32PM FROM-Miller Nash LLP

SECRETARY OF STATE

SAM REED

01/19/2006

STATE OF WASHINGTON

3606846413

T-118 P.002/008 F-248

01/19/2006 770236 \$50.00 Credit Card #05437B Tracking ID:

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ARTICLES OF INCORPORATION

602 576 446

Doc No: 770236-002

VINTAGE OAKS CONDOMINIUM ASSOCIATION
A Washington Nonprofit Corporation

The undersigned, acting as Incorporator of a corporation under the provisions of the Washington Nonprofit Corporations Act (as codified in Revised Code of Washington Chapter 24.03) and the Condominium Act (as codified in Revised Code of Washington Chapter 64.34), collectively referred to as the Acts, adopt the following Articles of Incorporation.

ARTICLE 1 Name

The name of the corporation shall be VINTAGE OAKS CONDOMINIUM ASSOCIATION (hereafter referred to as the "Association").

ARTICLE 2 Period of Duration

The period of duration of the Association shall be perpetual.

ARTICLE 3 Purposes

- 3.1. This Association is organized for the following purposes:
- 3.1.1. To operate as a nonprofit owners association under the Acts first above referenced;
- 3.1.2. To preserve, protect and improve the quality and character of the Condominium Association and the condominium established pursuant to the Declaration defined below (the "Condominium"); and
- 3.1.3. To do everything necessary, proper, advisable, and/or convenient for the accomplishment of this purpose.

ARTICLE 4 Powers

- 4.1 The Association may exercise the following powers:
 - 4.1.1 Adopt and amend Bylaws, rules, and regulations;
- 4.1.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments from unit owners;

ARTICLES OF INCORPORATION

VANDOCS:50061763,1

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- 4.1.3 Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- 4.1.4 Institute, defend, or intervene in litigation or administrative proceeding in its own name on behalf of itself or two or more unit owners on matters affecting the Condominium;
 - 4.1.5 Make contracts and incur liabilities;
- 4.1.6 Regulate the use, maintenance, repair, replacement, and modification of common elements:
- 4.1.7 Cause additional improvements to be made as a part of the common elements;
- 4.1.8 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, which is a part of or adjacent to the Property, but common elements may be conveyed or subject to a security interest only pursuant to the provisions of the Condominium Declaration for the Vintage Oaks Condominium, as may be amended from time to time ("Declaration");
- 4.1.9 Grant permits, easements, leases, licenses, and concessions through or over the common elements for utilities, roads and other purposes necessary for the proper operation of the Condominium and petition for or consent to the vacation of streets and alleys;
- 4.1.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the common elements (other than limited common elements) and for services provided to unit owners;
- 4.1.11 Impose and collect charges for the late payment of assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and, in accordance with such procedures as provided in the Declaration, or Bylaws or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the unit owners for violations of the Declaration, Bylaws, and rules and regulations of the Association;
- 4.1.12 Impose and collect reasonable and lawful charges for the preparation and recording of amendments to the Declaration, resale certificates and updates thereof and statements of unpaid Assessments;
- 4.1.13 Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

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ARTICLES OF INCORPORATION

- 4.1.14 Assign its right to future income, including the right to receive assessments, but only to the extent the Declaration so provides;
- 4.1.15 Exercise any other powers conferred by the Acts, the Declaration or the Bylaws;
- 4.1.16 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association;
- 4.1.17 Exercise any other powers necessary and proper for the governance and operation of the Association;
- 4.1.18 Maintain and repair any unit, its appurtenances and appliances if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common elements or to preserve the appearance and value of the Condominium, and the unit owner of said unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the unit owner; provided that the Board shall levy a special charge against the unit of such unit owner for the cost of such maintenance or repair; and
- 4.1.19 Pay any amount necessary to discharge any lien or encumbrance levied against the entire Condominium property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against said property or against the common elements, rather than merely against the interest therein of particular unit owners. Where one or more unit owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorneys' fees) incurred by the Board by reason of such lien or liens shall be specially charged against the unit owners and the units responsible to the extent of their responsibility.

ARTICLE 5 Membership and Voting Rights

- 5.1 The Association shall have members consisting of every owner of condominium units located within the Association's jurisdiction, as described in the Declaration as amended and/or the Association's Bylaws.
- 5.2 Membership will be without regard to race, religion, national origin, sex, age, and mental or physical handicap.
- 5.3 There shall be one vote per unit, i.e. a member that owns two units will be entitled to two votes. When more than one person or an entity owns an interest in a unit, all such persons or entities shall be members. The vote for each unit shall be exercised as the owners determine, but in no event shall more than one vote be east with respect to each unit.

ARTICLES OF INCORPORATION

ARTICLE 6 Board of Directors

- 6.1 Directors shall be members of the Association. The number of directors of this Association, their terms, and the manner in which they shall be appointed or otherwise elected shall be set forth in the Bylaws of the Association.
- 6.2 The name and address of the person who is to serve as the initial directors of the Association, who has consented to such appointment, is as follows:

Trenton Pietz

201 N.E. Park Plaza, Suite 200 Vancouver, WA 98684

Richard Prather

201 N.E. Park Plaza, Suite 200 Vancouver, WA 98684

ARTICLE 7 Bylavys

- 7.1 The Bylaws of the Association shall regulate the internal affairs of the Association and may contain any provisions for the regulation and management of the affairs of the Association not inconsistent with these Articles, the Declaration, and the Acts, and shall at a minimum set forth the following:
 - 7.1.1 The number, qualifications, powers and duties, terms of office, and manner of electing and removing the Board of Directors and officers and filling vacancies;
 - 7.1.2 Election by the Board of Directors of the officers of the Association;
 - 7.1.3 Which, if any, of its powers the Board of Directors or officers may delegate to other persons or to a managing agent;
 - 7.1.4 Which of its officers may prepare, execute, certify, and record amendments to the governing documents on behalf of the Association;
 - 7.1.5 Subject to the provisions of the Association's governing documents, any other matters the Association deems necessary and appropriate.
- 7.2 The initial Bylaws of the Association shall be adopted by the Association's initial Board of Directors, which Bylaws may be amended as provided herein.

ARTICLES OF INCORPORATION

ARTICLE 8 Amendments

- 8.1 The power to amend, alter, change, restate, or repeal any provisions contained in these Articles of Incorporation shall be reserved to the members of the Association. Such power may be exercised at an annual meeting, or at a special meeting of the members called for such purpose, at which a quorum is present. A proposed change in the Articles shall be adopted upon receiving at least two-thirds of the votes of all unit owners present in person or by proxy or received by mail as a ballot.
- 8.2 The power to alter, amend, restate or repeal the Bylaws, or to adopt a new set of Bylaws, shall be reserved to the members at an annual meeting, or at a special meeting called for that purpose, at which a quorum is present. A proposed change in the Bylaws shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast or are represented by a mail-in ballot.

ARTICLE 9 Funds and Assets

- 9.1 This Association shall use its funds only to accomplish the purposes stated in these Articles and those which are consistent with Washington law and, if applicable, Section 501(c) of the Internal Revenue Code. The Association is not formed for pecuniary or financial gain, and no part of the funds of this Association shall inure to the benefit of or be distributed to the directors or officers of the Association, except to the extent permitted under the Acts, these Articles of Incorporation and/or the Association's Bylaws.
 - 9.2 The Association shall not:
 - (i) have or issue shares of stock;
 - (ii) make any disbursement of income to its members, directors or officers in such capacity; nor
 - (iii) loan money or credit to its officers or directors.
- 9.3 The Association may pay compensation in a reasonable amount to its members, directors, or officers for services rendered and may confer benefits upon its members in conformity with its purposes.
- 9.4 In the event this Association dissolves and the Condominium terminates, the membership of the Association, which shall consist of all of the unit owners at the time of termination, or their heirs, successors, or assigns, shall be entitled to distributions of proceeds under RCW 64.34.268.

ARTICLES OF INCORPORATION

ARTICLE 10 Limitation on Director Liability

- 10.1 A director of the Association shall not be personally liable to the Association or its members for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, or (ii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then, the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the law, as so amended.
- 10.2 Any repeal or modification of the foregoing section by the directors or members of the Association shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

ARTICLE 11 Indemnification

11.1 The Association shall have the power and authority but not the obligation to indemnify the directors and officers of the Association, either existing or former, who may be party to any proceeding by reason of being or having served in such capacity on behalf of the Association, against any judgment, penalties, fines, settlements and reasonable expenses including legal fees actually incurred by such director or officer in connection with such proceeding, to the full extent provided in RCW 23B.08.500, et seq., and RCW 24.03.043, or any amendments or restatements thereof. The Association shall also have the power and authority but not the obligation to provide indemnification to any employee or agent of the Association as allowed by law.

ARTICLE 12 Registered Agent and Registered Office

The address of the initial registered office of the Association and the name of the initial registered agent of the Association at such street address shall be:

MN Service Corporation (WA) 500 East Broadway, Suite 400 PO Box 694 Vancouver Washington 98660

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ARTICLES OF INCORPORATION

VANDOCS:50061763.1

ARTICLE 13 Articles of Incorporation

These Articles of Incorporation represent the full and complete Articles of Incorporation of the Vintage Oaks Condominium Association notwithstanding any other document which may have been previously recorded with the Clark County Auditor which purports to be the same.

ARTICLE 14 Incorporator

14.1 The name and street address of the Incorporator of the Association is:

MN Service Corporation (WA)

500 E. Broadway, Suite 400 Post Office Box 694

Vancouver, Washington 98666-0694

IN WITNESS THEREOF, I have hereunto subscribed my name this $\frac{1}{2}$ day of 2006, and hereby state that I have obtained the consent of each of the initial directors named to serve.

MN SERVICE CORPORATION (WA), a Washington corporation, Incorporator, by:

AcAnne M. Bremer, Vice-President

ARTICLES OF INCORPORATION

CONSENT TO APPOINTMENT AS REGISTERED AGENT

The undersigned hereby consents to serve as Registered Agent in the State of Washington for VINTAGE OAKS CONDOMINIUM ASSOCIATION.

I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and to immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the Association for which I am agent.

Date Signed: 1900, 2006.

MN SERVICE CORPORATION (WA), a Washington corporation, Registered Agent, by:

XeAnne M. Bremer, Vice-President

Address of Registered Agent:

500 East Broadway, Suite 400 PO Box 694 Vancouver, WA 98666-0694

ARTICLES OF INCORPORATION