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SNOHOMISH COUNTY, WASHINGTON

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Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document **must** be filled in)
Restated Declaration for Heritage at Deer Creek Condominiums

Reference Number(s) of Documents assigned or released: 9806120654
~~9810140136, 9901115008, 9905060151, 9904210910, 9905070945, 9905200258~~, 199911100794, ~~200010180514~~

Additional reference #'s on page N/A.

Grantor(s) (Last name, first name, initials)
Heritage at Deer Creek Owners Association

Additional names on page N/A.

Grantee(s) (Last name first, then first name and initials)
Heritage at Deer Creek Owners Association

Additional names on page N/A.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)
Condominium created under Condominium Declaration recorded under Snohomish County Auditor's No. 9806120654, as amended. Official legal description: Same.

Additional legal is on page N/A.

Assessor's Property Tax Parcel/Account Number Assessor Tax # not yet assigned
3809-001-016-0007; 3809-001-017-0105; 3809-001-017-0204; 3809-001-018-0005.

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

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

K. B.
Signature of Requesting Party

Kevin L. Britt, WSBA #33076

RESTATED DECLARATION
FOR
HERITAGE AT DEER CREEK CONDOMINIUMS

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RESTATED DECLARATION FOR
HERITAGE AT DEER CREEK CONDOMINIUMS

WHEREAS, a certain Declaration submitting real estate to the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34), as amended entitled DECLARATION AND COVENANTS: CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR HERITAGE AT DEER CREEK CONDOMINIUMS was recorded on December 6, 1998, under Recording No. 9806120654 in the records of Snohomish County, State of Washington. together with the Survey Map and Plans recorded under Recording number 9904215003, dated April 21, 1999, in records of Snohomish County, State of Washington; and

WHEREAS, the Declaration has previously been amended eight times by instruments recorded in the records of Snohomish County, State of Washington, as follows:

Amendment 1 - Date Recorded:	10/14/1998	Recording Number:	9810140136
Amendment 2 - Date Recorded:	01/11/1999	Recording Number:	9901115008
Amendment 3 - Date Recorded:	05/06/1999	Recording Number:	9905060151
Amendment 4 - Date Recorded:	04/21/1999	Recording Number:	9904210910
Amendment 5 - Date Recorded:	05/07/1999	Recording Number:	9905070945
Amendment 6 - Date Recorded:	05/20/1999	Recording Number:	9905200258
Amendment 7 - Date Recorded:	11/10/1999	Recording Number:	199911100794
Amendment 8 - Date Recorded:	10/18/2000	Recording Number:	200010180514

WHEREAS, pursuant to Section 26.2 of the original Declaration, after not less than twenty (20) days written notice to all of the owners entitled to vote by mail, more than ninety percent (90%) of the Unit Owners have consented to restate the Declaration as hereinafter set forth;

WHEREAS, pursuant to Section 26.2 of the original Declaration, after not less than Thirty (30) days notice to all of the Eligible Mortgagees duly given by Certified mail, return receipt requested, not less than Fifty-One Percent (51%) of the Eligible Mortgagees have expressed or impliedly consented to the restatement of the Declaration as hereinafter set forth;

NOW, THEREFORE, the President and the Secretary of the Board of Directors of the Heritage at Deer Creek Owners Association certify the Declaration has been restated in the following manner:

ARTICLE 1. DEFINITIONS.

Section 1 Words Defined. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

"**Allocated Interests**" means the allocation of Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formulas set forth in Section 6.4 and as specified in Schedule B.

"**Articles**" means the Articles of incorporation for the Association.

"**Assessment**" means all sums chargeable by the Association against a Unit and its Owner, including without limitation regular and special Assessments, fines imposed by the Association, interest and late charges on any delinquent account, costs of collection including reasonable attorney's fees incurred by the Association in connection with the collection of a delinquent Owner's account, costs and attorney's fees incurred by the Association in connection with the enforcement of the Governing Documents, and all other sums payable by an Owner to the Association provided by the Governing Documents, unless the context clearly indicates otherwise.

"**Association**" means the owners association identified in Article 13.

"**Board**" means the board of directors of the Association, as described in Article 15.

"**Business**" shall be construed to have the ordinary generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (a) the activity is engaged in full- or part-time; (b) the activity is intended to or does generate a profit; and c) a license is required to engage in the activity.

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

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

"**Common Expenses**" means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance repair and replacement of the Common Elements and the Limited Common Elements, which are allocated to all Units, including allocations to reserves, and the following utility services to the Unit Owners: garbage removal and, unless separately metered, water and sewer.

"**Common Expense Liability**" means the liability for Common Expenses allocated to each Unit as set forth in Schedule B.

"**Condominium**" means Heritage at Deer Creek Condominiums, created under the Declaration and the Survey Map and Plans.

"**Condominium Act**" means the Washington Condominium Act codified as RCW 64-34, as it may be from time to time amended.

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

"**Declaration**" or "**Restated Declaration**" or "**Restatement**" means this Restated Condominium Declaration for Heritage at Deer Creek Condominiums, as it may from time to time be amended.

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

"**FHLMC**" means the Federal Home Loan Mortgage Corporation.

"**FNMA**" means the Federal National Mortgage Association.

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

"**Garage Unit**" means any of the garages which are not part of a Residential Unit. There are 32 one car Garage Units located in Garage buildings 1 through 7.

"**Governing Documents**" means the Declaration, the Articles of Incorporation, the Bylaws, the Rules and Regulations, The Schedule of Reasonable Fines and Remedies and the Parking Regulations of the Association adopted as provided in the Declaration and Bylaws, as these documents may be lawfully amended and/or adopted from time to time.

"**High-Risk Components**" means those certain portions of Units, certain objects or appliances within the Units, as determined by the Board from time to time, which are the responsibility of the Unit Owner to maintain and which pose a risk of damage to other Units and to the Common Elements if they are not properly inspected, maintained, repaired or replaced.

"**HUD**" means the Department of Housing and Urban Development.

"**Identifying Number**" means, with respect to a Residential Unit, the letter of the building and number of the Unit as shown on the Survey Map and Plans and, with respect to each Garage Unit, the letter G and number as shown on the Survey Map and Plans.

"**Leasing**" means the same as Renting.

"**Limited Common Element**" means a portion of the Common Elements allocated in Article 8 for the exclusive use of one Unit.

"**Managing Agent**" means the person designated by the Board under Section 15.3.

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

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

"**Notice and Opportunity to be Heard**" means the procedure described in Section 15.5.

"**Occupant**" means anyone who occupies a Unit as a permanent residence or who stays overnight in any Unit more than fourteen (14) days in any calendar month or more than sixty (60) days per calendar year.

"**Owner**" or "**Unit Owner**" means the person (or persons) who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

"**Phase I**" also "**Phase II**," "**Phase III**" and "**Phase IV**" terms that refer to the four stages of construction of the Condominium. They are retained because the Survey Maps and Plans use these terms.

"**Related Party**" means a person who has been certified in a written document filed by a Unit Owner with the Association to be the spouse, parent. parent-in-law, sibling, sibling-in-law, parent's sibling, or lineal descendant or ancestor of the Owner or the lineal descendant or ancestor of any of the foregoing persons, the officer or director of any Owner which is a corporation, the trustee or beneficiary of any Owner which is a trust, or tie partner of any Owner which is a partnership. Notwithstanding the foregoing to the contrary, a person who is the settler and trustee of a revocable living trust that owns a Unit shall be deemed to be the Owner of the Unit for all purposes under the Declaration,

"**Renting**" means the granting of a right to use or occupy a Unit for a specified term or indefinite term (with rent reserved on a periodic basis) in exchange for the payment of rent (that is, money, property or other goods or services of value), and the occupancy of an apartment solely by a person or persons other than its Owner whether or not rent is paid; but does not mean and include joint ownership of a unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership, or the occupancy of a unit by any person who resides in a unit with its owner, whether or not rent is charged therefor.

"**Residential Unit**" means a Unit in the condominium restricted to residential use, either an apartment (in Buildings D, E, F, G, I, J or K in Schedule B) or a townhouse (in Buildings A, B, C, or H in Schedule B) and shown on the Survey Map and Plans.

"**Tenant**" means and includes-a tenant, lessee, renter, Related Party, or other non-Owner Occupant of a Unit that is not occupied by its Owner.

"**Trade**" means the same as Business.

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

"**Unit**" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 6.2 and shown on the Survey Map and Plans, and shall include either a Residential Unit or a Garage Unit.

"**VA**" means the Veterans Administration.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular.

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

ARTICLE 2. CONSTRUCTION AND VALIDITY OF THE DECLARATION.

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

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

ARTICLE 3. NAME OF CONDOMINIUM.

The name of the Condominium created by this Declaration and the Survey Map and Plan is Heritage at Deer Creek Condominiums.

ARTICLE 4. DESCRIPTION OF LAND AND PROPERTIES.

The real property included in the Condominium and submitted to the Condominium Act is described in Schedule A, and described in the Condominium Survey Maps and Plans in records of Snohomish County, State of Washington as follows: for Phase I, Document 9806125004, recorded on June 12, 1998; for Phase II, Document 9810145001, recorded on October 14, 1998; for Phase III, Document 9901115005, recorded on January 11, 1999; and for Phase IV, Document 9904215003, recorded on April 4, 1999. Further summary details about the Units and Garages are given in Schedule B.

ARTICLE 5. DESCRIPTION OF BUILDINGS.

There are eleven (11) residential Buildings, lettered A through K, containing 102 Residential Units and the Limited Common Elements allocated to those Units pursuant to Article 8. Buildings A, C and H are Townhouse Buildings with four (4) residences each. Building B is a Townhouse building with six (6) residences. The remaining seven (7) buildings (D, E, F, G, I, J, & K), contain flats, twelve (12) per building, with each building having three (3) levels with four (4) flats on each level. In addition, there are thirty-two (32) Garage Units in seven (7) garage buildings numbered 1 through 7. There is one Club House building designated as a Common Element.

ARTICLE 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 6.1 Number and Identification of Units. The Condominium has 102 residential Units, the location of which are shown on the Survey Map and Plans. Further details about individual Units, their identifying numbers, parking allocations and garage assignments are set forth in Schedule B.

Section 6.2 Unit Boundaries. The boundaries of the Units (including Garage Units) are the perimeter walls, floors and ceilings of the Units, and shall include within the Unit all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided that the Unit boundaries shall not include those Common Elements specified in Article 7.

6.2.1 All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

6.2.2 The following components, though not all may be located within the Unit boundary as defined above, shall be considered a part of the Unit: exterior Unit doors and exterior Unit door hardware. The following components, though not all may be located with the Garage

Unit shall be considered part of the Garage Unit: garage door, garage door suspension, locking mechanism, automatic door opener, and garage door hardware. The location and configuration of each Unit are shown in the Survey Map and Plans.

Section 6.3 Unit Data. Schedule B sets forth the following data:

6.3.1 Building;
6.3.2 Unit number;
6.3.3 The number of rooms designated primarily as bedrooms;
6.3.4 The number of bathrooms, whole or partial;
6.3.5 The level or levels upon which the Unit is located;
6.3.6 Approximate area; and
6.3.7 The parking space(s) assigned to the Unit.

Section 6.4 Allocated Interests. Schedule B as amended sets forth the Allocated Interests of each of the Units of the Condominium for the purposes of Common Expense Liability, interest in the Common Elements and voting. The formulas for making the allocations are as follows:

6.4.1 Common Expense Liability (CEL): Relative areas of Units with the area of the garage (whether or not a Garage Unit is part of a Residential Unit) calculated at 50% of actual area;

6.4.2 Interest in Common Elements (ICE): Relative areas of Units with area of the garage (whether or not a Garage Unit is part of a Residential Unit) calculated at 50% of actual area;

6.4.3 Voting: There shall be one vote per Residential Unit.

ARTICLE 7. COMMON ELEMENTS.

Section 7.1 Description. The Common Elements are all portions of the Condominium other than the Units, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 6.2. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element.

Section 7.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. Apart from the cabana, the right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees and licensees. The right to use the cabana shall be restricted to Owners and tenants who actually reside in the Condominium, in accordance with cabana usage rules published by the Board. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 7.3 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association of the Owners having at least ninety percent (90%) of the votes in the Association, but all of the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that

Limited Common Element or subject it to a security interest. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

ARTICLE 8. LIMITED COMMON ELEMENTS.

Section 8.1 Description. The Limited Common Elements allocated to each Unit and shown on the Survey Map and Plans are as follows:

8.1.1 The parking space assigned to the Unit pursuant to Section 9.2,

8.1.2 Townhouse Driveways, and

8.1.3 The rear decks or patios adjacent to the Unit.

Section 8.2 Reallocation. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this Section within 30 days, or within such other period provided by the Declaration, unless the proposed reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium. A Common Element may be reallocated as a Limited Common Element or a Limited Common Element may be incorporated into an existing Unit with the approval of ninety percent (90%) of the Owners, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

Section 8.3 Use. Each Owner shall have the exclusive right to use the Limited Common Elements allocated to the Owner's Unit. The right to use the Limited Common Element extends to the Owner's agents, servants, tenants, family members, invitees and licensees, but is subject to rules and regulations adopted by the Board.

ARTICLE 9. PARKING.

Section 9.1 Garage Units. The garage units shall be conveyed by deed to Owners of a residential unit. Garage Units may not be owned by any person who is not the Owner of a Residential Unit. Garage Units are intended for and restricted to use for parking of motor vehicles and for such other purposes as may be permitted by rules and regulations adopted by the Board. The boundaries of the garage units are set forth in Section 6.2 above.

Section 9.2 Parking Spaces. There are total of 162 parking spaces in the Association. Twenty-six (26) of these are Townhouse driveways, eighty-four (84) are deeded spaces reserved for Condo Flat Units, five (5) spaces are Extra-Wide Handicap Spaces and forty-seven (47) spaces are unassigned and marked "Visitor." Parking is allowed in designated parking areas only as follows:

9.2.1 Deeded Spaces. Eighty-four (84) spaces are conveyed by deed to Owners of Residential Units and are allocated for exclusive use by the respective Owners/Tenants in the condo flat buildings (Buildings D, E, F, G, I, J & K.) Deeded spaces for the condo flats are marked with a number on the pavement. All deeded spaces are Limited Common Elements.

9.2.2 **Townhouse Driveways.** There are twenty-six (26) townhouse driveway spaces for the exclusive use of the Owners/Tenants of those townhouse Units. Townhouse driveways are conveyed by deed and have no markings on the pavement. Townhouse driveways are Limited Common Elements.

9.2.3 **Handicap Spaces.** There are five (5) extra-wide handicap spaces marked with a number on the pavement and handicap indicia. The use of these spaces requires that state-approved handicap identification be on display in the vehicle. Additional procedures and/or restrictions for the fair and proper use of these five (5) designated handicap spaces shall be specified in parking rules and regulations adopted by the Board.

9.2.4 **Visitor Spaces.** The remaining forty-seven (47) of the total 162 spaces are set aside for residents and guests on a first-come first serve basis, subject to regulations set forth by the Board. Visitor spaces are marked with a number on the pavement and the label "Visitor."

9.2.5 **Fire Lanes.** If an area (except for townhouse driveways) does not have lane markings and a number, that area is part of a fire lane as determined by the fire marshal. Parking in fire lanes is strictly prohibited at all times.

Section 9.3 Rental of Garage Units and Parking Spaces. The owner of a garage in a townhouse, a Garage Unit or the Owner of a Unit to which a parking space has been assigned as a Limited Common Element may rent their garage, Garage Unit or parking space, provided that the rental is to an Owner or to a Tenant who resides in a Residential Unit, and any vehicle that occupies the rented garage or space on a regular basis is operated regularly by an individual who physically resides in the Condominium. Tenants may not sublet or otherwise assign any garage or parking space. Rental of a parking space shall be terminated upon the transfer of title of the Unit to which the Garage Unit, garage, or parking space is a Limited Common Element without notice from the Association.

Section 9.4 Use of Parking Spaces and Driveways. The parking spaces and driveways designated as parking spaces are to be used for the parking of operable passenger motor vehicles and may be used for parking other vehicles or for other purposes only to the extent expressly allowed by rules and regulations adopted by the Board. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space or driveway be removed, and if it is not promptly removed the Board may cause it to be removed at the risk and cost of the owner thereof. The use of Parking Spaces and driveways shall be further regulated in the parking regulations adopted by the Board.

Section 9.5 Use of Garages. Garages may be used for storage of goods and/or parking of vehicles. Storage of any hazardous material is prohibited. Gasoline or other flammable materials shall be stored in small quantities only and in containers approved by an applicable governmental authority. Vehicle repair work in Garages is prohibited. Occasional use of power tools is permitted unless such tools overload the electrical system as evidenced by tripping the circuit breakers. The use of Garages shall be further regulated in the parking rules and regulations adopted by the Board. Business use of a Garage shall be governed by Section 10.5.

Section 9.6 Responsibility in Parking Area Violations. The Association shall not be responsible for any costs, fees, or expenses incurred by an Owner, tenant, guest of Unit Owner or tenant, or any other vehicle owner resulting from such Owner's, tenant's, guest's, or vehicle owner's nonobservance or violation of the parking rules and regulations adopted by the Board.

Section 9.7 Parking Regulations shall be Published. The Board shall adopt, amend, and/or revoke parking rules and regulations for the Association. The Board shall distribute the parking rules and regulations

to all Owners and Tenants, and any amendments thereto, as adopted. Parking rules and regulations shall also be posted in parking areas. Infractions of the parking rules and regulations are punishable as set forth in the parking rules and regulations, which penalties may include fines.

ARTICLE 10. PERMITTED USES AND MAINTENANCE OF UNITS.

Section 10.1 Residential Use Only; Timesharing Prohibited. The Condominium is intended for and restricted to residential use only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, including use as a home office not involving use by nonresident employees or regular visits by customers or clients. Timesharing of Units, as defined in RCW 64.36, is prohibited.

Section 10.2 Rental of Units.

10.2.1 Rental Defined. As used in the Declaration, the terms "to rent", "renting" or "rental" shall refer to and include the Leasing or Renting of a Unit and/or Garage Unit as set forth in Article 1, and shall apply whether or not lease agreement has been signed. No Unit Owner shall be permitted to Rent or Lease less than the entire Unit or Garage Unit without prior written approval of the Board.

10.2.2 Minimum Lease Term Required. Every Lease shall be for a fixed initial term of not less than six (6) months, but may be renewed on a month to month basis thereafter. No Owner may rent or otherwise permit his or her Unit to be used for occupancy or use by a Tenant or other non-Owner Occupant for an initial occupancy period of less than six (6) months.

10.2.3 Tenants' Subleasing Units. No tenant, whether or not a Related Party, may sublease a Unit or any part of a Unit (e.g., a room) or a deeded parking space or a garage.

10.2.4 Lease Approval.

(a) Prior to Renting a Unit or renewing a previously approved lease, the Owner shall submit a request for the written consent of the Association to rent the Unit. The request shall be submitted to the Board of Directors or their designated agent. The request shall be written, and signed by the Owner, and shall certify that the lease to be entered into complies with the Declaration, Bylaws, and other governing documents of the Association.

(b) The Association shall, within seven (7) days of receipt of such request, grant its consent to the Owner if the rental would not cause the aggregate number of all non-owner occupied Units to exceed twenty-two (22) Units in the Condominium (referred to as the "rental ceiling"), with the exceptions set forth in this section.

(c) If the Unit has not been rented by a Tenant within sixty (60) days of the Association's consent, consent is withdrawn and the Owner must submit a new request to rent the Unit.

10.2.5 Renewal of Leases. If the owner of a rental Unit and the tenant wish to renew their lease, the Association shall not withhold consent merely because the number of non-owner occupied Units is equal to the rental ceiling, if the Association has previously approved the lease in the manner provided in this section. The assignment or subletting of a Unit by a Tenant shall terminate this right to renew a pre-approved or preexisting lease.

10.2.6 Holders of Mortgages; the Association. The Association shall not withhold consent for a mortgagee, institutional holder or servicer in possession of a Unit following a default in a mortgage or deed of trust (or foreclosure of the same), where such mortgagee, institutional holder or servicer first obtains possession subsequent to the date of recording of this Restatement, to rent a Unit merely because the rental would cause the number of non-owner occupied Units to exceed the rental ceiling. Where the Association has obtained title to a Unit following a default in mortgage or deed of trust (or foreclosure of the same), and where the Association first obtains possession subsequent to the date of recording of this Restatement, the Association shall not be stopped from renting an Association-owned Unit merely because the rental would cause the number of non-owner occupied Units to exceed the rental ceiling.

10.2.7 Preexisting Rental Units. On the date the Owners approve this Restated Declaration, there may be existing Units under lease. A Unit subject to a lease on that date is a "preexisting rental unit". A unit shall cease to be a preexisting rental unit, and shall be treated like every other Unit in the Condominium for purposes of this section when title passes out of the hands of the person who owned it on the date the Owners approve this Restatement. A preexisting rental unit is not subject to the provisions of this section regarding approval by the Association of leases. However, preexisting rental units will enter into the calculation of the percentage of Units rented.

10.2.8 Rental Waiting List. The rental waiting list includes all of the Units whose Owners have applied for approval from the Association to rent their Units when the number of applications exceeds the rental ceiling. The Association will approve leases of Units in the order listed on the rental waiting list, in order of date of application of the Unit Owner. Each Owner who has rented his or her Unit shall promptly give notice to the Association of any expiration and non-renewal or other termination of a lease. The Unit Owner has thirty (30) days from the termination of the previous lease to renew the lease or enter into a lease with a new Tenant. If a request for approval of the lease is not made to the Association within thirty (30) days of termination of the previous lease, that rental Unit will move to the end of the rental waiting list. The Association will then notify the next Unit Owner on the rental waiting list of its position on the list. This section is subject to the hardship exception.

10.2.9 Hardship Exception. Where, on written application from an Owner, the Board determines that a hardship exists whereby that Owner would suffer serious harm by virtue of the limitation on renting contained in this section, the Board may, in its discretion, grant an Owner a waiver of the rental ceiling for a period determined by the Board.

10.2.10 One Year Occupancy Required. No Owner shall rent a Unit until the Owner or a Related Party has continuously occupied the Unit as a primary residence for at least one year after taking ownership. If an Owner acquires a Unit through inheritance, for the purposes of this section, that Owner shall be deemed to have owned and occupied the Unit during the period which the decedent owned and occupied the Unit. The hardship exception applies to the one year occupancy requirement. This section does not apply to preexisting rental Units. This section does not apply to the case of a mortgagee, institutional holder or servicer in possession of a Unit following a default in a mortgage or deed of trust (or foreclosure of the same), subsequent to the date of recording of this Restatement. This section does not apply to Association owned Units.

10.2.11 Leases and Rental Agreements Subject to Condominium Governing Documents. All leases and rental agreements shall be in compliance with, are subject to, and shall be deemed to incorporate by reference the Governing Documents. The Unit Owner shall provide a copy of the Governing Documents to the Tenant as part of the lease or rental agreement.

10.2.12 Association's Right to Evict. Unit Owners shall have the responsibility to ensure compliance by the Tenant with any of the Condominium Governing Documents, including the Declaration, By-Laws, and Rules and Regulations, or with any of the laws of the State of Washington or the United States of America. Unit Owners may be fined by the Association if a Tenant fails to comply with such rules. If the Tenant continues its failure to comply, the Association shall have the power to evict the Tenant. The Association shall not be liable in any way to the Unit Owner or Tenant for any exercise of its right to evict. The Unit Owner shall be responsible for all costs to evict, including legal fees.

10.2.13 Limitation of Association's Liability to Tenants. The Association shall not be liable in any way to a Tenant, more than it would be to an Owner for any accident or injury occurring in, on, or around, or caused by the Common Elements, the Unit, or the Limited Common Elements, except as covered by insurance and according to the Association's standard policy. Each Owner that rents a Unit agrees to hold the Association harmless for any claims brought by the Tenants or guests against the Association.

10.2.14 Leases, Rental Agreements, and Tenant Registration to be kept in Association's Records. Unit Owners shall provide copies of all leases and rental agreements to the Board or its property manager, prior to the Tenant's move-in date. The Association shall keep leases and rental agreements on file for its records. The Owner must also supply the names and telephone numbers of all occupants of the Unit and any other information reasonable required by the Board. The Association shall keep all Tenant information on file for its records.

10.2.15 Rental Processing Fees. To defray additional administrative costs of Unit rental, the Board shall be authorized to establish and charge reasonable fees in connection with the rental of Units. These fees may include but are not limited to: a) an annual fee for the maintenance of tenant information and the rental waiting list, b) a move-in move-out fee charged when a tenant moves in or out of a Unit, and c) a fee charged per tenant for the screening of tenants. Such fees shall be levied as a special Assessment against the Unit and its Owner.

10.2.16 Tenant Screening is Required. Any Owner who desires to rent a Unit to a person, other than a Related Party, shall, prior to entering into a lease, submit to the Association a form approved by the Board verifying that such screening has been done. Screening shall be done by a tenant screening service. The selection of a suitable and appropriate Tenant shall be at the sole cost of and the sole responsibility of the Owner. Tenant screening shall be governed by rules and regulations as adopted by the Board.

10.2.17 Non-Discrimination. Neither the Association nor any Unit Owner shall discriminate against any person with regard to the sale, rental or occupancy of a Unit in the Condominium on the basis of race, color, creed, national origin, age, sex, sexual orientation, religion, familial status, marital status, parental status, political ideology, handicap, possession or use of a Section 8 rent certificate, or any other legally protected classification.

10.2.18 Assignment of Rents. If a Unit is rented by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. If the Assessments owed by the Owner of a rented Unit are delinquent for more than sixty (60) days, the Board may collect, and the Tenant shall pay to the Board, the rent for any Unit owned by the delinquent Owner, or that portion of the rent equal to the amount due to the Association. The Tenant shall not have the right to question the Board's demand for payment. Payment by the Tenant to the Association will satisfy and discharge the Tenant's duty of payment to the Owner for rent, to the extent of the amount paid to the Association. No demand or acceptance of rent under this Section shall be deemed to be a consent or approval of the Unit rental or a waiver of the Owner's obligations as provided in the Declaration. The Board

shall not exercise this power where a receiver has been appointed with respect to a Unit or Unit Owner; nor in derogation of the exercise of any rights-to rents by a Lender.

Section 10.3 Maintenance of Units, Common Elements, and Limited Common Elements. Except as provided below, the Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements and each Owner is responsible for maintenance, repair and replacement of the Owner's Unit.

10.3.1 Limited Common Elements. In general, the maintenance of Limited Common Elements shall be the responsibility of the Association with the following exceptions:

(a) Owners who enjoy the exclusive use of a rear deck or patio shall be responsible for keeping the deck and/or patio clean and free from clutter and debris, and for replacing the lamps in any outdoor lighting fixtures within the Limited Common Element.

(b) Owners who make alterations to a Limited Common Element with or without the prior written consent of the Board shall assume partial or full responsibility for maintaining the area as determined and directed by the Board.

(c) Any and all alteration of a Limited Common Element must have the prior written consent of the Board.

(d) Alterations made to Limited Common Elements which are without the prior written consent of the Board may be restored at the direction of the Board to substantially the same condition in which the Limited Common Element existed prior to the unauthorized alteration performed by the Owner at the Owner's sole cost and expense.

10.3.2 Specific Items of Responsibility for Owners. Each Owner shall, at the Owner's sole cost and expense, maintain the interior of the Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all interior redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit.

(a) Each Owner shall be responsible for: replacing broken or cracked glass in the windows or exterior doors of the Unit in a style and type previously approved by the Board; replacing or repairing exterior door locks and exterior doors of the Unit in a style and type previously approved by the Board; replacing or repairing broken screens in windows and exterior doors of the Unit; and maintaining, repairing or replacing the following: plumbing fixtures, valves and faucets (including the shower and tub valves and faucets); water heaters; the portions of water pipes that exit a wall or floor and their connections inside the wall; electrical outlets and TV/Satellite/telephone outlets; electrical junction boxes (including the "Smart Systems" boxes); heating equipment and fans which serve only that Unit whether or not located within the Unit; the lock on the Unit's assigned mailbox; and garage doors, garage door suspensions, garage door locking mechanism, and automatic garage door opener of the Garage Unit, as applicable.

(b) Owners shall be responsible for keeping their plumbing drains and dryer vents, clear, clean, and open.

(c) Any Owner who makes any alterations to a Limited Common Element with or without prior written consent from the Board, or to electrical wiring or plumbing within any wall shall assume partial or full responsibility for maintaining the area as directed by the Board.

10.3.3 **Specific Items of Responsibility for the Association.**

(a) The Association shall be responsible for maintaining the structural integrity of all walls, whether interior or exterior, load-bearing or non-load bearing; floors and ceilings in all buildings. This provision shall not be deemed to include any coverings, coatings or other interior treatments, applications or attachments to the wall, floor or ceiling structure. The Association shall not be responsible for maintaining or repairing cracks or perforations in walls, floors, or ceilings which do not affect structural integrity, unless the cracks or perforations were caused by the actions of an agent of the Association.

(b) The Association shall be responsible for maintaining, repairing or replacing damaged or defective plumbing, gas pipes, and electrical wiring within any wall in a Unit, except as provided in Section 10.3.1 and Section 10.3.2. The Unit Owner shall be responsible for repair and replacement of the aforesaid installations if the damage requiring repair or replacement is caused directly or indirectly by the Owner, his guests or tenants, or as a result of the Owner's failure to maintain an item for which he or she has responsibility. If disputes over responsibility arise, the Board shall be the final arbiter of responsibility.

Section 10.4 High-Risk Components in Units. The Board may, from time to time and after notice to all Owners and an opportunity for Owner comment, determine that certain portions of the Units required to be maintained by the Owners, or certain objects or appliances within the Units, pose a particular risk of damage to other Units and to the Common Elements if they are not properly inspected, maintained, repaired, or replaced. By way of example but not limitation High-Risk Components might include smoke detectors and water heaters.

10.4.1 **Requirements for Care of High-Risk Components.** At the same time that it designates a High-Risk Component, or at a later time, the Board may require one or more of the following with regard to the High-Risk Component:

(a) That it be inspected at specified intervals by a representative of the Association or by an inspector or inspectors designated by the Board.

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

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

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

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

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

10.4.2 **Owner Responsibility for High-Risk Components.** The imposition of requirements by the Board under Section 10.4.1, above, shall not relieve an Owner of his obligations regarding High-Risk Components, including but not limited to the obligation to perform and pay for all inspection, maintenance, repairs, and replacement.

10.4.3 Board Authority to Enforce Owner Obligations. If any Owner fails to maintain, repair, or replace a High-Risk Component in accordance with the requirements established by the Board hereunder, the Association may, in addition to any other rights and powers granted to it under the governing documents and state law:

(a) Fine the Unit Owner;

(b) Enter the Unit for repairs in accordance with Article 12 herein;

(c) Levy against the Owner as a special Assessment any costs incurred by the Association or any other Unit Owner for repair or replacement of any property which sustains damage as a result of the Owner's failure to maintain a High-Risk Component; and

(d) Bring an action against the Owner for specific performance of the Owner's obligations hereunder.

Section 10.5 Business Use of Units. All Units and Garages are for residential uses only. No Unit or Garage shall be used for any business, commercial, manufacturing, mercantile, storage, vending, sales, or other nonresidential purpose, except that an Owner may maintain a home office or home business in the Unit provided:

10.5.1 Application and Approval. The Owner has submitted to the Board an "Application for Business Use of Unit", and has obtained the prior written approval of the Board to such use; AND the following conditions are met:

(a) Such home office or home business is consistent with the residential character of the community, and the Owner complies with all applicable federal, state, and local laws and ordinances;

(b) The Owner has obtained any required approvals for such use from the appropriate local, state, and federal governmental agency;

(c) Such home office or home business does not place an undue burden on any of the Association's Common Elements, or cause an increase in Common Expenses;

(d) Such home office or home business does not create noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors, or cause an increase in Common Expenses that can be solely and directly attributable to the home office or home business;

(e) Such home office or home business does not engage in illegal or illicit activity;

(f) There are no displays or signs indicating that the Unit is being used as other than a residence;

(g) Such home office or home business does not generate significant traffic, foot or vehicular, or parking usage (as determined on a case-by-case basis by the Board) by clients, customers, delivery services, or others;

(h) No equipment or other items related to the business are stored, parked, or otherwise kept outside the Unit or Garage or in any Common Element;

(i) The home office or home business has no employees on-site, other than a member of the Owner's household who also resides in the Unit;

(j) Such use as a home office or home business does not involve the use, storage, or disposal of any grouping or classification of materials that are designated as a hazardous material under federal, state, or local law;

(k) Such use as a home office or home business is subordinate to the use of the Unit as a residence and requires no external modifications to the Unit, any building or Common Element. All internal modifications shall comply with the Association's Governing Documents.

10.5.2 Owner Bears Cost. As a precondition to approving a business use, the Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association that may result from such use.

10.5.3 Exception to Application Requirement. Any Owner who uses his Unit for business purposes fewer than ten (10) days per year, and which use does not otherwise violate the rules as set forth above, shall be entitled to do so without the need to submit an application form and without the prior written consent of the Board.

Section 10.6 Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.7 Use of Common and Limited Common Elements. Use of the Common Elements and Limited Common Elements shall be subject to the provisions of this Declaration and the rules and regulations of the Board. Nothing shall be altered or constructed in or removed from any Common Element or Limited Common Element except upon the prior written consent of the Board.

Section 10.8 Signs. No sign of any kind shall be displayed to the public view on or from any Unit, Limited Common Element or Common Element without the prior consent of the Board. The Board may erect, on the Common Elements, a master directory listing Units that are for sale or lease or may regulate the size and location of signs advertising Units for sale or lease.

Section 10.9 Pets. Domesticated animals, birds or reptiles (herein referred to as "pets") may be kept in the Units subject to rules and regulations adopted by the Board. Dogs, cats and other pets will not be allowed on the Common Elements unless they are on a leash or otherwise restrained and are being walked or carried to or from the Unit to a public road. The Board may, after Notice and Opportunity to be Heard, require the removal of any pet that it finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 10.10 Quiet Enjoyment. No Owner shall permit anything to be done or kept in the Owner's Unit, Limited Common Elements or Common Elements which would interfere with the right of quiet enjoyment of the other residents of the Condominium. In particular, sound systems and loudspeakers shall not be rigidly attached to the party wall with another Unit or the ceilings, walls, shelves or cabinets in a Unit in a manner that will induce vibrations into the structure of the building.

Section 10.11 Trash and Outside Storage. Each Owner shall be responsible for removing all trash or garbage from the Unit and depositing it in proper receptacles.

Section 10.12 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element or Common Element, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners. Owners shall not permit any condition to exist that will induce, breed or harbor infectious plant diseases or noxious insects or vermin. Members and other Residents shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other members, residents, guests, occupants, invitees, or directed at Management its Agents its employees or vendors.

Section 10.13 Hazardous Substances. The Owner of each Unit shall not permit any Hazardous Substance to be generated, processed, stored, transported, handled or disposed of on, under, in or through the Owner's Unit or the Property, and each Owner shall indemnify, defend, and hold harmless the other Owner or Owners and the Association from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or the Property by the Owner or the tenants or invitees of the Unit. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), or under any local or state rule or regulation; without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities.

Section 10.14 Conveyance by Owners; Notice Required. The right of an Owner to the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Unit being sold, (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest, and c) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. At the time of the first conveyance of each Unit, every mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released there from by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien or other encumbrance.

ARTICLE 11. [Deleted.]

ARTICLE 12. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work determined by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given notice and an

opportunity to be heard as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a special Assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17. The Board may require Owners and tenants to furnish duplicate keys to their Units to the Board or the Board's designated agent.

ARTICLE 13. OWNERS ASSOCIATION.

Section 13.1 Form of Association. The Owners of Units shall constitute an owners association to be known as Heritage at Deer Creek Owners Association. The Association shall be organized as a Washington nonprofit Corporation, governed by the Board, and the number of directors shall be specified in the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws.

Section 13.2 Bylaws. The Board will adopt Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Act or the Declaration.

Section 13.3 Qualification and Transfer. Each Owner of a residential Unit shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. No voting rights shall attach to a Garage Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 13.4 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

13.4.1 Adopt and amend the Bylaws and the Rules and Regulations;

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

13.4.3 Hire and discharge or contract with Managing Agents and other employees, agents, and independent contractors;

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

13.4.5 Make contracts and incur liabilities;

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

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

13.4.8 Acquire, hold, encumber, convey, and dispose of in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium; provided that:

(a) If the estimated cost of any separate property acquisition or addition or improvement to the Condominium exceeds $5,000 and has not been included in the current year's budget, the approval of the Owners holding a majority of the votes in the Association shall be required; and if such estimated cost exceeds $25,000 and has not been included in the current year's budget, the approval of the Owners holding sixty-seven percent (67%) of the votes in the Association shall be required; and

(b) No structural changes shall be made to a building without the approval of Owners holding at least sixty-seven percent (67%) of the votes in the Association; and

(c) No structural change shall be made to a Unit without the approval of the Owner of that Unit; and

(d) The beneficial interest in any property acquired by the Association pursuant to this section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged or otherwise dealt with as the Board shall determine.

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

13.4.10 Impose and collect any payments, fees, or charges for the use, rental or operation of the Common Elements and for services provided to Owners;

13.4.11 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;

13.4.12 Impose and collect charges for late payment of Assessments as further provided in Article 17 and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, parking rules and regulations, or other rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, parking rules and regulations, and other rules and regulations adopted by the Board;

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

13.4.14 Provide for the indemnification of its officers and Board and maintain Directors' and Officers' liability insurance;

13.4.15 Assign its right to future income, including the right to receive Assessments;

13.4.16 Provide or pay, as part of the Common Expenses the following utility services to the Residential Unit Owners: garbage removal and, unless separately metered, water and sewer,

13.4.17 Provide or pay, as a special Assessment if water service to the Residential Units is separately metered, the following utility services to the Residential Unit Owners: water and sewer,

13.4.18 Impose and collect from an Owner, as a special Assessment, any cost incurred by the Association which is caused by and/or attributable to the act or failure to act of the Owner, his or her guest, family member, or tenant.

13.4.19 Exercise any other powers conferred by this Declaration or the Bylaws;

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

13.4.21 Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 13.5 Financial Statements and Records. The Association shall keep financial records in accordance with generally accepted accounting principles and in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425. All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or an Owner. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any mortgagee will, upon request, be entitled to receive the annual financial statement within 120 days following the end of the fiscal year. The Board, or persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner, at his expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of FHLMC, FNMA, HUD or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.

Section 13.6 Inspection of Condominium Documents, Books and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, and other books, records, and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

ARTICLE 14. [Deleted.]

ARTICLE 15. THE BOARD.

Section 15.1 Selection of the Board and Officers. The Owners shall select the Board, whose members must be Owners and reside in the Condominium. The number of Board members, their terms of services, and the dates when their terms start and end shall be specified in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. Removal of Board members, and their terms of service shall be as provided in the Bylaws.

Section 15.2 Powers of the Board. Except as provided for in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, Declaration or the Bylaws.

Section 15.3 Managing Agent. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. If professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation, the procedure for terminating professional management and assuming self-management shall be that procedure set forth in Article 26. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee either (1) for cause, on 30 days' written notice, or (2) without cause, on not more than 90 days' written notice.

Section 15.4 Limitations on Board Authority. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the residential Unit Owners pursuant to Article 26, to terminate the Condominium pursuant to Article 27, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

Section 15.5 Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard", the following procedure shall be observed: the Board shall give written notice of a proposed action to all Owners, Tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and shall indicate that the Owner may request a hearing before the Board to dispute the proposed action. If a hearing is requested, the affected person shall have the right at the hearing, personally or by a representative, to give testimony orally, in writing or both, subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given. In the event a hearing is not requested by the affected person, the Board may proceed with respect to the proposed action in accordance with and as authorized by the Declaration, Bylaws, parking rules and regulations, or other rules and regulation adopted by the Board.

ARTICLE 16. BUDGET AND ASSESSMENTS.

Section 16.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 16.2 Preparation of Budget. Each year, and not fewer than 30 days before the end of the fiscal year, the Board shall prepare a budget for the Association for the coming year. The Board shall, in its sole discretion, increase or decrease the annual assessment against each Unit for the coming year in an amount sufficient to cover each Unit's proportionate share of the Annual Budget for that year, including reasonable reserves. In preparing its budget the Board shall estimate the Common Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association

Section 16.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not fewer than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

Section 16.4 Mid-year Budget Revision. If the Board in its reasonable discretion, deems it necessary at any time during the course of its fiscal year to adjust or modify the Annual Budget it had previously adopted to enable it to meet the obligations of the Association and to enable it to operate the Condominium properly, consistent with its function and responsibilities, it may do so, and copies of the revised Budget, and the revised Assessments resulting there from, shall be sent to all Owners. A supplemental budget that results in an increase in an Owner's Assessments shall be ratified pursuant to Section 16.3.

Section 16.5 Allocation of Assessments Among the Units. Assessments shall be allocated among the Units based on their percentage of undivided interest as stated in Schedule B of the Declaration. Assessments shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The Board may act at its discretion to make reasonable, special arrangements for payment of Assessments for individuals in cases of hardship. To the extent that any Common Expense is caused by the misconduct of an Owner, Tenant or guest of any Unit, the Association may assess the expense against that Unit.

16.5.1 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability allocations which apply to the Unit, on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested.

16.5.2 Payment of Monthly Assessments. On or before the first day of each calendar month, each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that month. Any Assessment not paid by the tenth (10^{th}) day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 17 of the Declaration.

Section 16.6 Special Assessments. For those Common Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy a special Assessment for such expenses against the Units, subject to ratification by the Owners pursuant to Section 16.3.

Section 16.7 Creation and Maintenance of Reserve Accounts. The Board shall maintain one or more reserve accounts for anticipated expenses for repairs, replacement and improvements which will occur in the future in order to accumulate sufficient funds to pay such expenses when they occur. Funding for these reserve accounts shall be part of the annual budget. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 16.8 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 16.9 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year, and the monthly Assessments amounts established for the preceding year shall continue until new Assessments are established.

Section 16.10 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 16.11 Creation of a Lien and Foreclosure. All delinquent Assessments together with any management charges, costs, interest charges, late charges, and attorney's fees actually incurred shall be a continuing lien upon the Unit against which each such Assessment was made. The Board may foreclose on a lien as described in Article 17, notwithstanding that the lien was for nonpayment of any installment of an Assessment, or management charges, costs, interest, late charges, or attorney's fees resulting from the nonpayment of any installment of an Assessment.

ARTICLE 17. LIEN AND COLLECTION OF ASSESSMENTS.

Section 17.1 Assessments Are a Lien; Priority. The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of this Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 16 which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of trustee's sale in a nonjudicial foreclosure of a mortgage, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract; PROVIDED that the priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such mortgagee a written notice of the delinquency; and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to above.

Section 17.2 Lien May be Foreclosed; Judicial Foreclosure. The lien arising under this article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12, or nonjudicially in the manner set forth in Section 17.3. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit the Association from taking a deed in lieu of foreclosure. Except as provided in the exception to (b) in Section 17.1 the holder of a mortgage or other purchaser of a Unit who obtains the right of

possession of a Unit through foreclosure shall not be, liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 17.3 Nonjudicial Foreclosure. A lien arising under this article may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure of deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Pacific Northwest Title Company of Washington, Inc. or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantee") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this section, it shall not be entitled to the lien priority over mortgages provided in exception (b) of Section 17.1.

Section 17.4 Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rent under this section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

Section 17.5 Assessments Are Personal Obligation. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges provided in this article, shall be the personal obligation of the Owner of the Unit when the Assessment is made. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 17.6 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

Section 17.7 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 17.8 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established 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.

Section 17.9 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 17.10 Security Deposit. An Owner who has been delinquent in paying his monthly Assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months' estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is ten days or more delinquent in paying Assessments.

Section 17.11 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

ARTICLE 18. ENFORCEMENT OF DECLARATION, BYLAWS AND RULES AND REGULATIONS.

Section 18.1 Rights of Action. Each Owner, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 18.2 Failure of Board to Insist on Strict Performance; No Waiver. The failure of the Board in any instance to insist upon the strict compliance with the Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board.

Section 18.3 Fines. The Board of Directors may levy reasonable fines against an Owner for violations of the rules of the Association committed by the Owner or any occupant or guest of the Unit owned by the Owner after notice and an opportunity to be heard, as set forth in Section 15.5. These rules include the Bylaws, the Declaration, parking rules and regulations, and other rules and regulations adopted by the Board.

ARTICLE 19. TORT AND CONTRACT LIABILITY.

Section 19.1 Liability. An action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association. An Owner is not precluded from bringing an action contemplated by this section because he or she is a Unit Owner or a

member or officer of the Association.

Section 19.2 Limitation of Liability for Utility Failure, etc. Except to the extent covered by insurance obtained by the Board, neither the Association, the Board, nor its Managing Agent shall be liable for the failure of any utility or other service obtained and paid for by the Board, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, smoke or sand which may leak or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failing, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.3 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or the Managing Agent has acted in good faith, without willful or intentional misconduct, and upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided, that this section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

ARTICLE 20. INDEMNIFICATION.

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

ARTICLE 21. INSURANCE.

Section 21.1 General Requirements. The Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance including earthquake insurance; (b) commercial general liability insurance; (c) fidelity insurance; (d) worker's compensation insurance to the extent required by applicable laws; (e) directors and officers liability insurance; and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meet the specific requirements of FNMA, HUD, VA and FHLMC regarding the qualifications of insurance carriers.. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, liability and fidelity insurance that meet the insurance requirements for condominium projects established by FNMA, HUD, FHLMC, and VA so long as any of them is a holder of a mortgage or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgages.

Section 21.2 Property Insurance. The property insurance shall, at the minimum, provide, all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Common Elements, the Limited Common Elements, the Units and the equipment, fixtures and personal property of the Association with an "Agreed Amount Endorsement" and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement", a "Contingent Liability from Operation of Building Laws Endorsement", an "Increased Cost of Construction Endorsement", and such other endorsements as FNMA or FHLMC deems necessary and are available. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Unit. The policy may, in the discretion of the Board, cover improvements or betterments installed by the Unit Owners. The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy in accordance with the interest in the Common Elements appertaining to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request.

Section 21.3 Commercial General Liability Insurance. The liability insurance coverage shall insure the Board, the Association, the Owners, and the Managing Agent, and cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Common Elements, host liquor liability, employers' liability insurance, automobile liability insurance and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least $1,000,000 combined single limit for bodily injury and property damage per occurrence and $2,000,000 general aggregate.

Section 21.4 Insurance Trustee; Power of Attorney. The named insured under the policies referred to in Section 21.2 and Section 21.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in the Common Elements, except as provided in Section 22.2. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Subject to the provisions of Section 21.8, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purposes.

Section 21.5 Additional Policy Provisions. The insurance obtained pursuant to Section 21.2 and Section 21.3 shall contain the following provisions and limitations:

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

21.5.2 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the property superior to the lien of a first mortgage.

21.5.3 If, at the time of the loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

21.5.4 Coverage shall not be prejudiced by (a) any act, omission or neglect of the Owners of Units when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

21.5.5 A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Unit, and/or their respective agents, members of the Owner's household, employees or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

21.5.6 A standard mortgagee clause which shall:

(a) Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Unit or Unit lease or sublease in their respective order of preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them;

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

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

Section 21.6 Fidelity Insurance. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or are responsible for handling funds of or administered by, the Association. The Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who am responsible for handling funds of, or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employees" or similar expression.

Section 21.7 Liability for Deductible Portion of the Association Insurance. Responsibility for payment of the insurance deductible, if any, as it may apply to claims against the Association master policy for an insured loss for damages to Units or Common Elements shall be apportioned as follows:

21.7.1 If maintenance, repair or replacement is required as a result of an insured loss under the Association's master policy, then the amount of any deductible thereunder shall be considered a special Assessment to be paid by the person, persons or entity for which such expense or maintenance, repair or replacement would be charged pursuant to the Governing Documents in the absence of insurance. Provided, however, that if the need for maintenance, repair or replacement should arise as a result of the act, negligence

or carelessness of any person, persons or entity, or should the damage be caused by something within the control of or for which any person, persons or entity has the maintenance responsibility, then the amount of any deductible for an insured loss shall be paid by the person, persons or entity, responsible by act, negligence or carelessness, for the damage or by the person, persons or entity responsible for the control or maintenance of the item causing the damage or destruction of the property.

21.7.2 If the loss affects more than one unit and a Common Element, the cost of the deductible may be apportioned by the Board among the parties suffering the loss in proportion to and in accordance with the total cost of repair. However, to the extent that the need for maintenance, repair or replacement under an insured loss arises as a result of the act, negligence or carelessness of several persons or entities, the cost of the deductible may be: 1) charged against one of the such persons or entities, or 2) apportioned against all such persons or entities as determined by the Board.

21.7.3 Nothing herein shall require the Association to pay any insurance deductible payable under a unit owner's individual insurance policy.

Section 21.8 Owners' Individual Insurance. An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit. Each Owner shall obtain additional insurance on his or her Unit (and may insure its contents) at his or her own expense, but shall obtain insurance which does not decrease the amount that the Board, or any trustee for the Board, on behalf of all the Owners, will realize under any insurance policy that the Board may have in force on the Property. Any Owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to such Owner shall file a copy of his or her individual policy or policies with the Board within thirty (30) days after the purchase of such insurance. The Board reserves the right to review the effect of any such insurance with the Board's insurance broker, agent, or carrier.

Section 21.9 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Association pursuant to Article 22 unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) 80% of the Unit Owners, including every Owner of a Unit or Limited Common Element which will not be rebuilt vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lienholders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the percentage of undivided interest appertaining to the Owner's Unit, except as provided in Section 22.2. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 23, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Section, Article 27 governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 22. DAMAGE AND REPAIR OR DAMAGE TO PROPERTY.

Section 22.1 Initial Board Determination. In the event of damage to any Common Element or to any portion of a Unit or its Limited Common Elements, equipment or appliances covered by the Association's insurance policy, the Board shall promptly, and in all events within 60 days after the date of damage, make

the following determinations with respect thereto, employing such advice as the Board deems advisable:

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

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

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

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

Section 22.2 Notice of Damage. The Board shall promptly, and in all events within 60 days after the date of damage, shall file a proof of loss statement with the insurance company if the loss is covered by insurance and abide by all terms and conditions of its insurance policies, unless the Board determines it would not be in the best interest of the Association to file a proof of loss. The Board shall then provide each Owner and each holder of a first mortgage on a Unit with a written notice describing the damage and summarizing the initial Board determinations made under Section 22.1. If the Board fails to do so within the 60-day period, any Owner or Mortgagee may make the determinations required under Section 22.1 and give the notice required under this Section.

Section 22.3 Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article:

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

22.3.2 Substantial Damage shall mean that in the judgment of a majority of the Board the estimated Assessment determined under Section 22.1.4 for any one Unit exceeds ten percent of the full, fair market value of the Unit before the damage occurred, as determined by the then current Assessment for the purpose of real estate taxation.

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

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

Section 22.4 Execution of Repairs.

22.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor as provided in Section 21.9. If the cost of repair exceeds the available insurance proceeds, the Board shall impose an Assessment against all Units in proportion to their Common Expense Liabilities in an amount sufficient to pay the excess costs.

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

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

Section 22.5 Damage Not Substantial. If the damage as determined under Section 22.3.2 is not substantial, the provisions of this section shall apply.

22.5.1 Either the Board or the requisite number of Owners, within 15 days after the notice required under Section 22.2 has been given may but shall not be required to, call a special Owners' meeting in accordance with Section 13.4 and the Bylaws to decide whether to repair the damage.

22.5.2 Except for emergency work, no repairs shall be commenced until after the 15-day period and until after the conclusion of the special meeting if such a special meeting is called within the 15 days.

22.5.3 A decision not to repair or rebuild may be made in accordance with Section 21.9.

Section 22.6 Substantial Damage. If the damage determined under Section 22.3.2 is substantial, the provisions of this section shall apply.

22.6.1 The Board shall promptly, and in all events within 60 days after the date of damage, call a special Owners' meeting to consider repairing the damage. If the Board fails to do so within the 60-day period, then notwithstanding the provisions of Section 13.4 and the Bylaws, any Owner or first mortgagee of a Unit may call and conduct the meeting.

22.6.2 Except for emergency work, no repairs shall be commenced until the conclusion of the special Owners' meeting.

22.6.3 At the special meeting, the following consent requirements will apply:

(a) The Owners shall be deemed to have elected to repair the damage in accordance with the original plan unless the Owners of at least one hundred percent (100%) of the total voting power of the Condominium, including every Owner of a residential Unit which will not be rebuilt and every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, have given their written consent not to repair the damage.

(b) The unanimous consent of all Owners will be required to elect to rebuild in accordance with a plan that is different from the original plan.

(c) In addition to the consent by the Owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the approval of eligible holders of first mortgages on Units that have at least 51 % of the votes subject to eligible holder

mortgages.

(d) Failure to conduct the special meeting provided for under Section 22.6.1 within 90 days after the date of damage shall be deemed a unanimous decision to repair the damage in accordance with the original plan.

Section 22.7 Effect of Decision Not to Repair. In the event of a decision under either Sections 22.5.3 or 22.6.3 not to repair the damage, the Board may nevertheless expend as much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 21.9.

ARTICLE 23. CONDEMNATION.

Section 23.1 Consequences of Condemnation; Notices. If any Unit or portion thereof or the Common Elements or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and to each holder of a first mortgage and the provisions of this Article shall apply.

Section 23.2 Power of Attorney. Each Owner appoints the Association as attorney-in-fact for the purpose of representing the Owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of Common Elements or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the Owners in carrying out the foregoing functions in lieu of the Association. Should the Association not act, based on their right to act pursuant to this section, the affected Owners may individually or jointly act on their own behalf.

Section 23.3 Condemnation of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements am acquired. The proceeds from the condemnation of a Unit shall be paid to the Owner or lien holder of the Unit as their interests may appear. Upon acquisition, unless the decree otherwise provides that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element.

Section 23.4 Condemnation of Part of a Unit. Except as provided in Section 23.3, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lien holders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides: (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

Section 23.5 Condemnation of Common Element or Limited Common Element. If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective interests in the Common Elements. Any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of the acquisition. If the Board determines that a particular Owner's interest in the Common Elements diminished with respect to other Owners, by the acquisition of a Common Element, the Declaration may be amended to adjust that Owner's Common Expense Liability allocation, or to remove the allocation of a Limited Common Element to that Owner's Unit, as the case may be.

Section 23.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 22.

ARTICLE 24. EASEMENTS.

Section 24.1 In General. Each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium.

Section 24.2 Encroachments. To the extent not provided by the definition of "Unit" in the Declaration and in the Condominium Act, each Unit and all Common and Limited Common Elements are hereby declared to have an easement over all adjoining Units and Common and Limited Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlements shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common and Limited Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment; provided however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

ARTICLE 25. PROCEDURES FOR ALTERING UNITS.

Section 25.1 Subdividing Units. No Unit shall be subdivided.

Section 25.2 Interior Structural Changes. No interior changes that are structural in nature shall be made without, in each instance, the prior express written consent of the Board.

Section 25.3 Apertures in Walls, Ceilings or Floors. No apertures shall be made in any wall, ceiling or floor without the prior express written consent of the Board.

Section 25.4 Alterations of Floor Coverings. No Owner or Tenant may change the flooring in any portion of the Unit which is directly above another Unit from carpeting to hard surface flooring.

Section 25.5 Decoration of Unit and Exterior Appearance. The restrictions listed in this Article 25 shall not be construed to restrict Owners' rights to decorate their Units as they should so determine, provided the following conditions are met:

25.5.1 No Owner or Tenant may decorate any portion of the Unit to the extent such decoration is visible from the exterior of any Unit and which detracts, in the reasonable judgment of the Board, from the aesthetic or architectural integrity of the Building(s). The Owner may be required to undertake such reasonable measures as the Board may determine to ameliorate such detraction.

25.5.2 No Owner or Tenant may modify or decorate the exterior of a building, or screens, windows, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior express written consent of the Board and in accordance with rules or regulations of the Association.

25.5.3 No painting, attaching of decals or other decoration shall be done on any exterior part or surface of any Unit or on the interior surface of any window without, in each instance, the prior express written consent of the Board.

25.5.4 All portions of curtains, blinds or draperies visible from outside the Units shall be white or off-white, and the Owners shall not replace the glass or screens in the windows or doors of the Units except with materials of similar color and quality to those originally installed.

25.5.5 No solar panels, radio or television antennas, satellite dishes, or other appliances, may be installed on the exterior of a building without the prior express written consent of the Board.

Section 25.6 Exterior Changes. No balcony, deck, porch, garden or yard enclosure, awning, screen, antenna, sign, banner, or other device, and no exterior change, addition, structure, projection, decoration, or other feature shall be erected, applied to, placed upon, or attached to any Unit, or any part thereof, on the Building(s) or upon any other Common Element without, in each instance, the prior express written consent of the Board.

Section 25.7 Exterior Hardware. No addition to, or change or replacement of, any exterior light, door knocker, or other exterior hardware shall be made without, in each instance, the prior express written consent of the Board.

Section 25.8 Additional Requirements. Prior to commencing any work that intrudes into the walls, ceiling or floors of a Unit such as electrical wiring and plumbing, or any work that alters the appearance of a Limited Common Element, the Owner must obtain the prior written consent of the Board. Work which is performed without the prior written consent of the Board or work which fails to adhere to plans approved by the Board as required below, may be restored at the direction of the Board to substantially the same condition in which the Unit or Limited Common Element existed prior to commencement of the unauthorized work at the Owner's sole cost and expense. Prior to beginning any such work, Owners must provide at least the following to the Board, plus any other information requested by the Board:

25.8.1 A set of plans or other descriptions of the proposed work. These plans should be in sufficient detail for the Board to judge the impact of the work;

25.8.2 Proof that the contractor(s) performing the work is licensed and insured. The Board shall determine whether the insurance is adequate;

25.8.3 All applicable and proper permits and approvals from appropriate governmental authorities; and

25.8.4 All reasonable and necessary documents in amendment of the Declaration, if applicable.

ARTICLE 26. AMENDMENT OF DECLARATION SURVEY MAP AND PLANS, ARTICLES OR BYLAWS.

Section 26.1 Procedures. The Declaration, the Survey Map and Plans, the Articles and the Bylaws may be amended only by vote or agreement of the Owners, as specified in this Article. An Owner may propose to the Board, amendments to this Declaration or the Survey Map and Plans, the Articles, or the Bylaws. A majority of the members of the Board may cause a proposed amendment to be submitted to the Owners for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the Owners for their consideration at their next regular or special meeting for which timely notice must be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including Eligible Mortgagees) entitled to receive notice. Upon the adoption of an amendment and the obtaining of any necessary consents of Eligible Mortgagees as provided below, amendment to the Declaration or the Survey Map and Plans will become effective when they are recorded or filed in the real property records in Snohomish county, where the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

Section 26.2 Percentages of Consent Required. Except as provided in Article 22 and Article 23 in the case, of damage or condemnation of the property, the percentages of consent of Owners and mortgagees required for adoption of amendments to the Declaration, the Survey Map and Plans, the Articles and the Bylaws are as follows:

26.2.1 Except as otherwise prescribed in this Declaration, the consent of Owners holding at least sixty-seven (67%) of the votes in the Association and the consent of Eligible Mortgagees that have at least fifty-one percent (51%) of the votes of Units subject to Eligible Mortgagees shall be required to materially amend any provisions of the Declaration, the Survey Map and Plans, the Articles or the Bylaws, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following: (a) voting rights; (b) Assessments, Assessment liens, or subordination of such liens; (c) reserves for maintenance, repair, or replacement of the Common Elements; (d) responsibility for maintenance and repair of any portion of the Condominium; (e) rights to use Common Elements and Limited Common Elements; (f) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (g) hazard or fidelity insurance requirements; (h) establishment of self-management of the Condominium after professional management has been required by HUD, FNMA, VA, FHLMC, or other similar agency or corporation or by an Eligible Mortgagee; or (i) any provisions which are for the express benefit of holders of first mortgage.

26.2.2 An amendment that increases the number of Units, changes the boundaries of any Unit, changes the Allocated Interests of a Unit, the uses to which any Unit is restricted, or imposition of any restriction on the right of an Owner to sell or transfer a unit shall require the vote or agreement of the Owner of each Unit particularly affected, the and the Owners having at least ninety percent (90%) of the votes in the Association.

26.2.3 All other amendments shall be adopted if consented to by 67% of the Owners.

26.2.4 An Eligible Mortgagee who receives a written request to consent to an amendment who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to such request.

ARTICLE 27. TERMINATION OF CONDOMINIUM.

Section 27.1 Action Required. Except as provided in Article 21 and Article 22, the Condominium may be terminated only by Agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and in accordance with the Condominium Act.

Section 27.2 Condominium Act Governs. The provisions of the Condominium Act relating to termination of a condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the disposition of the real property in the Condominium and the distribution of proceeds from the sale of that real property.

ARTICLE 28. NOTICES.

Section 28.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally, or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the date of being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the residential unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the President or Secretary of the Board and the Property Manager either personally or by mail.

Section 29.2 Notices to Eligible Mortgagees. An Eligible Mortgagee is a mortgagee that has filed with the Secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the Eligible Mortgagee and the identifying number or address of the Unit on which it has (or insures or guarantees) a mortgage, until such time thereafter that the Eligible Mortgagee withdraws the request or the mortgage held, insured or guaranteed by the Eligible Mortgagee is satisfied, the Board shall send to the Eligible Mortgagee timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the interest in the Common Elements or the liability for Common Expenses of any Unit, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements are restricted; (b) any proposed termination of condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium; (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Mortgagee had a mortgage; (e) any lapse, cancellation, or material modification of any insurance policy maintained by the Association pursuant to Article 21; (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Article 22, Article 25, or Article 26.

ARTICLE 29. SEVERABILITY.

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

ARTICLE 30. EFFECTIVE DATE.

This Restated Declaration shall take effect upon recording.

ARTICLE 31. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans for each of the four phases of construction were filed with the Auditor of Snohomish County, with the recordings of the Declaration under the following numbers:

for Phase I: File No. 9806125004 of Condominiums, pages 1 through 7.
for Phase II: File No. 9810145001 of Condominiums, pages 1 through 5.
for Phase III: File No. 9901115005 of Condominiums, pages 1 through 4.
for Phase IV: File No. 9904215003 of Condominiums, pages 1 through 4.

DATED and ATTESTED this 4th day of May, 2006.

HERITAGE AT DEER CREEK OWNERS ASSOCIATION

By: Lynda K Bell

Lynda K Bell, President

HERITAGE AT DEER CREEK OWNERS ASSOCIATION

By: Steven M. Pendleton

Steven M. Pendleton, Secretary

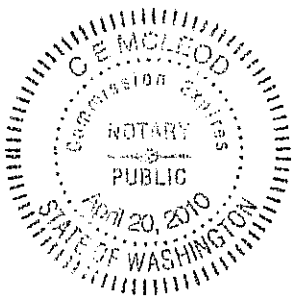
STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this 4th day of May, 2006, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Lynda K. Ball to me known to be the President of Heritage at Deer Creek Owners Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute the instrument on behalf of said Association.

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

C E McLeod

C E McLeod (Print name)
Notary Public in and for the State of
Washington, residing at Mill Creek
My commission expires: April 20, 2010



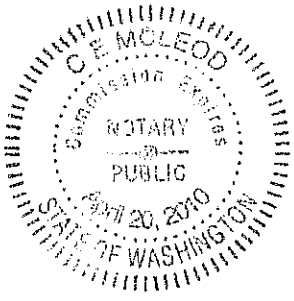
STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this 4th day of May, 2006, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Steven M. Pendleton to me known to be the Secretary of Heritage at Deer Creek Owners Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute the instrument on behalf of said Association.

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

C E McLeod

C E McLeod (Print name)
Notary Public in and for the State of
Washington, residing at Mill Creek
My commission expires: April 20, 2010



SCHEDULE A

TRACTS 16, 17, AND 18, BLOCK 1, AVONDALE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 10 OF PLATS, PAGE 108, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, EXCEPT THE NORTHWESTERLY 30 FEET THEREOF FOR ROAD.

SCHEDULE B – Page 1 of 4
HERITAGE AT DEER CREEK CONDOMINIUMS

Unit Data Locations,
Allocated Interests and Parking Assignments

Building	Unit	Unit Data	Level(s)	Unit Area (Sq Ft) Living	Garage	Net Total	CEL and ICE	Parking Space No.	Votes
A	101	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
A	102	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
A	103	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
A	104	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
B	101	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
B	102	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
B	103	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
B	104	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
B	105	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
B	106	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
C	101	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
C	102	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
C	103	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
C	104	3 BR, 2-1/2 BA	1, 2	1,462	427	1,676	1.43	2-car Driveway	1
D	101	3 BR, 2 BA	1	1,173		1,173	1.01	48	1
D	102	2 BR, 2 BA	1	944		944	0.81	45	1
D	103	2 BR, 2 BA	1	944		944	0.81	41	1
D	104	3 BR, 2 BA	1	1,173		1,173	1.01	38	1
D	201	3 BR, 2 BA	2	1,173		1,173	1.01	47	1
D	202	2 BR, 2 BA	2	944		944	0.81	43	1
D	203	2 BR, 2 BA	2	944		944	0.81	40	1
D	204	3 BR, 2 BA	2	1,173		1,173	1.01	37	1
D	301	2 BR, 2 BA	3	1,052		1,052	0.90	46	1
D	302	2 BR, 2 BA	3	944		944	0.81	42	1
D	303	2 BR, 2 BA	3	944		944	0.81	39	1
D	304	2 BR, 2 BA	3	1,052		1,052	0.90	36	1
E	101	3 BR, 2 BA	1	1,173		1,173	1.01	62	1
E	102	2 BR, 2 BA	1	944		944	0.81	59	1
E	103	2 BR, 2 BA	1	944		944	0.81	56	1
E	104	3 BR, 2 BA	1	1,173		1,173	1.01	53	1
E	201	3 BR, 2 BA	2	1,173		1,173	1.01	61	1
E	202	2 BR, 2 BA	2	944		944	0.81	58	1
E	203	2 BR, 2 BA	2	944		944	0.81	55	1
E	204	3 BR, 2 BA	2	1,173		1,173	1.01	52	1
E	301	2 BR, 2 BA	3	1,052		1,052	0.90	60	1
E	302	2 BR, 2 BA	3	944		944	0.81	57	1
E	303	2 BR, 2 BA	3	944		944	0.81	54	1
E	304	2 BR, 2 BA	3	1,052		1,052	0.90	51	1

SCHEDULE B – Page 2 of 4

Building	Unit	Unit Data	Level(s)	Unit Living	Area Garage	(Sq Ft) Net Total	CEL and ICE	Parking Space No.	Votes
F	101	3 BR, 2 BA	1	1,178		1,178	1.01	76	1
F	102	2 BR, 2 BA	1	878		878	0.75	73	1
F	103	2 BR, 2 BA	1	878		878	0.75	70	1
F	104	3 BR, 2 BA	1	1,178		1,178	1.01	68	1
F	201	3 BR, 2 BA	2	1,183		1,183	1.02	75	1
F	202	2 BR, 2 BA	2	882		882	0.76	72	1
F	203	2 BR, 2 BA	2	882		882	0.76	69	1
F	204	3 BR, 2 BA	2	1,183		1,183	1.02	63	1
F	301	2 BR, 2 BA	3	1,055		1,055	0.91	74	1
F	302	2 BR, 2 BA	3	882		882	0.76	71	1
F	303	2 BR, 2 BA	3	882		882	0.76	64	1
F	304	2 BR, 2 BA	3	1,055		1,055	0.91	65	1
G	101	3 BR, 2 BA	1	1,178		1,178	1.01	90	1
G	102	2 BR, 2 BA	1	878		878	0.75	87	1
G	103	2 BR, 2 BA	1	878		878	0.75	82	1
G	104	3 BR, 2 BA	1	1,178		1,178	1.01	79	1
G	201	3 BR, 2 BA	2	1,183		1,183	1.02	89	1
G	202	2 BR, 2 BA	2	882		882	0.76	84	1
G	203	2 BR, 2 BA	2	882		882	0.76	81	1
G	204	3 BR, 2 BA	2	1,183		1,183	1.02	88	1
G	301	2 BR, 2 BA	3	1,055		1,055	0.91	83	1
G	302	2 BR, 2 BA	3	882		882	0.76	80	1
G	303	2 BR, 2 BA	3	882		882	0.76	77	1
G	304	2 BR, 2 BA	3	1,055		1,055	0.91	36	1
H	101	3 BR, 2-1/2 BA	1, 2	1,455	427	1,669	1.43	2-car Driveway	1
H	102	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
H	103	2 BR, 2 BA	1, 2	1,250	276	1,388	1.19	1-car Driveway	1
H	104	3 BR, 2-1/2 BA	1, 2	1,455	427	1,669	1.43	2-car Driveway	1
I	101	3 BR, 2 BA	1	1,173		1,173	1.01	147	1
I	102	2 BR, 2 BA	1	944		944	0.81	144	1
I	103	2 BR, 2 BA	1	944		944	0.81	141	1
I	104	3 BR, 2 BA	1	1,173		1,173	1.01	138	1
I	201	3 BR, 2 BA	2	1,173		1,173	1.01	146	1
I	202	2 BR, 2 BA	2	944		944	0.81	143	1
I	203	2 BR, 2 BA	2	944		944	0.81	140	1
I	204	3 BR, 2 BA	2	1,173		1,173	1.01	137	1
I	301	2 BR, 2 BA	3	1,052		1,052	0.90	145	1
I	302	2 BR, 2 BA	3	944		944	0.81	142	1
I	303	2 BR, 2 BA	3	944		944	0.81	139	1
I	304	2 BR, 2 BA	3	1,052		1,052	0.90	136	1

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Building	Unit	Unit Data	Level(s)	Unit Area (Sq Ft)			CEL and ICE	Space No.	Votes
				Living	Garage	Net Total			
J	101	3 BR, 2 BA	1	1,166		1,166	1.00	198	1
J	102	2 BR, 2 BA	1	867		867	0.74	195	1
J	103	2 BR, 2 BA	1	848		848	0.73	192	1
J	104	3 BR, 2 BA	1	1,142		1,142	0.98	177	1
J	201	3 BR, 2 BA	2	1,157		1,157	0.99	197	1
J	202	2 BR, 2 BA	2	861		861	0.74	194	1
J	203	2 BR, 2 BA	2	848		848	0.73	191	1
J	204	3 BR, 2 BA	2	1,142		1,142	0.98	176	1
J	301	2 BR, 2 BA	3	1,017		1,017	0.87	196	1
J	302	3 BR, 2 BA	3	861		861	0.74	193	1
J	303	3 BR, 2 BA	3	848		848	0.73	178	1
J	304	2 BR, 2 BA	3	1,022		1,022	0.88	175	1
K	101	3 BR, 2 BA	1	1,179		1,179	1.01	171	1
K	102	2 BR, 2 BA	1	942		942	0.81	168	1
K	103	2 BR, 2 BA	1	942		942	0.81	155	1
K	104	3 BR, 2 BA	1	1,189		1,189	1.02	158	1
K	201	3 BR, 2 BA	2	1,179		1,179	1.01	170	1
K	202	2 BR, 2 BA	2	942		942	0.81	167	1
K	203	2 BR, 2 BA	2	942		942	0.81	156	1
K	204	3 BR, 2 BA	2	1,189		1,189	1.02	159	1
K	301	2 BR, 2 BA	3	1,051		1,051	0.90	169	1
K	302	2 BR, 2 BA	3	942		942	0.81	154	1
K	303	2 BR, 2 BA	3	942		942	0.81	157	1
K	304	2 BR, 2 BA	3	1,051		1,051	0.90	160	1
1	1	1-car Garage	1	203		102	0.09		0
1	2	1-car Garage	1	203		102	0.09		0
1	3	1-car Garage	1	203		102	0.09		0
1	4	1-car Garage	1	203		102	0.09		0
1	5	1-car Garage	1	203		102	0.09		0
2	6	1-car Garage	1	203		102	0.09		0
2	7	1-car Garage	1	203		102	0.09		0
2	8	1-car Garage	1	203		102	0.09		0
2	9	1-car Garage	1	203		102	0.09		0

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Building	Unit	Unit Data	Level(s)	Unit Living	Area Garage	(Sq Ft) Net Total	CEL and ICE	Parking Space No.	Votes
3	10	1-car Garage	1	203		102	0.09		0
3	11	1-car Garage	1	203		102	0.09		0
3	12	1-car Garage	1	203		102	0.09		0
3	13	1-car Garage	1	203		102	0.09		0
4	14	1-car Garage	1	203		102	0.09		0
4	15	1-car Garage	1	203		102	0.09		0
4	16	1-car Garage	1	203		102	0.09		0
4	17	1-car Garage	1	203		102	0.09		0
4	18	1-car Garage	1	203		102	0.09		0
4	19	1-car Garage	1	203		102	0.09		0
4	20	1-car Garage	1	203		102	0.09		0
5	21	1-car Garage	1	203		102	0.09		0
5	22	1-car Garage	1	203		102	0.09		0
5	23	1-car Garage	1	203		102	0.09		0
5	24	1-car Garage	1	203		102	0.09		0
6	25	1-car Garage	1	203		102	0.09		0
6	26	1-car Garage	1	203		102	0.09		0
6	27	1-car Garage	1	203		102	0.09		0
6	28	1-car Garage	1	203		102	0.09		0
7	29	1-car Garage	1	203		102	0.09		0
7	30	1-car Garage	1	203		102	0.09		0
7	31	1-car Garage	1	203		102	0.09		0
7	32	1-car Garage	1	203		102	0.09		0
Totals						**116,385**	**100.00**		**102**

Legend:

BR = Bedroom
BA = Bath
Garage = Garages in Free-standing Garage Buildings.

CEL = Common Expense Liability
ICE = Interest in Common Elements

CEL & ICE data are based on relative areas Including garages, with data rounded to equal 100%.
See also **Section 6.4** of the Declaration.