



201010190456 51 PGS
 10/19/2010 11:37am \$112.00
 SNOHOMISH COUNTY, WASHINGTON

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DOCUMENT TITLE(S):
**DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR
 FOX RUN, A SINGLE FAMILY CONDOMINIUM**

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: NONE

GRANTOR(S):
 Encore Homes, Inc.; Garrett Family, LLC

Grantee(s): (Project Name)
FOX RUN, A SINGLE FAMILY CONDOMINIUM

LEGAL DESCRIPTION (SECTION, TOWNSHIP, RANGE)
 SEC. 33, TWN. 34N, RGE. 5E, W.M.
 XX Additional legal is on Exhibit A of the document

ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER
 010610-000-013-10 through 010610-000-287-00
 Additional legal is on Exhibit A of the document

NOTICE TO RECORDER'S OFFICE: AS REQUIRED BY RCW CHAPTER 64.34, AT THE TIME OF RECORDING OF THIS DECLARATION INSERT DATA FOR THE SURVEY MAP AND PLANS RECORDED IN CONNECTION HEREWITH. The Survey Map and Plans of the Condominium referred to herein filed with the Recorder of Snohomish County, Washington, simultaneously with the recording of this Declaration under File No. 201010195002 in Volume _____ of Condominiums, pages _____ through _____.

**DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR
FOX RUN, A SINGLE FAMILY CONDOMINIUM**

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**DECLARATION
AND
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FOR
FOX RUN, A SINGLE FAMILY CONDOMINIUM**

Pursuant to the Act defined in Section 1.8.1, and for the purpose of submitting the Property hereinafter described to the provisions of said Act, the undersigned, being sole owner(s), lessee(s) or possessor(s) of said Property, make the following Declaration. By acceptance of a Conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any Unit in the Condominium created by this Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and that the covenants, conditions, restrictions, reservations and plan are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments and regardless of any subsequent forfeitures, Foreclosures, or sales of Units under security instruments.

The name of this Condominium is Fox Run, a Single Family Condominium.

DEVELOPMENT PLAN

- A. The recording of the Master Declaration and related Survey Map and Plans (and amendments thereto) created "The Meadows in Marysville, A Master Condominium Community" ("Master Condominium") containing:
1. Two hundred and eighty-seven (287) units ("Single Family Master Units"), each to contain one (1) dwelling structure, units 1 through 287, inclusive, (collectively "Single Family Master Units");
 2. Fourteen (14) units ("Multifamily Master Units"); each to contain one (1) multifamily structure, units 288A through 288N, inclusive, (collectively "Multifamily Master Units");
 3. For a total of three hundred and one (301) units (collectively "Master Units").
- B. The Meadows in Marysville Master Owners Association ("Master Association") was created by the filing of Articles of Incorporation ("Master Articles") for the Master Association and the Bylaws ("Master Bylaws") for the Master Association.
- C. By the recording of one (or more) condominium declaration(s) and survey map and plan(s), one (or more) Multifamily Subcondominiums ("Multifamily Subcondominiums") have been or may be created within Master Units 288A through 288N and be comprised one or more multifamily structures, each containing condominium dwelling units. Each Multifamily Condominium may be expanded by adding additional Master Units.
- D. A Multifamily Subcondominium Association ("Multifamily Subcondominium Association") has been or will be created for each Multifamily Subcondominium by the filing of Articles of Incorporation ("Multifamily Subcondominium Association Articles") and Multifamily Subcondominium Association Bylaws ("Multifamily Subcondominium Association Bylaws").
- E. By the recording of one (or more) condominium declaration(s) and survey map and plan(s), one (or more) Single Family Subcondominiums ("Single Family Condominiums") have been or may be created. Each Single Family Subcondominium will contain a number of Master Units, and each such Unit will contain a single family dwelling. Each Single Family Condominium may be expanded by adding additional Master Units.
- F. A Single Family Subcondominium Association ("Single Family Subcondominium Association") has been or will be created for each Single Family Subcondominium by the filing of Articles of Incorporation ("Single Family Subcondominium Association Articles") and the Single Family Subcondominium Association Bylaws ("Single Family Subcondominium Association Bylaws").
- G. The Multifamily Subcondominiums and the Single Family Subcondominiums shall collectively be referred to as the "Subcondominiums". The Multifamily Subcondominium Associations and the Single Family Subcondominium Associations shall collectively referred to as the "Subassociations".

**Article 1
INTERPRETATION**

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of Washington law. It is intended and covenanted also that, insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative shall be liberally construed to effectuate the intent of this Declaration insofar as reasonably possible.

1.2 Consistent with Act. The terms used herein are intended to have the same meaning given in the Act unless

the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Covenant Running With Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Act, and operating independently of the Act should the Act be, in any respect, inapplicable.

1.4 Percentage of Owners or Mortgagees. For purposes of determining the percentage of Owners or Mortgagees, or percentage of voting power for, approving a proposed decision or course of action in cases where an Owner owns, or a Mortgagee holds Mortgages on, more than one Unit, such Owner shall be deemed a separate Owner for each such Unit so owned and such Mortgagee shall be deemed a separate Mortgagee for each such first Mortgage so held.

1.5 Declarant Is Original Owner. Declarant is the original Owner of all Units and the Property, and will continue to be deemed the Owner thereof until Conveyances or documents changing such ownership regarding specifically described Units are recorded.

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

1.7 Inflationary Increase in Dollar Limits. Any dollar amounts specified in this Declaration in connection with any proposed action or decision of the Board of Association may, in the discretion of the Board, be increased proportionately by the increase in the consumer price index for the City of Seattle, Washington for All Urban Consumers, prepared by the United States Department of Labor for the base period January 1 of the calendar year following the year in which this Declaration was recorded, to adjust for any deflation in the value of the dollar.

1.8 Definitions

1.8.1 "The Act" means the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34) as amended.

1.8.2 "Affiliate" means any Person who controls, is controlled by, or is under common control with the referenced Person. A Person "controls" another Person if the Person: (a) is a general partner, officer, director, or employer of the referenced Person; (b) directly or indirectly or acting in concert with one or more other Persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent (20%) of the voting interest in the referenced Person; (c) controls in any manner the election of a majority of the directors of the referenced Person; or (d) has contributed more than twenty percent of the capital of the referenced Person. A Person "is controlled by" another Person if the other Person: (i) is a general partner, officer, director, or employer of the Person; (ii) directly or indirectly or acting in concert with one or more other Persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent (20%) of the voting interest in the Person; (iii) controls in any manner the election of a majority of the directors of the Person; or (iv) has contributed more than twenty percent (20%) of the capital of the Person. Control does not exist if the powers described in this subsection are held solely as security for an obligation and are not exercised.

1.8.3 "Allocated Interests" means those undivided interests in the Common Elements, the Common Expense Liability, Limited Common Expense Liability, and votes in the Association allocated to each Unit more particularly provided for in Article 8 and as shown in Exhibit B.

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

1.8.5 "Association" means the Unit Owners' Association organized under RCW 64.34.300 and this Declaration.

1.8.6 "Board" or "Board of Directors" means the body, regardless of name, with primary authority to manage the affairs of the Association as provided for in Article 10.

1.8.7 "Books and Records of the Association" means all financial and other records, in whatever form they are kept, that are the property of the Association; and does not mean records that are the property of a Person other than the Association, even though such records that are the property of a Person other than the Association might be discoverable under the laws of Washington governing judicial proceedings. "Books and Records" that are the property of the Association shall be given the broadest possible meaning and shall include, without limitation, exception or qualification, the following:

(a) Declaration, Survey Map and Plans, Articles of Incorporation, Bylaws and other rules and regulations governing the Condominium (or any part thereof), and all amendments thereto;

(b) Minute books, including all minutes, of all Unit Owner, Board, Officer, Committee or other meetings relating to the Condominium (or any part thereof, including all reports, documents, communications or written instruments attached thereto or referenced therein);

(c) All financial records, including without limitation canceled checks, bank statements, and financial statements of the Association and source documents from the time of incorporation of the Association through the current date;

(d) All reports, documents, communications or written instruments pertaining to the personal property of the Association or the Condominium (or any part thereof);

(e) All reports, documents, communications, written instruments, plans, and specifications pertaining to the construction, remodeling, maintenance, repair, replacement or condition of the Condominium (or any part thereof);

(f) All insurance policies or copies thereof for the Condominium (or any part thereof) and Association;

(g) Copies of any certificates of occupancy that may have been issued for the Condominium (or any part thereof);

(h) Any other permits or notices issued by governmental bodies applicable to the Condominium (or any part thereof) in force or issued;

(i) All written warranties that are still in effect for the Common Elements, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the Declarant, contractor, subcontractors, suppliers, and manufacturers, together with all owners' manuals or instructions furnished to the Declarant with respect to installed equipment or building systems;

(j) A roster of Unit Owners, Officers and Board members and Eligible Mortgagees and their addresses and telephone numbers, if known;

(k) Any leases of the Common Elements or areas and other leases to which the Association is a party; any employment, service, consultation, professional or other contracts in which the Association, Board or Officer (to the extent acting on behalf of the Association) is one of the contracting parties, or in which the Association or the Unit Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge, or which in any way relate to the Condominium (or any part thereof);

(l) All reports, documents, communications or written instruments pertaining to any litigation or other legal or mediation/arbitration proceeding (whether pending, threatened, or under consideration) to which the Association (or Board, Officer or Unit Owner (to the extent acting on behalf of the Association)) is, or may be a party, or which may relate to or affect the Condominium (or any part thereof); and

(m) All other all reports, documents, communications or written instruments in any way relating to or affecting the Association, Board, Officers, Unit Owners or the Condominium (or any part thereof).

1.8.8 "Bylaws" shall mean the Bylaws of the Association provided for in Article 9

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

1.8.10 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.8.11 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to RCW 64.34.224 and this Declaration.

1.8.12 "Condominium" means Real Property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the Owners of those portions. Real Property is not a Condominium unless the undivided interests in the Common Elements are vested in the Unit Owners, and unless a Declaration and a Survey Map and Plans have been recorded pursuant to the Act.

1.8.13 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

1.8.14 "Declarant" means (a) any Person who executes as Declarant this Declaration; or (b) any Person who reserves any Special Declarant Right in this Declaration; or (c) any Person who exercises Special Declarant Rights or to whom Special Declarant Rights are transferred; or (d) any Person who is the owner of a fee interest in the Real Property which is subjected to this Declaration at the time of the recording of an instrument pursuant to RCW 64.34.316 and who directly or through one or more Affiliates is materially involved in the construction, marketing, or sale of Units in the Condominium created by the recording of the instrument.

1.8.15 "Declarant Control" means the right of the Declarant or Persons designated by the Declarant to appoint and remove officers and members of the Board of directors, or to veto or approve a proposed action of the Board or Association, pursuant to RCW 64.34.308(4) or (5) and this Declaration. In no event shall exercising the voting rights allocated to a Unit or Units owned by the Declarant or Declarant's Affiliates be deemed "Declarant Control". Declarant has not reserved Declarant Control.

1.8.16 "Declaration" means this Declaration and any amendments thereto.

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

1.8.18 "Dispose" or "Disposition" means a voluntary transfer or Conveyance to a Purchaser or lessee of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

1.8.19 "Dwelling Unit", "Attached Dwelling Unit", "Detached Dwelling Unit" - "Dwelling Unit" means a Unit Structure that under local law may legally be occupied as a single family dwelling. "Detached Dwelling Unit" means a Dwelling Unit that is not physically attached to another Dwelling Unit. "Attached Dwelling Unit" means a Dwelling Unit that is physically attached to another Dwelling Unit.

1.8.20 "Eligible Mortgagee" means a Mortgagee of a Unit or the Mortgagee of the Condominium 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.

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

1.8.22 "Identifying Number" means the designation of each Unit in the Condominium.

1.8.23 "Limited Common Element" means a portion of the Common Elements allocated by this Declaration (or by subsequent amendments thereto) or by operation of law for the exclusive use of one or more but fewer than all of the Units as provided in this Declaration.

1.8.24 "Limited Common Expense" means expenditures made by or financial liabilities of the Association which are related to a Limited Common Element including without limitation expenses relating to the maintenance, repair and replacement of the Limited Common Element (together with any allocations to reserves), and any other costs allocated solely to one or more but fewer than all of the Units.

1.8.25 "Limited Common Expense Liability" means the liability for Limited Common Expenses allocated to each Unit pursuant to the Act and this Declaration.

1.8.26 "Manager" means the Person retained by the Board to perform such management and administrative functions and duties with respect to the Condominium as are delegated to such Person and as are provided

in a written agreement between such Person and the Association.

1.8.27 "Master Association" means an organization described in RCW 64.34.276, whether or not it is also an Association described in RCW 64.34.300.

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

1.8.29 "Mortgagee" means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit created by Mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit. A Mortgagee of the Condominium and a Mortgagee of a Unit are included within the definition of Mortgage.

1.8.30 "Mortgagee of a Unit" means the holder of a Mortgage on a Unit, which mortgage was recorded simultaneous with or after the recordation of this Declaration. Unless the context requires otherwise, the term "Mortgagee of a Unit" shall also be deemed to include the Mortgagee of the Condominium.

1.8.31 "Mortgagee of the Condominium" means the holder of a Mortgage on the Property which this Declaration affects, which Mortgage was either: recorded prior to the recordation of this Declaration; or was recorded against all Units after the recordation of this Declaration but prior to the recorded Conveyance of any Unit. The term "Mortgagee of the Condominium" does not include Mortgagees of the individual Units.

1.8.32 "Notice and Opportunity to be Heard" means the procedure described in Article 11 of this Declaration.

1.8.33 "Person" means a natural Person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entities.

1.8.34 "Phase" or "Phases" relates to a Development Right which may have been reserved by the Declarant in this Declaration to develop and establish the Condominium in more than one (1) Phase, and (subsequent to the initial recording of this Declaration) to add to the Condominium additional land, Units, Unit Structures and other improvements located thereon.

1.8.35 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Exhibit A, including structures, fixtures, and other improvements thereon, and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a Conveyance of land although not described in the contract of sale or instrument of Conveyance. "Property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water, and all personalty intended for use in connection therewith.

1.8.36 "Purchaser" means any Person, other than a Declarant or a Dealer, who by means of a Disposition acquires a legal or equitable interest in a Unit other than (a) a leasehold interest, including renewal options, of less than twenty (20) years at the time of creation of the Unit; or (b) as security for an obligation.

1.8.37 "Renting or Leasing" a Unit 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); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

1.8.38 "Residential Purposes" means use for dwelling or recreational purposes, or both.

1.8.39 "Special Declarant Rights" means rights reserved in this Declaration for the benefit of Declarant to:

(a) Complete improvements indicated on the Survey Maps and Plans filed with this Declaration under RCW 64.34.232;

(b) Exercise any Development Right under Section 23.2;

(c) Maintain sales offices, management offices, signs advertising the Condominium, and models under Section 23.1.2;

(d) Use easements through the Common Elements for the purpose of making

improvements within the Condominium or within Real Property which may be added to the Condominium;

- 64.34.280;
- (e) Make the Condominium part of a larger Condominium or development under RCW
 - (f) Make the Condominium subject to a Master Association under RCW 64.34.276; or
 - (g) Appoint or remove any officer of the Association or any Master Association or any member of the Board of directors, or to veto or approve a proposed action of the Board or Association, during any period of Declarant Control under RCW 64.34.308(4).

Declarant reserves all such Special Declarant Rights for its benefit; provided, Declarant does not reserve Declarant Control as defined in Section 1.8.16 and in subsection (g), above.

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

1.8.41 "Timeshare" shall have the meaning specified in the Timeshare Act, RCW 64.36.010(11). Unless otherwise specifically provided in this Declaration, Timesharing of Units is prohibited.

1.8.42 "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to RCW 64.34.216(1)(d) and this Declaration.

1.8.43 "Unit Owner" means, subject to Section 1.9.5, a Declarant or other Person who owns a Unit but does not include a Person who has an interest in a Unit solely as security for an obligation, or is merely "Renting" or "Leasing" a Unit as defined in Section 1.8.37. A "Unit Owner" is also sometimes referred to herein as an "Owner" or collectively (more than one Unit Owner) as the "Owners". "Unit Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

1.8.44 "Unit Structure" means the improvements located or to be located within a Unit.

1.9 Construction and Validity

1.9.1 All provisions of this Declaration and the Bylaws are severable.

1.9.2 The rule against perpetuities may not be applied to defeat any provision of this Declaration, the Bylaws, or any rules, or regulations adopted pursuant to RCW 64.34.304(1)(a).

1.9.3 In the event of a conflict between the provisions of this Declaration and the Bylaws, this Declaration prevails except to the extent this Declaration is inconsistent with the Act.

1.9.4 The creation of this Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Survey Map and Plans or any amendment thereto to comply with the Act.

1.9.5 If this Declaration or the Bylaws now or hereafter provide that any officers or directors of the Association must be Unit Owners, then notwithstanding the definition contained in Section 1.8 above, the term "Unit Owner" in such context shall, unless this Declaration or Bylaws otherwise provide, be deemed to include any director, officer, partner in, agent, or trustee of any Person, who is, either alone or in conjunction with another Person or Persons, a Unit Owner. Any officer or director of the Association who would not be eligible to serve as such if he or she were not a director, officer, partner in, agent, or trustee of such a Person shall be disqualified from continuing in office if he or she ceases to have any such affiliation with that Person, or if that Person would have been disqualified from continuing in such office as a natural Person.

Article 2 DESCRIPTION OF REAL PROPERTY

The Real Property included in the Condominium is described in Exhibit A attached hereto.

Article 3 DESCRIPTION OF UNITS

Exhibit B attached hereto sets forth the following:

3.1 Number of Units. The number of Units which Declarant has created and reserves the right to create.

3.2 Unit Number. The Identifying Number of each Unit created by this Declaration.

3.3 Unit Description. With respect to each existing Unit:

3.3.1 The approximate square footage; and

3.3.2 Because the Unit is an envelope of defined space (which may in the future, but not necessarily on this Declaration's recording date, contain a Dwelling Unit), this Declaration may not specify the number of bathrooms, bedrooms and fireplaces within a Dwelling Unit or the building levels on which the Dwelling Unit is located.

3.4 Access to Common Ways and Public Streets. Each Unit has direct access to the Common Elements, and all such Common Elements have direct access to public streets.

Article 4 BOUNDARIES

4.1 Unit Boundaries. Units shall consist of an envelope of space, the perimeter boundaries of which are on the surface of the land as located and depicted on the Survey Map and Plans and which boundaries extend below and above the ground elevation for each Unit as shown on the Survey Map and Plans. A Unit shall include all structures, improvements, and fixtures now or hereafter located within said space.

4.2 Monuments as Boundaries. Any physical boundaries of a Unit (including fences) constructed in substantial accordance with the original Survey Map and Plans become its boundaries rather than the metes and bounds description expressed in the Survey Map and Plans, regardless of settling or lateral movements of the said physical boundaries or minor variances between boundaries shown on the Survey Map and Plans and those of any said physical boundaries. This Section does not relieve a Declarant or any other Person of liability for failure to adhere to the Survey Map and Plans.

4.3 Relocation of Boundaries; Adjoining Units

4.3.1 In General. Subject to the provisions of this Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to this Declaration upon application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines within thirty (30) days that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words of Conveyance between them, and is recorded in the name of the grantor and the grantee.

4.3.2 Survey Map and Plans. The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and Identifying Numbers.

Article 5 DESCRIPTION OF OTHER IMPROVEMENTS

Exhibit A attached hereto sets forth the following:

5.1 Recreational Facilities. A description of the recreational facilities, if any, included within the Condominium.

5.2 Parking. The number of covered, uncovered or enclosed parking spaces, if any.

5.3 Moorage Slips. The number of moorage slips, if any.

Article 6 COMMON ELEMENTS

6.1 Description. Except as otherwise specifically allocated by the provisions of Article 7 or other provisions of this Declaration or amendments hereto, the Common Elements consist of all portions of the Condominium except Units and include the following:

Unit
6.1.1 The Real Property described in Exhibit A, and improvements thereto, which are not part of a

6.1.2 Installations of utility services such as: power, light, gas and hot water, and in general all apparatus and installations existing for common use; but excluding plumbing, electrical and similar fixtures, which fixtures are located within a Unit for the exclusive use of that Unit.

6.1.3 The driving areas (not part of a Unit or not allocated as Limited Common Elements by this Declaration or amendments thereto) which provide access to the Units for parking; and any guest parking or other parking areas (not part of a Unit or not allocated to Units as Limited Common Elements by this Declaration or amendments thereto.)

6.1.4 The yards, gardens, landscaped areas and walkways (not part of a Unit or not assigned as Limited Common Elements by this Declaration or amendments thereto) which surround and provide access to the Units or are used for recreational purposes.

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

6.2 Right to Use. Subject to the Act and the Act and this Declaration, each Unit Owner shall have a right to use the Common Elements in common with all other Owners.

Article 7 LIMITED COMMON ELEMENTS

7.1 Limited Common Elements. The Limited Common Elements, if any, are allocated for the exclusive use of the Unit Owner or Owners of the Unit or Units to which they are allocated and, in addition to any Limited Common Elements provided by law, shall consist of such other Limited Common Elements, if any, as may be described in other provisions of this Declaration including Exhibit A attached hereto (or amendments thereto) or depicted and labeled on the Survey Map and Plans (or amendments thereto).

7.2 Boundary.

7.2.1 The boundary of a Limited Common Element shall be as depicted on the Survey Map and Plans; but if not so depicted, then as established by a fence, curb or similar improvement constructed or authorized by either the Declarant or Association Board.

7.2.2 Any yard area (which is outside the Unit boundary, but is inside a privacy fence), and any driveway (which is outside the Unit boundary, but is inside the edge of an adjacent curb), shall be deemed to be a Limited Common Element for the exclusive use of such Unit; provided, that this Section 7.2.2 shall not apply to any "Fence Area" or "Deck Area" depicted on the Survey Map and Plans (and provided for by Section 11.4) or to any "Shared Access Easement", "Yard Easement", "Fence Easement" or similar easement identified on the Survey Map and Plans (and provided for by Section 19.6).

7.3 Reallocation

7.3.1 Reallocation Between Units. Except in the case of a reallocation being made by Declarant pursuant to a Development Right reserved in this Declaration, a Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to this Declaration executed by the 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 subsection within thirty (30) days, unless the proposed reallocation does not comply with the Act or this 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.

7.3.2 Common Element to Unit, Etc. Except in the case of a reallocation or incorporation being made by Declarant pursuant to a Development Right reserved in this Declaration, and unless otherwise provided in this Declaration, the Owners of Units to which at least sixty-seven percent (67%) of the votes are allocated, including the Owner of the Unit to which the Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Common Element or a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to this Declaration, and the Survey Map, or Plans.

7.3.3 Reallocation Costs. The parties requesting the reallocation or incorporation shall be responsible

for payment of all costs relating to the reallocation or incorporation, including without limitation the payment of the costs and expenses incurred in preparation and recording of an amendment to this Declaration and the Survey Map and Plans.

Article 8 ALLOCATED INTERESTS

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

Article 9 OWNER'S ASSOCIATION

9.1 Form of Association. The Association shall be organized as a nonprofit corporation under the laws of the State of Washington and shall be known as "Fox Run, a Single Family Condominium Owners Association".

9.2 Membership.

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

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

9.3 Voting

9.3.1 Number of Votes. The total voting power of all Owners shall be equal to the total number of Units, with one vote allocated to each Unit.

9.3.2 Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, the Owner who present is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit.

9.3.3 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by actual written notice of revocation to the Person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance.

9.3.4 Association Owned Units. No votes allocated to a Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to Units owned by the Association shall be disregarded.

9.3.5 Pledged Votes. If a Unit Owner is in default under a first Mortgage on the Unit for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Unit Owner or Owners have otherwise

pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor, will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting Unit Owners and their respective Mortgagees, if any.

9.4 Meetings, Notices and Quorums.

9.4.1 Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or by Unit Owners having twenty percent (20%) of the votes in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to this Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer.

9.4.2 Quorums

(a) A quorum is present throughout any meeting of the Association if the owners of Units to which twenty-five (25%) percent of the votes of the Association are allocated are present in Person or by proxy at the beginning of the meeting.

(b) A quorum is deemed present throughout any meeting of the Board if Persons entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting.

9.5 Bylaws of Association

9.5.1 Adoption of Bylaws. Bylaws (and amendments thereto) for the administration of the Association and the Condominium, and for other purposes not inconsistent with the Act or with the intent of this Declaration shall be adopted by the Association upon concurrence of those voting Unit Owners holding a majority of the total voting power. Amendments to the Bylaws may be adopted at any regular or special meeting. Declarant may adopt initial Bylaws.

9.5.2 Bylaws Provisions. The Bylaws may contain supplementary, not inconsistent, provisions regarding the operation and administration of the Condominium.

Article 10

MANAGEMENT OF CONDOMINIUM

10.1 Administration of the Condominium. The Unit Owners covenant and agree that the administration of the Condominium shall be in accordance with the provisions of this Declaration, the Articles of Incorporation and the Bylaws of the Association all of which are incorporated herein by reference and made a part hereof.

10.2 Election and Removal of Board and Officers.

10.2.1 Election By Owners, In General. The Unit Owners (including Declarant and any Affiliate of Declarant to the extent Units are owned by Declarant or any such Affiliate) shall elect a Board of at least three (3) members, at least a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

10.2.2 Election By Unit Owners, Other Than Declarant.

(a) The affairs of the Association shall initially be governed by a Board composed of at least one (1) but not more than three (3) members as determined by Declarant.

(b) Not later than sixty (60) days after Conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board may be elected by Unit Owners other than Declarant. Not later than sixty (60) days after Conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board may be elected by Unit Owners other than the Declarant.

(c) Commencing with the first Association meeting at which the Unit Owners are to elect the entire Board (other than a meeting held when Declarant still owned all of the Units), and unless the Bylaws are amended at that meeting, the Board shall be composed of at least three (3) Members (not including a Board member designated by Declarant), a majority of whom must be a Unit Owner; provided, the Declarant (or a representative of Declarant) shall have the right (which may not be terminated by amendment to this Declaration or the Bylaws, and which shall continue so long as any Special Declarant Rights or Development Rights remain in effect or Declarant has any obligation or liability of any express or implied warranty) to serve as a full non-voting member of the Association Board (with all of the rights and powers of a Board member except for the right to vote).

10.2.3 Taking Office; Officers. The Board shall elect the officers of the Association. Such members of the Board and officers shall take office upon election.

10.2.4 Removal. The Unit Owners, by a two-thirds (2/3's) vote of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board with or without cause.

10.3 Management by Board.

10.3.1 On Behalf of Association. Except as otherwise provided in this Declaration, the Bylaws, Section 10.3.2 or the Act, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise ordinary and reasonable care.

10.3.2 Not on Behalf of Association. The Board shall not act on behalf of the Association to amend this Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Section 21.1 to terminate the Condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board pursuant to Section 10.2; but the Board may fill vacancies in its membership for the unexpired portion of any term.

10.4 Authority of the Association.

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

- (a) Adopt and amend the Bylaws, and rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and Limited Common Expenses from Unit Owners;
- (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- (d) Subject to the provisions of this Declaration, institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium, but not on matters affecting an individual Unit; provided, that on matters affecting a Unit the Association must obtain the prior written consent of the Owner of the Unit affected;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (g) Cause additional improvements to be made as a part of the Common Elements;
- (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 10.8;
- (i) Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the

Common Elements, and for services provided to Unit Owners;

(k) Impose and collect charges for late payment of Assessments and, after Notice and Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration or the Bylaws or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Unit Owners for violations of this Declaration, Bylaws, and rules and regulations of the Association;

(l) Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration; resale certificates required by RCW 64.34.425 and statements of unpaid Assessments;

(m) Provide for the indemnification of its officers and Board, and maintain directors' and officers' liability insurance;

(n) Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent this Declaration so provides;

(o) Exercise any other powers conferred by this Declaration or the Bylaws;

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

(q) Exercise any other powers necessary and proper for the governance and operation of the Association;

(r) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or to preserve the appearance and value of the Condominium, and if the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner; provided, that the Board shall levy a special charge against the Unit of such Unit Owner for the cost of such maintenance or repair; and

(s) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Unit Owners and the Units responsible to the extent of their responsibility.

10.4.2 The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of Five Thousand Dollars (\$5,000), without first obtaining the affirmative vote of a majority of Unit Owners at a meeting called for such purpose, or if no such meeting is held, then the written consent of a majority of Unit Owners; provided that any expenditure or contract for each capital addition or improvement in excess of Twenty-Five Thousand Dollars (\$25,000) must be approved by Owners having not less than sixty-seven percent (67%) of the voting power.

10.4.3 Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all of the Unit Owners or any of them.

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

10.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in

Section 10.4.1, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Unit Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that the Owner of a Unit may remove said Unit and the Allocated Interest in the Common Elements appurtenant to such Unit from the lien of such Assessment by payment of the Allocated Interest in Common Expense Liability attributable to such Unit. Subsequent to any such payment, discharge, or satisfaction, the Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Unit and the Allocated Interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.

10.6 Association Records and Funds.

10.6.1 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All Books and Records of the Association (as defined in Section 1.8) shall be made reasonably available (at all reasonable hours of weekdays or under other reasonable circumstances) for examination and copying by Declarant, and any Unit Owner, Mortgagee, insurer and guarantor of any Mortgage on any Unit, or their 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. If this Condominium consists of fifty (50) or more Units, the financial statements of the Condominium shall be audited at least annually by a certified public accountant. If this Condominium consists of fewer than fifty (50) Units, an annual audit is also required but may be waived annually by Unit Owners (other than the Declarant) to which sixty percent (60) of the votes are allocated, excluding the votes allocated to Units owned by the Declarant.

10.6.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any Manager of the Association or any other Person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two (2) Persons who are either officers or directors of the Association.

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

10.8 Common Elements, Conveyance, Encumbrance.

10.8.1 In General. Portions of the Common Elements which are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association if the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant or an Affiliate of Declarant, agree to that action, but all 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. Proceeds of the sale or financing are an asset of the Association.

10.8.2 Agreement. An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Condominium is situated and is effective only upon recording.

10.8.3 Conditions Precedent. The Association, on behalf of the Unit Owners, may contract to convey Common Elements or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Sections 10.8.1 and 10.8.2. Thereafter, the Association has all powers necessary and appropriate to effect the Conveyance or encumbrance, including the power to execute deeds or other instruments.

10.8.4 Void Transactions. Any purported Conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section, is void.

10.8.5 Support Right. A Conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of access and support.

10.8.6 Prior Encumbrances. A Conveyance or encumbrance of Common Elements pursuant to this section shall not affect the priority or validity of preexisting encumbrances either on Units (and their Allocated Interest in Common Elements) or on Common Elements.

10.9 Termination of Contracts and Leases. If entered into before the Board elected by the Unit Owners pursuant to Section 10.2.2 takes office, the Association may, without penalty, upon not less than ninety (90) days notice to the other party, or within such lesser notice period provided for without penalty in the contract or lease, terminate: (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and a Declarant or an Affiliate of a Declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the Real Property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

10.10 Governmentally Required Maintenance, etc. Except as otherwise provided in this Declaration, any insurance, maintenance, repair, replacement, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi-governmental entity or agency), and regardless of whether such requirement is now or hereafter established, and whether imposed in connection with a building permit or other governmental approval or requirement, and whether involving land within public rights of way or subject to ownership or exclusive use of one Owner, shall not be the responsibility of the Declarant, but rather shall be the sole and exclusive responsibility of: (1) the Association with respect to matters affecting the Common Elements and any cost incurred in connection therewith shall be a Common Expense; or (2) the Unit Owner with respect to matters affecting only the Unit and any cost incurred in connection therewith shall be payable by the Owner. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include: maintenance of any grass-lined swales and proper disposal of clippings; maintenance of wetland plantings; replacement of wetland and landscape plantings that die during any required maintenance period; maintenance of public and private storm sewer and retention systems. Declarant shall have the right, but not the obligation, to perform any such work if the Association (as to matters affecting the Common Elements) or the Unit Owner (as to matters affecting only the Unit) fails to do so. The Association (as to matters for which it is responsible) and the Unit Owner (as to matters for which the Unit Owner is responsible) shall promptly upon demand reimburse Declarant for any costs directly or indirectly incurred by Declarant as a result of the Declarant performing, or the Association's or Owner's failure to perform, such work (including any work necessary to obtain a release, or avoid a forfeiture, of any cash deposit or other bond made by Declarant).

10.11 Maintenance, Repair, Inspection and Warranty Procedure. The Association shall defend, indemnify and hold Declarant harmless from any expense or claim arising from or relating to any Association's failure to promptly and properly maintain, repair or inspect the Condominium (or any part thereof), or the Association's failure to promptly and properly make a claim (or comply with dispute resolution procedures) under any warranty obtained or issued by Declarant. Declarant shall not be liable under any express or implied warranty (including without limitation the Washington Condominium Act implied warranties) for loss or damage which the Association or Owners have not taken timely action to minimize, or which is caused or made worse by a failure to properly and promptly maintain, repair, or inspect (including without limitation failure to fully comply with any inspection, monitoring, maintenance or repair checklist, manual or recommendation provided by Declarant or by a contractor, subcontractor or manufacturer to the Association or Owners).

10.12 Association Litigation.

10.12.1 The term "Legal Proceedings" as used herein shall include litigation, administrative, mediation, arbitration or other proceedings in the name of the Association or behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium.

10.12.2 The provisions of this Section 10.12 shall not apply to Legal Proceedings, as a result of which the Association could not be held responsible for costs of suit (including fees for attorneys, experts, witnesses, investigations and other costs of suit) in an aggregate amount of not more than five thousand dollars (\$5,000) (including without limitation fees contingent on a result), and which involve:

(a) Collection of delinquent regular or special Assessments, the enforcement of any Assessment lien, and interest and penalties in connection therewith;

(b) Collection of monies owed to the Association, or recovery of damages caused to the Association or Condominium (or any part thereof), when the principal amount to be recovered involves less than twenty-five thousand dollars (\$25,000);

