

DUWAMISH COHOUSING, A CONDOMINIUM

Condominium Declaration

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## ARTICLE 1. DEFINITIONS

### Section 1.1 Words Defined

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

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

Articles means the Articles of Incorporation for the Association.

Assessments means all sums chargeable by the Association against a Unit, including, without limitation: (a) general and special Assessments for Common Expenses, 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.

Association means the owners association identified in Article 13.

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

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, including the Limited Common Elements.

Common Expenses means expenditures made by or financial liabilities of the Association including, but not limited to, group process costs, group events and activities costs, equipment and equipment maintenance costs, supplies, insurance, landscaping, professional services, common utilities, those expenses related to the maintenance, repair and replacement of the Common Elements and the Limited Common Elements, including contingencies and allocations to reserves, and the following utility services provided to the Unit Owners: water, sewer and garbage removal.

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

Condominium means Duwamish Cohousing, a Condominium, created under the Declaration and the Survey Map and Plans.

Condominium Act means the Washington Condominium Act, codified at 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.

Declarant means Ciel Cohousing, LLC, and its successors and assigns.

Declaration means this Condominium Declaration for Duwamish Cohousing, a Condominium, 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.

HUD means the Department of Housing and Urban Development.

Identifying Number means the building designation and Unit number on the Survey Map and Plans which identifies each Unit in the Condominium.

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.

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

Owner Member means an Owner of a Unit.

Person means a natural person.

Renter Member means a person who occupies a Unit as a renter but is not a Temporary Renter as defined in Article 10.

Special Declarant Rights means rights reserved for the benefit of the Declarant as specified in Article 11.

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

Transition Date means the date upon which the period of Declarant Control terminates as determined in Article 14.

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.

VA means the Veterans Administration.

Section 1.2 Form of Words

The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.

Section 1.3 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 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 Plans is Duwamish Cohousing, a Condominium.

ARTICLE 4. DESCRIPTION OF LAND.

The real property included in the Condominium and subjected to the Condominium Act is described in Schedule A.

ARTICLE 5. DESCRIPTION OF BUILDINGS.

There are 15 buildings in the Condominium, 12 of which contain one or more Units. The remaining buildings are the Common House, Shop and Garage. In addition, there is one carport structure, covering three parking spaces. The buildings are further described and their locations are shown on the Survey Map and Plans.

ARTICLE 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 6.1 Number and Identification of Units

The Condominium has 23 Units. The Identifying Number of each Unit is set forth in Schedule B. The locations of the Units are shown on the Survey Map and Plans.

Section 6.2 Unit Boundaries

The boundaries of the Units are the perimeter walls, including walls surrounding unfinished spaces, floors and ceilings of the Units, including, 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. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

Section 6.3 Unit Data

Schedule B sets forth the following data for each Unit:

- 6.3.1 The square footage of the Unit;
- 6.3.2 The number of bathrooms, whole or partial;
- 6.3.3 The number of rooms designated primarily as bedrooms;

6.3.4 The level or levels upon which each Unit is located; and

6.3.5 The number of fireplaces.

The location and configuration of each Unit are shown in the Survey Map and Plans.

Section 6.4 Allocated Interests including Voting

Schedule B sets forth the interest in the Common Elements for each Unit. Schedule C sets forth Common Expense Liability for each Unit. Voting is allocated one vote per Unit. The formulas for Common Expense Liability and interest in the Common Elements are as follows:

Common Expense Liability: a weighted formula which allocates 50% of the liability equally among Units and 50% based on relative area of Units, with finished space calculated at 100% percent of the actual area, except the areas of the finished lofts accessible by full stairs calculated at 70% of actual area, the areas of the finished lofts accessible by ladder or ladder stair calculated at 50% of actual area and the unfinished attic and basement areas that are full head height and have windows and roughed in utilities at 60% of actual area and the other unfinished attic, basement and greenhouse areas calculated at 30% of actual area. The Board may, in the Rules and Regulations, further define the descriptions of areas that fall into each of these categories. Every material alteration to a Unit will be evaluated to determine whether it would change the Common Expense Liability of the Unit determined in accordance with the foregoing formula. If so, approval for the alteration will require approval of Owners pursuant to Section 26.2.2 and the Common Expense Liabilities will be reallocated according to the provisions of this Section upon completion of the alteration.

Common Interest: relative declared value of Units as stated in Schedule B, which will not be affected by actual sales prices of the Units or modifications to the Units unless Schedule B is amended pursuant to Section 26.2.

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 that 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. The right to use the Common Elements extends not only to each Owner, but also to his agents, tenants, family members, invitees, and licensees. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations 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 80% of the votes in the Association, including 80% of the votes excluding votes held by the Declarant for an affiliate of Declarant (as defined in the Condominium Act); but all of the Owners of Units to which any Limited Common Element is allocated must agree in order to cover that Limited Common Element or subject it to a security interest.

ARTICLE 8.    LIMITED COMMON ELEMENTS.

Section 8.1                    Description

The Limited Common Elements allocated to each Unit, as shown on the Survey Map and Plans, are as follows:

- 8.1.1    The front porch, steps, and patio adjacent to the Unit, if any;
- 8.1.2    The designated yard area adjacent to the Unit, if any; and
- 8.1.3    The parking space(s) assigned to the Unit, pursuant to Section 9.1.

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 amendment shall be recorded in the names of the parties and of the Condominium. A Common Element may be reallocated as a Limited Common Element or a Limited Common Element may be incorporated into an existing Unit with the approval of 67 percent 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, tenant, family members, invitees and licensees.

ARTICLE 9. PARKING.

Section 9.1 Assignment of Parking Spaces

There are three garaged parking spaces, three parking spaces covered with a carport, and twenty-nine open parking spaces in the Condominium. Some parking spaces will be designated by Declarant for use by guests and service vehicles as Common Elements and may not be assigned to Unit Owners, except at the discretion of the Declarant or the Board. The remaining parking spaces are Limited Common Elements. Initially, one parking space will be assigned to each Unit and one of these assigned spaces will be sized for disability access. The assignments will be recorded on Schedule D. If the Member assigned the disability access parking space is not disabled and a disabled person becomes a Member after the initial parking space assignments, then the disabled access space shall be reassigned to the disabled person's Unit. The Unit which loses the disability access parking space will be assigned the space previously assigned to the Unit which gained the disability access space. Assigned spaces that are garaged will include an undivided portion of the garage building if the assignee makes a one-time payment equal to the cost of constructing the garage divided by the total number of garaged spaces. If a Member assigned a garaged parking space does not make the one time payment, then the garaged space may be reassigned at the Board's sole discretion. The Unit which loses the garaged parking space on reassignment will be assigned the space previously assigned to the Unit which gains the garaged space. Some parking spaces, including tandem parking spaces, will not be assigned or designated as described above. Rights to these parking spaces may be purchased from the Declarant at \$600.00 each until all are purchased. After initial assignment or purchase, Unit Owners may sell and rent their parking spaces; but all transfers and rentals must be approved in writing by the relevant Unit Owners and the Board and transfers must be recorded via amendment to the Condominium Declaration. A Unit Owner may not transfer rights to the Owner's parking space if only one space is held by that Unit Owner (i.e. each Unit Owner must have at least one non-tandem parking space assigned to the Owner's Unit at all times). Unit Owners may improve their assigned parking spaces at their own expense, subject to rules and regulations adopted by the Board.

Section 9.2 Use of Parking Spaces

The parking spaces are to be used for the parking of operable passenger motor vehicles and may be used for parking trucks, trailers, or recreational vehicles, or for other purposes only to the

extent expressly allowed by rules and regulations adopted by the Board. Only vehicles that reasonably fit in the parking spaces may be parked there. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof.

ARTICLE 10. PERMITTED USES; MAINTENANCE; CONVEYANCES.

Section 10.1 Residential Use; Timesharing Prohibited

The Condominium is intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis. The maximum number of rented and leased Units shall be two less than the number of Units allowed under FNMA guidelines for accepting mortgages on Units in the Condominium. In the event an Owner intends to rent the Owner's Unit, rental will only be allowed if the aforementioned number has not been equaled or exceeded for FNMA guidelines then existing. The Condominium shall only be used for social, recreational, or other reasonable activities normally incident to residences, except as provided in Article 11. Timesharing of Units, as defined in RCW 64.36, is prohibited.

Section 10.2 Leases

No lease or rental of a Unit may be less than the entire Unit unless that Unit has an accessory dwelling unit; provided that this shall not prevent an Owner from having "house mates" who pay rent or share expenses. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration and the Bylaws and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. Owners are required to inform the Board before renting to a new renter. The Board may adopt a rule that requires any Owner desiring to rent a Unit to have any prospective tenant (other than a relative of the Owner) screened, at the Owner's cost, by a tenant screening service designated or approved by the Board and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a lease with the prospective tenant. A copy of the Values Statement shall be presented to all potential renters in advance of the signing of the lease or rental agreement. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences. If any lessee or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association, and the Board determines that such violations have been repeated and that a written notice to cease has been given, the Board may give a second written notice to the lessee or occupant of the Unit, with written notice to the Owner, to forthwith cease such violations; and if

the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17. Other than as stated in this Article 10, there is no restriction on the right of any Owner to lease or otherwise rent the Owner's Unit. Tenants who desire on-site parking must make arrangements with the Owner of the Unit in which the tenant resides for the use of a space allocated to that Unit. Guest spaces are not for the use of tenants although the guests of tenants may use the spaces.

10.2.1 A Renter Member tenant must either rent the entire Unit, be a "housemate" (living with the owner) who pays rent and/or shares expenses, or rent an accessory dwelling unit in an Owner-occupied home. All prospective Renter Members must comply with the prospective purchaser's orientation requirement outlined in Section 10.11 before any lease in excess of six months is valid. A prospective Renter Member may be rejected as a lessee or have a rental agreement terminated by the Association if the prospective Renter Member does not meet the orientation requirement. Renter Members shall contribute to and be part of the Condominium community and will be expected and required to participate in operations of the Condominium to the same extent as Owners.

10.2.2 A Temporary Renter tenant is a renter, lessee or non-Owner occupant who does not wish to be a Renter Member, does not rent an entire unit, and whose rental period is less than six months. The six-month time limit may be waived by the Board on a case-by-case basis. The lease or rental agreement for a Temporary Renter must indicate that the term of tenancy is no longer than six months. Temporary Renters may, but are not required to, participate in and contribute to operations of the Condominium to the same extent as Owners, except that they shall not be eligible to participate in the consensus process.

### Section 10.3 Maintenance of Units, Common Elements, and Limited Common Elements

The Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, except that the Board may, by rule or regulation, permit or require the Owners to maintain their respective Limited Common Elements. Each Owner shall, at the Owner's sole expense, keep 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 redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall replace any broken glass in the windows or exterior doors of the Unit, including any bay windows. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, electrical fixtures, water heaters, fans, and space heating equipment which serve only that Unit, whether or

not located in the Unit. The Association may, as a common expense, provide for the inspection of any portion of a Unit or Limited Common Element, the failure of which to maintain properly may cause damage to the Common Elements, Limited Common Elements or another Unit or cause unnecessary Common Expenses, including, but not limited to bathtubs, sinks, toilets, hot water tank and air handler, plumbing and electrical fixtures. If the inspection discloses the need for repair or replacement, the Association may either require the responsible Owner to make the repair or replacement or to make the repair or replacement itself and allocate the cost thereof to the Owner.

Section 10.4 Exterior Appearance

In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the maintenance of the exterior of the buildings. No Owner may modify or decorate the exterior of a building, or screens, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior written consent of the Board or in accordance with rules or regulations of the Association. No communications antennas or other appliances may be installed on the exterior of a building without the prior written consent of the Board.

Section 10.5 Effect on Insurance

Nothing shall be done or kept in any Unit or in any Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element that will result in the cancellation of insurance on any part of the property.

Section 10.6 Use or Alteration 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 or pursuant to rules and regulations adopted by the Board.

Section 10.7 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. This Section shall not apply to the Declarant who may post such signs on the property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

Section 10.8 Pets

Domesticated animals, birds or reptiles (herein referred to as "pets") may be kept in the Units subject to rules and regulations adopted by the Board. The Board may at any time require the

removal of any pet, which it finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 10.9            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 10.10          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.

Section 10.11          Conveyance by Owners; Right of First Refusal; Acceptance of Tenant Membership in Ciel Cohousing Limited Liability Company; Notice and Orientation Required

The right of an Owner to sell the Unit shall be subject to a right of first refusal of the Association, acting through the Board, as follows: An Owner desiring to sell a Unit shall deliver a written notice to the Board advising of the Owner's intention to sell and stating the asking price, which notice shall constitute an offer to sell the Unit at the stated asking price to the Association or its designee. The Board shall promptly send the notice to the other Owners and may notify others whom the Board believes may have an interest in purchasing a Unit in the Condominium. The Association, or its designee named by the Board, shall have 15 days in which to accept the offer or to make a counter-offer at a lower price. If the asking price is accepted or if the selling Owner accepts the lower price counter-offer, the selling Owner shall be obligated to sell the Unit to the Association or its designee at the asking price or the agreed lower price, as the case may be. Unless otherwise agreed, the purchase price shall be paid all cash at closing within 60 days and the selling Owner shall convey marketable title to the Unit by Statutory Warranty Deed, pay the excise tax and provide standard coverage title insurance. Other closing costs will be allocated in the usual manner for King County, Washington. If the Association or its designee does not agree to pay the asking price or the lower price counter-offer is not accepted by the selling Owner or if the Association does not make a counter-offer, the selling Owner shall, subject to compliance with the new purchaser orientation requirements set forth in this Section, be free to sell the Unit to a third party for six months after the end of the 15-day period at a sales price equal to or greater than the Association's counter-offer or at any price equal or greater than the asking price if the Association does not make a counter-offer. If the selling Owner wishes to accept an offer below the asking price or the Association's counter-offer, the selling Owner shall re-offer the Unit to the Association or its designee at the lower price in the manner provided above.

As long as Ciel Cohousing Limited Liability Company continues to exist as an organization, a Tenant Member is required to transfer their Tenant Membership to the purchaser of their Unit.



The purchaser is required to accept Tenant Membership in Ciel Cohousing LLC. This transfer is effective upon closing of the unit sale.

In order that prospective purchasers of Units understand the operation of the Condominium before purchasing a Unit, the Board requires that any prospective purchaser, meet the orientation requirements of this section either before executing a binding purchase agreement for a Unit or that the prospective purchaser's purchase agreement be contingent on the prospective purchaser meeting the orientation requirement. The orientation requirement is that the prospective purchaser(s) and adult family members intending to reside in the Unit must (a) attend an orientation session; (b) review the packet of information provided at the orientation; (c) after the orientation attend two meetings, one of which will be an Association business meeting and the other of which may be a second business meeting or an Association committee meeting; (d) draft a one page written statement for each purchaser and each adult family member discussing the adult's interest in cohousing and the adult's strengths and weaknesses in participating in cohousing; and (e) attend an interview after providing the written statement(s) to the Board's representative. A prospective purchaser may be rejected for ownership by the Board if the purchaser has not satisfied the orientation requirement. At least two weeks before closing the sale or other transfer of a Unit, the Owner of that Unit shall notify the Board in writing of (a) the Unit being sold; (b) the name and address of the purchaser, the closing agent, and the title insurance company insuring the purchaser's interest; and (c) the expected 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. The Association shall notify each insurance company that has issued an insurance policy under Article 23 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. The right of first refusal contained in this Section shall not apply with respect to any sale or transfer of a Unit in connection with a foreclosure of a Mortgage (or the acceptance of a deed in lieu of foreclosure) or with respect to any sale or transfer by the Mortgagee or other party who acquired the Unit in connection with the foreclosure (or deed in lieu of foreclosure).

#### Section 10.12 Conveyance by Declarant

At the time of the first conveyance of each Unit, every mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien or other encumbrance.

#### ARTICLE 11. SPECIAL DECLARANT RIGHTS.

The Declarant reserves the following Special Declarant Rights: (a) to complete any improvements shown on the Survey Map and Plans; (b) to maintain sales offices, management offices, signs advertising the Condominium, and models in Units which are not occupied and are for sale by the Declarant, in Units owned by the Declarant, and in the Common Elements of the Condominium; and (c) to use easements through the Common Elements for the purpose of making improvements within the Condominium. The rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded in the county in which the Condominium is located. The rights and liabilities of the parties involved in the such a transfer and of all persons who succeed to any Special Declarant Right, are set out in RCW 64.34.316.

#### 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 deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of 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. When emergency necessitates entry without notice the Board will provide a written explanation to an Owner who is not present when the Unit is entered. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable and at no time will any action be taken unrelated to the purpose of entry. 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.

#### ARTICLE 13. OWNERS ASSOCIATION.

##### Section 13.1 Form of Association

Prior to the first conveyance of a Unit, the owner's association for the Condominium shall be incorporated as a nonprofit corporation known as the Duwamish Cohousing Association, the members of which shall be the Owners of Units in the Condominium. The Association will be governed by the Board which will be comprised of the Owner Members, except for those Owner Members who do not occupy their Units, and Renter Members. [Members may be removed from, or reinstated to, the Board by decision of the Board after notice and an opportunity to be heard, Section 15.5.] 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. The Bylaws shall provide for decision making by consensus.

##### Section 13.2 Bylaws

The Board shall 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 Unit (including the Declarant) shall be an Owner 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. Renters of Units, other than of Temporary Renter tenants, shall be Renter Members of the Association. Renter Members and Owner Members alike shall be expected to participate in the management of the affairs of the Association through membership on the Board and participation on committees created by the Board. A Owner's 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 75 percent of the votes in the Association shall be required;

(b) 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, 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 Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association;

13.4.13 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;

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 Units: water, sewer and garbage removal.

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

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

13.4.19 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 unless Owners holding at least 60% of the votes, excluding votes held by the Declarant, waive the audit for that year. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any mortgagee will, upon request, be entitled to receive the annual financial statement within 120 days following the end of the fiscal year. The Board, or persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner or Mortgagee, at the Owner's or Mortgagee's expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of FHLMC, FNMA, HUD, or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.

### Section 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. DECLARANT TRANSFER OF CONTROL.

Section 14.1 Declarant's Transfer of Association Control

By the time of the closing of the first sale of a Unit, the Declarant shall have delivered to the Association all property of the Owners and of the Association held or controlled by the Declarant including, but not limited to, the following:

14.1.1 The original or a photocopy of the recorded Declaration and each amendment to the Declaration;

14.1.2 The certificate of incorporation and a copy or duplicate original of the Articles as filed with the secretary of state;

14.1.3 The Bylaws;

14.1.4 The minute books, including all minutes and other books and records of the Association;

14.1.5 Any rules and regulations that have been adopted;

14.1.6 The financial records, including canceled checks, bank statements, and financial statements of the Association, and source documents from the time of incorporation of the Association through the date of transfer or control to the Owners;

14.1.7 Association funds or the control of the funds of the Association;

14.1.8 All tangible personal property of the Association, represented by the Declarant to be the property of the Association and inventory of the property;

14.1.9 Except for alterations to a Unit done by a Unit Owner other than the Declarant, the copy of the Declarant's plans and specifications utilized in the construction or remodeling of the Condominium, with a certificate of the Declarant or a licensed architect or engineer that the plans and specifications represent, to the best of such Person's knowledge and belief, the actual plans and specifications utilized by the Declarant in the construction or remodeling of the Condominium;

14.1.10 Insurance policies or copies thereof for the Condominium and the Association;

14.1.11 Copies of any certificates of occupancy that may have been issued for the Condominium;

14.1.12 Any other permits issued by governmental bodies applicable the Condominium in force or issued within one year;

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

14.1.14 A roster of Unit Owners and Eligible Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records and the date of closing of the first sale of each Unit sold by the Declarant;

14.1.15 Any leases of the Common Elements or areas and other leases to which the Association is a party;

14.1.16 Any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Unit Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the services; and

14.1.17 All other contracts to which the Association is a party.

Section 14.2 Termination of Contracts and Leases Made By the Declarant

If entered into before a Board is elected by the Owners, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities or (2) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined by RCW 64.34.020(1), may be terminated without penalty by the Association at any time after the owner elected Board takes office upon not less than 90 days' notice to the other party or within such less notice period provided for without penalty in the contract or lease. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

ARTICLE 15. THE BOARD.

Section 15.1 Selection of the Board and Officers

The Board shall consist of all of the Owner Members, other than Owner Members who do not occupy their Units, and Renter Members. [Members may be removed from, or reinstated to, the Board by decision of the Board after notice and an opportunity to be heard, Section 15.5.] The Board shall elect officers in accordance with the procedures provided in the Bylaws. The officers shall take office upon election.

Section 15.2 Powers of the Board; Participation of Owners

Except as provided in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, Declaration or the Bylaws. The Bylaws or the Board may create standing or ad hoc committees comprised of Owner and Renter Members with such authority as the Board may authorize by resolution pursuant to the Bylaws; provided that a majority of the committee members shall be Owner or Renter Members. Decision making by the Board and by the committees shall be generally by consensus with voting resorted to only as provided in the Bylaws. It is expected that all Owner Members and Renter Members will actively participate in the management of the Association, the operations of the Board and the committees created under the Bylaws or by the Board.

### 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, with 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 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 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 the proposed action to all Owners, tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered



in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

ARTICLE 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

Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses 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. The Declarant shall prepare the initial budget for the first fiscal year of 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 less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to whom 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. If the Board proposes a supplemental budget during any fiscal year, such budget shall not take effect unless ratified by the Unit Owners in accordance with this Section.

Section 16.4 Supplemental Budget

If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessments, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget shall be ratified pursuant to Section 16.3.

Section 16.5 Assessments for Common Expenses

The sums required by the Association for Common Expenses as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly Common Expense Assessments for each Unit is determined by the Common Expense Liability allocated to each Unit in Schedule C times the total monthly installment for Common Expenses for all Units. The Board may also levy additional Assessments for Common Expenses from Owners who have Limited Common Elements in addition to those allocated approximately equally to each Unit. Such additional Limited Common Elements could include garages, parking covering, and outdoor improvements made by Owners. The Board will only impose such additional Assessments as necessary for maintenance of these additional Limited Common Elements. Monthly Assessments begin accruing for all Units upon the closing of the sale of the first Unit by the Declarant; provided that the Declarant may delay the commencement of Assessments and pay all actual Common Expenses (but no allocations to reserves). To the extent that any Common Expense is caused by the misconduct of an Owner or tenant of any Unit, the Association may, after Notice and Opportunity to be Heard, assess that expense against that Unit. During such time as garbage collection charges or other service charges are based on the number of occupied Units, any Units owned by the Declarant and not occupied shall be exempt from Assessments for such charges.

#### Section 16.6 Contribution to Initial Working Capital

In connection with the closing of the sale of each Unit, the first purchaser thereof shall pay to the Association, as a nonrefundable contribution to the Association's initial working capital fund, an amount equal to two times the initial monthly Assessment against the Unit, which amount shall not be considered as an advance payment of regular Assessments. The Declarant shall not use any of the working capital fund to defray any of its expenses, reserve contributions or construction costs.

#### Section 16.7 Special Assessments

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

#### Section 16.8 Creation of Reserves; Assessments

The Board shall create 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. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

#### Section 16.9 Notice of Assessments

The Board shall notify each Owner each year in writing of the amount of the monthly general and special Assessments to be paid for the Owner's Unit for the following year 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.

Section 16.10 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 first 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. The Association shall send reminder notices whenever a monthly Assessment is not paid before the tenth of the month when it is due unless the Owner is delinquent for other Assessments.

Section 16.11 Proceeds Belong to Association

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

Section 16.12 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 16.13 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 16.14 Recalculation of Assessments

If Common Expense Liabilities are reallocated, Common Expense Assessments, special Assessments, and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

ARTICLE 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 a trustee's sale in a nonjudicial foreclosure of a mortgage, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract; PROVIDED that the priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such mortgagee a written notice of the delinquency; and (c) liens for real property taxes and other governmental assessments or 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 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 Stewart Title Insurance Company of Washington, Inc. or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this Section, it shall not be entitled to the lien priority over mortgages provided in exception (b) of Section 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 rents under this Section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

#### Section 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 Assessments are 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 therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 17.8 Late Charges, Interest and Penalties 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 nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent. Any Owner more than 30 days delinquent paying an Assessment shall lose the right to vote or block consensus on the annual operating budget or budget amendments.

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; FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE NO WAIVER

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 this 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. This Article also extends to the Declarant.

ARTICLE 19. TORT AND CONTRACT LIABILITY.

Section 19.1 Declarant Liability

Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Condominium which the Declarant has the responsibility to maintain. Otherwise, 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 she is a Unit Owner or a member or officer of the Association.

Section 19.2 Limitation of Liability

Except to the extent covered by insurance obtained by the Board, neither the Association, the Board, the Managing Agent, nor the Declarant shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority.

No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.3 No Personal Liability

So long as a Board member, or Association committee member, or Association officer, or the Declarant or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally 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, the Declarant and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases where 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

Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance; (b) commercial general liability insurance; (c) fidelity insurance; (d) 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 meets 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 canceled 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 Mortgagees.

#### Section 21.2 Property Insurance; Deductible

The property insurance shall, at the minimum, and subject to such reasonable deductible as the Board may determine, provide all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Common Elements, and Limited Common Elements, equipment, fixtures, appliances, improvements in the Units installed by the Declarant, 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 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. The Unit Owner shall be responsible for damage or loss within the Owner's Unit up to the amount of the deductible under the Association's policy.

#### Section 21.3 Commercial General Liability Insurance

The liability insurance coverage shall insure the Board, the Association, the Owners, the Declarant, and the Managing Agent, and cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage 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 Sections 21.2 and 21.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in the Common Elements. 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 lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes.

#### Section 21.5 Additional Policy Provisions

The insurance obtained pursuant to Sections 21.2 and 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 are responsible for handling funds of, or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

#### Section 21.7 Owners' Individual Insurance

An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

#### Section 21.8 Use of Insurance Proceeds

Any portion of the Condominium for which insurance is required under this Declaration 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) Owners holding at least 80% of the votes in the Association, including every Owner of a Unit or Limited Common Element which will not be rebuilt, and Owners other than the Declarant holding at least 80% of the votes in the Association, excluding votes held by Declarant, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. The Unit Owner shall be responsible for the amount of the deductible applicable to damage or loss within the Owner's Unit. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the

Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the interest in Common Elements of each Unit. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 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 30 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 of the deductible to be paid by a Unit Owner with respect to damage or loss within the Owner's Unit.

22.1.5 The amount of available reserves or other Association funds, although the Board is not required to use any reserves or other Association funds; and

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

### Section 22.2 Notice of Damage

The Board shall promptly, and in all events within 30 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 with a written notice describing the damage and summarizing the initial Board determinations made under Section 22.1. If the damage affects a material portion of the Condominium, the Board shall also send the notice to each Mortgagee; and if the damage affects a Unit, the Board shall send the notice to the Mortgagee of that Unit. If the Board fails to do so within the 30-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 the estimated Assessment determined under Section 22.1.4 for any one Unit exceed 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 21.8. If the cost of repair exceeds the amount of the deductible to be paid by a Unit Owner, anticipated insurance proceeds and available reserves or other Association funds, the Board shall impose Assessments against all Units in proportion to their Common Expense Liabilities in an aggregate amount sufficient to pay the excess costs.

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 Subsection 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 to not repair or rebuild may be made in accordance with Section 21.8.

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 30 days after the date of damage, call a special Owners' meeting to consider repairing the damage. If the Board fails to do so within 30 days, 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 80% of the total voting power of the Condominium other than that held by the Declarant, including every Owner of a Unit which will not be rebuilt and every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, have given their written consent not to repair the damage.

(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 Section 22.5.3 or 22.6.3 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 21.8.

### 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 Mortgagee 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 are acquired. The proceeds from the condemnation of a Unit shall be paid to the Owner or lienholder of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section is thereafter a Common Element.

Section 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 lienholders 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, or to lienholders, as their interests may appear. Any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of the acquisition, or to lienholders, as their interests may appear. If the Board determines that a particular Owner's interest in the Common Elements diminished with respect to other Owners, by the acquisition of a Common Element, 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, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common and Limited Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

Section 24.3 Easement Specifically Reserved by the Declarant

The Declarant reserves an access easement over, across, and through the Common Elements of the Condominium for the purpose of completing any unfinished Units or other improvements, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Special Declarant Rights.

Section 24.4 Utility Easements Granted by the Declarant

The Declarant grants to each company or municipality providing utility services to the Condominium or to the Owners of Units in the Condominium an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utilities services as water, sanitary sewer, storm sewer, electricity, cable television and telephone, and an easement for access over and under the roadways and Common Elements of the Condominium to the utility service facilities.

ARTICLE 25. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS.

Section 25.1 Submission of Proposal to Subdivide Unit

No Unit or Units shall be subdivided either by agreement or legal proceedings, except as provided in this Article. An Owner may propose subdividing a Unit or Units by submitting the proposal in writing to the Board and to all other Owners and mortgagees of the Unit to be subdivided or combined. Such proposal to subdivide must also be given to every first mortgagee of any Unit in the Condominium. The proposal must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Survey Map and Plans which amendments shall be executed by the Owner of the Unit to be subdivided upon approval pursuant to Section 25.2, and which amendments assign an identifying number to each Unit created, and reallocate the allocated interests and liabilities formerly allocated to the subdivided Unit to the new Units in any reasonable manner prescribed by the Owner of the subdivided Unit. The Owner of the Unit to be subdivided shall bear all costs of the subdivision.

Section 25.2 Approval Required for Subdivision

A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by all Owners and mortgagees of the Unit or Units to be subdivided, the Board and 51% of Eligible Mortgagees.

Section 25.3 Alteration of Units

No Unit may be altered in any way except in accordance with this Article. Any alteration of a Unit that would result in a change to the Common Expense Liability of the Unit determined in accordance with the formula specified in section 6.4 shall require approval of Owners, pursuant to Section 26.2.2, in addition to the other requirements described in this section. An Owner may make any improvements or alterations to the Owner's Unit, at the Owner's expense and discretion, that do not change the boundaries of the Unit, affect the structural integrity, or affect the mechanical or electrical systems. An Owner may make other improvements and alterations to the Owner's Unit at the Owner's expense if approved in writing by the Board. If the Board incurs expense to review an Owner's proposal for improvement or alteration then the Owner must reimburse the Board for its reasonable expenses, regardless of whether the Board approves the improvement or alteration. An Owner may not alter, improve or change the appearance of the Common Elements, Limited Common Elements or the exterior of a Unit without written approval by the Board.

Section 25.4 Adjoining Units

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

Section 25.5 Procedure After Approval

Upon approval of a proposal under this Article, the Owner making it may proceed according to the proposed plans and specifications; provided that the Board may in its discretion and at the Owner's expense require that the Board administer the work or that provisions for the protection of other Units or Common Elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. After the work has been completed, any amendments to the Survey Map Plans and Declaration necessary to reflect the approved change shall be prepared by the Association at the expense of the Owner and signed by the Owner and the President or other designated officer of the Association and placed of record.

Section 25.6 Relocation of Boundaries Between Adjoining Units

The boundaries between adjoining Units may only be relocated by an amendment to the Declaration, pursuant to Article 26, upon application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their allocated interests, the application must state the proposed reallocations. Unless the Board determines that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall obtain and record survey maps or plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers. The Owners of the Units involved shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board.

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

Section 26.1 Procedures

Except in cases of amendments that may be executed by the Declarant under the Declaration or the Condominium Act, 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 amendments to this Declaration or the Survey Map and Plans, the Articles or the Bylaws to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the 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 notices. 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 it is recorded or filed in the real property records in the county in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to 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 Articles 22 and 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 The consent of Owners holding at least 67% of the votes in the Association, including Owners other than the Declarant holding at least 67% of the votes in the Association excluding votes held by the Declarant, and the consent of Eligible Mortgagees of Units to which at least 51% of the votes of Units subject to Mortgages held by Eligible Mortgagees are allocated 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) reallocation of interests in Common Elements or Limited Common Elements or rights to their use; (g) redefinition of any Unit boundaries; (h) convertibility of Units into Common Elements or Common Elements into Units; (i) expansion or contraction of the

Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (j) hazard or fidelity insurance requirements; (k) imposition of any restrictions on leasing of Units; (l) imposition of any restriction on the right of an Owner to sell or transfer a Unit; (m) restoration or repair (after damage or partial condemnation) in a manner other than specified in the Declaration or Survey Map and Plans; or (n) any provisions which are for the express benefit of holders of first mortgages.

26.2.2 An amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interests of a Unit (including a change in the Common Expense Liability of a Unit resulting from an alteration of the Owner's Unit), or the uses to which any Unit is restricted, shall require the vote or agreement of the Owner of each Unit particularly affected and the Owners other than the Declarant holding at least 90% of the votes in the Association excluding votes held by the Declarant.

26.2.3 All other amendments shall be adopted if consented to by 67% of the Owners, including Owners other than the Declarant holding at least 67% of the votes in the Association excluding votes held by the Declarant.

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, provided the request was delivered by certified or registered mail, return receipt requested.

26.2.5 If the Condominium has received a project approval from the VA, the approval of the VA will be required for any amendment to the Declaration, Articles, Bylaws or Survey Map and Plans adopted prior to the Transition Date.

Section 26.3            Limitations on Amendments

No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.

ARTICLE 27. TERMINATION OF CONDOMINIUM.

Section 27.1            Action Required

Except as provided in Articles 21 and 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 with the consent of Eligible Mortgagees of Units to which at least 67% of the votes in the Association are allocated and in accordance with the Condominium Act. An Eligible Mortgagee who receives a written request to consent to termination 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, provided the request was delivered by certified or registered mail, return receipt requested.

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 upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the Association.

Section 28.2            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, (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 Articles 22, 25, or 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 Declaration shall take effect upon recording.

ARTICLE 31. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans were filed with the Recorder of King County, Washington, simultaneously with the recording of this Declaration under File No. \_\_\_\_\_, in Volume \_\_\_\_\_ of Condominiums, pages \_\_\_\_\_ through \_\_\_\_\_.

ARTICLE 32. ASSIGNMENT BY DECLARANT.

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

DATED:

CIEL COHOUSING, LLC

By

STATE OF WASHINGTON )

COUNTY OF KING                    ) ss.  
  )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as a Member of Ciel Cohousing, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:

Notary Public in and for the State of  
Washington, residing at  
My appointment expires



SCHEDULE A. LAND DESCRIPTION

DUWAMISH COHOUSING, A CONDOMINIUM

Block 18 Lots 4, 5 & 6 Homecroft Addition Volume 24 Page 42 King County, Washington.  
Property tax numbers 34385008 25, 35 & 45.

SCHEDULE B. UNIT DATA

DUWAMISH COHOUSING, A CONDOMINIUM  
 Unit Descriptions; Declared Values; Interest in Common Elements

Unit	Unit Data*	Levels	Condo- minium Survey Sq. Ft.	Declared Value	Interest in Common Elements
A1	3+L BR, 2½ BA	1, 2	1524	\$295,624.04	6.14%
B2	1+L BR, 1 BA	1,2	1008	\$149,656.78	3.11%
B3	2 BR, 1½ BA	1, 2	1143	\$178,182.40	3.7%
B4	1+L BR, 1 BA	1,2	1008	\$149,656.78	3.11%
C5	1+L BR, 1 BA	1, 2	1008	\$149,656.78	3.11%
C6	2 BR, 1 ½ BA	1,2	1143	\$178,182.40	3.7%
D7	2 BR, 1 ½ BA	1, 2	1143	\$178,182.40	3.7%
D8	1+L BR, 1 BA, 1 Gas Hearth Insert	1, 2	1008	\$149,656.78	3.11%
E9	1+L BR, 1 BA	1,2	1008	\$149,656.78	3.11%
E10	2 BR, 1 ½ BA	1, 2	1143	\$178,182.40	3.7%
F11	2 BR, 1 ½ BA	1, 2	1160	\$178,182.40	3.7%
F12	1+L BR, 1 BA	1, 2	1008	\$149,656.78	3.11%
G13	3 BR, 1½ BA	1, 2	1125	\$202,759.39	4.21%
G14	3 BR, 1 ½ BA	1, 2	1124	\$202,759.39	4.21%
H15	2 BR, 2 BA	1, 2	1229	\$196,323.94	4.08%
H16	1+L BR, 1 BA	1, 2	1067	\$157,974.16	3.28%
I17	1+L BR, 2 BA	1, 2	1045	\$165,680.75	3.44%
I18	1+L BR, 1 BA	1, 2	1045	\$157,974.16	3.28%
J19	2+L BR, 2 BA, 1 Gas Hearth Stove	1, 2, 3	3031	\$593,806.81	12.35%
K20	2 BR, 2 BA	1, 2, 3	1838	\$285,526.47	5.93%
K21	3 BR, 2 BA	1, 2, 3	1818	\$239,931.10	5%
L22	4 BR, 2 BA	1, 2, 3	1468	\$262,731.06	5.46%
L23	4 BR, 2 BA	1, 2, 3	1468	\$262,731.06	5.46%
<b>TOTALS</b>				<b>\$4,812,675</b>	<b>100%</b>

\*L=Loft, BR=Bedroom, BA=Bath

SCHEDULE C. COMMON EXPENSE LIABILITY

DUWAMISH COHOUSING, A CONDOMINIUM

Unit No.	Condominium Survey Sq. Ft.	Condominium Survey Square Footage as Modified by Formula in Declaration Section 6.4	Common Expense Liability (see Declaration Sec. 6.4 for calculation)	Monthly Assessment
A1	1524	1465	5.04%	\$183
B2	1008	819	3.78%	\$137
B3	1143	981	4.09%	\$149
B4	1008	819	3.78%	\$137
C5	1008	819	3.78%	\$137
C6	1143	981	4.09%	\$149
D7	1143	981	4.09%	\$149
D8	1008	819	3.78%	\$137
E9	1008	819	3.78%	\$137
E10	1143	981	4.09%	\$149
F11	1160	998	4.13%	\$150
F12	1008	819	3.78%	\$137
G13	1125	1125	4.37%	\$159
G14	1124	1124	4.37%	\$159
H15	1229	1081	4.29%	\$156
H16	1067	855	3.85%	\$140
I17	1045	896	3.93%	\$143
I18	1045	836	3.81%	\$138
J19	3031	2405	6.88%	\$250
K20	1838	1588	5.28%	\$192
K21	1818	1426	4.96%	\$180
L22	1468	1468	5.04%	\$183
L23	1468	1468	5.04%	\$183

SCHEDULE D.      PARKING SPACE ASSIGNMENTS

DUWAMISH COHOUSING, A CONDOMINIUM

<b>Space</b>	<b>Unit Number</b>	<b>Space</b>	<b>Owner</b>
G-1	G14	15	D8
G-2	A1	16	Handicapped Guest
G-3	F12	17	D7
4	E10	18	F11
5	C5	19 a, b	J19
6	B2	20 a, b	K20
7	B3	21 a, b	L23
8	E9	22 a, b	G13
9	B4	23 a, b	K21
10	H15	24 a, b	I17
11	Guest	25 a, b	C6
12	Guest	26 a, b	L22
13	I18	27	H16
14	Guest		