AFTER RECORDING, RETURN TO:

Alan E. Millet, P.S.
P.O. Box 1029
Sequim, WA 98382

DECLARATION

AND

COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS

FOR SOUTH OLYMPIC VIEW CONDOMINIUM,

A CONDOMINIUM

AFTER RECORDING, RETURN TO:

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1. **DEFINITIONS**

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

1.1.1. **Act** means the Washington Uniform Common Interest Ownership Act, codified as RCW 64.90, as it may be from time to time amended.

1.1.2. **Allocated Interests** shall mean the undivided interest(s) in the Common Elements, common expense liability, and votes in the Association allocated to each Unit.

1.1.3. **Articles** shall mean the Articles of Incorporation of the Association defined below.

1.1.4. **Association** shall mean the North Olympic View Condominium Owners' Association described in Article 13 of this Declaration.

1.1.5. **Board** shall mean the Board of Directors of the Association.

1.1.6. **Bylaws** Shall mean the Bylaws of the Association.

1.1.7. **Common Elements** shall mean the Common Elements described in Article 6.

1.1.8. **Condominium** shall mean the real property created by this Declaration.

1.1.9. **Declaration** shall mean this Declaration and Covenants, Conditions, Restrictions, and Reservations for North Olympic View Condominium, A Condominium, as it may from time to time be amended.

1.1.10. **Eligible Mortgagee** shall mean any holder of a First Mortgage who has filed with the Secretary of the Association a written request, including its name and address and the Unit number for the Unit subject to the Mortgage held by such First Mortgagee, that it be notified of any proposed action that requires consent of a specified percentage of Eligible Mortgagees.

1.1.11. **First Mortgage** and **First Mortgagee** shall mean, respectively, (a) a Mortgage on a Unit that has legal priority over all other Mortgages thereon and (b) the holder, guarantor or insurer of a First Mortgage.

1.1.12. **Institutional Holder** of a Mortgage shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation in the business of owning or servicing real estate mortgages, an insurance company, or any federal or state agency.

1.1.13. **Limited Common Elements** shall mean those Common Elements described in Article 7.

1.1.14. **Managing Agent** shall mean the person designated by the Board under Article l5.

1.1.15. **Mortgage** shall mean a recorded mortgage or deed of trust that creates a lien against a Unit and shall also mean a real estate contract for the sale of a Unit.

1.1.16. **Mortgagee** shall mean the holder, insurer or guarantor of an encumbrance on a Unit created by a Mortgage and shall also mean the vendor of a real estate contract for the sale of a Unit.

1.1.17. **Mortgagee of the Condominium** shall mean the holder of a Mortgage on the real property which this Declaration affects, which Mortgage was recorded prior to the recordation of the declaration. The term "Mortgagee of the Condominium: does not include Mortgagees of the individual Units.

1.1.18. **Owner** shall mean the legal Owner of a Unit and shall also mean the vendee of a real estate contract for the sale of a Unit.

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1.1.19. **Person** shall mean a natural person, corporation, partnership, association, trust, governmental subdivision or agency, or other legal entity.

1.1.20. **Property** shall mean the land and the buildings, and all improvements and structures now or hereafter placed on the land described in Article 3.

1.1.21. **RCW** shall mean the Revised Code of Washington.

1.1.22. **Survey Maps and Plans** shall mean the survey maps and the plans referred to in Article 28 and any amendments, corrections, and addenda thereto subsequently recorded.

1.1.23. **Unit** shall mean a residential Unit composed of a suite of rooms and other enclosed spaces in a building. The boundaries of a Unit are the unfinished interior surfaces of its perimeter walls, floors, ceilings, windows, and doors, and each Unit shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces thereof, and the Unit includes the portions of the building so described and the air space so encompassed, and all interior partitions and other fixtures and improvements so contained.

1.2. **Form of Words.** The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

1.3. **Statutory Definitions.** Some of the terms defined above are also defined in the Washington Uniform Common Interest Ownership Act. If there is any inconsistency or conflict, the definition in the Washington Uniform Common Interest Ownership Act will prevail.

2. SUBMISSION OF THE PROPERTY TO THE ACT

The undersigned, being the Owners of the Property, make this Declaration for the purpose of submitting the Property to the Condominium form of use and Ownership and to the provisions of the Washington Uniform Common Interest Ownership Act. The Property shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to the covenants, conditions, restrictions, reservations, and easements stated in this Declaration, all of which are in furtherance of the division of the Property into Units and Common Elements and shall be deemed to run with the land and be a burden and benefit to the Owners and all persons, who own or acquire an interest in the Property or any part thereof, and their grantees, successors, heirs, executors, administrators, and assigns.

3. DESCRIPTION OF PROPERTY

This Declaration shall be effective immediately to establish a Condominium upon the Property described as:

PCL. 6 OF THE THOMPSON PUD A PLANNED UNIT DEVELOPMENT, as per plat thereof recorded in Volume 13 of Plats, Page 29 records of Clallam County, Washington. Situated in the County of Clallam, State of Washington.

Together with and subject to easements, rights-of-way, covenants, encumbrances and restrictions of record, if any.

4. DESCRIPTION OF BUILDINGS

There are (2) building with ten (10) Units which are constructed principally of wood, concrete and fire-resistant materials. All Units enjoy Common Elements and Limited Common Elements as described below.

5. UNIT NUMBERS, LOCATION, AND DESCRIPTION

5.1. **Building, Locations.** The buildings are located as shown on the Survey Map and Plans.

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5.2. **Unit Location.** Each Unit is identified by a Unit number (1 through 10). The specific location of each Unit in the Condominium is identified on the survey maps and plans.

5.3. **Unit Descriptions.** Each Unit contain approximately 1,373 square feet on two levels. Each Unit includes a covered deck, an enclosed one (1) car garage, and a parking space in front of the garage.

6. COMMON ELEMENTS

6.1. **Description.** The Common Elements consist of all portions of the Condominium other than the Units, including the following:

6.1.1. The land described above and the easements, rights and appurtenances thereto, which have been included in this Condominium by this Declaration, except those portions which are limited Common Elements.

6.1.2. The roofs, foundations, studding, joists, beams, supports, main walls (excluding nonbearing interior partitions of Units, if any), and all other structural parts of the building(s), to the unfinished interior surfaces of the Units' perimeter walls, floors and ceilings.

6.1.3. The pipes, wires, conduits, TV antennae, cable television and security systems, if any, other fixtures and equipment for utilities, and the interior of the fireplace flue serving any Unit.

6.1.4. Certain items which could ordinarily be considered Common Elements such as, but not limited to: land outside the foot print of the building, driveways, all exterior doors and windows, screen doors, window screens, awnings, storm windows, shutters, planter boxes, window boxes, doorsteps, thresholds, stoops, porches, balconies, patios, and or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are Limited Common Elements as shown on the Survey Maps and Plans and are allocated exclusively to that Unit and shall be maintained by the Unit Owner at their individual expense, in good order, according to standards and requirements set by the Board by rule, regulation or Bylaws.

6.1.5. 1. Any lands dedicated for open space purposes:

6.1.5.1. will not be further subdivided in the future;

6.1.5.2. the use of the open space will continue in perpetuity for the purpose specified;

6.1.5.3. the association shall maintain the designated open space areas; and

6.1.5.4. The City of Sequim may enforce these covenants pertaining to open spaces.

6.2. **Use; Maintenance.** Each Owner shall have the right to use the common Elements (except the Limited Common Elements reserved for other Units) in common with all other Owners. The right to use the Common Elements shall extend not only to each Owner, but also to his or her agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Statute, this Declaration, the Bylaws, and the rules and regulations of the Association. The Owners, shall not by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements and no other person shall have the right to have them partitioned or divided. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Owners and occupants shall not be deemed a partition or division. The Association will be responsible for the operation, maintenance, repair and replacement of the common Elements, including stormwater system operation and maintenance in accordance with the stormwater system operation and maintenance manual, Section G of the Technical Information Report and Hydrology Calculations by Sisul Engineering dated 11-15-22, which is recorded herewith, and the pavement, curb and

gutter, catch basins, sidewalks, landscaping, irrigation, lighting, and ensuring positive drainage around the buildings.

7. LIMITED COMMON ELEMENTS

7.1. **Description.** The Limited Common Elements are Common Elements that are reserved for the exclusive use of the Unit to which they are adjacent or allocated. They consist of those specified in the Condominium Statute, as well as the following: That portion of the land lying outside the footprint of the Units accessible from each Unit as shown on the Survey Map and Plans as "(L.C.E. Limited Common Element)" (paved drive, sidewalk, garage, covered deck adjacent to each unit). The boundaries shall be as depicted on the Survey Map and Plans.

7.2. **Appurtenant to Units.** Conveyance of a Unit includes the exclusive rights to the use of the Limited Common Elements adjacent to or allocated to that Unit.

8. ACCESS

Each Unit has direct access to a public street (N 5th Ave). Each Unit has an unrestricted right of ingress to and egress from such Unit, which right is perpetual and appurtenant to each Unit.

9. PERCENTAGES OF ALLOCATED INTEREST IN COMMON ELEMENTS

Interests in Common Elements allocated to the Units are 10% each.

10. PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCE

10.1. **Residential Use.** The Units are intended for and restricted to use as single-family residences only, on an Ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, and for the purposes of operating the Association and managing the Condominium if required. Units may not be used for timeshare purposes or sold or leased on a timeshare basis.

10.2. **Leases.** No lease or rental of a Unit may be of less than the entire Unit. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of this 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 document shall be a default under the lease or rental agreement. All leases and rental agreements shall be in writing and shall be delivered to the Association before the tenancy commences. Other than as stated in this Section there is no restriction on the right of any Owner to lease or otherwise rent his or her Unit.

10.3. **Maintenance of Units.** Each Owner shall, at the Owner's sole expense, keep the interior of his or her Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, gas fireplaces, fans, heating or cooling equipment, electrical fixtures, or appliances which are in the Unit or portions thereof that serve that Unit only, and shall maintain the exterior doors and windows, and replace any glass in the windows and in the exterior doors of the Unit that becomes cracked or broken. Each Owner may make any improvements or alterations to his or her Unit that do not affect the structural support or outside appearance of any portion of the Condominium. Owners may not modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Elements without prior written approval of the Board.

10.4. **Exterior Appearance.** In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the painting of the buildings and prescribe the type and color of paint. No Owner may modify or decorate the Common Elements, the exterior of the buildings, 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 Board. No exterior radio, television or satellite reception antennae or dish may be installed without the prior written consent of the Board.

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10.5. **Effect on Insurance.** Nothing shall be done or kept in any Unit or 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 Common Element that will result in the cancellation of insurance on any part of the Property, or would be in violation of any applicable laws or regulations.

10.6. **Alteration of Common Elements.** Nothing shall be altered or constructed in or removed from any Common Element except with the prior written consent of the Board.

10.7. **Signs. No sign of any kind shall be displayed** to the public view on or from any Unit or Common Element, except as permitted by the Board for purposes of re-sale or for rental purposes.

10.8. **Offensive Activity.** No noxious or offensive activity shall be carried on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners.

10.9. **Conveyances; Notice Required.** The right of an Owner to sell, transfer, mortgage or otherwise convey his or her Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Unit, at least thirty (30) days before closing and prior to or simultaneously with any request by such Owner for preparation of a resale certificate with respect to such Unit pursuant to the Condominium Statute, shall deliver a written notice to the Board specifying the Unit being sold; the names and addresses of the purchaser, closing agent, and title insurance company insuring the purchaser's interest; the estimated closing date and whether the purchaser will occupy the Unit as his or her primary residence, and shall comply in all respects with the provisions of the Condominium Statute pertaining to resale of Units. The Board shall have the right to notify the purchaser, title insurance company, and closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested.

11. ENTRY FOR REPAIRS

The Association and its agents or employees may enter any Unit and the Limited Common Elements adjacent or allocated thereto to effect repairs, improvements, replacements, or maintenance deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Unit Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given notice and an explanation of the need for entry as far in advance of entry as its reasonably practicable. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. Any damage caused by such entry shall be repaired by the Association as a common expense unless the repairs or maintenance were necessitated by the acts or default of the Owner or occupant of the Unit entered, in which event the costs of the repairs or maintenance shall be specially assessed to that Unit.

William C. Grubb, 234 W. Hammond St. Sequim, Washington, is the person upon whom process may be served. After organization of the Association, service of process shall be made upon the registered agent of the Association.

12. ASSOCIATION OF UNIT OWNERS

12.1. **Association**. The Association is organized as a nonprofit corporation under the laws of the state of Washington as " Condominium Owners Association". The rights and duties of the members and of such corporation shall be governed by the provision of the Condominium Statute and of this Declaration.

12.2. **Qualification for Membership**. Each Owner shall be a member of the Association.

12.3. **Transfer of Membership.** The Association membership of each Owner shall be appurtenant to the Unit giving rise to such membership, and shall not be transferred in any way except upon the transfer of the Owner's interest in the Unit and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of an Owner's interest in a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

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12.4. **Voting**. The voting power of the Owner of each Unit shall be equal (i.e., each Unit shall be allocated one (1) vote). An Owner of more than one Unit shall have the votes appertaining to each Unit owned. No votes allocated to any Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to the Association shall be disregarded.

12.5. **Voting Representative**. An Owner may, by written notice to the Board, designate a voting representative for his or her Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from the Owner or by actual notice to the Board of the death or judicially declared incompetence of the Owner, except in cases in which the person designated is a Mortgagee of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in fact for the Owner under a durable power of attorney, and the administrators or executors of an Owner's estate. If no designation has been made among multiple Owners of a Unit, or if a designation has been revoked and no new designation has been made, all votes allocated to each Unit may be cast by one of the multiple Owners present at the meeting, or if more than one of multiple Owners are present, according to the agreement of a majority interest of such Owners in the Unit.

12.6. **Joint Owner Dispute**. The voting interest of each Unit must be cast as a single vote. Fractional votes shall not be allowed. If joint Owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

12.7. **Pledged Votes**. If an Owner is in default under a first mortgage on his or her Unit for sixty (60) consecutive days or more, the mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, and if the pledge is then effective, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

12.8. **Annual and Special Meetings**. There shall be an annual meeting of the members of the Association in the first quarter of each year at such reasonable place and time as may be designated by no less than ten (10) or more than sixty (60) days written notice from the Board. Special meetings of the Association may be called at any time by the president, a majority of the Board or a majority of Owners, for the purposes of considering matters which require the approval of all or some of the Owners, or for any other reasonable purpose, upon not less than 10 days written notice. Any Institutional Holder of a First Mortgage may attend or designate a representative to attend the meetings of the Association.

12.9. **Books and Records**. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, and, at least annually, shall prepare, or cause to be prepared, a financial statement of the Association, in a form that complies with generally accepted accounting principles.

12.10. **Audits**. At the annual meeting, there shall be presented an audited financial statement of the Association, prepared by a certified public accountant who is not a member of the Board or an Owner. The above-described audit may be waived annually by Owners, of Units to which at least sixty percent (60%) of the votes in the Association are allocated. If the above-described audit is waived, any holder of a Mortgage may cause an audited financial statement of the Condominium to be prepared at such holder's expense and the Association shall cooperate fully with any such audit. The Board may require that an audit of the Association and management books be presented at any special meeting. An Owner, at his or her expense, at any reasonable time may conduct an audit of the books of the Board and the Association.

12.11. **Article and Bylaws.** The Association will adopt Bylaws to supplement this Declaration and the Article and to provide for the administration of the Association and the Property and for other purposes not inconsistent with the Condominium Statute or this Declaration. The Articles and Bylaws may be amended by the affirmative vote of both Owners of Units at any duly called regular or special meeting to the Association. However, no material amendment of the Articles or Bylaws may be made without the prior written approval of all Eligible Mortgagees.

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12.12. **Inspection of Condominium Documents, Books and Records**. During normal business hours and at other reasonable times this Declaration, the Survey Map and Plans, the Articles, the Bylaws, and other rules governing the operation of the Condominium (collectively, the "Condominium Documents") shall be available for inspection free of charge by the Owners, First Mortgagees, prospective purchasers and their prospective First Mortgagees, and the agents or attorneys of any of them and, in addition, at such times the books and records, financial statements, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for inspection by the Owners, Mortgagees, and the agents or attorneys of either of them.

13. NOTICES

13.1. **Form and Delivery of Notice.** All Notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the third (3rd) day of regular mail delivery after it has been 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.

13.2. **Eligible Mortgagees.** Until such time as any Eligible Mortgagee withdraws its request for notice or satisfies the Mortgage held, guaranteed or insured by such Eligible Mortgagee of record, the Board shall send to the Eligible Mortgagee a copy of all notices of any proposed actions which require the consent of a specified percentage of Eligible Mortgagees. All Institutional Holders of First Mortgages shall be entitled to notices under Article 22 (damage and repair of damage to property) and Article 23 (condemnation) irrespective to whether they have filed requests for notices.

14. AUTHORITY OF THE BOARD

14.1. **Adoption of Rules and Regulations.** The Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to ensure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the Condominium. The Declaration and the Bylaws and the rules and regulations of the Association shall be binding upon all Owners and occupants and all other persons claiming any interest in the Condominium.

14.2. **Enforcement of Declaration, Etc.** The Board shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws, and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association.

14.3. **Goods and Services.** The Board shall acquire and pay for common expenses of the Condominium all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium. The goods and services shall include (by way of illustration and not limitation) utility services for the Common Elements; policies of insurance and fidelity bonds (including directors and officers liability insurance); legal and accounting services; maintenance, repair, landscaping, gardening, and general upkeep of the common and Limited common Elements; and all supplies, materials, fixtures, and equipment that are, in the Board's judgment, necessary or desirable for the operation of the Condominium and enjoyment of it by the Owners. The Board may hire such full-time or part-time employees as it considers necessary.

14.4. **Managing Agent.** The Board may, but shall not be required to, 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. The Managing Agent shall not enter any Unit (directly or through agents) without the consent of the occupant unless entry has been directed by the Board. Only the Board can approve an annual budget or a supplemental budget, and only the

Board can impose a special assessment on a Unit or authorize foreclosure of an assessment lien. Any contract with a Managing Agent, or any other contract providing for management or operational service, shall have a term no longer than one (1) year (but may be renewable by agreement of the parties for successive one (1) year periods) and shall be terminable by the Board without payment of a termination fee, with or without cause, on thirty (30) days' written notice.

14.5. **Protection of Property.** The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Property, settle claims, or otherwise act in what it considers to be the best interests of the Condominium or the Association.

14.6. **Imposition of Payments, Fees, Fines.** The Board may impose and collect charges for late payment of assessments described in Article 16 and, after notice and opportunity to be heard by the Board or by such representative designated by the Board and in accordance with procedures provided by 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 the Declaration, Bylaws, or rules and regulations of the Association. The Board may impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates and statements of unpaid assessments, and may assign its right to future income, including the right to receive common expense assessments. The Board may impose and collect any payments, fees or charges for the use, rental or operation of the Common Elements other than Limited Common Elements appurtenant to each Unit, and for services provided to Owners.

15. BUDGET AND ASSESSMENT FOR COMMON EXPENSES

15.1. **Preparation of Budget.** At least thirty (30) days prior to the beginning of each calendar year the Board shall estimate the charges (including common expenses, and any special charges for particular Units) to be paid during such year and prepare a budget for creating, funding and maintaining reasonable repair, replacement and acquisition of Common Elements, taking into account any expected income and any surplus available from the prior year's operating fund (which surplus may be applied by the Association to current operating expenses and referenced in the budget). Notwithstanding any terms to the contrary in this Declaration, the budget must include all elements required under the Act as set forth in RCW 64.90.525.

15.2. **Ratification of Budget**. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary thereof to all Owners and set neither a date which is not less than fourteen (14) nor more than fifty (50) days after mailing of the summary for a meeting of the Owners to consider ratification of the budget. The budget shall be ratified unless at such meeting Owners to which a majority of votes in the Association are allocated reject the budget, whether or not a quorum is present.

15.3. Contents of Budget. The budget must include:

(a) The projected income to the association by category;

(b) The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category;

(c) The amount of the assessments per unit and the date the assessments are due;

(d) The current amount of regular assessments budgeted for contribution to the reserve account;

(e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and

(f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

15.4. **Reserve Fund**. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular assessments a reserve fund for periodic maintenance and repair of Common Elements and for replacement of those Common Elements which can reasonably be expected to require

replacement prior to the end of the useful life of the building. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace each Common Element covered by the fund at the end of the estimated useful life of each such Common Element. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment of any Owner's assessment), the Board may at any time levy a further assessment, which shall be assessed to the Owners in like proportions. The Fund shall be deposited with the Association for deposit into a segregated fund for the exclusive purposes of paying for unforeseen expenditures and/or purchasing any additional equipment or services necessary for the Association. Amounts paid into the Fund shall not be considered advance payment of regular assessments.

15.5. **Assessments for Common Expenses and Accrual of Assessments.** The sums required by the Association for common expenses as reflected by the budget and any supplemental budgets shall be divided into equal installments to be paid each month, or other time frame agreed upon by the Owners, over the period of time covered by the budget or supplemental budget. The installments shall be assessed to all of the Units and their respective Owners equally. Notwithstanding the foregoing, the budget may include expenses related to Limited Common Elements which may be assessed against the Unit(s) to which such Limited Common Elements appertain, exclusively against those Units. Any expenses for insurance or utilities which are determined by the Board to be common expenses shall be prorated equally among both Units. Costs for Unit specific insurance and utilities shall be the sole responsibility of each Unit Owner. Assessments to pay a judgment against the Association perfected under RCW 4.64.020 may be made only against Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests in common expense liability at the time the judgment was entered. Any expenses caused by the misconduct of an Owner may be assessed exclusively against such Owner's Unit.

15.6. **Special Assessments.** The board, at any time, may propose a special assessment. The assessment is effective only if the board follows the procedures for ratification of a budget described in Article 16 and the unit owners do not reject the proposed assessment. The board may provide that the special assessment may be due and payable in installments over any period it determines and may provide a discount for early payment. If a special assessment becomes chargeable against a Unit under the authority of this Declaration or the Bylaws, the Board shall determine the amount of such special assessment and fix the month(s) or quarter(s) in which it is to be paid. The special assessment shall be added to the Unit's installment of common expenses and be included in the assessment against the Unit.

15.7. **Notice of Assessment.** The Board shall notify each Owner in writing of the amount of the assessments to be paid for such Owner's Unit and shall furnish copies of each budget on which the assessments are based to all Owners and, if so requested, to their respective Mortgagees.

15.8. **Payment of Assessments.** On or before the first day of each calendar month or other agreed period, each Owner shall pay or cause to be paid to the treasurer of the Association the assessment against the Unit for that month or period. Any assessment not paid by the first day of the Calendar month or period for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Articles 16 and 17.

15.9. **Proceeds Belong to Association.** All assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

15.10. **Failure to Assess.** Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any budget period for the ensuing period 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 time period, and the assessments and amounts previously established shall continue until a new assessment is established.

15.11. **Certificate of Unpaid assessments.** Upon the request of any Owners, Mortgagee, prospective purchaser, or prospective Mortgagee of a Unit, the Board shall furnish within fifteen (15) days after request therefore a

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certificate in recordable form stating the amount, if any, of unpaid assessments charged to the Unit. The certificate shall be binding upon the Board, the Association and every Owner as to the amount of such indebtedness on the date of the certificate unless and to the extent known by the recipient to be false.

16. **LIEN AND COLLECTION OF ASSESSMENTS**

16.1. **Assessments are a Lien; Priority.** All unpaid sums assessed by the Association for the share of the common expenses chargeable to any Unit and any sums specially assessed to any Unit under the authority of this Declaration or the Bylaws (together with interest, fines, late charges, costs and attorneys' fees in the event of delinquency) shall constitute a continuing lien on the Unit and all its appurtenances from the time the assessment is due. The lien for such unpaid assessments shall be prior to all other liens and encumbrances (a) liens and encumbrances recorded before the recording of the Declaration, (b) a Mortgage on the Unit recorded before the date on which the assessment sought to be enforced became delinquent, and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Except as provided above (and subject to the provisions of Section 18.2 below), a Mortgagee that obtains the right of possession of a Unit through a foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Unit free of any claims for assessments or installments thereof that became due prior to such right of possession, but will be liable for the common expenses and assessments that become due thereafter. The Unit's past due share of common expenses or assessments shall become new common expenses chargeable to all of the Owners, including the Mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to their respective Allocated Interests in the Common Elements; however, the Owner shall continue to be personally liable for such past accrued assessments, as provided in Section 17.3. For the purposes of this Section, the terms "Mortgage" and Mortgagee" shall not mean any real estate contract or vendor or designee or assignee of a vendor under a real estate contract.

16.2. **Lien May Be Foreclosed**. The lien may be enforced by the Managing Agent or the Board, acting on behalf of the Association, judicially in the manner set forth in Chapter 61.12 RCW. The lien shall be prior to any Mortgage described in Section 17.1(b) to the extent of assessments for common expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association, which would have become due during the six (6) 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 by a Mortgagee, or the date of recording of the notice of forfeiture in a proceeding by the vendor under a real estate contract. The priority of the Association's lien against any Unit encumbered by a Mortgage held by a Mortgagee which has given to the Secretary of the Association a written request for notice of delinquent assessments shall be reduced by up to one (1) quarter if and to the extent the Association's lien priority includes delinquencies which relate to a period after such holder has given such notice and before the Association gives the holder a written notice of the delinquency. The Managing Agent or the Board, acting on behalf of the Association, shall have the power to bid on at the foreclosure sale, acquire, hold, lease, mortgage and convey the Unit. The lien for delinquent assessments and the personal liability for payment of the assessments shall be extinguished unless proceedings to enforce the lien are instituted within three (3) years after the amount of assessment sought to be recovered becomes due.

16.3. **Assessments are Personal Obligations.** In addition to constituting a lien on the Unit and all its appurtenances, all sums assessed by the Association chargeable to any Unit (together with interest, costs and attorneys' fees in the event of delinquency) shall be the joint and several personal obligations of the Unit Owner when the assessment is made and such Owner's successors in title who assume such obligations, for all assessments due up to the time of each Owner's conveyance of the Unit, without prejudice to any such successor's ability to recover from the Owner the amounts paid by such successor therefore. Suit to recover a personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the lien securing them.

16.4. **Receiver.** From the later of (a) commencement of an action by the Association to foreclose a lien for delinquent assessment(s) against a Unit that is not occupied by its Owner or (b) delinquency of the

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assessment(s), the Association may appoint a receiver to collect from any lessee of the Unit the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of condominium, rent the Unit or permit its rental to others and apply the rents first to the cost of the receivership and attorney's fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees and charges of the foreclosures action, and then to the payment of the delinquent assessment. Exercise by the Association of the foregoing right shall not affect the priority of any preexisting liens on the Unit.

16.5. **Late Charges and Interest on Delinquent Assessments.** The Board may from time to time establish late charges and a rate of interest to be charged on assessments that may thereafter become delinquent. Delinquent assessments shall bear interest at the highest rate permissible under R.C.W. 19.52.020, including amendment thereto.

16.6. **Recovery of Attorneys' Fees and Costs.** In any action to collect delinquent assessments, including a mortgage foreclosure action, appeal thereof and enforcement of a judgment, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorney's fees and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

16.7. **Termination of utility Service.** If an assessment becomes delinquent the Board may give notice to the delinquent Owner to the effect that unless the delinquent assessment is paid within ten (10) days (or such longer time as is specified in the notice) any or all utility services furnished to the Unit by the Association under the Association's control will be severed and remain severed until the delinquent assessment has been paid. If the delinquency is not cured in the time specified, the Board may take the action described in the notice.

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

16.9. **Security Deposit.** An Owner who has been delinquent in paying its assessments for two (2) of the five (5) preceding assessment periods may be required by the Board, from time to time, to make and maintain a security deposit not in excess of one (1) period's estimated assessments, which shall be collected and shall be subject to penalties for nonpayment as are other assessments. The deposit shall be held by the Association in a separate fund, credited to such Owner, and may be used by the Association at any time when such Owner is ten (10) days or more delinquent in paying assessments.

17. COMPLIANCE WITH DECLARATION

17.1. **Enforcement**. Each Owner and the Association shall comply with the Bylaws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration and the Bylaws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both maintainable by the Board acting through its officers on behalf of the Owners, or by any aggrieved Owner on its own.

17.2. **No Waiver of Strict Performance.** The failure of the Board (or the Managing Agent) 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, restriction or reservation. 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 by the Board.

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18. **LIMITATION OF LIABILITY**

18.1. **Liability for Utility Failure, etc**. Neither the Association, the Board, or the Managing Agent shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead 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 common expense 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.

18.2. **No Personal Liability.** Except as otherwise provided in the Condominium Statue, so long as a Board member, Association committee member, Association officer, or the Managing Agent has acted in good faith, with ordinary and reasonable care, without willful or intentional misconduct, upon the basis of such information as is then possessed by such member, officer or Managing Agent, her or she shall not be personally liable to any Owner or 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.

19. **INDEMNIFICATION**

Each Board member and Association committee member and Association officer, and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held the position of Board member, Association committee member, Association officer or Managing Agent, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her 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; and further provided that nothing contained in this Article 20 shall be deemed to obligate the Association to indemnify any Owner who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by he or she under or by virtue of the Declaration as an Owner of a Unit covered thereby.

20. **INSURANCE**

20.1. **General Requirements.** The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies and bonds necessary to provide casualty insurance; comprehensive liability insurance; fidelity bonds; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property to the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affair; and such other insurance as the Board deems advisable or is required by the Condominium Statute. The Board shall review at least annually the adequacy of the Association's insurance coverage. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond that meets the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association ("FNMA") the Government National Mortgage Association ("GNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), or the Veterans Administration("VA"), so long as either is a Mortgagee or Owner of a Unit, except to the extent such coverage has been waived in writing by FNMA, GNMA, FHLMC or VA, as may be appropriate. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled, modified or allowed to lapse

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(including cancellation for nonpayment of premium) without compliance with all applicable provisions of Chapter 48.18 RCW pertaining to cancellation or nonrenewal of insurance and at least thirty (30) days' prior written notice to any and all Mortgagees, designated servicers or Mortgagees, and all insurers that issue certificates or memoranda to the Association and, upon written request, to any Owner or Mortgagee. Promptly upon the conveyance of a Unit, the new Owner shall notify the Association of the date of the conveyance and the Owner's name and address of the new Owner and request that the new Owner be made a named insured under such policy.

20.2. **Casualty Insurance.** The casualty insurance shall, at the minimum, consist of a standard form of fire insurance policy with extended coverage or "all risk" endorsements in an amount equal to the full replacement value (i.e., one hundred percent (100%) of current replacement cost exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the Common Elements, and all fixtures and equipment belonging to the Association, an "Inflation Guard Endorsement," and, if required by FNMA, a "Demolition and Contingent Liability from Operation of Building Laws Endorsement," an "Increased Cost of Construction Endorsement," and such other endorsements as FNMA or GNMA FHLMC, or VA may require, except to the extent such coverage is waived. In addition to protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, the policy shall provide protection against loss or damage from sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as are customarily covered in policies for residential condominium projects of similar construction in the Sequim Dungeness Valley areas. The policy or policies shall provide for separate protection for each Unit to the full insurance replacement value thereof (limited as above provided), and a separate loss payable endorsement in favor of the holder of the Mortgage that creates a lien against such Unit. The insurance proceeds may be made payable to any trustee with which the Association may enter into an insurable trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. The policies shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law. The policy or policies shall have deductibles of no greater than the lesser of Ten Thousand Dollars ($10,000) or one percent (1%) of the coverage amount.

20.3. **Comprehensive Public Liability Insurance.** The comprehensive policy of public liability insurance shall insure the Board, the Association, the Owners, and the Managing Agent, and cover all of the Common Elements, with a "Severability of Interest Endorsement' or equivalent coverage that 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 include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered with respect to residential condominium projects of similar construction in the Sequim Dungeness Valley area. The policy shall be in amount determined by the Board to cover all claims for personal injury and/or property damage.

20.4. **Additional Policy Provisions.** The Board shall exercise its reasonable best efforts to obtain insurance policies pursuant to Sections 21.2 and 21.3 containing the following provisions and limitations:

20.4.1. The named insured shall be the Association, as trustee for each of the Owners in accordance with their respective Allocated Interests in the Common Elements. The insurance proceeds may be made payable to any trustee with which the Association may enter into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies.

20.4.2. 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.

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20.4.3. In no event shall the insurance coverage be brought into contribution with insurance purchased by the Owners of the Units or their Mortgagees.

20.4.4. Coverage shall not be prejudiced by (a) any act or neglect of the Owners when such act or neglect is not within the control of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the Property over which the Association has no control.

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

20.4.6. A standard mortgagee clause which shall:

20.4.6.1. provide that any reference to a mortgagee in the policy shall mean and include all holders of Mortgages that create liens against any Units or Unit leaseholds or sub-leaseholds in their respective order of preference, whether or not named therein;

20.4.6.2. provide that such insurance as to the interest of any holder of a Mortgage shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them;

20.4.6.3. waive any provision invalidating such mortgagee clause by reason of the failure of any holder of a Mortgage to notify the insurer of any hazardous use or vacancy, any requirement that such holder pay and premium thereon, and any contribution clause; and

20.4.6.4. Provide that, without affecting any protection policy shall be payable to the Board or the insurance trustee.

20.5. **Owners' Individual Insurance.** Each Owner may obtain additional insurance on his or her Unit and its contents at his or her own expense but only if the Owner's insurance does not decrease the amount that the Board, or any member for the Board, on behalf of all of the Owners, will realize under any insurance policy that the Board may have in force on the Property. Each Owner shall notify the Board of all improvements by the Owner to his or her Unit the value of which is in excess of One Thousand Dollars ($1,000). Any Owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to such Owner shall file a copy of his or her individual policy or policies with the Board within thirty (30) days after such Owner buys it, and the Board shall immediately review its effect with the Board's insurance broker, agent, or carrier.

20.6. **Insurance Process.** Insurance process for damage or destruction to any part of the Property shall be paid to the Board on behalf of the Association which shall segregate such proceeds from any other funds of the Association for use and payment as provided for in Article 22. The Association acting through the Board shall have the authority to settle and compromise any claim under insurance obtained by the Association, each Owner hereby appoints the Association as its attorney in fact for this purpose and the insurer may accept the release and discharge of liability made by the Board on behalf of the named insured under the policy.

20.7. **Insurance to Meet Secondary Market Requirements.** In addition to any other insurance requirements contained in this Declaration, the Association shall maintain in continuous effect such casualty, flood and liability insurance and fidelity bonds meeting the insurance and bonding requirements for the Condominium, as established by FNMA, GNMA, FHLMC and VA so long as such entity is an Owner or Mortgagee of any Unit, except to the extent such insurance coverage or bond has been waived in writing by such entity.

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21. DAMAGE AND REPAIR OR DAMAGE TO PROPERTY

21.1. **Initial Board Determination.** In the event of damage to any part of the Property, the Board shall promptly, and in all events within thirty (30) days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

21.1.1. The nature and extent of the damage, together with inventory of the Property directly affected thereby.

21.1.2. A reasonably reliable estimate of the cost to repair the damage, which estimate shall, if reasonably practicable, be based upon two (2) or more firm bids obtained from responsible contractors.

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

21.1.4. The amount, if any, by which the estimated cost of repair exceeds the expected insurance proceeds and the amount of the assessments that would have to be made against each Unit if the excess cost were to be paid as maintenance expense and specially assessed against all the Units in proportion to their Allocated Interests in the Common Elements.

21.1.5. The Board's recommendation whether the damage should be repaired.

21.2. **Notice of Damage**. The Board shall promptly, and in all events within thirty (30) days after the date of damage, provide each Owner and each Institutional Holder of a First Mortgage with a written notice describing the damage. If the Board fails to do so within said thirty (30) days, any Owner or Institutional Holder of a First Mortgage may make the determinations required under Section 22.1 and give the notice required under this Section 22.2.

21.3. **Definitions: Damage, Repair, Emergency Work.** As used in this Article 22:

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

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

21.3.3. **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.

21.4. **Execution of Repairs.**

21.4.1. The Board shall promptly repair the damage and use the available insurance proceeds therefore unless (a) the Condominium is terminated, (b) the repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (c) before the repairs (other than Emergency Work) are begun the Owners decide in accordance with this Article not to repair. If the cost of repair exceeds the available insurance proceeds the Board shall impose a special assessment against all Units in proportion to their Allocated Interests in the Common Elements in an amount sufficient to pay the excess costs.

21.4.2. The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to 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 assessment, has provided for paying the costs. The Board may authorize the

insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.

21.4.3. The Board may enter into a written agreement with a reputable financial institution 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 Fifty Thousand Dollars ($50,000) or for the institution or company to collect the insurance process and carry out the provisions of this Article 23.

22. CONDEMNATION

22.1. **Consequences of Condemnation; Notices.** If any Unit or portion thereof or the 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 (collectively, a "Taking") notice of the Taking shall promptly be given to each Owner and to each Institutional Holder of a First Mortgage and the provisions of this Article 24 shall apply. The Association, acting through the Board, shall represent the Owners in any proceedings, negotiations, settlements or agreements in connection with any Taking, and each Owner shall appoint the Association its attorney-in-fact for this purpose.

22.2. **Proceeds.** All compensation, damages, or other proceeds of the Taking (collectively, the "Award") shall be payable to the Association, as trustee for the Owners and Mortgagees as their interests may appear.

22.3. **Complete Taking.** If the entire Property is taken the Condominium Ownership shall terminate effective as of the acquisition of the Property by the condemning authority. The Award shall be apportioned among the Owners in proportion to their respective Allocated Interests in the Common Elements; provided that, if a standard different from the value of the Property as a whole is employed to measure the Award in the Taking, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall as soon as practicable determine the share of the Award to which each Owner is entitled. Each Owner's share shall be applied first to the payment of all Mortgages and liens on the Owner's interest in accordance with the existing priorities and the balance of each share, if any, shall be distributed to the Owner.

22.4. **Partial Taking.** If less than the entire Property is taken the Condominium Ownership shall not terminate. The Allocated Interests of all Units taken shall be 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 the record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of the Unit is taken, which remnant may not practically or lawfully be used for any purpose permitted by this Declaration, shall become a Common Element effective of the acquisition of the Property taken by the condemning authority. If part of a Unit is taken and the remaining part may be practically and lawfully used for a purpose permitted by this Declaration, that Unit's Allocated Interest shall be reduced in proportion to the reduction in size of the Unit or on any other basis specified herein and the portion of the Allocated Interest divested from the partially taken Unit shall be automatically reallocated to such Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the Taking, with any partially taken Unit sharing in the reallocation on the basis of its reduced Allocated Interest. Each Owner shall be entitled to a share of the Award determined in the following manner:

22.4.1. As soon as practicable the Board shall, reasonably and in good faith, allocate the Award among compensation for Property taken, severance damages, or other process.

22.4.2. Any amount allocated to taking of or injury to the Common Elements shall be apportioned among Owners in proportion to their respective Allocated Interests in the Common Elements.

22.4.3. Any amount allocated to the taking or partial taking of or injury to particular Unit, Limited Common Elements appurtenant thereto and/or improvements made by the Owner therein shall be apportioned to the Unit.

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22.4.4. Any amount allocated to severance damages shall be apportioned to the Units that were not taken.

22.4.5. Any amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

22.4.6. If an allocation of the Award has already been established in negotiation, judicial decree, or otherwise, then in apportioning the Award the Board shall employ that allocation to the extent it is relevant and applicable.

22.4.7. Distribution of apportioned proceeds shall be made to the Owners and their respective Mortgagees in the manner provided in Section 23.3.

22.5. **Reconstruction and Repair.** Any reconstruction and repair necessitated by a Taking shall be governed by the procedures specified in Article 22 for repair of damage, provided that the Board may retain and apply such portion of each Owner's share of the Award as is necessary to discharge the Owner's liability for any special assessment arising from the operation of Article 22.

23. EASEMENT

23.1. **In General.** Each Unit has an easement in and through each other Unit and the 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. In addition, each Unit and all the Common Elements are specifically subject to easements as required for the electrical wiring and plumbing for each Unit. The specific mention of reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

23.2. **Encroachments.** Each Unit and all Common Elements are hereby declared to have an easement over all adjoining Units and 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/or Common Elements so long as such encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way be such encroachments; 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 24.2 shall not be construed to be encumbrances affecting the marketability of title to any Unit.

23.3. **Utility Easements.** Each Owner grants to each company or municipality providing utility services to the Condominium or to the Owners an easement for the installation of all utilities serving the Condominium or the Owners, including, without limitation, such utilities services as water, sanitary sewer, storm sewer, electricity, gas, cable television and telephone, and an easement for reasonable access over the roadways and Common Elements to the utility service facilities.

24. ABANDONMENT OR TERMINATION OF CONDOMINIUM STATUS

Except as provided in Articles 22 and 23, the condominium status of the Property shall not be abandoned or terminated by reason of any act or omission by the Owners or the Association except with the consent of the all Owners by an instrument to that effect specifying a date after which such instrument will be ineffective unless recorded prior thereto and containing a description of the manner in which creditors of the Association will be paid or provided for and setting forth the terms of any sale of all or a portion of the Property to be sold following termination, which instrument must be duly recorded. Proceeds of sale of any portion of the Property not sold upon termination shall vest in, the Owners, as described in the Condominium Statute.

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25. **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 remainder complies with the Condominium Statute or, as covenants, affect the common plan.

26. **EFFECTIVE DATE**

This Declaration shall take effect upon recording.

27. **REFERENCE TO SURVEY MAP AND PLANS**

The Survey Map and Plans were filed with the Auditor of Clallam County, Washington, under Recording No. _____ in Volume _____ of Condominium, page _____.

28. **PROTECTIONS FOR MORTGAGEES TO FACILITATE MORTGAGE LENDING**

28.1. **Mortgagee Approvals**. Notwithstanding any other provision of any of the Condominium Documents, to the extent required or permitted by law, the prior written approval of all Eligible Mortgagees shall be required for any of the following, and without such approval, no person, the Board or the Association shall by either act or omission seek nor can they legally effect:

28.1.1. Any change of a material nature to any of the Condominium Documents, including but not limited to any change respecting:

28.1.2. Voting rights;

28.1.3. Assessments, assessment liens or the priority of such liens;

28.1.4. Reserves for maintenance, repair and replacement of the Common Elements;

28.1.5. Insurance or fidelity bonds;

28.1.6. Reallocation of Allocated Interests in or rights to use of any of the Common Elements;

28.1.7. Responsibility for maintenance and repair of the Condominium;

28.1.8. Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium.

28.1.9. Redefinition of the boundaries of any Unit;

28.1.10. Convertibility of Units into Common Elements or of Common Elements into Units;

28.1.11. Leasing or renting of Units;

28.1.12. Imposition of any restrictions on the right of an Owner to sell, transfer or otherwise convey his or her Unit;

28.1.13. Any decision by the Association to establish self-management when professional management had been required previously by the Condominium Documents or any Eligible Mortgagee;

28.1.14. Restoration or repair of the Condominium (after a hazard, damage or partial condemnation) in any manner other than that specified in the Condominium Documents;

28.1.15. Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; and

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P.O. Box 1029
Sequim, WA 98382

28.1.16. Any provisions that expressly benefit Mortgagees. Any Eligible Mortgagee who fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, return receipt requested, shall be deemed to have approved and consented to the amendment in question. Notwithstanding anything to the contrary in this Declaration, no requirement for Mortgagee approval shall operate to (1) deny or delegate control over the general administration of affairs of the Association by the Owners or the Board, or (2) prevent the Association or the Board from commencing, intervening or settling any litigation or proceeding, or receiving and distributing any insurance proceeds except pursuant to Article 22.

28.2. **Notice to Mortgagees**. Upon a written request sent by any mortgagee to the Association stating such Mortgagee's name and address and the Unit number or address of the Unit subject to the Mortgage held, guaranteed or insured by such Mortgagee, such Mortgagee shall be entitled to timely written notice without charge of:

28.2.1. Any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit subject to the Mortgage held, insured or guaranteed by such Mortgagee;

28.2.2. Any default in payment of assessments or charges owed by the Owner of a Unit subject to the Mortgage held, insured or guaranteed by such Mortgagee, where the delinquency has not been cured in sixty (60) days;

28.2.3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

29. RESOLUTION OF DEADLOCKS

In the event that the two Owners, and/or the members of the Board of Directors of the Association cannot agree on any matter, the issue shall be subject to mediation by Peninsula Dispute Resolution Center, PO Box 1034, Port Angeles, WA 98362, phone 360-452-8024, toll free, 800-452-8024, or other dispute resolution method agreed to by the Owners. Each Owner shall in good faith participate in scheduling and attending a mediation session. If the matter is not resolved by mediation the matter shall be decided by mandatory arbitration pursuant to Superior Court Mandatory Arbitration Rules (MAR) in the Clallam County Superior Court, which may award any party its reasonable attorney's fees and costs incurred in the mediation and in the court action.

Executed as of the _____ day of _____, 2022.

_____ _____

William C. Grubb Christine C. Grubb

STATE OF WASHINGTON)

)ss

COUNTY OF _____)

On this _____ day of _____ 2022, before me, a Notary Public in and for the State of Washington, personally appeared William C. Grubb and Christine C. Grubb, personally

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known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed this instrument and acknowledged it to be their free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

_____
Notary Public in and for the State of Washington
Residing at _____
My commission expires _____