After Recording Mail to

Richmond Manor Condominiums, LLC 2726 - 61st Ave. SE Mercer Island, WA 98040

ATTN: Paul M. Lee



DECLARATION AND COVENANTS, CONDITIONS, AND RESTRICITONS RICHMOND MANOR CONDOMINIUMS

Reference Numbers(s) of Related Documents: The Survey Map and Plans for the Condominium were recorded in King County under Recording No 2003020600/398, in Volume 188 of Condominiums, Pages 08 through 10, inclusive

Grantor: Richmond Manor Condominiums, LLC, a Washington limited liability company

Grantee: Richmond Manor Condominiums

Abbreviated Legal Description: W 230 FT OF POR OF S 1/2 OF SW 1/2 OF SE 1/4 OF NE 14 LY N OF NW 195TH ST; LESS W 105 FT OF S 135 FT; LESS W 30 FT OF THAT POR LY N OF SD S 135 FT, LESS S 12 FT FOR RD. COMMONWEALTH LAND TITLE

For full legal description, see Exhibit A attached.

10096858

Assessor's Property Tax Parcel/Account Number: 022603-9248-08

NOTICE TO RECORDER'S OFFICE

UPON RECORDING OF THIS DECLARATION, AS REQUIRED BY RCW CHAPTER 64.34, INSERT IN THE BLANKS ABOVE AND IN SECTION 21.08 OF THE DECLARATION, THE CROSS-REFERENCE RECORDING DATA OF THE SURVEY MAP AND PLANS RECORDED IMMEDIATELY PRIOR TO RECORDING OF THIS DECLARATION.

The original Declaration, Covenants, Conditions and Restrictions for the Richmond Manor Condominium project filed by Paul Lee on January 27, 2003. Note that this document is the original content reformatted to enable easier reading and electronic content searching.

DECLARATION AND COVENANTS, CONDITIONS, AND RESTRICTIONS FOR

RICHMOND MANOR CONDOMINIUMS

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AMENDMENT NO. 1 TO CONDOMINIUM DECLARATION FOR RICHMOND MANOR CONDOMINIUMS $f 1$				
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DECLARATION AND COVENANTS, CONDITIONS, AND RESTRICTIONS FOR RICHMOND MANOR CONDOMINIUMS

Richmond Manor Condominiums, LLC, a Washington limited liability company, hereinafter referred to as the "Declarant", the sole owner of the property described herein, makes this Declaration pursuant to the provisions of the Washington Condominium Act, Chapter 64 34 of the Revised Code of Washington. The covenants, conditions, and restrictions in this Declaration and the provisions of the Washington Condominium Act, RCW 64.34, shall be binding upon all owners of a Unit or an interest therein (e.g., a leasehold interest or security interest), even though a copy of this Declaration may not have been provided to the owner or this Declaration may not have been referenced in the deed to the Unit prior to the acquisition and regardless of the manner of acquisition (e g , voluntary sale, foreclosure, inheritance, or gift).

SECTION 1 INTERPRETATION

1.01 Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of the relevant Washington statutes. The provisions of the Act referenced herein under which this Declaration is operative, shall be liberally construed to effect the intent of this Declaration

1.02 <u>Terms Consistent With Act</u>

The terminology used herein is intended to have the meaning set forth in the Act unless the context clearly requires otherwise

1.03 Covenants Running With Land

It is intended that this Declaration (until) terminated as provided herein, or as provided in the Act) shall be operative as a set of covenants running with the land, or equitable servitudes, supplementing and interpreting the Act, and operating independently of the Act, should the Act be, in any respect, inapplicable

1 04 Singular/Plural, Etc.

The singular may include the plural, and the masculine may include the feminine, or vice versa, where the context so requires.

1.05 <u>Declarant Is Original Owner</u>

The Declarant is the original owner of all Units and will continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are filed of record Declarant shall enjoy the same rights and assume the same duties as other Unit Owners as they relate to each individual unsold Unit

1.06 Unit and Building Boundaries

In interpreting the Survey Map and Plans, the existing physical boundaries of the building and each Condominium Unit, as constructed, shall be conclusively presumed to be the correct boundaries.

1.07 <u>Captions and Exhibits</u>

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

1.08 <u>Increase in Dollar Limits</u>

All dollar amounts specified in this Declaration may, in the discretion of the Board and from time to time, be increased proportionately by the increase in the CPI from the date this Declaration is recorded to adjust for any inflation in the value of the dollar. "CPI" means the consumer price index for all urban consumers, all items, prepared by the United States Department of Labor, or if the CPI is discontinued, then a successor index selected by the Board in its reasonable discretion.

1.09 <u>Inconsistency with Bylaws</u>

To the extent this Declaration is inconsistent with the Bylaws, the provisions of this Declaration control unless such provisions are contrary to the Act

1.10 <u>Insignificant Failure</u>

The title to any Condominium Unit created by this Declaration shall not be affected by any insignificant failure of this Declaration or Survey map and Plans to comply with the Act.

1.11 <u>Definitions</u>

The following definitions shall apply in this Declaration, unless the context requires otherwise

1.11.1 "The Act"

The Act means the Washington Condominium Act (Revised Code of Washington, Chapter 64 34), as amended from time to time

1.11 2 "Association"

Association means Richmond Manor Condominiums Association, or a substantially similar name, as described in Section 6

1.11.3 "Board of Directors" or "Board"

Board of Directors or Board means the individuals appointed by the Declarant or elected by the Association from time to time to manage and administer the property in accordance with the Bylaws of the Association, this Declaration and the Act, after the Declarant or his managing agent no longer provides such management. The term "Board of Directors" shall also refer to the Declarant acting as the Board of Directors during the interim period during which the Declarant manages and administers the property, set forth in Section 7

1.11.4 "Building"

Building means the building or buildings containing the Condominium Units and related facilities comprising a part of the property

1.115 "Bylaws"

Bylaws means the Bylaws of the Association as initially promulgated by the Declarant and as amended from time to time, which with this Declaration provide for the organization of the Association and for the administration of the property

1.11.6 "Condominium"

Condominium means the development including real property and improvements which is the subject of this Declaration.

1.11.7 "Common Elements"

Common Elements means the portions of the property described as such in this Declaration in which each owner of a Unit has an undivided percentage interest. The Common Elements include all Limited Common Elements

1.11.8 "Declarant"

Declarant means the undersigned, the party developing the Condominium and signing this Declaration, or the heirs, successors or assigns thereof

1.11.9 "Declaration"

Declaration means this instrument, as amended from time to time, by which the property is submitted to provisions of the Act

1.11.10 "Eligible Mortgagee"

Eligible Mortgagee means the holder of a Mortgage on a Unit 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 the Mortgagees.

1.11.11 "Foreclosure"

Foreclosure shall include a judicial and non-judicial Foreclosure, a real estate contract forfeiture, and a deed given in l.eu of such Foreclosure or sale.

1.11.12 "Land"

Land means the earth and the free or occupied space for an indefinite distance upward as well as downward, subject to the provisions or limitations contained in Section 2 01 of this Declaration, and subject to limitations upon the use of airspace imposed and rights in the use of the airspace granted, by the laws of the State of Washington or of the United States.

1.11.13 "Limited Common Elements"

Limited Common Elements means those portions of the Common Elements described in Section 4.

1.11.14 "Mortgage"

Mortgage shall mean a Mortgage, deed of trust, or real estate contract.

1.11.15 "Mortgagee"

Mortgagee shall include a deed of mist beneficiary, a vendor of a real estate contract, and may be a Mortgagee of the Condominium or a Mortgagee of a Unit.

1.11.16 "Mortgagee of a Unit"

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

1.11.17 "Mortgagee of the Condominium"

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

1.11.18 "Person"

Person includes an individual, corporation, partnership, limited partnership or association, limited liability company, trust, governmental subdivision or agency, or other legal entity.

1.11.19 "Property"

Property means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance Property includes parcels, with or without upper or lower boundaries, and spaces that may be filled with an° or water.

1.11.20 "Survey Map and Plans"

Survey Map and Plans means the survey map and the set of plans, filed in King County under the recording number shown on the cover page of this declaration, and any amendments thereto, showing the location, boundaries and other information relating to the land, buildings and the Units

1.11.21 "Unit" and "Condominium Unit"

Unit and Condominium Unit mean a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to. RCW 64.34 2040) "Separate ownership" includes leasing a Unit in a leasehold Condominium under a lease that expires contemporaneously with any lease, the expiration or termination of which will remove the Unit from Condominium

1.11.22 "Unit Owner", "Owner", or "owner"

Unit Owner, Owner or owner means Declarant or other Person who owns a Unit, but does not include a Person who has an interest in a Unit solely as security for an obligation or who is merely leasing a Unit in accordance with the provisions of this Declaration. Such terms when used herein mean the vendee, not the vendor, of a Unit under a real estate contract, and the grantor, trustor, or mortgagor under a Mortgage encumbering a Unit, not the mortgagee of a Unit under such Mortgage.

SECTION 2 DESCRIPTION OF LAND, BUILDINGS, AND UNITS

2.01 Land Described

The Declarant is the sole owner of the property legally described in Exhibit A attached hereto, on which include.: the buildings and Improvements (including all Common Elements such as recreational facilities and parking) are or are to be located and which is being developed as a Condominium After the sale of all Units to Unit Owners, the Unit Owners shall own the land in fee simple and none of the Common Elements (such as recreational and exercise facilities and parking) shall be subject to a lease with a third party unless otherwise stated herein or disclosed to the Unit Owners in writing prior to the conveyance of each Unit

2.02 <u>Description and Location of the Buildings</u>

Exhibit B attached hereto contains a statement of the number of buildings on the land as set forth and located on the Survey Map and Plans filed in conjunction with this Declaration.

2.03 Other Improvements

Other improvements such as recreational facilities, if any, are described on said Exhibit B hereto and may be shown on the Survey Map or disclosed in the public offering statement given as part of the first sale of a Unit

2.04 <u>Designation of Condominium Units</u>

The number of Units in the Condominium, designation of each Unit, and other data concerning its proper identification are set forth in said Exhibit B hereto and on the Survey Map. The interest granted by Declarant to a Unit Owner in a Unit shall be fee simple unless otherwise state herein or disclosed to the Unit Owner in writing before the conveyance.

2.05 Relocation of Adjoining Unit Boundaries

Subject to the provisions of this Declaration, the boundaries between adjoining Units may only be reallocated by amendment tothis Declaration upon application of the Unit Owners for those Units to the Association If the Unit 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 Association determines within thirty (30) days that the proposed reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Unit Owners of the affected Units, contains words of conveyance between them, and recorded in the name of the Grantor and the Grantee. The Association shall further obtain and record Survey Maps or Plans complying with the requirements of RCW 64 34 232(4) necessary to show the altered boundaries between the adjoining Units and their dimensions and identifying numbers.

SECTION 3 DESCRIPTION OF COMMON ELEMENTS

3.01 Description of Common Elements

The Common Elements consist of all parts of the Condominium other than the Units, specifically including the following

3.01.1 Land

The land above described on which the building are situated.

3.01.2 Structural Elements

The foundations, studding, joists, beams, supports, walls (excluding only non-bearing interior partitions of the Units), roofs, chimneys and fireplace walls, if any, and all other structural parts of the buildings to the boundaries of the Unit under the Act.

3 01.3 Central Services

The wires, pumps, motors, fans, ducts, and all other parts or apparatus of any common utility service, such as power, light, gas, hot and cold water, heating, air conditioning, incinerating, elevator and sewer whether they are located in partitions or otherwise, excluding the hot water tanks, heating systems, air conditioners and other such appliances located within individual Units, furniture, and communication elements, if any.

3.01.4 Access Features

The corridors, lobbies and halls outside the Units, stairways, elevators and elevator shafts, and the entrances and exits of the building, and walkways, driveways, and cul-de-sacs, which shall provide access to a public street

3.01.5 Landscaped Areas

The yards, gardens, and landscaped areas which surround the building, and any planters built into or adjacent to the buildings.

3.01.6 Walkways and Driveways

The driveways and walkways providing access to the building and the parking areas

3.01.7 Areas for Equipment, Equipment

The rooms and areas containing the elevator machinery, electrical, TV cable, or other building equipment, and any such machinery or equipment itself.

3.01.08 Refuse Disposal

The containers or equipment for refuse disposal, and the rooms where they are located or where refuse is placed or stored.

3.01.9 All Other Parts of the Property Necessary or Convenient

All Other Parts of the Property Necessary or Convenient to the Condominium's existence, maintenance and safety, or normally in common use, including the Unit if any, designated for the use of the building manager in the Survey Maps and Plans.

3.01.10 Portions of Common Elements to be Maintained by Owner

Certain items which are ordinarily considered Common Elements, such as but not limited to screen doors, window screens, awnings, storm windows, planter boxes, and the like, may, pursuant to a decision of the Board of Directors and specification in the Bylaws, or rules and regulations adopted by the Board of Directors, be designated as items to be furnished and maintained by owners at their individual expense

3.02 Declarant's Rights to Modify

The Declarant may, within eighteen (18) months from the date of recording this Declaration, modify certain aspects of the Common Elements to improve their usefulness to the Condominium. The Declarant reserves the right to make any such modifications in its sole discretion. This Section is not limited in its extent and affects all the Common Elements

SECTION 4 DESCRIPTION OF LIMITED COMMON ELEMENTS

4.01 <u>Description of Limited Common Elements</u>

The Limited Common Elements, which are reserved for the use of designated Units to the exclusion of the other Units, consist of the following:

4.01 1 Deck, Patio. Yard

Any deck, patio, yard, or similar amenity designed to serve a single Unit as shown on the Survey Map and Plans. The boundaries of such elements are defined as the interior surfaces of the walls, floor, ceiling, windows, ground, railings, or fence enclosing such elements If no such enclosure exists, the boundaries shall be depicted on the Survey Map and Plans

4 01.2 Flues

The fireplace flue which serves only one Unit

4.01.3 Parking

The parking space(s) assigned to a Unit on Exhibit C attached hereto or in the deed to a Unit as shown on the Survey Map and Plans, the boundaries of said space(s) being defined as the interior surfaces of walls, floor, and striping enclosing said parking space(s) Declarant reserves the right to convert those Common Elements which Include parking spaces to Limited Common Elements and to allocate such parking spaces to Units either prior to or contemporaneously with the conveyance of such Unit by Declarant Any parking spaces, garages or storage areas that are not allocated within seven (7) years after the recording of this Declaration, shall remain Common Elements.

4 01.4 Storage

The storage areas, if any, the boundaries of such areas being defined as the interior surfaces of the top, bottom and sides of the area or compartment

4.02 <u>Parking. Etc.</u>

Assignment The parking spaces and storage areas assigned to individual Units are described in said Exhibit C attached. The balance of any parking spaces and storage areas, if any, not assigned to specific Units on said Exhibit C or subsequently assigned by Declarant pursuant to Section 4 01 3, shall continue part of the Common Elements to be used in accordance with the rules and regulations established from time to time by the Board of Directors. Parking spaces and storage areas assigned to each Unit shall be transferred with the fee interest in the Unit regardless of whether the parking spaces and storage areas are identified in the deed or other conveyance instrument.

4.03 Rental or Lease of Parking and/or Storage Rights

After the Declarant's initial assignment, a Unit Owner may rent or lease the parking space or storage area assigned to that Unit only to the tenant of the Unit under a valid lease meeting the requirements specified in Section 11.12, or to another Unit Owner, provided, that the rental or lease term shall automatically expire on the date the lessor/Unit Owner disposes of his interest in the Unit (whether such disposition is by deed, contract or otherwise); and provided further, that the Board of Directors shall be notified in writing of the existence of any such rental or lease arrangement for parking spaces or storage areas

4.04 Reallocation, Conversion and Incorporation

Declarant shall have the absolute and exclusive right to reallocate Limited Common Elements between and among Units that are owned by Declarant Any such reallocation may be accomplished by an amendment to the Declaration signed only by Declarant. A Limited Common Element may only be reallocated between Units not owned by Declarant with the approval of the Board of Directors 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, and the written approval of all Mortgagees who hold a Mortgage secured by the Units to which the Limited Common Element was and will be allocated The Board of Directors shall approve the request of the Owners to such a reallocation within thirty (30) days, unless the proposed reallocation does not comply with the Act or this Declaration The failure of the Board of Directors to timely act upon such a request shall be deemed approval of the request. The Amendment to the Declaration accomplishing such reallocation shall be recorded in the names of the Unit Owners affected thereby and in the name of the Condominium.

The Owners of Units to which at least 67% of the votes are allocated including the owner of the Unit to which the Common Element will be assigned or incorporated, must agree to the reallocation of a Common Element as a Limited Common Element or to incorporate a Common Element or a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, or Survey Map and Plans

SECTION 5 PERCENTAGE INTEREST AND VOTING RIGHTS OF EACH CONDOMINIUM UNIT

5.01 Voting Rights and Unit Percentage Interests

Exhibit "B" sets forth the percentage of undivided interest in the Common Elements and voting rights for each Condominium Unit. The established percentage interests shall be deemed to be conveyed with and as an encumbrance on the Units, whether or not mentioned in the instrument evidencing the encumbrance or conveyance.

5.02 Transfer of Units and Common Elements

All rights granted to a Unit Owner under this Declaration, including without limitation an unrestricted right of ingress and egress to his/her Unit, shall be perpetual and pass with the Unit upon any transfer of ownership Any transfer of ownership of a Unit shall include a transfer of the undivided interest in the Common Elements allocated to that Unit and any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred

SECTION 6 OWNERS' ASSOCIATION

6.01 Form of Association

On or before the date the first Unit is conveyed, the Association will be incorporated as a non-profit corporation under the laws of the State of Washington The name of the Association shall be "Richmond Manor Condominiums Owners Association" or a substantially similar name. In the event of any conflict between this Declaration and the Articles of Incorporation or Bylaws for such non-profit corporation, the provisions of this Declaration shall prevail.

6.02 Membership

Each of the Unit Owners, including the Declarant, shall be a member of the Association and shall be entitled to one membership for each Unit so owned.

6.03 Transfer of Membership

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

6.04 Number of Votes

The total voting power of all Owners taken together shall be 100 votes, and the total number of votes of the Owner or Owners (hereinafter referred to collectively as "Owner") of any one Unit shall be equal to the percentage of undivided interest in the Common Elements pertaining to such Unit as set forth in Exhibit B attached hereto.

6.05 <u>Voting Owner</u>

The Owner of each Unit shall designate one representative to represent such Owner in the Association, by written notice to the Board of Directors A designated representative need not be an owner of a Unit. A designation may be revoked at any time by the owner of the Unit on written notice to the Board of Directors, and the death or Judicially declared incompetence of all persons constituting the owner of a Unit shall revoke the designation; provided, however, that such revocation shall not be effective until the Board of Directors has been notified. Where no designation is made, or where a designation has been made, but is revoked and no new designation is made, the designated representative of such Unit shall be the group comprised of all persons constituting the owner. If a person owns more than one Unit, he shall have the votes for each Unit owned The Declarant shall be the voting owner with respect to any Unit owned by it. Natural persons, partnerships, corporations, trusts or other legal entities may own or have an ownership interest in Units.

6.06 Pledged Votes

In the event the owner of a Unit has pledged his vote regarding special matters to a Mortgagee, and written evidence of the pledge has been filed with the Association, only the vote of such Mortgagee will be recognized concerning the special matters for which the vote was pledged This paragraph shall not be amended without the written consent of all the owners and their respective Mortgagees

6.07 Joint Owner Disputes

The vote for a Unit must be cast as a single vote, and fractional votes shall not be allowed In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than the allocated vote under Section 6 04 is cast for a particular Unit, none of said votes shall be counted, and said votes shall be deemed void.

6.08 Annual Meetings

The Association shall hold its annual meeting in the third quarter of each calendar year at such reasonable place and time as may be designated by written notice of the Board of Directors to the owners no less than fifteen (15) days prior to the date fixed for the meeting

6.09 Special Meetings

A special meeting of the Association may be called at any time by the President, a majority of the Board of Directors, or at the written request of at least seven (7) Owners having twenty (20) or more votes among them Written notice shall be given to all Owners not less than fifteen (15) days prior to the date fixed for the special meeting, in accordance with the Bylaws

6.10 Quorum

The quorum at an annual or special meeting of the Association shall be the presence, in person or by proxy, of owners having fifty-one (51) or more votes. If a quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, unless otherwise expressly provided herein in the event a quorum is not present at any meeting, the owners present, though less than a quorum, may adjourn the meeting to a later date and give notice

thereof to all the owners in accordance with the notice provisions of this Declaration and at the reconvened meeting the owners present shall constitute a quorum provided they have at least twenty-five (25) votes; provided further, that at such reconvened meeting, no amendment to the Declaration shall be adopted except as provided in Section 19 herein, and no amendment to the Bylaws may be adopted unless owners having sixty (60) or more votes in favor of such amendment, and all other requirements of the Bylaws are satisfied

SECTION 7

ADMINISTRATION DURING INTERIM PERIOD, ELECTION OF BOARD OF DIRECTORS AND OFFICERS, AND ADOPTION OF BYLAWS

7.01 Adoption of Bylaws

The Declarant shall adopt the initial Bylaws of the Association to provide for the administration of the Condominium consistent with this Declaration and the Act

7.02 <u>Management by Declarant</u>

Prior to the conveyance of the first Unit, the Declarant shall appoint the initial directors on the interim Board of Directors of two (2) persons who need not be Unit Owners. This interim Board of Directors (and the Declarant prior to the appointment of such interim Board of Directors) shall exercise the rights, duties, and functions of the Board of Directors as set forth in this Declaration until the Declarant calls a special meeting of the Association for the purpose of electing new directors to the interim Board of Directors as set forth in Section 7.03, provided that, after appointing the initial directors of the interim Board of Directors, the Declarant in the exercise of its sole discretion may at any time remove such directors and appoint replacement directors except as limited. in Section 7 07 below for directors elected by the Unit Owners other than the Declarant.

7.03 <u>Election by Unit Owners</u>

The Declarant shall call a special meeting of the Association to be held no later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Units for the purpose of electing one (1) additional member to the interim Board of Directors Such director shall be elected by the majority vote of Unit Owners other than the Declarant, and shall serve, until the final Board of Directors is elected pursuant to Section 704 and the Bylaws

7.04 <u>Election of the Final Board of Directors</u>

The Declarant shall call a special meeting of the Association for the purpose of electing the final Board of Directors to be held no later than the earlier of (a) three (3) years from the first conveyance of record of a Unit except as security for a debt; (b) two (2) years from the date of the last conveyance of record of a Unit except as security for debt; or (c) sixty (60) days from the date on which the Declarant shall have closed the sale of seventy-five percent (75%) of the Units At the special meeting, the initial directors shall resign and the Unit Owners shall elect the final Board of Directors consisting of five (5) persons, a majority of whom shall be Unit Owners, and who shall serve without compensation

7.05 Terms of Directors

The terms of the first directors elected to the final Board of Directors pursuant to Section 7 04 shall be staggered, with two (2) directors elected for one (1) year terms, and three (3) directors elected for two (2) year terms, or until their respective successor is elected, whichever is later, and a director may be elected to serve for an additional term or terms After the first election of directors to the final Board of Directors, directors will be elected as terms expire, for two (2) year terms.

7.06 Vacancies on Board of Directors

Vacancies on the Board of Directors shall be filled by the majority vote of the members of the Association described in Section 6 of this Declaration.

7.07 Removal of Directors

Any director may be removed and a successor elected for the remaining portion of his or her term by the majority vote of the members of the Association

7.08 Quorum

At least sixty percent (60%) of the members of the Board of Directors shall be required for a quorum The Board of Directors shall act by majority vote of those present at its meetings where a quorum exists. Meetings may be called, held and conducted in accordance with such rules and regulations as the Board of Directors may adopt

7.09 Officers

The Board of Directors shall elect a President of the Association from among its members, who shall hold office for one (1) year or until his successor is elected and shall preside over both its meetings and those of the Association. The Board of Directors shall also elect a Vice President and a Secretary/Treasurer who shall hold office for one (1) year or until their successors are elected. All officers shall serve at the discretion of the Board of Directors and shall be subject to removal by majority vote of the Board of Directors at any time as provided in the Bylaws of the Association.

7.10 Indemnification

Except directors or officers elected or appointed by the Declarant who breach a fiduciary duty owed to the Unit Owners, every director and officer shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases where the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided that in the event of a settlement, the indemnification provided herein shall apply only when Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled

7.11 No Personal Liability

Except as provide in the Act for torts which were committed by the Declarant or for which the Declarant is expressly made liable, and so long as a director, or an Association committee member, or an Association officer, or Declarant exercising the powers of the Board of Directors, has acted in food faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any owner, or to any other party, 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 are covered by insurance obtained by the Board of Directors

7.12 Amendment of Bylaws

The Bylaws may be amended, in whole or in part, by vote of Unit Owners having sixty percent (60%) of the voting power at any annual meeting or special meeting called for that purpose. The Board of Directors shall not amend or repeal any Bylaws adopted by the owners, provided that the owners shall not amend the Bylaws without the Declarant's written consent until the Declarant has closed the sale of seventy-five percent (75%) of the Units.

7.13 Liability for Utility Failure, Etc.

Except to the extent covered by insurance obtained by the Board, none of the Association, the Board, the Manager (as defined below), or Declarant shall be held liable for the failure of any utility or other service obtained and paid for by the Association, 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 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 liability or service failure, or for such injury or damage, or for such inconvenience or discomfort

SECTION 8 AUTHORITY AND DUTIES OF BOARD OF DIRECTORS

8.01 <u>Authority of the Board of Directors</u>

The Board of Directors, for the benefit of the Condominium and the owners, shall enforce the provisions of this Declaration and of the Bylaws, shall have all powers and authority permitted to the Board of Directors under the Act and this Declaration, and shall acquire and pay for out of the common expense fund, hereinafter provided for, all goods and services requisite for the proper functioning of the Condominium, including but not limited to the following°

8.01.1 Utilities

All necessary utility services for the Common Elements and all such services for the Limited Common Elements and the Units if not separately metered or charged, in which case, the Board of Directors may

by reasonable formula allocate a portion of such expense to each such Unit involved as part of its common expenses.

8.01.2 Insurance

Policies of insurance or bonds providing coverage for fire and other hazards, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the Bylaws

8.01.3 Additions to Common Elements

Additions or improvements to the Common Elements not provided by the Declarant

8.01.4 Workmen's Compensation Insurance

Workmen's compensation insurance to the extent necessary to comply with any applicable laws

8.01.5 Manager

The services of a person or firm to manage the building (hereinafter called the "Manager") to the extent it deems advisable as well as such other personnel as are necessary in its opinion for the proper operation of the Condominium. The Board of Directors may delegate any of its duties, powers or functions to the Manager, provided that any such delegation shall be under a written contract permitting termination by the Association, for cause, upon thirty (30) days written notice and also permitting termination by either party without cause or payment of a termination fee, on ninety (90) days written notice, and containing such other terms and conditions as the Board of Directors may determine, subject to the requirements of Section 15.12 Any such management contract entered into prior to a transfer of control by Declarant to the Unit Owners must provide that it may be terminated by the Association at any time without cause after such transfer of control A contract for management may not be for term in excess of one (1) year, renewable by agreement of the parties for successive one-year periods. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

8.01.6 Professional Services

The legal and accounting services necessary or proper for the operation of the project or enforcement of this Declaration, the Bylaws and the Association rules and regulations

8.01.7 Maintenance

The painting, maintenance, repair and all landscaping and gardening work for the Common Elements, exclusive of the Limited Common Elements, which shall be maintained by the Unit Owners to which such Limited Common Elements are assigned or relate as provided in Section 11 05 Limited Common Elements may be maintained, painted or repaired with the use of Association funds if the Board of Directors, in its discretion, determines that such use of funds is advisable

8.01.8 Furnishing

Such furnishings and equipment (and maintenance of such items) or the Common Elements, as it shall select

8.01.9 Other necessary Expenditures

Any other materials, supplies, structural alterations, furniture, labor, services, insurance, taxes or assessments which the Board of Directors is required to secure or pay for pursuant to the terms of this Declaration, the Bylaws, or under law, or which in its opinion, is necessary or proper or the operation of the Condominium, or for the enforcement of this Declaration or the Bylaws, provided that if any such services are provided for particular Units, the cost thereof shall be specifically assessed to the owners of such. Units and shall be immediately due and payable to the Association.

8.01.10 Lien

The Board of Directors may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which may or is claimed, in the opinion of the Board of Directors, to constitute a lien against the property or against the Common Elements, rather than merely against the interest therein of particular owners Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expense incurred by the Board of Directors by reason of such lien or liens shall be assessed against the owners and the Units responsible to the extent of their responsibility and shall be immediately due and payable to the Association.

8.01.11 Repair of Unit

The maintenance and repair of any Unit, if (1) such maintenance or repair is necessary, in the discretion of the Board of Directors, to protect or preserve the appearance and value of the Common Elements or any other portion of the property, and (2) the owner of said Unit has failed or refused to perform the maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair is delivered to the owner by the Board of Directors. The Board of Directors shall levy a special assessment against such Unit and the owner thereof for the cost of the maintenance or repair and the same shall be immediately due and payable to the Association

8.01.12 Representation by Association

The Association shall represent the Unit Owners in any proceedings related to the condemnation., destruction, or liquidation of all or part of the Condominium, and shall have the sole authority to participate in all negotiations and enter into all related settlements or agreements on behalf of the Unit Owners. The Unit Owners hereby appoint the Association as their attorney-in-fact in all such matters

8.02 <u>Limitations on Board of Directors' Authority</u>

Despite the foregoing, the Board of Directors shall not have the authority to acquire and pay for out of the common expense fund capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of Five Thousand Dollars (\$5,000.00) without first obtaining the affirmative vote of the owners holding a majority of the voting power represented at a meeting called for such puipose, or if no such meeting is held, then the written consent of the owners having not less than fifty-one (51) votes, provided that any expenditure or contract for capital additions or improvements in excess of Fifty Thousand Dollars (\$50,000.00) must be approved by the Owners having not less than seventy-five (75) votes

8.03 No For-Profit Business

Nothing contained herein shall be construed to give the Board of Directors authority to conduct an active business for profit on behalf of the owners.

8.04 Exclusive Right to Contract

The Board of Directors shall have the exclusive right to contract for all goods and services, the payment for which is to be made from the common expense fund

8.05 No Structural Changes Without Authorization

The Board of Directors shall not make any structural changes in the building without the approval by a vote of the owners holding no less than seventy-five (75) votes No structural change which affects a Condominium Unit shall be made except with the approval of the owner and any first Mortgagee of the Unit affected

8.06 Acquisition of Property

The Board of Directors may, from common font of the Association, acquire and hold in the name of the Association, for the benefit of the owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the owners in the same proportion as their respective interests in the Common Elements, and such property shall thereafter be held, sold, leased, rented, Mortgaged or otherwise dealt with for the benefit of the common fund of the Association as the Board of Directors may direct The Board of Directors shall not, however, in any case acquire by lease or purchase real property or personal property valued in excess of Five Thousand Dollars (\$5,000.00) without first obtaining the affirmative vote of the owners holding a majority of the voting power represented at a meeting called for such purpose, or if no such meeting is held then the written consent of the owners having not less than fifty-one (51) votes, or valued in excess of Fifty Thousand Dollars (\$50,000.00) without first obtaining the affirmative vote of the owners having not less than seventy-five (75) votes

8.07 Authorization to Board of Directors

In the event the money in the common expense fund is insufficient to pay the expenditures provided for herein, the Board of Directors is authorized to borrow money to meet such expenditures on behalf of the Association and, to secure the repayment thereof, encumber (subject to the limitations set forth in this Declaration) any portion of the Common Elements not necessary for the habitability of any Unit Prior to encumbering any Common Elements, however, the Board of Directors shall obtain all necessary approvals of Unit Owners under the Act.

8.08 Limitation on Liability of Directors

To the extent permitted by law and subject to Section 7.13 above, the members of the Board of Directors and the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors hereunder, or injury or damage to person or property caused by the elements or by another owner or person; or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any parts of the building, or from any of its pipes, drains, conduits, appliances or equipment, or from any other cause or place, or resulting from loss, damage of theft of articles used or stored by owners on the property or in Units No diminution or

abatement of assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Elements, or from any action taken to comply with any law, ordinance or orders of a governmental authority This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association. This Section also extends to the Declarant exercising the powers of the Board of Directors during the initial period of operation of the Association and Condominium

8.09 Entry For Repair

The Association shall have the right to enter any Unit and any Limited Common Element to effect emergency repairs, and shall have a reasonable right of entry thereupon to effect other repairs, improvements, replacements or maintenance deemed necessary Such entry shall be made with as little Inconvenience to the owner as practicable, and any damage caused thereby shall be repaired by the Board of Directors at the expense of the common expense fund. The Board of Directors shall be provided with door keys and burglar alarm keys for each Unit to facilitate access in an emergency, and, for such purposes, shall supply these to the Manager, if any, from time to time as may be specified in the roles and regulations for the Condominium

8.10 Notice of Conveyances Required

The right of Unit Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board of Directors, or anyone acting on their behalf. A Unit Owner intending to sell a Unit shall deliver a written notice to the Board of Directors, at least two weeks before closing, specifying the Unit being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest, and the estimated closing date The Board of Directors 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. This section shall not apply to the Declarant when closing the first sale of any Units owned by it.

8.11 Maintenance of Common Elements and Limited Common Elements

The Association shall maintain and repair the Common Elements and Limited Common Elements, except as otherwise provided herein

8.12 Failure to Comply with Declaration

The Association and any aggrieved Unit Owner shall have a right of action against any other Unit Owner who fail to comply with this Declaration or the decisions made by the Association Unit Owners shall also have a right of action against the Association for any failure by the Association to comply with its obligations under this Declaration

8.13 Right to Grant Easements or Encumber Common Elements

The Association shall have the right to grant easements, licenses, leases, or other interests through or over the Common Elements. The Association may convey or grant a security interest in portions of the Common Elements which are not necessary for the habitability of any unit provides such action is approved by Unit Owners to which at least eighty percent (80%) of the votes in the Association are

allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant; provided, however, all Unit Owners to which any Limited Common Element is allocated must agree before the Association may convey or grant a security interest in that Limited Common Element Proceeds of the conveyance or financing are an asset of the Association Any agreement for the sale or financing of Common Elements shall be in writing, contain a legal description of the Common Elements affected thereby, shall be signed by all Unit Owners who are required to consent to such action, and all such signatures shall be acknowledged. The agreement shall be recorded in the county in which the property is located shall contain a deadline by which it must be recorded No conveyance or encumbrance of Common Elements pursuant to this section shall deprive any Unit of its right of access or support.

SECTION 9 COMMON EXPENSE ASSESSMENTS ACCORDING TO BUDGET

9.01 Estimated Expenses

The Board of Directors shall have power to levy assessments against all Units for the purpose of creating and replenishing a common expense fund with which to pay "common expenses" as that term is defined in the Act and any other expenditures which the Board of Directors is herein authorized to make. After the initial assessment, all subsequent assessments shall be made against all Units at least annually based on a budget adopted at least annually by the Board of Directors and levied in proportion to percentage interest in Common Elements of the respective Units as shown in Exhibit "B" Within thirty (30) days prior to the beginning of each calendar year, or such other fiscal year as the Board of Directors may adopt, the Board of Directors shall estimate the charges (including common expenses, and any special charges for particular Units) to be paid during such year, shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations, as well as for repair, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board. of Directors shall also create a reserve fund for replacement of those Common Elements facilities which may reasonably be expected to require replacement prior to the end of the useful life of the buildings. The Board of Directors shall calculate the contributions to said reserve fund from the regular monthly assessments 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. The Declarant may at any suitable time, but not later than the date of conveyance of the first Unit, establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any Unit Owner's assessment), the Board of Directors may at any time levy a further assessment, which shall be assessed to the owners in like proportions until an assessment is made in accordance with this Section 9 The Declarant shall pay all common expenses until the Board of Directors has made an assessment pursuant to this Section 9

9.02 Other Charges

The Board of Directors may, in its sole discretion, impose and collect charges for the following additional items, which shall be enforceable as assessments:

9.02.1 Payments, Fees or Other Charges

Payments, fees, or other charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Section 4 of this Declaration, and for services provided to Unit Owners.

9.02.2 Charges for Late Payment

Charges for any late payment of assessments established by the Board of Directors and after notice and an opportunity to be heard by the Board of Directors or by such representative designated by the Board of Directors and in accordance with such procedures as provided in this Declaration or the Bylaws or rules and regulations adopted by the Board of Directors, levy reasonable fines in accordance with a previously established schedule adopted by the Board of Directors and furnished to the Unit Owners for violations of the Declaration, Bylaws, and rules and regulations of the Association.

9.02.3 Charges for Preparation and Recording

Reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates, and statements of unpaid assessments

9.03 Payments by Owners

Each owner shall be obligated to pay his share of the common expenses and other charges made pursuant to this Section 9 to the Secretary/Treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board of Directors shall designate Any unpaid assessments shall bear interest at the rate established under Section 10 03 from the due date until paid Unpaid assessments shall constitute a lien upon the Unit which has not paid its respective share thereof from the due date until paid

9.04 Separate Accounts

The Board of Directors shall require the Association to maintain separate accounts for current operations, reserves, and a special separate reserve account for payment of insurance. Each month the Board of Directors shall first deposit to the insurance reserve account that portion of the common expense assessment necessary to pay at least one-twelfth of the total cost of all of the insurance policies regarding the Condominium project and such insurance reserve account shall be held separate and inviolate until utilized for payment of insurance premiums Thereafter, the remainder of the common expense assessment collected may be utilized for payment of other expenses or deposited or credited to other accounts. Any expenditure of reserve funds shall require the signature of at least two persons who are officers or directors of the Association.

9.05 Failure to Assess Not Waiver

Any failure by the Board of Directors or the Association before the expiration of any year to fix the estimated cash requirements and assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provision of this Declaration, or a release of the owner

from the obligation to pay the assessment thereof, for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed

9.06 Record Keeping

The Board of Directors shall cause to be kept detailed, accurate records, according to generally accepted accounting principles, of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred The records shall be sufficiently detailed to enable the Association to comply with its duties under RCW 64 34 372 and 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

9.07 <u>Declarant Liability</u>

The assessments provided for in this Declaration shall be imposed on Units owned by the Declarant and affiliates of the Declarant (as defined in the Act) on the same basis as imposed on all other Units, regardless of whether Declarant-owned Units are vacant or have been sold, leased or rented.

9.08 Initial Working Capital

The Declarant shall establish a working capital fund at least equal to two months estimated common charges for each Unit Any amounts paid into this fund shall not be considered as advance payments of regular assessments. Each Unit's share of the working capital fund shall be collected and refunded to Declarant at the time the sale of the Unit is closed or when control of the Project is transferred to the Association, whichever is earlier When control of the Project is transferred, the working capital fund shall be transferred to the Association for deposit to a segregated fund The Declarant shall not use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association when Units are initially sold, the Declarant may use funds collected at closing to reimburse itself for funds paid to the Association for each unsold Unit's share of the working capital fund.

9.09 Commencement of Assessments

The Association shall commence making assessments according to a budget adopted pursuant to Section 9 01 above not later than the date the final Board of Directors is elected pursuant to Section 7.04 above. Prior to that date, The Declarant shall have the discretion to pay all common expenses in lieu of making assessments. In addition, prior to the election of the final Board of Directors, the Declarant may elect to make assessments based upon the actual costs of maintaining, repairing, operating and insuring the Common Elements rather than based upon a budget adopted pursuant to Section 9 01 above.

SECTION 10 COLLECTION OF ASSESSMENTS

10.01 Lien Indebtedness

Unpaid assessments (imposed pursuant to Section 9) shall be the separate, joint and several personal debts of the owner or purchaser by voluntary conveyance of Units for which the same are assessed Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waving the lien securing same The amount of any assessment against a Unit, plus interest, costs, and attorneys' fees pursuant to Section 10.03 shall constitute a lien upon such Unit prior to all other liens, except (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 Notwithstanding the foregoing, the lien for assessments for common expenses excluding amounts for capital improvements shall be prior to the Mortgages specified in (b) of this section if it is foreclosed judicially pursuant to Section 10.02.04. Such pnonty is limited to assessments coming due within the six (6) month period prior to the date of any Foreclosure sale or the date a declaration of Foreclosure is recorded in a real estate contract forfeiture Such pnonty shall be reduced by up to three (3) months for delinquent assessments relating to a period prior to the date the Association fails to give written notice of the delinquency to an Eligible Mortgagee or a First Mortgagee on a Unit who has requested in writing the right to receive such notice.

10.02 Collection of Delinquent Assessments

The Board of Directors shall enforce collection of any delinquent assessment in the following manner, or in any other manner permitted by law

10.02.1 Security Deposit

Should an owner be chronically delinquent in paying any assessments, the Board of Directors may, in its discretion, require such owner from time to time to make a security deposit not in excess of three (3) months' estimated monthly assessments, which may be collected in the same manner as other assessments Such deposit shall be held in a separate fund, credited to such owner, and resort may be made thereto at any time when an owner is ten (10) days or more delinquent in paying his monthly or other assessments.

10.02.2 Action to Foreclose

The Board of Directors may commence an action to foreclose a lien for assessments made pursuant to Section 9 and in any such action shall be entitled to recover attorneys' fees and costs pursuant to Section 10 03, and shall further be entitled to seek the appointment of a receiver as provided in the Act The judgment in the action foreclosing the lien shall be for an amount equal to all delinquent assessments and advances, plus Iall costs and expenses in connection with such action and any receivership, including a reasonable sum as attorneys' fees and for the cost, if any, of obtaining a title report.

10.02.3 Non-judicial Foreclosure

The Board of Directors may commence an action to foreclose a lien for assessments non-judicially pursuant to RCW 6124 as permitted by RCW 64.34.364(9), and in such foreclosure may recover its reasonable attorneys' fees and all costs and expenses reasonably incurred in the preparation or prosecution of such foreclosure.

For the purposes of permitting such non-judicial foreclosure (a) the Condominium is granted in trust to a Title Insurance Company (herein the "Trustee") to secure the Unit Owners' respective obligations to pay assessments when due, (b) the Trustee is granted the power to sell the individual Units, (c) the Units are not used principally for agricultural or farming purposes; and (d) the foregoing power of sale shall be operative with respect to any Unit if the owner of that Unit fails to pay assessments with respect to any Unit when due.

10.03 Attorneys' Fees, Costs and Inerest

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 The Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment Until a different rate is set by the Association, delinquent assessments shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum as currently or such higher maximum rate as may be permitted under RCW 19 52.020 on the date of delinquency, in the discretion of the Board of Directors

10.04 Liability of Mortgagee

In the event the Mortgagee of the Condominium obtains any unsold Units as a result of the Foreclosure of the Mortgage covering the Condominium or if after initial sale the Mortgagee requires any Unit, or if at any time the Mortgagee retains any Unit and grants or leases the same, the Mortgagee shall be liable for the normal assessments for such Unit, provided that except as provided in Section 10.01 the Mortgagee will not liable for any pastdue assessments which accrued or became due prior to the time the Mortgagee obtained possession of a Unit by Foreclosure. Any other Mortgagee who obtains possession of a Unit through Foreclosure shall not be liable for assessments which accrued prior to such right of possession, except to the extent provided in Section 10 01 above.

10.05 Liability after Sale of a Unit

The lien for unpaid assessments shall not be affected by the sale or transfer of a Unit, and the buyer of the Unit shall be jointly and severally liable with the seller of the Unit for all unpaid assessments up to the time of the sale without prejudice to the buyer's right to recover from the seller the amounts paid for such delinquent assessments. Provided, however, the buyer is not liable for any assessments delinquent at the time a resale certificate was provided to the buyer pursuant to RCW 64.34.425 to the extent such delinquent assessments were not shown in the resale certificate. Notwithstanding the foregoing, the holder of the Mortgage or other buyer of a Unit who obtains the right of possession of the Unit through Foreclosure shall not be liable for assessments or installments that became due prior to such right of possession except to the extent of assessments that were prior to the foreclosed Mortgage pursuant to Section 10.01 above. Foreclosure of such Mortgage shall extinguish the subordinate lien for unpaid assessments except to the extent of assessments that were prior to the foreclosed Mortgage pursuant to Section 10.01 above.

SECTION 11 REGULATION OF USES

11.01 Residential Use

The building and Units shall be used for single family residential purposes only, on an ownership or lease basis; and for the common social, recreational and other reasonable uses normally incident to such purposes including use as a home office not involving use by nonresident employees or regular visits by customers or clients Units may not be used or sold on a timeshare basis and timesharing under RCW 64.36 is prohibited The building and Units may also be used for the purpose of operating and managing the Condominium. Determination of reasonableness and whether or not a use is incident to residential uses shall be made by the Board of Directors and shall be binding on all owners. Home occupations are permissible only to the extent allowed by applicable city ordinances; provided, however, that in no event may signs be displayed in connection with any such home occupation The Board of Directors may by rule or regulation specify the limits of this use in general and also in particular cases

11.02 <u>Facilities Required By Declarant</u>

Notwithstanding any other provisions of this Declaration, the Declarant, its agents, employees and contractors, may maintain during the period of completion of the Condominium and until the Declarant has sold all Units, reasonably necessary construction facilities, one or more model Units, a business or sales office, signs and storage facilities

11.03 Parking

Parking spaces other than enclosed garages are restricted to use for parking of operative automobiles only The Board of Directors may require removal of any inoperative or unsightly vehicle, and any other equipment or item not stored in parking spaces in accordance with this provision If the same is not removed, the Board of Directors may cause removal at the nsk and expense of the owner thereof. The use of all parking areas is also subject to all rules and regulations adopted for the Association from time to time.

11. 04 Driveways, Walkways, Etc.

Driveways, walkways, halls, corridors, stairways and other portion of the Common Elements and facilities used for access shall be used exclusively for normal ingress and egress, and no obstructions shall be placed therein unless permitted by the Board of Directors or the Association's rules and regulations

11.05 Maintenance and Modification of Units and Limited Common Elements

11.05.1 Maintenance of Unit

Each Unit Owner shall, at his sole expense, keep the interior of his Unit, all parts of its related Limited Common Elements and the equipment, appliances, appurtenances relating thereto, in a good and sanitary condition, free of rodents and pests, and in good order, condition, repair and appearance and shall do all decorating and painting at any time necessary to maintain the good appearance and condition of the Unit Each Unit Owner shall be responsible for the maintenance, repair or replacement

of any plumbing fixtures, water heaters, fans, heating, cooling, or other equipment, fireplace flues, electrical fixtures or appliances which may be in, or part of, his Unit and shall replace any glass in the windows and in the exterior doors of the Unit that become cracked or broken.

11.05.2 Right to Modify Unit

Without limiting the generality of the foregoing, each Unit Owner may, at his sole cost and expenses, maintain, repair, paint, or finish, refinish or change surfacing of the interior surfaces of the ceiling, floors, window frames, doors, trim, and the perimeter walls of his Unit, provided that hard surface flooring not originally installed may not be installed without the prior written approval of the Board of Directors Each Unit may alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls This section shall not be construed to permit interference with or damage to the structural integrity of the building or interference with the use and enjoyment of the Common Elements, or of the other Units, or to authorize, without Board of Directors' approval and compliance with the requirements of this Declaration, intrusion into the Common Elements, or any waste

11.05.3 Appearance of Limited Common Elements

Notwithstanding the provisions of Sections 11.05.1 and 11.05.2, Unit Owners may not modify, paint or otherwise decorate, or in any way alter their respective Limited Common Elements without prior approval of the Board of Directors and in all events must act pursuant to the Association's rules and regulations. The Board of Directors may in whole or in part assume the maintenance for Limited Common Elements.

11.06 Exterior Appearance

In order to preserve the uniform appearance of the building, and the Common Elements, particularly those visible to the public, the Board of Directors may require and provide for the painting and finishing of the building, balconies, decks or other Common Elements, and prescribe the type and color of the surfaces and finishes. It may prohibit, require or regulate any modification or decoration of the building, balconies, decks or other Common Elements, including any such items as screens, doors, awning, rails or other portions of each Unit and the building visible from the exterior The Board of Directors may regulate and control the items stored in or used on the Limited Common Elements in order to preserve the good appearance and condition of the entire Condominium, In addition, this regulatory power extends to the control of the color of blinders, draperies and under-drapes or drapery linings of each Unit Without limiting such authority or discretion of the Board of Directors, all curtains, blinds, draperies, or other ulterior window coverings of any type for any Unit shall be supplied by, and at the sole cost of, the Unit Owner (other than Declarant), and all portions of such window coverings, including under-drapes and drapery linings, visible from the exterior, shall be white or off-white in color No exterior radio, television or satellite reception antennas or dish may be installed without the prior written consent of the Board of Directors, except to the extent this restriction is contrary to law Outdoor barbeques are to be used by a Unit Owner only in a manner so as not to cause excessive smoke, odor or other nuisance to any other Units.

11.0 Uses Affecting Insurance

The Unit Owners shall not permit anything to be done or kept in the Units or in the Common Elements which will increase the insurance premiums for the Condominium, result in the cancellation of insurance on any part of the Condominium, or would be in violation of any applicable laws or regulations, without the consent of the Board of Directors.

11.08 Signs

No signs of any kind shall be displayed to the public view on or from any Unit or from the Common Elements without the prior consent of the Board of Directors or pursuant to the Association's rules and regulations from time to time, provided, that the Board of Directors shall, by appropriate rule, permit temporary placement of a sign, at a place designated by the Board, indicating that a Unit is for sale or lease This Section shall not apply to the Declarant

11.09 Animals

No more than one (1) small domesticated dog or cat (not exceeding a weight of twenty (20) pounds) may be kept as a pet by the Unit Owners of any Unit, subject to such reasonable rules and regulations as the Board of Directors may from time to time adopt The Board of Directors, acting in accordance with any such rules and regulations, may require the removal of any pet which the Board finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain All other domesticated and non-domesticated animals of whatsoever kind or nature are strictly prohibited and may not be kept in any Units or anywhere in or upon the Condominium, nor may any animal be bred or used therein for any commercial purpose

Authorized pets will not be allowed on any Common Elements (or Limited Common elements allocated for the use of more than one Unit) unless they are on a leash or being carried and are being walked to or from the Owner's Unit to a public walk or street. At all times the Common Elements shall be free of any pet debris, including food and feces matter At no time is pet feces to be deposited in garbage Any outside facility for an authorized pet, such as a container or litter box, must be located within the Owner's Unit or in or upon the assigned limited Common Elements for the Owner's Unit, and must be maintained by the Owner in a clean and sanitary condition, without offensive odors, on a daily basis, and no waste products or food may be left in either the facility or elsewhere on the property Any Unit Owner keeping a pet shall be exclusively responsible and liable for any and all damage or injury to persons or property caused by such animal or its presence in or upon the Owner's Unit or the Common Elements, and neither the Association nor the Board of Directors shall have any responsibility or liability therefor.

11.10 Offensive Activity

No noxious or offensive activity shall be earned on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Unit Owners, or which would be in violation of any laws

11.11 Construction Work — Common Elements

The Common Elements shall not be reconstructed, rebuilt, removed or replaced except by the Association acting through the Board of Directors acting in accordance with the Act, this Declaration, and the Bylaws

11.12 Rentals. Timesharing Prohibited

No Unit Owner may lease or rent less than his entire Unit; and the terms of any such lease shall be subject to and incorporate the provisions of this Declaration, all requirements of the rules and regulations of the Association from time to time, and the Bylaws. Permission to lease any Unit must be obtained from the Board of Directors in advance and may be deemed if any requirements of this Declaration or the rules and regulations of the Association are not met. Owners may not lease their Units, or extend or renew any such leases, for terms of less than twelve (12) months, and month-tomonth or similar periodic tenancies will not be allowed. No lease of a Unit shall be on a time-share basis. Trmeshares and Timesharing, as defined in the Washington Timeshare Act, RCW Chapter 64 36, are strictly prohibited. Notwithstanding any other term or condition of this Declaration or the rules and regulations of the Association from time to time, no more than twenty percent (20%) of all Units in the Condominium (that is, no more than five (5) Units) may be leased at any time and leases may not be approved or entered into in violation of this limit All leases shall be in writing, and a complete, fully executed copy thereof shall be filed with the Board of Directors. Other than the foregoing, there shall be no limitation on an Owner's right to lease his or her Unit. It shall be the sole responsibility of the leasing Owner to oversee and enforce the terms of any Unit lease, and neither the Board of Directors nor the Association nor any Manager shall have any such responsibility or any liability for non-compliance with the foregoing terms and requirements or any default or failure of performance under such leases; provided, that the Board of Directors may, but shall not be required, to take action against the leasing Owner and/or tenant under the lease in any such event to enforce this Declaration and the rules and regulations of the Association.

SECTION 12 INSURANCE

12.01 Insurance Coverage

Not later than the time of the first conveyance of a Unit, the Board of Directors shall obtain and maintain at all times as a common expense any insurance coverage required by law, such as workmen's compensation insurance, and in addition, an insurance policy or policies and bonds as follows.

12.01.1 Fire. Hazard, and Flood Insurance

Fire. Hazard, and Flood Insurance, with extended coverage (including vandalism, malicious mischief; sprinkler leakage, debris removal, cost of demolition, windstorm and water damage) endorsement, in an amount as near as practicable to the full insurable current replacement value (without deduction for depreciation) of the Common Elements and the Units, with the Association as the named insured, or such other fire and casualty insurance as the Board of Directors shall determine to give substantially equal or greater protection insuring the owners and their Mortgagees, as their interests may appear Said policy or policies shall provide for separate protection for each Unit to the full insurable

replacement value thereof (limited as above provided), and a separate loss payable endorsement, in favor of the Mortgagees of each Unit, if any, and further, a separate loss payable clause in favor of the Mortgagee of the Condominium, if any Certificates of insurance shall be issued to each Unit Owner and Mortgagee upon request.

The foregoing policy shall be a "master" or "blanket" type policy of property insurance intended to denote single entity condominium insurance coverage and the property coverage shall include fixtures, to the extent they are part of the Common Elements, building service equipment and supplies, and other common personal property belonging to the Association hi addition, any fixture, equipment or other property within the Units which are to be financed by a mortgage to be purchased by FNMA (Fannie Mae) or FHLMC (Freddie Mac) (regardless of whether or not such property is part of the Common Elements) must be covered by such policy. Such insurance shall be consistent with State and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in King County, State of Washington. The policy shall also cover all other penis which are customarily covered with respect to condominiums similar in construction, location and use, including all perils normally covered by the standard "all-risk" endorsement, where such endorsement is available.

The name of the insured under such policy must be substantially as follows "Association of Owners of Richmond Manor Condominium for use and benefit of the individual owners". The policy may also be issued in the name of an insurance trustee who has entered into an insurance trust agreement pursuant to Section 13 04 J below, or any successor trustee, as insured, for the use and benefit of the Unit Owners The policy must provide for the recognition of any insurance trust agreement A loss payable shall be in favor of the Association or such insurance trustee, as a trustee, for each Unit Owner and each Mortgagee of a Unit The Association or such trustee shall hold any proceeds of insurance in trust for Unit Owners and Mortgagees of a Unit, as their interests may appear Each Unit Owner and each Mortgagee of a Unit, if any, shall be beneficiaries of the policy in the percentage of common ownership.

Such policy shall contain a standard mortgagee clause or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in King County, State of Washington, which appropriately names FNMA and FHLMC if such corporations are Mortgages of a Unit Such policy shall provide that it may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgage of a Unit listed as a scheduled holder of a first mortgage

12.01.2 General Comprehensive Liability Insurance

General Comprehensive Liability Insurance insuring the Board of Directors of the Association, the Unit Owners, Declarant and Manager against any liability to the public or the Unit Owners and their invitees, or tenants, incident to the ownership or use of the Common Elements (including but not limited to owned and non-owned automobile liability, water damage, host liquor liability, liability for property of others and, if applicable, elevator collision, and garage-keeper's liability). The amount of such insurance shall be determined by the Board of Directors after consultation with insurance consultants, but not less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and/or property damage

arising out of a single occurrence (such policy limits to be reviewed at least annually by the Board of Directors and increased in its discretion).

The liability policy shall also cover any commercial space owned and leased by the Association, and any public ways of the Condominium. Coverage shall also include legal liability arising out of lawsuits related to employment contracts of the Association The policy must provide that it may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each Mortgagee of a Unit which is listed as a scheduled holder of a first mortgage in the insurance policy.

12.01.3 Blanket Fidelity Bonds

Blanket Fidelity Bonds maintained by the Association as a common expense for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association. Where a management company has the responsibility for handling or administering funds of the Association, the management company shall maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the Association Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management, as the case may be, at any given time during the term of each bond However, in no event may the aggregate amount of such bonds be less man a sum equal to three months aggregate assessments on all Units plus reserve funds The bonds shall contain waivers by the insurers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The bonds shall provide that they may not be canceled or substantially modified (including for non-payment of premium) without at least ten (10) days* prior written notice to the Association or any insurance trustee.

12.01.4 Insurance Against Loss of Association Personal Property

Insurance against loss of personal property of the Association by fire, theft and other losses, with deductible provisions as the Board of Directors deems advisable.

12.01.5 Other Insurance

Such other insurance as the Board of Directors deems advisable, provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for Condominium projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration or other governmental or quasi-governmental agencies involved in the secondary Mortgage market so long as any such, agency is a Mortgagee or owner of a Unit within the Condominium, except to the extent such coverage is not available or has been waived in writing by such agency

12.02 Owner's Additional Insurance

Each Unit Owner shall be solely responsible for obtaining any additional insurance respecting his Unit as contemplated under RCW 64.34.352(5) at such Owner's sole expense; no Owner shall, however, be

entitled to exercise his right to maintain insurance coverage in any manner which would decrease the amount which the Board of Directors, or any trustee for the Board of Directors, on behalf of all of the owners, will realize under any insurance policy which the Board of Directors may have in force on the Condominium at any particular time. Each Unit Owner is required to and agrees to notify the Board of Directors of all improvements by the owner to his Unit the cost of which is in excess of One Thousand Dollars (\$1,000.00). Each owner is hereby required to file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after purchase of such insurance, and the Board of Directors shall immediately review its effect with its insurance broker, agent or earner.

12.03 <u>Insurance Proceeds</u>

Insurance proceeds for damage or destruction to any part of the property shall be paid to the Board of Directors on behalf of the Association which shall hold such proceeds in trust for each Unit Owner and their first Mortgage holders, as their interests may appear, and shall segregate such proceeds for other funds of the Association acting through its Board of Directors shall have the authority to settle and compromise any claim under insurance obtained by the Association, and the insurer may accept a release and discharge of liability made by the Board of Directors on behalf of the named insured under the pokey

12.04 Additional Provisions

The Board of Directors shall, to the extent they are reasonably available, obtain insurance policies containing (or omitting, as indicated below) the following provisions*

12.04.1 Contribution

A provision that the liability of the insurer hereunder is primary and shall not be affected by, and that the insurer shall not claim any nght of set-off, counterclaim, apportionment, proration, or contribution by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee.

12.04.2 Matters Association Cannot Control

No provision relieving the insurer from liability for loss because of any act or neglect of Unit Owners which is not within the scope of a Unit Owner's authority to act on behalf of the Association or because of any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control

12.04.3 Subrogation

A waiver of subrogation by the insurer for any and all claims against the Association, the owner of any Condominium Unit and/or their respective household members, agents, employees or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

12.04.4 Restoration Limited

A provision prohibiting the insurer from electing to restore damage in lieu of making a cash settlement, without first obtaining the written approval of the Association, or, if the Association is a party to an insurance agreement, the written approval of the trustee

12.04.5 Cancellation

A provision that the insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the pokey unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance.

12.04.6 Inflation Endorsement

An "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement", which increases coverage and policy limits to the same extent inflation causes the value of the dollar to decrease

12.04.7 Appointment of Attorney-in-Fact

Each Unit Owner appoints the Association or any insurance trustee appointed pursuant to Section 13.04.3 below, as attorney-in-fact for the purpose of purchasing and maintaining the insurance provided for under this Section 12, 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 purpose.

SECTION 13 DAMAGE OR DESTRUCTION RECONSTRUCTION

13.01 Initial Board of Directors' Determination

In the event of damage or destruction to any of the property, the Board of Directors shall promptly, and in all events within twenty (20) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board of Directors deems advisable

13.01.1 Extent of Damages

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

13.01.2 Estimates

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

13.01.3 Insurance Proceeds

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

13 01.4 Cost in Excess of Insurance

The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefor and the amount of assessment to each Unit if such access is paid as a maintenance expense and specially assessed against all the Units in proportion to their percentage of interest in the Common Elements.

13.01.5 Recommendation

The Board of Directors' recommendation whether or not such damage or destruction should be repaired or restored.

13.2 Notice of Damage or Destruction

The Board of Directors shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide each Unit Owner and each Mortgagee who has theretofore requested special notice, with a written notice summarizing the initial Board of Directors' determinations made under Section 13.01 If the Board of Directors mils to do so within said sixty (60) days, then any owner or Mortgagee may make the determinations required under Section 13.01 and give the notice required under this section 13.02.

13.3 Definitions

13 03.1 Restoration

As used in this Section 13, the words "repair", "reconstruct", or "restore" shall mean restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

13.03 2 Emergency Work

As used in this Section 13, the term "emergency work" shall mean that work which the Board of Directors deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the owners from liability from the condition of the site.

13.04 Restoration by Board of Directors

13.04.1 Board of Directors Shall Restore

Unless prior to the commencement of repair and restoration work (other than emergency work referred to in this Section 13.03.2 (1) the owners shall have decided not to repair and reconstruct in accordance with the provisions of either Section 13.05.3 or 13.06.3 (2) such repair or restoration work would be illegal under any state or local health or safety statute or ordinance, or (3) the Condominium is terminated pursuant to RCW 64.34, as amended, the Board of Directors shall promptly repair and restore the damage or destruction. The Board of Directors shall use the available insurance proceeds therefore, and pay for the actual cost of repair and restoration in excess of insurance proceeds as a common expense which shall be specially assessed against all Units in proportion to their percentages of interest in the Common Elements.

13.04.2 Authority to Contact

The Board of Directors shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractor and others, and to take such other as is reasonably necessary to effectuate the repair and restoration. Contracts for such repair and restoration shall be awarded when the Board of Directors, by means of insurance proceeds and sufficient assessments, has made provision for the cost

thereof The Board of Directors may further authorize the insurance earner to proceed with repair and restoration upon satisfaction of the Board of Directors that such work will be appropriately carried out.

13.04.3 Insurance Trustee

The Board of Directors may enter mto a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to collect the insurance proceeds and carry out the provisions of this Section 13. And, such insurance trustee shall have the exclusive authority to negotiate losses under any policy providing such property or liability insurance.

13.05 Limited Damage: Assessment Under \$5.000

If the amount of the estimated assessment determined under Section 13.01.4 does not exceed Five Thousand Dollars (\$5,000 00) for any one Unit, then the provisions of this Section 13.05 shall apply.

13.05.1 Special Meeting of Association

The Board of Directors may, but shall not be required to, call a special owners' meeting to consider such repair and restoration work, which notice shall be given simultaneously with the notice required to be given by the Board of Directors under Section 13.02 above If the Board of Directors shall fail to call such meeting, then the requisite number of owners, within fifteen (15) days of receipt of the notice given by the Board under Section 13.02 above, or the expiration of the sixty (60) day period for notice described in Section 13.02, whichever is less, may call a special owners' meeting to consider such repair and restoration work Any meeting held pursuant to this Section 13.05.1 shall be called by written notice and shall be convened not less than fifteen (15) and not more than twenty (20) days after the date of the notice of the meeting.

13.05.2 No Restoration Work Prior to Meeting

Except for emergency work, no repair and restoration work shall be commenced until after the expiration of the notice period set forth in Section 13.05.1 and until after the conclusion of said special meeting if such meeting is called within said notice period

13.05.3 Vote Required Not to Rebuild

An unanimous decision of all the Unit Owners with Units or assigned Limited Common Elements which will not be rebuilt, and at least eighty (80) votes from all Unit Owners will be required to avoid the provisions of Section 13.04.1 and to determine not to repair and restore the damage and destruction, provided, mat the failure of the Board of Directors or the requisite number of owners to call for a special meeting at the time or in the manner set forth in Section 13 05 shall be deemed an unanimous decision to undertake such work.

13.06 Major Damage Assessment Over \$5.000

If the amount of the estimated assessment determined under Section 13.01.4 exceeds Five Thousand Dollars (\$5,000.00) for any one Unit, then the provisions of this Section 13.06 shall apply*

13.06.1 Special Meeting of Association

The Board of Directors shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide written notice of a special owners' meeting to consider repair and restoration of such damage or destruction, which notice shall be delivered with the notice required to be provided under Section 13.02 above—If the Board of Directors fails to do so within said sixty (60) day period, then notwithstanding the provisions of this Declaration or the Bylaws with respect to calling special meetings, any Unit Owner (the provisions of Section 6.06, notwithstanding) may within fifteen (15) days after the expiration of said sixty (60) day period, call a special meeting of the owners to consider repair and restoration of such damage or destruction by providing written notice of such meeting to all owners and Mortgagees. Any meeting held pursuant to this Section 13.06 shall be called by written notice and shall be convened not less than fifteen (15) and not more than twenty (20) days after the date of the notice of meeting.

13.06.2 No Restoration Work Prior to Meeting

Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special owners' meeting required under Section 13.06.1

13.06.3 Vote Required Not to Rebuild

The affirmative vote of owners having at least eighty (80) votes and all votes of any Unit Owner with a Unit or assigned a Limited Common Element that will not be rebuilt will be required to avoid the provisions of Section 13.04.01 and to determine not to repair and restore the damage and destruction, provided, however, that the failure to obtain said affirmative vote shall be deemed a decision to rebuild and restore the damage and destruction, provided, further that the failure of the Board of Directors, or owners to convene the special meeting at the time and in the manner required under Section 13.06.1 shall be deemed an unanimous decision to undertake such repair and restoration work.

13.07 Decision Not to Restore: Disposition

In the event of a decision under either Section 12.05.3 or 13.06.3 not to repair and restore the damage and destruction, or if such repair would be illegal, and provided the Condominium has not been terminated pursuant to RCW 64.34.268, as it may be amended, the Board of Directors may nevertheless expand such of the insurance proceeds and common funds as the Board of Directors deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged or destroyed building and clearing, filling and grading the real property.) The remaining funds, if any, and property shall thereafter be held and distributed as follows*

13.07.1 Repair of Common Elements

The insurance proceeds attributable to the damaged Common Elements (except for Limited Common Elements) shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium.

13.07.2 <u>Distribution to Owners of Damaged Units</u>

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 lien holders of such Units, as their interests may appear.

13.07.3 Remaining Proceeds

The remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to such owner's allocated interest in the Common Elements.

13.07.4 Reallocation of Interests; Amendment

The allocated interests of any Unit which the Unit Owners vote not to rebuild are automatically reallocated upon the vote not to rebuild as if the Unit had been condemned pursuant to Section 14. The Board of Directors shall promptly prepare, execute, and correct an amendment to the Declaration reflecting the reallocations.

SECTION 14 CONDEMNATION

14.01 Consequences of Condemnation

If at any time or times during the continuance of the Condominium ownership pursuant to this Declaration, all or any part of the property shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof the Association shall represent the unit owners in all negotiations and proceedings with the condemning authority If any Unit or portion thereof or the Common 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, then the Board of Directors shall provide each owner and each Mortgagee written notice of any such proceedings or proposed acquisition

14.02 Proceeds

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Board of Directors on behalf of the Association.

14.03 Complete Taking

In the event that the entire property is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof; the Condominium ownership thereof shall terminate The Condemnation Award shall be apportioned among the owners in proportion to the respective undivided 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 Condemnation Award in the negotiation, judicial decree, or otherwise, 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 of Directors shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled After first paying the share of the respective share of each owner, to the extent sufficient for the purpose, all Mortgages and liens on the interest of such owner, the balance remaining in each share shall then be distributed to each owner respectively.

14.04 Partial Taking

In the event that less than the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership hereunder shall not terminate each

owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

14.04.1 Allocation of Award

As soon as practicable, the Board of Directors shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds

14.04.2 Apportionment Among Owners

The Board of Directors gh«11 apportion the amounts so allocated to the taking of or injury to the Common Elements excluding the Limited Common Elements which, in turn, shall be apportioned among owners in proportion to their respective undivided in the Common Elements. Any amount apportioned to the taking of or injury to the Limited Common Elements shall be divided equally among owners of Units to which those Limited Common Elements were assigned.

14.04.3 Severance Damages

The total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned.

14.04.4 Damage to a Particular Unit

The respective amount allocated to the taking of or injury to a particular Unit and/or the improvements an owner has made within his own Unit shall be apportioned to the particular Unit involved

14.04.5 Consequential Damages

The amount allocated to consequential damages and any other taking or injuries shall be apportioned as the Board determines to be equitable under the circumstances

14.04.6 Agreed Allocation

If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable

14 04.7 Distribution of Proceeds

Distribution of apportioned proceeds shall be made to the respective owners and then- respective Mortgagees in the manner provided in - Section 14.03

14.05 Reduction of Condominium Upon Partial Taking

In the event that (a) a partial taking occurs which pursuant to Section 14.04 does not result in a termination of Condominium ownership hereunder, and (b) at least one (1) Unit is taken or condemned and (c) the condemning authority elects not so hold, use and own said Unit as a Condominium Unit Owner subject to and in accordance with the Declaration, then the provisions of this Section 14.05 shall take effect immediately upon the condemning authority taking possession of the Unit or Units so taken or condemned.

14.05.1 Reduction of Declaration

The Units subject to this Declaration shall be reduced to those Units or partial Units not taken or condemned (or not sold or otherwise disposed of in lieu of or in avoidance thereof)

14.05.2 Reduction of Common Elements

The Common Elements subject to this Declaration shall be reduced to those Common Elements not taken or condemned

14.05.3 Reduction of Limited Common Elements

The Limited Common Elements, which were no taken or condemned, but which were appurtenant to Units that were taken or condemned, shall be deemed part of the general Common Elements remaining subject to this Declaration. Any remnant of a Unit remaining after part of such Unit was condemned such that the Unit may not practically or lawfully be used for any purpose permitted by Section 11 shall become a Common Element upon such condemnation

14.05.4 Recalculation of Percentage

The percentage of individual interests in the Common Elements appurtenant to each Unit not so taken or condemned shall be recalculated on the basis that the square footage of each of said Units shall remain the same as set forth in Exhibit "B" and the square footage of the entire property not so taken or condemned shall be the aggregate of said square footage of said Units Provided, however, if a portion of any Unit is condemned, but the remaining portion of that Unit may still be practically and lawfully used for the uses specified in Section 11, then the square footage of shall be reduced in the same portion as the reduction in the square footage of the Unit resulting from the partial condemnation.

14.05.5 Interest of Owner of Condemned Unit

Except with respect to the share of proceeds apportioned pursuant to Section 14 04, no owner or Mortgagee of a Unit so taken or condemned (except for a Unit only partially condemned which may still be practically and lawfully used) shall have, nor shall there be appurtenant to any Unit so taken or condemned, any right, title, interest, privilege, duty, or obligation in, to or with respect to the Association and any Unit, or Common Elements which remain subject to this Declaration and which are not 80 taken or condemned

14.05.6 Interest of Owners of Remaining Units.

Except as otherwise expressly provided m Section 14 05, the rights, title, interests, privileges, duties and obligations of an owner and Mortgagee m, to or with respect to a Umt not so taken or condemned (and m, to or with respect to the Association and the Common Elements appurtenant to said Unit) shall continue m full force and effect as provided in this Declaration.

14.05.7 This Section Binding

The provisions of Section 1405 shall be binding upon and mure to the benefit of all owners and Mortgagees of (and other persons having or claiming to have any interest in) all Units which are, as well as all Units which axe not, so taken or condemned All such owners, Mortgagees and other persons covenant to execute and deliver any documents, agreements or instruments (including, but not limited to, appropriate amendments to the Declaration, Survey Map and Plans) as are reasonably necessary to effectuate the provisions of Section 14 05.

14.06 Reconstruction and Repair

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified m Section 13 above, provided that the Board of Directors may retain and apply such portion of each owner's share of the Condemnation Award as in necessary to discharge said owner's liability tor any special figgasgment arising from the operation of said Section 13

Section 15 MORTGAGE PROTECTION

15.01 Priority of Mortgage.

Notwithstanding all other provisions hereof (except Section 10 01) and as provided in the Act, the hens created under this Declaration upon any Unit for assessments shall be subject to tax liens on the Unit in favor of any assessing Unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by Mortgages which were made in good faith and for value upon the Unit. Where such Mortgagee of the Unit, or other purchaser of a Unit, obtains possession of a Unit thereof; such possessor and his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Unit which become due prior to such possession, but will be liable for the common expenses and assessments accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectable from all of the Unit Owners including such possessor, his successor and assigns.

15.02 Abandonment of Condominium Status

Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs must be approved by Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages held by Eligible Mortgagees Except when acting pursuant to the provisions of the Act involving substantial destruction, or condemnation, the Association shall not, without consent of sixty-seven percent (67%) of all Eligible Mortgagees of the Units, seek by act or omission to abandon the Condominium status of the project, or to abandon, encumber, sell or transfer any of the Common Elements An Eligible Mortgagee shall be deemed to have approved of an amendment to the Declaration or Bylaws, including an amendment which would result in the abandonment of Condominium status, when the Eligible Mortgagee 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, with a "Return Receipt" requested.

15.03 Partition and Subdivision

The Association shall not combine nor subdivide any Unit or the appurtenant Limited Common Elements, nor abandon, partition, subdivide, encumber or sell any Common Elements, or accept any such proposal, without the prior approval of seventy-five percent (75%) of all first Mortgagees of record of the Units, and without unanimous approval of the first Mortgagees of the Units to be combined or subdivided.

15.04 Material Amendments to Declaration and Bylaws

The Association shall not make any material amendment to the Declaration or Bylaws (including changes in the percentage interests in the Common Elements) without the prior approval of fifty-one percent (51%) of all Eligible Mortgagees, and without unanimous approval of the first Mortgagees of the Units for which the percentages) would be changed. An Eligible Mortgagee shall be deemed to have approval of an amendment to the Declaration or Bylaws, including an amendment which would result in the abandonment of Condominium status, when the Eligible Mortgagee 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, with a "Return Receipt" requested A change in any of the provisions governing the following would be considered "material" for purposes of this Section 15 04*

- Voting Rights,
- Increase in Assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens,
- Reduction in reserves for maintenance, repair, and replacement of Common Elements;
- Responsibility for maintenance and repair;
- Reallocation of interests in the Common Elements or Limited Common Elements, or nghts to then- use;
- Redefinition of any Unit boundaries,
- Convertibility of Units into Common Elements or vice versa,
- Expansion or contraction of the Condominium or the addition, annexation, or withdrawal of property to or from the Condominium,
- Hazard or fidelity insurance requirements,
- Imposition of any restrictions on the leasing of Units,
- Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit,
- A decision by the Association to establish self-management if professional management had been required previously by the Declaration or by an Eligible Mortgagee,
- Restoration or repair of the Condominium after damage or partial condemnation in a manner other than as specified in the Declaration; or
- Any provisions that expressly benefit Mortgage holders, insurers, or guarantors.
- The purpose to which any Unit or the Common Elements are restricted.

15.05 Effect of Declaration Amendment

No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such Mortgage Any provision of this Declaration conferring rights upon Mortgagees which is inconsistent with any other provision of the Declaration or the Bylaws shall control over such other inconsistent provisions.

15.06 Written Notice

Where a Mortgagee of a Unit (or any insurer or guarantor of such Mortgage) has filed a written request with the Board of Directors, for each such entity requesting notice, the Board of Directors shall;

15.06.1 Furnish Copies

Furnish a copy of any insurance policy or evidence thereof which is intended to cover the Unit on which such Mortgage has a lien.

15.06.2 Notice of Cancellation and Material Change

Provide written notice of any lapse, cancellation, failure to renew, reduction in coverage or limits, or other material modification of any insurance policy maintained by the Association.

15.06.3 Approval of Settlement

Not make any settlement of any insurance claim for loss or damage to any such Units, of Common Elements exceeding Five Thousand Dollars (\$5,000 00) without first giving written notice to such Mortgagee.

15.06.4 Notice of Taking

Provide written notice of any condemnation or casualty loss affecting a material portion of the Condominium or Unit securing such mortgage.

15.06.5 Notice of Owner's Default

Provide written notice that an owner/mortgagor of a Unit has for more than sixty (60) days failed to meet any obligation under the Declaration.

15.06.6 Notice of Meetings

Provide written notice of all meetings of the Association, and any proposed action that requires the consent of a specified percentage of Eligible Mortgagees, and permit such Mortgagee (or insurer or guarantor of the Mortgage) to designate a representative to attend all such meetings.

15.07 <u>Insurance Policy Terms</u>

The insurance policy required under Section 12.011 shall contain a standard Mortgagee clause which shall, if reasonably obtainable.

15.07.1 Reference to All Holders of Mortgages

Provide that any reference to a Mortgage in such policy shall mean and include all holders of Mortgages of any Unit or Unit lease or sublease of the project, in their respective order and preference, whether or not named therein;

15 07.2 Mortgagee's Interest not to be Invalidated

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

15.07.3 Waiver of Certain Provisions

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.

15.08 Inspection of Books: Audited Financial Statements

Unit Owners, potential purchasers, and holders, insurers, and guarantors of first Mortgages on any Unit (Interested Parties") shall be entitled to inspect current copies of the Declaration, Bylaws, and any other rules concerning the Condominium and the books, records, and financial statements of the Association during normal business hours and under other reasonable circumstances.

Upon the written request of the Interested Parties, the Association shall provide such parties with an audited financial statement for the preceding fiscal year if an audited statement is available The audited financial statement shall be available within one hundred twenty (120) days of the Association's fiscal year-end The Interested Parties shall be allowed to have an audited financial statement prepared for the preceding fiscal year at their expense if such audited statement is not available

Upon the written request from any of the agencies or corporations which has an interest or prospective interest in the Condominium, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association for the preceding fiscal year immediately

15.09 Obtaining Declarant's Powers

In the event the Mortgagee of the Condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its Mortgage or acquires a deed in lieu of Foreclosure, and obtains possessory rights, legal title, or certificates of sale to the unsold Unit or Units and appurtenant Common Elements covered by the respective deed of trust or Mortgage liens, then the Mortgagee of the Condominium may succeed to and assume, to the exclusion of the Declarant, the powers of the Declarant as set forth in this Declaration.

15.10 Rights of Mortgagee of Condominium

The Mortgagee of the Condominium shall be entitled to appoint a receiver during the pendency of any Foreclosure, and said receiver shall immediately, upon appointment, succeed to and assume the rights and powers of the Declarant as set forth in this Declaration, and the receiver shall be entitled to sell unsold Condominium Units during the pendency of said Foreclosure, and said sales shall be subject to condemnation by court order.

15.11 Rights of Board of Directors to Cure Defaults

Nothing herein contained shall limit or restrict the right of the Board of Directors on behalf of all the owners to cure defaults under Mortgagees to which the liens created hereunder are subordinated under this Section. The Board of Directors is expressly authorized to cure any and all such defaults by payments to the Mortgagee or Mortgagees of any defaulting owner from the common expense fund. Any such payments shall be specially assessed against the Unit of the defaulting owner and said special assessment shall be secured by the lien created under Section 10 hereof, provided, however, that the Board of Directors shall not be able to assign them lien rights under Section 10 or otherwise transfer the Unit or any interest therein except when such transfer occurs pursuant to a lien Foreclosure proceeding.

15.12 Change in Manager

In the event that professional management is employed by the Association, at least thirty (30) days1 written notice of any contemplated change in the professional manager shall be given to any Eligible Mortgagee. The Association shall not elect to terminate professional management and assume self - management without the prior consent of sixty-seven percent (67%) of all Unit Owners and fifty-one percent (51%) of all Eligible Mortgagees, provided that such prior consent shall not be required to change from one professional manager to another professional manager.

SECTION 16 COMPLIANCE

16.01 Enforcement

Each owner shall comply strictly with the provisions of this Declaration, the Bylaws, and the administrative rules and regulations made pursuant thereto as they may be lawfully amended from time to time. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the owners, or in a proper case, by any aggrieved owner. Failure to comply shall also entitle the Board of Directors to recover any costs and reasonable attorneys' fees incurred by reason of such failure whether or not such activities result in suit being commenced or prosecuted to judgment In addition, the Board of Directors shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

16.02 No Waiver of Strict Performance

The failure of the Board of Directors in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect The receipt by the Board of Directors of any sum from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors. This Section also extends to the Declarant's managing agent, exercising the powers of the Board of Directors during the initial period of operation of the Association and the Condominium development

SECTION 17 EASEMENTS

17.01 In General

In addition to rights under the Act, 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 an unrestricted right of ingress and egress thereto, as required to effectuate and continue proper operation

of this Condominium plan Without limiting the generality of the foregoing, each Unit and all Common Elements are specifically subject to easements as required for the intercom and electrical entry system, for the electrical wiring and plumbing, for fireplaces and associated flues or chimneys and for the master antenna cable and/or audio system, if any Finally, each Unit as it is constructed is granted an easement to which each other Unit and all Common Elements are subject for the location and maintenance of all the original equipment and facilities and utilities for such Unit The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law. All such easements shall be located as such features are located in the buildings as built, or as they may become located due to settling or repair or reconstruction

17.02 Utility and Other Easements

The Board of Directors shall have the authority to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Condominium.

17.03 Association Functions

There is hereby reserved to Declarant and the Association, or then* duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, the Bylaws, or the Association's rules and regulations.

17.04 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 encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenances of said encroachments so long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settling or shifting, provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful act or acts with full knowledge of said owner or owners.

In the event a Unit or Common Elements are partially or totally destroyed, and then repaired or rebuilt, the owners agree that major encroachments over adjoining Units and Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit

17.05 Easement for Construction

There is retained by the Declarant, for exercise by it and its successors and assigns, or for exercise by the Board of Directors if work is not completed by Declarant or his successors and assigns, an easement for the purpose of completing construction or repair of the Condominium and all its Units. This easement affects all parts of the property as required

17.06 Right of Entry for Maintenance, Repairs, Emergencies or Improvements

The Association shall have the right to have access to each Unit from time to time as may reasonably be necessary for maintenance, repair or replacement or improvement of any of the Common Elements accessible therefrom, or for making repairs necessary to prevent damage to the Common Elements or to the other Units, or for any emergency situations.

SECTION 18 PROCEDURES FOR SUBDIVIDING OR COMBINING

18.01 Procedure

Subdivision or combining of any Unit or Units or Common Elements are authorized only as follows:

18.01.1 Proposal for Subdividing or Combining

Any owner of any Unit may propose any subdividing or combining of a Unit or Units, assigned Limited Common Elements, or other appurtenant Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to the Declaration, Survey Map and Plans covering such subdividing or combining, to the Board of Directors, which shall then notify all other owners of the requested subdivision, combination or partition

18.01.2 Necessary Vote

Upon written approval of such proposal by Unit Owners having at least seventy-five (75) votes, exclusive of votes held by the Declarant, and the unanimous approval of the proposal by the owners of the Units to be subdivided or combined or to which the Limited Common Elements to be subdivided or combined are assigned, together with such Mortgagee approval as is required in Section IS, the owner making the proposal may proceed according to such plans and specifications, provided that the Board of Directors may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board of Directors administer the work or that provisions for the protection of other Units or Common Elements or reasonable deadlines for completion of the work be inserted in the contracts for the work

SECTION 19 AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

19.01 <u>Declaration Amendment</u>

All amendments must conform to the Mortgagee protection provisions set forth in Section 15.

Amendment to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration'* which set forth the entire amendment

Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board of Directors prior to its adoption by the owners.

Amendments may be adopted at a meeting of the owners if owners holding at least seventy-five (75) votes vote in favor of such amendment, or without any meeting if all owners have been duly notified and owners holding at least seventy-five (75) votes consent in writing to such amendment In all events,

the amendment when adopted by the secretary/treasurer, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association.

Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Notwithstanding the foregoing, no amendment may create or increase special Declarant rights (as defined in the Act), increase the number of Units, change the boundaries of any Unit, the allocated interests of a Unit, or the uses to which any Unit is restricted, unless the requirements of the Act for adopting such amendments are satisfied. It is specifically consented and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the section bemg amended or the amendment itself.

19.02 Map and Plans Amendment

Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portion thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every owner Such amendment to the Survey Map and Plans shall be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with the Declaration amendment.

19.03 Amendments by Declarant

The Declarant may ay any time, until all Units have been sold by Declarant, record an amendment to the Declaration showing, correcting or revising the assignment of parking spaces or storage lockers to Units and, during the period of Declarant's management authority provided under Section 7 02, changing the person who is to receive service of process, and such amendment need be acknowledged only by the Declarant and need not otherwise comply with the requirements of this Section 19.

19.04 Amendments to Conform to Construction

In addition, Declarant upon Declarant's sole signature, may at any time until all Units have been sold by Declarant file an amendment to the Declaration and the Survey Map and Plans to conform them to the actual location of any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements, or storage facilities, and any such amendment need not otherwise comply with the requirements of this Section 19.

19.05 Discontinuance of Condominium

Any decision or failure to act by the owners under this Declaration or any applicable provision of law which intends or requires discontinuance of this Condominium or removal of the property from the provisions of the Act shall, if such decision or failure to act is sufficient under the Act also terminate and discontinue the effect of any and all of the covenants, conditions, and restrictions set form herein, and all provisions of the Survey Map and Plans, unless other specific provision is made by recorded amendments to the Declaration, and, if required, to the Survey Map and Plans.

SECTION 20 TERMINATION OF CONDOMINIUM STATUS

Except as provided elsewhere in this Declaration, The Condominium may be terminated voluntarily by the Unit Owners only upon the agreement of Unit Owners of Units to which at least eighty (80) of the total votes in the Association are allocated, and the approval of the percentage of Eligible Mortgagees specified in Section 15.02. Following termination, the Unit Owners shall comply with the procedures, hold title to the real property formerly constituting the Condominium, and be entitled to disbursement of proceeds all as provided in RCW 64.34.268.

SECTION 21 MISCELLANEOUS

21.0 Notice

Except as may be specifically provided herein, all notices, requests, demands, statements, advice, assessments, notifications and other communications contemplated hereunder or given pursuant hereto shall be in writing and shall be deemed given and effective when delivered personally; or twenty-four (24) hours after a copy has been deposited in the mails, first class postage prepaid, addressed as follows.

To Association: To the address of the Condominium

To Owners or Their Designated Representatives: To the address in the State of Washington specified by such owner in writing to the Board of Directors in accordance with the Bylaws, or, if no such address has been so specified, to the address of the Unit owned by such owner.

To Other Persons Entitled to Notice: To the address provided to the Association by each such person pursuant to a written request for such notice

To the Directors, Manager, President, Secretary and Treasurer: To such person or entity at the address of the Condominium.

21.02 Notice to Mortgagee

Upon written request to the Board of Directors for notices and for a period specified in such notice not to exceed three (3) years thereafter (or for such longer period as the Board of Directors shall set), the Mortgagee of any Unit will be entitled to each notice permitted or required herein to be given to the owner whose Unit is subject to the Mortgage No notice to such owner shall be deemed validly given until and unless each Mortgagee of such owner entitled to notice is also given such notice A request for notices may be renewed periodically until said Mortgage is discharged of record

21.03 Services of Process

Until such time as the final Board of Directors is elected by the owners at a meeting of the Association called for that purpose, the Declarant (or his agent selected by the Declarant is hereby authorized to

receive service of process on behalf of the Association in cases provided for in the Act After the election of a Board of Directors, the President of said Board and each successor President, during the time he is President, is authorized to receive service of process in cases provided for in the Act

21.04 Remedies Not Exclusive

No right or remedy conferred or reserved by this Declaration is exclusive of any other nght or remedy, but each is cumulative, and shall be in addition to every other right or remedy given hereby or hereafter existing at law or equity or by statute.

21.05 Mortgagee's Acceptance

21.05.1 Priority of Mortgage

This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to the interest of said Mortgagee.

21.05.1 Acceptance Upon First Conveyance

Declarant shall not consummate the conveyance of title of any Unit until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements, in accordance with the Act, for partial release of Units with their appurtenant Limited Common Elements and percentages of interest in Common Elements from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the Condominium status of the Units remaining subject to its Mortgage as well as its acknowledgement that such appropriate arrangements for partial release of Units have been made; provided, that, except as to Units so released, said Mortgage shall remain in full effect as to the entire property.

21.06 Severability

If any term or provision of this Declaration or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Declaration, and the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Declaration shall be valid and enforceable to the fullest extent.

21.07 Effective Date

The Declaration shall take effect upon recording

21.08 Reference to Survey Map and Plans

Condominium referred to herein consist of 3 sheets as prepared by Richmond Manor Condo LLC, and were filed with the Recorder of King County, State of Washington, immediately prior to the recording of this Declaration under the File No 20030206001398 in Volume 188 of Condominiums, pages 08 through 10.

DATED this 27th day of January, 2003.

DECLARANT

Richmond Manor Condominiums, LLC

A Washington limited liability company

Paul M Lee, Manager

STATE OF WASHINGTON)

or ss

COUNTY OF KING

)

I certify that I know or have satisfactory evidence that Paul N Lee is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument and acknowledged it as Manager of Richmond Manor Condominiums, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument

DATED January 27th, 2003.

amp/seal)

SANDRA E CATER

STATE OF WASHINGTON

COMMISSION EXPIRES MAY 9, 2005 SANDRA E CATER

NOTARY Public in and for the State of Washington, Residing at Everett WA

My Appointment expires May 9, 2005.

EXHIBIT A

Legal Description

THE WEST 230 FEET OF THAT PORTION OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 26 NORTH, RANGE 3 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING NORTH OF NORTHWEST 195H STREET, LESS THE WEST 105 FEET OF THE SOUTH 135 FEET, LESS THE WEST 30 FEET OF THAT PORTION LYING NORTH OF SAID SOUTH 135 FEET; AND LESS THE SOUTH 12 FEET THEREOF

EXHIBIT B

I. Unit Description:

Unit Number	Unit Type	Square Footage	Percentage Allocated Interest		Bedrooms	Bathro	oms	Fireplaces	Floor
201	AA	1,754.6	4.2%	3		2 1/2		1	2nd
202	Α	1,703.2	4.1%	3		2 1/2		1	2nd
203	В	1,396.1	3.3%	2	plus Den	2		1	2nd
204	В	1,388.9	3.3%	2	plus Den	2		1	2nd
205	С	971.7	2.3%	1	plus Den	1 3/4		1	2nd
206	BB	1,633.6	3.9%	2	plus Den	2		1	2nd
207	С	950.6	2.3%	1	plus Den	0		1	2nd
208	E	1,689.6	4.0%	2	plus Den	2 1/2		1	2nd
209	AAA	1,840.8	4.3%	3		2 1/2		1	2nd
210	С	968.2	2.3%	1	plus Den	1 3/4		1	2nd
211	D	1,847.4	4.4%	1	plus Den	2		1	2nd
212	В	1,408.4	3.3%	2	plus Den	2		1	2nd
213	Α	1,710.7	4.1%	3		2 1/2		1	2nd
214	AA	1,740.3	4.2%	3		2 1/2		1	2nd
301	AA	1,754.6	4.2%	3		2 1/2		1	3rd
302	Α	1,703.2	4.1%	3		2 1/2		1	3rd
303	В	1,396.1	3.3%	2	plus Den	2		1	3rd
304	В	1,388.9	3.3%	2	plus Den	2		1	3rd
305	СС	1,919.4	4.6%	3	plus Den	1 3/4	1/2	1	3rd
306	BB	1,633.6	3.9%	2	plus Den	2		2	3rd
307	E	1,689.6	4.0%	2	plus Den	2 1/2		1	3rd
308	AAA	1,840.8	4.3%	3		2 1/2		1	3rd
309	С	968.2	2.3%	1	plus Den	1 3/4		1	3rd
310	D	1,847.4	4.4%	2	plus Den	2		1	3rd
311	В	1,408.4	3.3%	2	plus Den	2		1	3rd
312	Α	1,710.7	4.1%	3		2 1/2		1	3rd
313	AA	1,740.3	4.2%	3		2 1/2		1	3rd

42,005.3 100.0%

II. Heat

The Units are heated with individual hot water radiant heating system

III. Building

All units are located in a single building located on the real property described on the attached Exhibit A and shown on the Survey Map and Plans

IV. Allocation.

The percentage interests for each Unit are allocated based upon the relative square footage of the Units

EXHIBIT C

I. Parking and Storage Assignment

Unit Number	Parking Stalls	Storage Unit
201	36 & 37	5
202	38 & 39	6
203	40 & 41	7
204	42 & 43	8
205	33 & 50	12
206	48 & 49	11
207	21 & 26	25
208	15 & 16	22
209	51 & 52	13
210	1 & 4	16
211	31 & 32	3
212	2 & 3	15
213	9 & 10	19
214	5 & 6	17
301	34 & 35	4
302	46 & 47	10
303	17 & 18	23
304	44 & 45	9
305	29 & 30	2
306	19 & 20	24
307	24 & 25	27
308	27 & 28	1
309	22 & 23	26
310	53 & 54	14
311	13 & 14	21
312	7 & 8	18
313	11 & 12	20

II. Parking.

The parking spaces are located on the ground floor (garage level) of the Condominium building, two (2) parking spaces for each Unit Parking spaces are as shown on the Survey Map and Plans.

III. Storage.

Each Unit is assigned a separate storage area located on the ground floor (garage level) of the Condominium building, as shown on the Survey Map and Plans.

Filed for Record at the Request of

Richmond Manor Condominiums, LLC

Attn: Paul M. Lee

2726 61st Avenue Southeast

Mercer Island, Washington 980240



AMENDMENT NO. 1 TO CONDOMINIUM DECLARATION FOR RICHMOND MANOR CONDOMINIUMS

RICHMOND MANOR CONDOMINIUMS was established pursuant to a Declaration and Covenants, Conditions, and Restrictions for Richmond Manor Condominiums recorded on February 6, 2003 under King County Auditor's file number 20030206001399 (hereinafter the "Declaration") and Survey Map and Plans recorded on February 6, 2003 under King County Auditor's number 20030206001398. Richmond Manor Condominiums, LLC, A Washington limited liability company, Declarant, and Carol A. Lutovsky, a single person, owner of Unit #207, being the owners of all units affected hereby, pursuant to Section 4.04 of the Declaration and with the approval of the Board of Directors hereby amend the Declaration to provide for the reallocation of certain limited common areas as follows:

EXHIBIT C to the Declaration is amended in its entirety as provided in EXHIBIT C attached hereto and incorporated by reference.

DATED this 5th day of January, 2004

DECLARANT

Richmond Manor Condominiums, LLC

A Washington limited liability company

Paul M. Lee, Manager

Carol A. Lutovsky, a single person

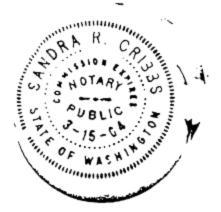
Owner of Unit #207

Richmond Manor Condominiums

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Paul M. Lee is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument and acknowledged it as Manager of Richmond Manor Condominiums, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED January 5, 2004



NOTARY PUBLIC for the State of Washington, residing at Edmonds My Commission expires 3/13/04

I certify that I know or have satisfactory evidence that Carol A. Lutovsky is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument

DATED January 5, 2004

NOTARY PUBLIC for the State of Washington, residing at Edmonds My Commission expires 3/13/04

EXHIBIT C

II. Parking and Storage Assignment (Amended)

Unit Number	Parking Stalls	Storage Unit
201	36 & 37	5
202	38 & 39	6
203	40 & 41	7
204	42 & 43	8
205	33 & 50	12
206	20 & 21	25
207	19 & 26	24
208	24 & 27	27
209	15 & 16	22
210	1 & 4	16
211	51 & 52	13
212	2 & 3	15
213	9 & 10	19
214	5 & 6	17
301	34 & 35	4
302	46 & 47	10
303	17 & 18	23
304	44 & 45	9
305	29 & 30	2
306	49 & 48	1
307	27 & 28	1
308	31 & 32	3
309	22 & 23	26
310	53 & 54	14
311	13 & 14	21
312	7 & 8	18
313	11 & 12	20

II. Parking.

The parking spaces are located on the ground floor (garage level) of the Condominium building, two (2) parking spaces for each Unit. Parking spaces are as shown on the Survey Map and Plans.

III. Storage.

Each Unit is assigned a separate storage area located on the ground floor (garage level) of the Condominium building, as shown on the Survey Map and Plans.