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**SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR THE COMMONS AT CORDATA CONDOMINIUM**

GRANTOR: THE COMMONS AT CORDATA CONDOMINIUM OWNERS' ASSN.

GRANTEE: THE COMMONS AT CORDATA CONDOMINIUM OWNERS' ASSN.

LEGAL DESCRIPTION: THE COMMONS AT CORDATA CONDOMINIUM, ACCORDING
TO THE DECLARATION THEREOF RECORDED UNDER
WHATCOM COUNTY RECORDING NUMBER 2130602010; AND
THE SURVEY MAP AND PLANS RECORDED UNDER
WHATCOM COUNTY RECORDING NUMBER 2121004445.

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REFERENCE #: 2121004446, 2130602010

**SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATIONS CONDOMINIUM
FOR THE COMMONS AT CORDATA CONDOMINIUM**

This Second Amended and Restated Declaration for THE COMMONS AT CORDATA CONDOMINIUM is made as of the date of its recording.

RECITALS

A condominium declaration submitting real estate to the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW 64.34) as amended, entitled Declaration of Covenants, Conditions, Restrictions and Reservations for The Commons at Cordata Condominium, was recorded on October 31, 2012, under Recording No. 2121004446 in Whatcom County, Washington. A restated condominium declaration, entitled Amended and Restated Declaration of Covenants, Conditions, Restrictions and Reservations for the Commons at Cordata Condominium, was recorded on June 17, 2013, under recording No. 2130602010 in Whatcom County, Washington (the "Original Declaration"). The Survey Map and Plans were recorded on October 31, 2012, in Whatcom County, Washington under Recording No. 2121004445.

The Original Declaration has been previously amended by instruments recorded under the following recording numbers in Whatcom County, Washington: 2130803477, 2150202102, 2016-0101223, 2016-0902951, 2016-1101938, and 2017-0501368.

The Survey Map and Plans have been previously amended by instruments recorded under the following recording numbers in Whatcom County, Washington: 2150202101, 2016-0101222, 2016-1101937 and 2017-0501367

Pursuant to Article 20.1 of the Original Declaration, this Second Amended and Restated Declaration was approved by a majority of the Board of Directors.

Pursuant to Article 20.1 of the Original Declaration, not less than two-thirds (2/3) of the voting power of the Owners in the Association approved this Second Amended and Restated Declaration. In Accordance with RCW 64.34.264, this Declaration was approved by at least sixty-seven percent (67%) of the voting power of the Association.

Pursuant to Section 22.2 of the Original Declaration, there are no amendments to the Declaration that require approval of mortgagees.

Pursuant to Article 20.2 of the Original Declaration, there are no amendments requiring the approval of the City of Bellingham.

To accomplish the foregoing purpose, the undersigned President and Secretary, respectively, of The Commons at Cordata Condominium Owners' Association, the Association duly authorized to govern The Commons at Cordata Condominium, do hereby certify that the requirements of the Declaration have been complied with and therefore declare and adopt the following Second Amended and Restated Declaration:

Table of Contents	
RECITALS.....	2
ARTICLE 1: INTERPRETATION.....	9

Commons at Cordata Restatement Approved 7.20.20

1.1	Remedies to Be Liberally Administered.	9
1.2	Supplemental General Principles of Law Applicable.	9
1.3	Obligation of Good Faith.	9
1.4	Construction and Validity of Governing Documents.	9
1.5	Consistent with Act.	9
1.6	Covenant Running with Land.	9
1.7	Captions and Exhibits.	10
1.8	Inflationary Increase in Dollar Limits.	10
1.9	Form of Words.	10
1.10	Definitions	10
ARTICLE 2:	DESCRIPTION OF LAND	13
ARTICLE 3:	DESCRIPTION OF BUILDINGS AND IMPROVEMENTS	13
3.1	Description of Buildings.	13
ARTICLE 4:	DESCRIPTION OF UNITS	13
4.1	Number and Location.	13
4.2	Unit Boundaries.	13
4.3	Phased Development.	13
ARTICLE 5:	DESCRIPTION OF COMMON ELEMENTS	13
5.1	Common Elements and Facilities.	13
5.2	Conveyance or Encumbrance of Common Elements.	14
5.3	Incorporation into Units.	14
ARTICLE 6:	DESCRIPTION OF LIMITED COMMON ELEMENTS	15
6.1	There are no Limited Common Elements.	15
ARTICLE 7:	VALUE AND PERCENTAGE INTEREST	15
7.1	Percentage Interest of Each Unit.	15
7.2	Percentage of Unit Owners or Mortgagees.	15
ARTICLE 8:	EASEMENTS	15
8.1	In General.	15
8.2	Easement for Maintenance, Repairs, Emergencies or Improvements.	15
8.3	Easement through Units.	15
8.4	Easements Benefitting Owners.	15
8.5	Utility Easements.	16
8.6	Encroachments.	16
8.7	Wetland Buffer.	16

ARTICLE 9: OWNERS ASSOCIATION	16
9.1 Form of Association.	16
9.2 Membership Qualification.....	16
9.3 Bylaws.....	17
9.4 Meetings.	17
ARTICLE 10: MANAGEMENT / POWERS OF THE ASSOCIATION	17
10.1 Management by Board.....	17
10.2 Authority of the Association	17
10.2.1 Powers:.....	17
10.2.2 Litigation.	19
10.2.3 Board Exercises Control.	19
10.2.4 Acquisition of Property.....	19
10.2.5 Entry for Repairs.....	19
10.2.6 Association Acts for Owners.....	20
10.3 Specific Limitations on Association's Authority	20
10.3.1 Loan Ratification.....	20
10.3.2 Flags.....	20
10.3.3 Signs.....	21
10.3.4 Capital Additions and Improvements.	21
10.3.5 Operating a Business.	21
10.3.6 Management Contracts.	21
10.4 Association Records.	21
10.4.1 Records to be Kept.	21
10.4.2 Owners Right to Review Records.....	22
10.4.3 Protected Records.....	22
10.4.4 Costs of Records Review.	23
10.4.5 Right to Copies of Records.....	23
10.4.6 Records as Kept in the Course of Business.	23
10.4.7 No Commercial Use.....	23
10.5 Security.....	23
ARTICLE 11: USE OF UNITS	23
11.1 Residential Use.....	23
11.2 Trade or Business Use.	23
11.3 Restrictions on Occupancy.	24

11.4	Leasing of Units.....	24
11.4.1	Leasing Defined and Regulated.....	24
11.4.2	Minimum and Maximum Lease Terms Required.....	24
11.4.3	Written Leases.....	25
11.4.4	Lease Requirements.....	25
11.4.5	Tenant Screening.....	25
11.4.6	Governing Documents.....	25
11.4.7	Association's Right to Evict and Levy Fines.....	25
11.4.8	Limitation of Association's Liability.....	25
11.4.9	Insurance Carried by Tenants.....	26
11.4.10	Tenants' Subleasing Units.....	26
11.4.11	Incorporation of Governing Documents.....	26
11.4.12	Rules Related to Rentals.....	26
11.4.13	Rental Processing Fees.....	26
11.5	Use of the Units and Condominium.....	26
11.5.1	Nuisances.....	26
11.5.2	Smoking.....	26
11.5.3	Animals.....	26
11.5.4	Garbage Removal.....	27
11.5.5	Recreational Vehicles.....	27
11.5.6	Antennas.....	27
11.5.7	Fencing.....	27
11.5.8	Additional Structures.....	27
11.5.9	Street Lighting.....	27
11.5.10	Modification of Structures.....	27
11.5.11	Vehicles.....	27
11.5.12	Guest Parking.....	28
11.6	Unit Maintenance.....	28
11.7	Visual Noise.....	28
11.8	Damages to Property.....	28
11.9	Common Elements and Facilities.....	29
11.10	Architectural Control.....	29
11.10.1	Alterations of Units.....	29
11.10.2	Subdivision and Combination of Units.....	29

11.11	Rules and Regulations.....	29
11.12	Registration of Occupants, Animals and Vehicles.....	29
ARTICLE 12: ASSESSMENTS, FEES, LIENS AND COLLECTIONS		30
12.1	Common Expense Assessments.....	30
12.1.1	Annual Budget.....	30
12.1.2	Allocation of Common Expenses.....	30
12.1.3	Common Expenses Shall Include:.....	30
12.2	Payment by Owners.....	30
12.3	Specially Allocated Expenses.....	30
12.4	Adoption of Budgets—Assessments and Special Assessments.....	31
12.4.1	Notice and Ratification.....	31
12.4.2	Supplemental Budgets.....	31
12.4.3	Special Assessments.....	32
12.5	Reserve Account; Withdrawals.....	32
12.6	Reserve Study Preparation.....	32
12.7	CPA Audit.....	33
12.8	Utility Termination.....	33
12.9	Lien for Sums Due; Enforcement.....	33
12.9.1	Lien.....	33
12.9.2	Priority.....	33
12.9.3	Mortgage Priority.....	33
12.9.4	Recording as Notice.....	34
12.9.5	Purchaser's Obligations.....	34
12.9.6	Limitation on Action.....	34
12.9.7	Lien Survives Contract Sale.....	34
12.10	Personal Obligation.....	34
12.11	Late Fees and Interest.....	34
12.12	Attorneys' Fees.....	34
12.13	Judicial and Non-Judicial Foreclosure.....	35
12.13.1	Judicial Foreclosure.....	35
12.13.2	Non-Judicial Foreclosure.....	35
12.13.3	Foreclosure Miscellaneous.....	35
12.14	Rent Paid to Association.....	35
12.15	Receiver.....	35

Commons at Cordata Restatement Approved 7.20.20

12.16	Acceleration of Assessments.....	36
12.17	Delinquent Assessment Deposit	36
12.18	Remedies Cumulative.....	36
12.19	Assessment Certificate.....	37
ARTICLE 13: INSURANCE		37
13.1	Association Insurance.....	37
13.2	Unavailability of Insurance.....	37
13.3	Insurance Proscribed.....	37
13.4	Loss Adjustment through Association.....	38
13.5	Certificate of Insurance.....	38
13.6	Policy Requirements.....	38
13.7	Unit Owner Insurance	38
13.7.1	Owner's Additional Insurance	38
13.7.2	Proof of Coverage.....	39
13.7.3	Unit Owner Obligations.....	39
13.7.4	Tenant or Occupant Insurance.....	39
13.7.5	Owner's or Occupant's Insurance Deductible.....	39
13.7.6	Allocation of Repair Costs for Property Damage.....	39
13.7.7	Maximum Damage Assessment.....	40
ARTICLE 14: DAMAGE AND DESTRUCTION		40
14.1	Application.....	40
14.2	Costs.....	40
14.3	Failure to Restore Common Elements.....	40
14.4	Damage to or within a Unit.....	40
14.5	Distribution on termination.....	40
ARTICLE 15: NOTICE.....		40
15.1	Form.....	40
15.2	Tangible Medium.....	41
15.3	Electronic Transmission.....	41
15.4	When Effective.....	42
15.5	Good Faith.....	42
ARTICLE 16: ENFORCEMENT AND DISPUTE RESOLUTION		42
16.1	Compliance with the Governing Documents	42
16.2	Strict Compliance.....	42

Commons at Cordata Restatement Approved 7.20.20

16.3	Failure of Board to Insist on Strict Performance No Waiver	42
16.4	Enforcement of Governing Documents	42
16.5	Opportunity to Be Heard	43
16.6	Challenge to Board's Decision	43
16.7	Dispute Resolution.....	43
16.7.1	Policy	43
16.7.2	Disputes Between Owners	43
16.7.3	Initial Dispute Resolution Procedure.....	43
16.7.4	Mediation.....	44
16.7.5	Arbitration	44
16.7.6	Emergency Enforcement Action Exception.....	45
16.7.7	Hearing – Law – Appeal Limited.....	45
16.7.8	Rights of Action.	45
16.8	Attorney Fees and Costs	45
16.9	Enforcement by Board.	46
16.10	Enforcement against tenants.	46
ARTICLE 17 MORTGAGEE PROTECTION		46
17.1	Mortgagees.....	46
17.2	Limitations on Mortgagee's rights.	48
17.3	Consent of Mortgagees.....	48
ARTICLE 18: CONDEMNATION OR TERMINATION OF CONDOMINIUM		48
18.1	Condemnation.....	48
18.2	Termination.	48
18.3	Action Required	48
ARTICLE 19: TORT AND CONTRACT LIABILITY.....		48
19.1	Liability of Unit Owner.	48
19.2	Standing.....	48
ARTICLE 20: LIMITATION OF LIABILITY.....		49
20.1	Liability for Utility Failure, Etc.....	49
20.2	No Personal Liability.	49
20.3	Indemnification of Board Members.	49
ARTICLE 21: MISCELLANEOUS.....		50
21.1	Conveyances; Notice Required.	50
ARTICLE 22: AMENDMENT OF THE DECLARATION.....		50

22.1	Amendment.	50
22.2	Challenges to Amendments.	50
22.3	Recording.	50
22.4	Eligible Mortgagee Protection.	50
22.5	Corrections.	50
22.6	General Limitations.	51
22.7	City Approval.	51
EXHIBIT A Legal Description.		53
EXHIBIT B - Unit Data.		54

ARTICLE 1: INTERPRETATION

1.1 Remedies to Be Liberally Administered.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of this Condominium under the provisions of Washington law. It is intended and covenanted that the provisions of applicable Washington statutes be liberally construed so as to effectuate the intent of this Declaration. The remedies provided under the Act must be liberally administered to the end that the aggrieved party is put in as good a position as if the other party had fully performed. However, consequential, special, or punitive damages may not be awarded except as specifically provided in the Act or by other rule of law.

1.2 Supplemental General Principles of Law Applicable. The principles of law and equity, including the law of corporations, the law of real estate, and the law relative to the capacity to contract, principal and agent, eminent domain, estoppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause supplement this Declaration, except to the extent inconsistent with the Act or this Declaration.

1.3 Obligation of Good Faith. Every contract or duty governed under this chapter imposes an obligation of good faith in its performance or enforcement.

1.4 Construction and Validity of Governing Documents. (1) All provisions of the governing documents are severable. If any provision of a governing document, or its application to any person or circumstances, is held invalid, the remainder of the governing document or application to other persons or circumstances is not affected. (2) If a conflict exists between the Declaration and the organizational documents, the Declaration prevails except to the extent the Declaration is inconsistent with law.

1.5 Consistent with Act. The terms used herein are intended to have the same meaning as given in the Condominium Act (RCW 64.34) unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.6 Covenant Running with Land. This Declaration shall operate as a set of covenants running with the land, or equitable servitudes, binding on all Owners of the Property or a Unit, together with their grantees, successors, heirs, executors,

administrators, devisees or assigns, supplementing and interpreting the Act, and operating independently of the Act, should the Act or any part thereof be, in any respect, inapplicable.

1.7 Captions and Exhibits. Captions given to the various sections and section herein are for convenience only and are not intended to modify or affect the meaning of any substantive provisions of this Declaration. The various Exhibits referred to and attached shall be deemed incorporated herein.

1.8 Inflationary Increase in Dollar Limits. Any dollar amounts specified in the Declaration in connection with any proposed action or decision of the Board or Association shall be increased proportionately by the increase in the Consumer Price Index for the City of Seattle, Washington for All Urban Consumers ("Index"), prepared by the United States Department of Labor over the base Index of January 1 of the calendar year in which the Restated Declaration is recorded, to adjust for any change in the value of the dollar. In the event the Index is discontinued, the Board shall select a comparable Index for this purpose.

1.9 Form of Words. Each use of the masculine, neuter or feminine gender herein will be deemed to include the other genders, and each use of the plural will include the singular, and vice versa, in each case as the context requires.

1.10 Definitions

The definitions in this section apply throughout this Declaration unless the context clearly requires otherwise.

"The Act" or **"Act"** means the Washington Condominium Act (Chapter 64.34 RCW), as amended from time to time.

"Allocated interests" means the following interests allocated to each Unit: the undivided interest in the Common Elements, the common expense liability, and votes in the Association;

"Assessment" means all sums chargeable by the Association against a Unit, including any Assessments levied or imposed through the budget process; specially allocated expenses or any expense chargeable to an Owner or Unit as provided by the Declaration or law; fines or fees levied or imposed by the Association pursuant to the governing documents; interest and late charges on any delinquent account, and all costs of collection incurred by the Association in connection with the collection of a delinquent Owner's account, including reasonable attorneys' fees.

"Association" means the Unit Owners Association organized under this Declaration, known as The Commons at Cordata Condominium Owners' Association.

"Ballot" means a Record designed to cast or register a vote or consent in a form provided or accepted by the Association.

"Board" or **"Board of Directors"** means the body designated in the Declaration with primary authority to manage the affairs of the Association, as further described in the Bylaws.

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

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

"Capital Addition or Improvement" means additions to the existing Condominium Property. This shall not include maintenance, repair or replacement of existing structures and Buildings, even if there are changes to or replacement of an existing material with different material. These do not include making, in the ordinary course of management, repairs to Common Elements or replacements of the Common Elements with substantially similar items, subject to: (A) Availability of materials and products, (B) prevailing law, or (C) sound engineering and construction standards then prevailing.

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

"Common Expense" means any expense of the Association, including allocations to reserves, allocated to all of the Unit Owners in accordance with common expense liability.

"Conservation Easements" means those certain Conservation Easements recorder under Whatcom County Auditors File Nos. 2120101119, 2090704731, and that certain Conservation/Wetland Mitigation Easement to the City of Bellingham, recorder under Whatcom County Auditor's File No. 2121004442 and 2121004443, including any amendments thereto.

"Common Expense Liability" means the liability for common expenses allocated to each Unit pursuant to Article 7.

"Declaration" means this Second Amended and Restated Declaration for The Commons at Cordata Condominium, as it may be amended from time to time.

"Dispute" means a conflict or a controversy arising out of or related to the provisions of the Governing Documents and duly authorized decisions of the Board. "Dispute" does not include enforcement by the Board of any Violation of the Governing Documents, though enforcement of a Violation may evolve into a Dispute if the final decision of the Board regarding a Violation is challenged. "Dispute" does not include the collection of unpaid Assessments as provided in Article 12.

"Electronic Transmission" or **"Electronically Transmitted"** means any electronic communication (a) not directly involving the physical transfer of a record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.

"Eligible Mortgagee" means the holder of a security interest 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 mortgagees.

"Governing Documents" means the organizational documents, Bylaws, Survey Maps and Plans, Declaration, rules and regulations, or other written instruments by which the Association has the authority to exercise any of the powers provided for in the Act or to manage, maintain, or otherwise affect the property under its jurisdiction. In the event of, and only to the extent of a conflict between the following, applicable statutes control over the Declaration, the Declaration controls over the Bylaws, and the Bylaws control over the Rules, Regulations and policies adopted by the Board.

"Organizational Documents" means the instruments filed with the secretary of state to create an entity and the instruments governing the internal affairs of the entity including, but not limited to, any articles of incorporation, certificate of formation, and Bylaws (which need not be filed or recorded).

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

"Record," when used as a noun, means information inscribed on a tangible medium or contained in an electronic transmission, as further defined in Section 10.4.

"Related Party" means a person who has been certified in a written document filed by a Unit Owner with the Association to be (a) the Owner's spouse, domestic partner, parent, parent-in-law, sibling, sibling-in-law, step parent, step sibling, parent's sibling, or lineal descendant or ancestor of any of the foregoing persons; (b) an officer or director of any Unit Owner that is a corporation; (c) a member of any Unit Owner that is a limited liability company; (d) the trustee or beneficiary of any Unit Owner that is a trust; or (e) a partner of any Unit Owner that is a partnership.

"Rule" or "Regulation" means a policy, guideline, restriction, procedure, or regulation of an Association, however denominated, that is not set forth in the Declaration or organizational documents and governs the conduct of persons or the use or appearance of property.

"Specially Allocated Expense" means any expense of the Association, including allocations to reserves, allocated to some or all of the Unit Owners pursuant to Section 12.3.

"Survey Map and Plans" means those certain Survey Map and Plans of the Condominium recorded in Whatcom County, Washington, under recording number 2121004445.

"Tangible Medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

"Unit" means a physical portion of the condominium designated for separate Ownership or occupancy, the boundaries of which are described in Article 4.

"Unit Owner" or "Owner" means a person that owns a Unit, but does not include a person having an interest in a Unit solely as security for an obligation. It also means the vendee, not the vendor, of a Unit under a recorded real estate contract.

"Violation" means an infraction or breach of the Governing Documents, any duly authorized, lawful decision of the Board, or applicable local, state, or federal law and **"Violate"** means to commit such an infraction or breach.

"Voting Power" means the weight of a Unit Owner's vote. Each Unit has one equal vote as set forth in Article 7.

"Written" means embodied in a tangible medium. It includes communications by electronic transmission 1) only for persons who have agreed to accept notice by electronic transmission, and 2) which can be printed by both the sender and recipient.

ARTICLE 2: DESCRIPTION OF LAND

The land on which the Buildings and improvements provided for in this Declaration are located is as described in Exhibit A.

ARTICLE 3: DESCRIPTION OF BUILDINGS AND IMPROVEMENTS

3.1 Description of Buildings. The Condominium is comprised of air space Units, and has no common element Buildings. The condominium contains seventy-seven (77) Units.

ARTICLE 4: DESCRIPTION OF UNITS

4.1 Number and Location. Each Unit is identified in this Declaration by a number. The Unit number of each Unit, its street address, and approximate area are described in Exhibit B and the Survey Map and Plans.

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

4.3 Phased Development. The Declarant intends to create up to seventy-one (71) additional Units in phases upon completion of all necessary infrastructures for each phase, including private roads, private sewer, public water, storm sewer improvements and other necessary utilities. The Declarant is prohibited from creating new Units until all of required infrastructure has been completed and approved by the City of Bellingham. At the time of this Amended and Restated Declaration all Units have been built.

ARTICLE 5: DESCRIPTION OF COMMON ELEMENTS

5.1 Common Elements and Facilities.

5.1.1 The land above described.

5.1.2 Installations of central services such as power, gas, water and in general all apparatus and installations existing for common use. To the extent that these central services support only one Unit, the Unit Owner of said Unit is responsible for the maintenance of the central services providing for their Unit.

5.1.3 Improvements not within Units such as streets, storm water pump, wetlands, common landscaped areas, guest parking spaces, split rail fences and the fence along June Road, and walkways which surround and provide access to the Units or are used for recreational purposes. All other fences belong to individual Units.

5.1.4 Private sanitary sewer lines and related improvements located within the Common Elements or easements.

5.1.5 Drainage, storm water detention or utilities such as: electric power, cable, and gas, and in general all apparatuses and installations existing for common use; but excluding plumbing, electrical and similar utilities, which utilities are located within a Unit for the exclusive use of that Unit.

5.1.6 That portion of the Real Property subject to Conservation Easements.

5.1.7 The area designated as Parking Area as shown on the Survey Map and Plans.

5.1.8 Lights identified on the Survey Map and Plans and installed by the Declarant for lighting of roads and other Common Elements which are not maintained by public utilities shall be Common Elements. These Common Element lights shall not include any Street Lights within the Units that are described in Section 11.5.9.

5.1.9 Mail kiosks serving more than one Unit (including cluster mailbox units identified on the Survey Map and Plans) shall be Common Elements.

5.2 Conveyance or Encumbrance of Common Elements.

5.2.1 Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if Unit Owners entitled to cast at least eighty percent (80%) of the votes in the Association, agree to that action.

5.2.2 Proceeds of the sale or a loan are an asset of the Association. This subsection (1) does not apply to the incorporation of Common Elements into Units as a result of relocating Unit boundaries or to eminent domain proceedings.

5.2.3 An agreement to convey Common Elements must be evidenced by the execution of an agreement, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must be recorded with the county and is effective only upon recordation.

5.2.4 The Association, on behalf of the Unit Owners, may contract to convey or dedicate an interest in the condominium, but the contract is not enforceable against the Association until approved pursuant to subsection (5.2.1), (5.2.2), or (5.2.3) of this section. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

5.2.5 Unless made pursuant to this section, any purported conveyance, encumbrance, judicial sale, or other voluntary transfer of Common Elements or of any other part of a cooperative is void.

5.3 Incorporation into Units. Unless otherwise provided in the Declaration, the Owners of Units to which at least sixty-seven percent (67%) of the votes are allocated,

including the Owner of the Unit to which the Common Element will be incorporated, must agree to reallocate a Common Element into a Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans. The amendment must be executed and recorded by the Association and be recorded in the name of the Condominium. All costs, including reasonable attorneys' fees, incurred by the Association for preparing and recording amendments to the Declaration and map under this section must be assessed to the Units affected.

ARTICLE 6: DESCRIPTION OF LIMITED COMMON ELEMENTS

6.1 There are no Limited Common Elements.

ARTICLE 7: VALUE AND PERCENTAGE INTEREST

7.1 Percentage Interest of Each Unit. The Percentage Interest for each Unit is a one-seventy-seventh (1/77) interest in the Common Elements and one-seventy-seventh (1/77) responsibility for the Common Expense Liability. Each Unit is allocated one vote in the Association.

7.2 Percentage of Unit Owners or Mortgagees. For purposes of determining the percentage Ownership interest herein, where a Unit Owner owns, or a Mortgagee holds a first mortgage on, more than one Unit, they shall be deemed a separate Unit Owner or Mortgagee for each Unit.

ARTICLE 8: EASEMENTS

8.1 In General. Unit Owners have an easement in the Common Elements for access to their Units. Subject to the Declaration and rules, the Unit Owners have a right to use the Common Elements for the purposes for which the Common Elements were intended.

8.2 Easement 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 inspection, 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 other Units, to perform necessary work that the Owner has failed to perform, or for any emergency situations. This easement does not provide for the right of entry inside a dwelling or other structure within a Unit absent permission from the occupant or a court order.

8.3 Easement through Units. The Association, its vendors and agents, have easements through all Units to allow for the inspection, maintenance and repair of the property.

8.4 Easements Benefitting Owners. In addition to the rights and easements reserved or provided for by law, each Unit is granted easements as required through Common Elements and other Units for the location and maintenance of all pipes, wiring and plumbing and for all structural or service elements necessary or convenient for the occupation of the Unit for its intended use. 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, repair, or reconstruction. The easements extend to reasonable access for purposes of repair, replacement or maintenance so long as the areas where they are

located are restored after completion of such work. The easements here created are intended for implementing and maintaining the original building as built, but not to authorize features not contemplated in the original Plans unless such new features are authorized by Board action and do not materially and adversely affect the Common Elements or any Unit.

8.5 Utility Easements. The Board, on behalf of the Association and all members thereof, shall have the authority to grant utility, road and similar easements, licenses and permits under, through or over the Common Elements, the roadways and the areas shown as easements on the Survey Map and Plans, which easements the Board determines are reasonably necessary to the ongoing development and operation of the property and which would not materially interfere with the use and enjoyment of the easements.

8.6 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, or errors in original construction, reconstruction, repair of any portion of the Building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance 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; 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.

8.7 Wetland Buffer. The Declarant shall not exercise any Development Rights that would be a violation of the Conservation Easements without first modifying the Wetland Buffer as provided in the Conservation Easements. (At the time of the recording of this Declaration, all development rights have been exercised or have expired.) The Association shall maintain the wetlands in compliance with the Conservation and Wetlands Easement Agreements with the City (recording numbers included in Exhibit A).

ARTICLE 9: OWNERS ASSOCIATION

9.1 Form of Association. The Condominium shall be administered by The Commons at Cordata Condominium Owners' Association, a non-profit corporation formed pursuant to those certain Articles of Incorporation of The Commons at Cordata Condominium Owners' Association, filed for record with the Office of the Secretary of State, State of Washington on April 12, 2013. The rights and duties of the members of such corporation shall be governed by the provisions of this Declaration, the other Governing Documents and applicable Washington statutes.

9.2 Membership Qualification. The membership of the Association at all times consists exclusively of all Unit Owners or, following termination of the common interest community, of all former Unit Owners entitled to distributions of proceeds under the Act, or their heirs, successors, or assigns.

9.3 Bylaws. The governance of the Association shall be as provided in the organizational documents, including the Bylaws, to deal with meetings, voting and election and removal of Board Members.

9.4 Meetings. Meetings of the Association and the Board shall be held at the time and in the manner provided in the Bylaws.

ARTICLE 10: MANAGEMENT / POWERS OF THE ASSOCIATION

10.1 Management by Board. The Association shall be administered and managed by a Board of Directors as provided in the Bylaws. Except as provided otherwise in the Governing Documents or law, the Board acts on behalf of the Association.

10.2 Authority of the Association

10.2.1 Powers: The Board (or the Managing Agent to the extent delegated by the Board) shall exercise all powers of the Association except as restricted by the Act, the Declaration or the Bylaws; shall enforce the provisions of this Declaration and of the Bylaws; and shall have all powers and authority permitted to the Board under applicable Washington statutes and the Declaration. Without limiting the generality of the foregoing, the Association shall have the following powers and duties:

- (a) To adopt and amend Rules and Regulations;
- (b) To propose and adopt budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners, pursuant to ratification in accordance with the Bylaws;
- (c) To obtain and maintain water, sewer, electrical, and any other utility service as required or desirable for the Common Elements (if any);
- (d) To obtain and maintain policies of insurance or bonds providing coverage for (i) fire and other hazard, (ii) liability for personal injury and property damage, (iii) fidelity coverage for the of Association officers and other employees, and (iv) directors and officers liability, and such other insurance as the Board deems appropriate to protect and maintain the Property and its value;
- (e) To obtain the services of Persons as required to properly manage the affairs of the Condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Elements, regardless whether such personnel are employed directly by the Board or are furnished by the Managing Agent;
- (f) To employ legal and accounting services as may be reasonably necessary or proper in the operation of the Association affairs, administration of the Common Elements, or the enforcement of this Declaration and other Governing Documents;
- (g) To contract for all goods and services, including painting, maintenance, repair and all landscaping and gardening work, for the Common Elements and such furnishings and equipment for the Common Elements as the Board shall determine are necessary or proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Elements;

(h) To regulate the use, maintenance, repair, replacement, and modification of the Common Elements;

(i) To cause additional improvements to be made as a part of the Common Elements (except as limited below);

(j) To obtain any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or Assessments which the Board is required to secure by law, or which in its opinion shall be necessary or proper for the operation of the Common Elements or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or Assessments are provided for one or more particular Units or their Owners, the cost thereof shall be specially charged to the Owners of such Units;

(k) To perform maintenance and repair of any Unit, its appurtenances, landscape and structures, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice to the Owner and an opportunity to be heard. The Board shall levy a special charge against the Unit of such Owner or Owners for the cost of such maintenance or repair;

(l) To grant easements, leases, licenses, and concessions through or over the Common Elements;

(m) To pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof that is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest of particular Owners;

(n) To impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, and for services provided to Unit Owners. This may include fees to recover expenses associated with changes in occupancy, and one time, or monthly fees to recover expenses associated with Units rented by their Owners;

(o) To impose and collect charges for late payments of Assessments and, after Notice and an Opportunity to be Heard in compliance with Article 16, to levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for Violations of the Governing Documents;

(p) To impose and collect charges for the preparation and recording of amendments to the Declaration, resale certificates as required by RCW 64.34.425 and statements of unpaid Assessments;

(q) To assign the Association's right to future income, including the right to receive Common Expense Assessments;

(r) To establish and administer a reserve account as described in RCW 64.34.380;

(s) To prepare a reserve study as described in RCW 64.90.545;

(t) To provide for the indemnification of its officers and Board members, to the extent permitted under RCW 23B.17.030;

(u) To require that disputes between the Association and Unit Owners, or between two or more Unit Owners, regarding the Condominium be submitted to nonbinding alternative dispute resolution as a prerequisite to commencement of a judicial proceeding or arbitration;

(v) To suspend any right or privilege of a Unit Owner who fails to pay an Assessment, but may not (i) deny a Unit Owner or other Occupant access to the Owner's Unit; (ii) suspend a Unit Owner's right to vote; or (iii) withhold services provided to a Unit or a Unit Owner by the Association if the effect of withholding the service would be to endanger the health, safety, or property of any person;

(w) To exercise any powers conferred by the Act, this Declaration or the Bylaws;

(x) To exercise all powers that may be exercised by Washington corporations of the same type as the Association; and

(y) To exercise any other powers necessary and proper for the governance and operation of the Association and enforcement of this Declaration.

10.2.2 Litigation. Except as limited by Article 16, Institute, defend, or intervene in litigation or in arbitration, mediation, or administrative proceedings or any other legal proceeding in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium or the Association;

10.2.3 Board Exercises Control. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be a Common Expense. The Board may delegate such powers to the Managing Agent or others, subject to the terms hereof.

10.2.4 Acquisition of Property. The Board may 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 Association as the Board may direct.

10.2.5 Entry for Repairs. Upon prior notice, except in case of an emergency, each Unit Owner must afford to the Association, and to its agents or employees, access into and through that Owner's Unit reasonably necessary for maintenance and repair of the property, including necessary inspections by the Association. The Board and its agents may enter any Unit when the Board deems necessary in connection with any inspection, maintenance, repair, landscaping or construction carried out by the Board, in the event of an emergency, or in connection with any maintenance or other necessary repairs, replacement, construction, or other activity for which the Unit Owner is responsible but has failed to perform after at least thirty (30) days' notice.

a) This right does not provide for the right of entry inside a dwelling or other structure within a Unit absent permission from the occupant or a court order.

b) Such entry shall be made with as little inconvenience to the Owner and/or Occupant as practicable. Except in emergencies, Notice shall be provided at least five (5) days in advance, and shall be posted on the door to the Unit at least forty-eight (48) hours in advance of entry.

c) Each Owner shall provide the Association access into their Unit for compliance with this Section. Common expenses incurred due to an Owner's failure to provide access will be assessed to the Unit.

d) That if an Owner needs to move or store any contents of their Unit (personal belongings) in order for the Association to perform repairs for which the Association is responsible, the Owner must do so within a reasonable time of request by the Association, and any costs incurred shall be borne by the Owner.

e) If an Owner or other occupant is displaced due to fire, damage, or necessary repairs to the condominium, the Association has no liability for the cost of moving, storage, or alternative housing. These are risks that each owner can insure themselves for.

10.2.6 Association Acts for Owners. Each Owner, by the mere act of becoming an Owner or contract purchaser of a Unit, shall irrevocably appoint the Association to take such action as is reasonably necessary to promptly perform the duties of the Association and the Board hereunder, including but not limited to the duties to maintain, repair, or improve the Property, and to deal with the Owner's Unit upon condemnation.

10.3 Specific Limitations on Association's Authority

10.3.1 Loan Ratification. Any borrowing by an Association that is to be secured by an assignment of the Association's right to receive future income requires ratification by the Unit Owners as provided in this subsection. Ratification of a loan and associated budget may be combined into a single meeting.

(a) The Board must provide notice of the intent to borrow to all Unit Owners. The notice must include the purpose and maximum amount of the loan, the estimated amount and term of any Assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan.

(b) In the notice, the Board must set a date for a meeting of the Unit Owners, which must not be less than fourteen (14) and no more than fifty (50) days after mailing of the notice, to consider ratification of the borrowing.

(c) Unless at that meeting, whether or not a quorum is present, Unit Owners holding a majority of the votes in the Association reject the proposal to borrow funds, the Association may proceed to borrow the funds in substantial accordance with the terms contained in the notice.

10.3.2 Flags. Unit Owners may display the flag of the United States, or the flag of Washington state, on or within a Unit, subject to reasonable restrictions adopted by the Board pertaining to the time, place, or manner of displaying the flag of the United

States necessary to protect a substantial interest of the Association. For purposes of this section, "flag of the United States" means the flag of the United States as described in 4 U.S.C. Sec. 1 et seq. that is made of fabric, cloth, or paper.

10.3.3 Signs. Owners may display signs regarding candidates for public or Association office, or ballot issues within a Unit subject to rules adopted by the Board governing the time, place, size, number, and manner of those displays. Signs for other purposes are prohibited, unless authorized by the Board or rules adopted by the Board governing the time, place, size, number and manner of those displays, including signs advertising Units for sale or lease.

10.3.4 Capital Additions and Improvements. The Board of Directors may not undertake any capital additions or improvements to the Common Elements costing in excess of \$20,000.00, unless such expenses are approved a majority of the total voting power of the Association.

10.3.5 Operating a Business. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

10.3.6 Management Contracts. Any agreement for professional management shall provide for termination by the Condominium Association without cause or payment of a termination fee on ninety (90) days' written notice and shall have a maximum duration of one year, but may be renewed each year;

10.4 Association Records.

10.4.1 Records to be Kept. The Association must retain the following records:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the Association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its Unit Owners and Board, other than executive sessions, a record of all actions taken by the Unit Owners or Board without a meeting, and a record of all actions taken by a committee in place of the Board on behalf of the Association;

(c) The names of current Unit Owners, mailing addresses used by the Association to communicate with them;

(d) The Declaration, organizational documents, all amendments to the Declaration and organizational documents, and all rules and regulations currently in effect;

(e) All financial statements and tax returns of the Association for the past seven years;

(f) A list of the names and mailing addresses of its current Board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Financial and other records sufficiently detailed to enable the Association to prepare a resale certificate as required by law;

(i) Copies of contracts to which it is or was a party within the last seven years;

(j) Materials relied upon by the Board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(k) Materials relied upon by the Board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(l) Copies of insurance policies under which the Association is a named insured;

(m) Any current warranties provided to the Association;

(n) Copies of all notices provided to Unit Owners or the Association in accordance with the Act or the governing documents for a period of one year; and

(o) Ballots, proxies, absentee ballots, and other records related to voting by Unit Owners for one year after the election, action, or vote to which they relate.

(p) Board Members' emails are not Association records. Emails between Board Members, or between Board Members and managers are not Association records, unless they are the written authorization to take Board action outside of a Board meeting.

10.4.2 Owners Right to Review Records. Subject to Subsections 10.4.3 and 10.4.4, all records required to be retained by an Association must be made reasonably available for examination and copying by all Unit Owners, holders of mortgages on the Units, and their respective authorized agents as follows, unless agreed otherwise:

(a) During reasonable business hours or at a mutually convenient time and location; and

(b) At the offices of the Association or other reasonable location.

10.4.3 Protected Records. Records retained by an Association (if any) may be withheld from inspection and copying to the extent that they concern:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the Association;

(f) Information the disclosure of which would violate a court order or law;

- (g) Records of an executive session of the Board;
- (h) Individual Unit files other than those of the requesting Unit Owner;
- (i) Unlisted telephone number or electronic address of any Unit Owner or resident;
- (j) Security access information provided to the Association for emergency purposes; or
- (k) Agreements that for good cause prohibit disclosure to the members.

10.4.4 Costs of Records Review. An Association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the Unit Owner's inspection.

10.4.5 Right to Copies of Records. A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available, upon request by the Unit Owner. Any costs incurred by the Association to provide such copies shall be assessed to the Unit Owner.

10.4.6 Records as Kept in the Course of Business. An Association is not obligated to compile or synthesize information. Records need only be made available as kept by the Association.

10.4.7 No Commercial Use. Information provided pursuant to this section may not be used for commercial purposes.

10.5 Security. The Association does not have a duty to provide for the safety or security of persons or property at the condominium.

ARTICLE 11: USE OF UNITS

11.1 Residential Use. The Buildings and Units shall be used for and restricted to use as single family residences only, on an Ownership, rental or lease basis, and for social, recreational, or other reasonable activities normally incident to such use not inconsistent with the provisions of this Declaration nor applicable zoning and for the purposes of operating the Association and managing the Condominium if required. The foregoing restrictions as to residence shall not, however, be construed in such a manner as to prohibit a Unit Owner from maintaining their personal professional library therein; keeping their personal business and professional records or accounts therein; or handling their personal business or professional telephone calls or correspondence therefrom. Use of a Unit for hotel or transient purposes is not consistent with residential use. Use of a Unit for short term guests, such as through services like Airbnb, are prohibited, even if the Unit is concurrently occupied by the Owner.

11.2 Trade or Business Use. No Trade or Business of any kind may be conducted in or from any Unit or any portion of the Property, except that an Owner or Occupant may conduct a Business activity within the Unit only if:

- (a) the existence or operation of the Business activity within the Unit is not apparent or detectable by sight, sound, or smell from the exterior of the Unit;

(b) the Business activity conforms to all zoning and land-use requirements for the Property;

(c) the Business activity does not involve persons who do not reside in the Condominium coming onto the Property;

(d) the Business activity does not increase the liability or casualty insurance obligation or premium of the Association; and

(e) in the sole discretion of the Board, the Business activity is consistent with the residential character of the Association and does not constitute a nuisance or hazardous or offensive use.

11.3 Restrictions on Occupancy.

(a) Convicted sex offenders are not permitted to reside in any Unit.

(b) No unit may be occupied by more than one family, or by unrelated persons more than two persons per bedroom within the Unit. For this section, an infant under one year of age shall not count as a person.

11.4 Leasing of Units. Homeowners may lease their Units in compliance with the restrictions on occupancy contained in this Declaration (including this Article 11) and as established by the City.

11.4.1 Leasing Defined and Regulated.

(1) Leasing or renting is defined as occupancy of a Unit by someone other than the Owner or a Related Party, whether or not money is paid to the Owner. Leasing does not include occupancy of a Unit, whether or not rent is paid, by occupants residing in a Unit with the Unit Owner.

(2) The Leasing of a Unit shall be governed by the provisions of this Declaration. Notwithstanding anything herein to the contrary, this Section shall not be applicable to (a) the Lease of a residential Unit acquired by the Association following a Foreclosure of the Association's lien for Assessments; (b) the Lease of a residential Unit by a receiver appointed on the motion of the Association in connection with a lien Foreclosure action filed by the Association; or (c) a Mortgagee, institutional holder or loan servicer in possession of a residential Unit following default on a mortgage or deed of trust (or Foreclosure of the same).

(3) Prohibition on Leasing Portions of Units. No lease or rental of a Unit may be of less than the entire Unit. Provided, however, that this section shall not apply, whether or not rent is paid, to occupants residing in the Unit with the Unit Owner.

(4) Timesharing (as defined in RCW 64.36.010(11)) is prohibited.

11.4.2 Minimum and Maximum Lease Terms Required. Every Lease Agreement shall be for a fixed term of not less than six (6) months and not more than twelve (12) months. No Owner or Tenant shall cause or allow the overnight accommodation of employees or business invitees in any Unit on a temporary or transient basis, which shall be defined as the lease, rental occupancy or use by a Tenant or other non-Owner Occupant for an occupancy period of less than six (6) months.

11.4.3 Written Leases. No Lease of a Unit shall be valid or enforceable unless it shall be by means of a written Lease Agreement between the Owner of the Unit and the Tenant(s). A copy of each Lease Agreement shall be provided by the Owner to the Board or its designated agent promptly after execution by the parties thereto, and before the tenancy commences.

11.4.4 Lease Requirements. Any lease or rental agreement must provide that:

(a) its terms shall be subject in all respects to the provisions of the Declaration and Bylaws and the Rules and Regulations of the Association;

(b) any failure by the tenant to comply with the terms of the Declaration, Bylaws, and Rules and Regulations shall be a default under the lease or rental agreement; and

(c) the Owner grants to the Board and the managing agent the authority to evict the tenant on Owner's behalf for any default under the Lease, upon only such notice as is required by law.

11.4.5 Tenant Screening. Unless it will affect FHA certification for the condominium, the Board may adopt a rule that requires any Owner desiring to Lease a Unit to have any prospective Tenant screened or a credit report obtained, at the Owner's sole cost and expense, by a tenant screening service designated or approved by the Board, and to furnish the report of the tenant screening service to the Owner or its designated agent prior to an Owner entering into a Lease Agreement with a prospective Tenant. The Board may require proof that the tenant screening requirement has been fulfilled before approval of any lease.

11.4.6 Governing Documents. The Unit Owner shall provide a copy of all Governing Documents to the Tenant(s) prior to the signing of the Lease Agreement by the Tenant(s). The Unit Owner shall provide the Board with a signed statement from each Tenant that they have received and read the Governing Documents and will abide by the same.

11.4.7 Association's Right to Evict and Levy Fines. Each Unit Owner shall have the responsibility to ensure compliance by their Tenant(s) with the Condominium's Governing Documents and with all applicable state and federal laws. A Unit Owner may be assessed fines by the Association in accordance with the Rules and Regulations if any Tenant of the Owner fails to comply with the Governing Documents. If a Tenant continues to fail to comply with the Governing Documents or applicable local, state and federal law, after written notice of a Violation has been given to the Unit Owner, the Association shall have the power and authority to evict the Tenant. Neither the Association nor the manager shall be liable in any way to the Unit Owner or any Tenant for any exercise of its right to evict made in good faith. The Unit Owner shall be responsible for all costs of eviction, including legal fees, which costs shall be levied against the Unit as an Assessment, and which may be collected and foreclosed by the Association in the same manner as other Assessments may be collected and foreclosed upon pursuant to this Declaration.

11.4.8 Limitation of Association's Liability. The Association shall not be liable in any way to any Related Party, Tenant or other Occupant to any greater extent than it

would be to an Owner for any accident or injury occurring in, on, around, or caused by the Common Elements or the Unit, except as covered by insurance and according to the Association's standard policy. Each Owner who Leases a Unit hereby agrees to indemnify the Association and to hold the Association harmless for any claims brought against the Association by the Unit's Tenants, Occupants, guests, invitees or agents.

11.4.9 Insurance Carried by Tenants. Tenants must obtain and provide proof of insurance for the contents of the Unit they are Leasing, liability insurance, and insurance for loss of use.

11.4.10 Tenants' Subleasing Units. No Tenant may sublease a Unit or any part of a Unit (e.g., a room).

11.4.11 Incorporation of Governing Documents. If any lease does not contain the foregoing provisions, such provisions are nevertheless deemed to be a part of the lease and binding upon the Owner and the tenant by reason of their being stated in the Declaration.

11.4.12 Rules Related to Rentals. The Board is authorized to establish Rules and Regulations affecting Tenants.

11.4.13 Rental Processing Fees. The Board is authorized to establish and charge reasonable fees in connection with the Leasing of Units and for maintaining Tenant information, in order to defray the added administrative and physical costs of such activities. Such processing fees shall be collectible as an Assessment against the Unit that is Leased and charged to its Owner.

11.5 Use of the Units and Condominium

11.5.1 Nuisances. No noxious or undesirable thing, Nor noxious or undesirable use, shall be permitted or maintained in any Unit or in any other portion of the Property. No Person shall cause any unreasonably loud noise anywhere in the Property. If the Board of Directors determines that a thing or use is undesirable or noxious, or that a noise is unreasonably loud, that determination shall be conclusive.

11.5.2 Smoking. The Association has determined that smoking of tobacco, marijuana or any other substance constitutes an activity that is harmful to the members of the community. Smoking includes vaping, or any other airborne means of distributing nicotine or other substances. Smoking is prohibited throughout the Common Elements. Smoking is allowed within the Units, as long as the smoke does not become a nuisance to neighbors. Each Owner is responsible for compliance by Tenants and Occupants, whether permanent or temporary, and by all guests, employees, and invitees thereof.

11.5.3 Animals. No animals shall be raised, kept or bred within a Unit, except dogs, cats, and other household pets; provided that they are not kept, bred, or maintained for commercial purposes.

Any individual animal living within or visiting the Condominium is subject to removal by the Board if that animal becomes a nuisance to others. The animals' owners (or caretakers) must keep all animals under proper control, remove all pet waste, and abide by the City of Bellingham licensing and leash laws. Rodents are not allowed as

pets, and must be exterminated immediately when found. The Board may adopt other reasonable rules regarding pets within the Condominium.

11.5.4 Garbage Removal. Each Owner shall be responsible for removing all trash or garbage from the Unit and depositing it in the proper receptacles, as designated by the Association.

11.5.5 Recreational Vehicles. All boats, utility trailers, trucks of more than one-ton rating, campers, recreational vehicles, travel trailers, motor homes and similar items or vehicles maintained or kept within a Unit shall at all times be enclosed within a garage; provided that out-of-county resident guests with the Owner's permission may park a recreational vehicle or travel trailer within a Unit for up to a maximum of four (4) weeks, within a calendar year without being in violation of this restriction.

11.5.6 Antennas. No television or radio antenna of any kind may be installed within a Unit if it extends more than ten feet (10') above the highest point of the roof of the residence.

11.5.7 Fencing. No front yard fencing shall be permitted without the prior written consent of the Association. Fencing from the front face of the residence located within the Unit along the Unit boundaries to the back boundary line is permitted, subject to approval from the Association relating to the design, materials and color of the fence. No fence may be constructed on any Wetland or on any other Common Element. Approval from the Association must be acquired prior to construction, painting, repair or reconstruction of any fence. Fences must be located fully within the Unit Boundary.

11.5.8 Additional Structures. No Structure or improvement of any kind may be placed within the Unit without prior written consent of the Association, and any design approval from the City of Bellingham or design restrictions adopted by the Association.

11.5.9 Street Lighting. Each Unit shall have a carriage light for the purpose of providing illumination for the roads and sidewalks serving the Condominium ("Street Lights"). The Street Lights design must be approved by the Association. Electricity for the Street Lights shall be supplied by the Unit within which the Street Light is located. All Street Lights must include light sensors so that the Street Lights automatically turn on after dark. The sensor settings shall be determined by the Association. The expense for maintenance and changing the bulbs for the Street Lights shall be the responsibility of the Unit Owner. The Association may establish rules to ensure that Street Lights are adequately maintained to ensure that all Street Lights provide illumination after dark.

11.5.10 Modification of Structures. No Owner shall make any change to the structures and landscaping located within the Owner's Unit, including color changes, without the prior written consent of the Association. This restriction shall only apply to those exterior improvements, and include, but are not limited to, color changes. The Association may adopt rules to provide exemptions from this requirement.

11.5.11 Vehicles. All motor vehicles parked or stored in the Condominium must be in working condition. Vehicles may not be parked on lawns or landscaping within the units. Vehicles may not be parked in fire lanes. All of the streets in the community are fire lanes.

11.5.12 Guest Parking. Common Element parking areas are intended for the use of guests. Owners and other residents may not use guest parking for their vehicles without prior approval from the Board.

11.6 Unit Maintenance.

11.6.1 Each Unit Owner shall, at their sole expense, have the right and the duty to keep the entire structure within their Unit and its equipment, appliances, and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting, repair and replacement which may at any time be necessary to maintain the good appearance and condition of their Unit.

11.6.2 A Unit Owner, at its sole cost and expense, shall have the right to construct (in compliance with the provisions of this Declaration and all applicable laws, rules and regulations) and thereafter maintain, repair, alter and replace improvements (including Buildings and other Structures) within the Unit owned by such Owner. In connection therewith, a Unit Owner is granted easements across Common Elements as reasonably required.

11.6.3 Maintenance of Units and Common Elements. The Association is responsible for maintenance, repair, and replacement of the Common Elements and each Owner is responsible for maintenance, repair, replacement and insurance of the Owner's Unit and any Building or Structure within the Unit. Each Owner shall, at the Owner's sole expense, keep the interior and exterior of any building or Structure within the Owner's Unit and its equipment, appliances, and appurtenances in a neat, clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of any Building or Structure. The Association shall also be responsible for the operation, maintenance, repair and replacement of private roads, sidewalks, utilities, private sewer and stormwater facilities. The Association shall comply with the Stormwater Operations and Maintenance Manual West Cordata Green P.U.D., Bellingham, Washington, prepared by Freeland & Associates, Inc., dated April, 2012, as approved by the Public Works Department, Bellingham, Washington, approval date April 4, 2012.

11.7 Visual Noise. Unit Owners shall not display, hang, store or use any signs, clothing, sheets, blankets, laundry, or other articles within or outside their Unit, or which may be visible through their windows from outside (other than draperies, curtains or shades of a customary nature and appearance, subject to the Rules and Regulations of the Board of Directors), or paint or decorate or adorn the outside of their Unit, or install outside their Unit any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board of Directors or Manager.

11.8 Damages to Property. If, due to the act or neglect of a Unit Owner, or of a Related Party or their household pet or of a guest or other authorized occupant or visitor of such Unit Owner, damage shall be caused to the Common Elements and facilities, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

11.9 Common Elements and Facilities. The Common Elements and facilities shall be used only for access, ingress and egress to and from the respective Units by the occupants, and their guests, household help, and other authorized visitors, and for such other purposes which are incidental to the residential use of the respective Units. The use, maintenance and operation of the Common Elements and facilities shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner or Related Party.

11.10 Architectural Control. Except as otherwise provided in this Declaration, the Association must maintain, repair, and replace the Common Elements and each Unit Owner must maintain, repair, and replace that Owner's Unit and its structures.

11.10.1 Alterations of Units.

Subject to the provisions of the Declaration and other provisions of law, a Unit Owner:

(1) May make any improvements or alterations to the Owner's Unit that do not affect the Common Elements, but may not change the appearance of the Common Elements or the exterior appearance of a Unit without permission of the Association;

(2) May not, without first obtaining written consent of the Board of Directors, make or permit to be made any structural alterations, improvements, or addition to the exterior of the buildings or structures within their Unit, or alterations which would change the number of dwellings or bedrooms within the Unit;

(3) Shall obtain all permits required by the City for any modification to their Units;

(4) May not paint or decorate any portion of the exterior of the buildings or other Structures within their Unit without first obtaining written consent of the Board of Directors;

11.10.2 Subdivision and Combination of Units. Units may not be subdivided or combined.

11.11 Rules and Regulations. All Unit Owners shall recognize and be bound by the House Rules governing the details of the operation of Condominium, as the Board of Directors may from time to time adopt and amend. Each Unit Owner shall fully observe and perform the same and be responsible for their strict observance and performance by the Unit Owner's lessees (including sublessees), tenants, invitees, guests, employees, under-tenants and agents of said Unit Owner. A copy of the House Rules and of each amendment thereto shall be delivered to each Unit Owner in the manner set forth for Notices. The Association's internal business operating procedures need not be adopted as rules.

11.12 Registration of Occupants, Animals and Vehicles. Owners shall provide information reasonably requested by the Board or property manager about the Owners and Occupants of the Units, which shall include, but not be limited to: names, addresses, phone numbers and emails of owners; names, phone numbers, emails and approximate age of all occupants and regular visitors; names and descriptions of all animals; year, make, model and color of all vehicles associated with the Unit; name, phone number and emails for local managers for rented units; and any other information

reasonably requested by the Board in relation to the ownership or occupancy of the Unit.

ARTICLE 12: ASSESSMENTS, FEES, LIENS AND COLLECTIONS

12.1 Common Expense Assessments.

12.1.1 Annual Budget. Assessments for common expenses and those specially allocated expenses that are subject to inclusion in a budget shall be made at least annually based on a budget adopted by the Association in the manner provided in Section 12.4 herein. Unless otherwise stated in the budget, monthly assessments are due the first day of every month.

12.1.2 Allocation of Common Expenses. Except as provided otherwise in this section, all common expenses must be assessed against all the Units in accordance with their common expense liabilities.

12.1.3 Common Expenses Shall Include:

- (a) Expenses of administration, management, accounting and audits.
- (b) Expenses of maintenance, repair or replacement of Common Elements and facilities.
- (c) Costs of insurance and bonds required by this Declaration and/or the Bylaws.
- (d) A general operating reserve.
- (e) Reserve for replacements and deferred maintenance.
- (f) Any deficit in common expenses for any prior period.
- (g) Any other items properly chargeable as expenses of the Association.

12.2 Payment by Owners. Each Owner shall be obligated to pay its share of Common Expenses and special charges made pursuant to this Article to the 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 shall designate. No Owner may exempt themselves from liability for payment of Assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the Owner's Unit.

12.3 Specially Allocated Expenses. The following expenses of the Association must be assessed against the individual Units on some basis other than common expense liability. The Association may assess:

(a) Units Benefited. Expenses benefiting fewer than all of the Units or their Unit Owners exclusively against the Units benefited;

(b) Misconduct. To the extent that any expense of the Association is caused by willful misconduct or negligence (gross or ordinary) of any Unit Owner, Related Party or that Unit Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Unit after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or common expense. (Unit Owners are responsible to the extent that such expense is not covered by proceeds from any Association Insurance.) The cost for repair or replacement of any damage to

the Condominium, the Common Elements, or any Unit in excess of actual insurance proceeds received by, or to be paid to, the Association under the Association's policies of insurance and any expense the Association incurs as a result of any such misconduct, after notice and opportunity to be heard, may be specially assessed to the Unit, and be a personal obligation of the Unit Owner and of the tenant or occupant who engaged in misconduct;

(c) **The Insurance Deductible.** In the event of a loss or damage that would be covered by the Association's property insurance policy, but that is within the standard deductible under that policy, the Association may assess the amount of the loss up to the deductible against a Unit that is responsible for the loss, even if a claim is not submitted. This subsection does not prevent a Unit Owner from asserting a claim against another person for the amount assessed if that other person would be liable for the damages under general legal principles, but such claim shall not relieve the Owner of their obligation to pay amounts within the Association deductible;

(d) **Late Fees, Interest.** Late fees, interest and costs of collection for delinquent accounts, and;

(e) **Fines and Expenses.** Fines and costs for enforcement are assessed against individual Owners in accordance with this Declaration or law.

(f) **Special Charges for Services Provided to Unit Owners.** Pursuant to the authority granted the Association under RCW 64.34.304(j), a Unit Owner shall reimburse the Association for expenses incurred or amounts paid by the Association for any services requested by such Unit Owner, including, but not limited to the following: (a) review of a request for approval by the Board of a prospective lease agreement for the rental of any Unit, (b) preparation of a Resale Certificate, and (c) review of a request for approval by the Board for any architectural, structural, or related alteration to the interior or exterior of any Unit or Unit Structure.

(g) **Administrative Fees.** The Association may establish transfer fees to recover expenses associated with changes in occupancy, and one time, or monthly fees to recover expenses associated with Units rented by their Owners;

12.4 Adoption of Budgets—Assessments and Special Assessments. About sixty (60) days prior to the beginning of each calendar year, or other fiscal year as the Board may adopt, the Board shall: a) estimate the charges including Common Expenses and any special charges for particular Units to be paid during the year; b) shall make provision for creating, funding, and maintaining reasonable reserves for contingencies and operations as well as for maintenance, repair, replacement and acquisition of Common Elements; and, c) shall take into account any expected income and any surplus available from the prior year's operating fund.

12.4.1 Notice and Ratification. Budgets shall be ratified by the members as set forth in the Bylaws or as otherwise provided by Law.

12.4.2 Supplemental Budgets. If the sum estimated and budgeted at any times proves inadequate for any reason (including non-payment for any reason of any Owner's Assessment), the Board may adopt a new budget which shall be ratified in the same manner as the annual budget. If the amounts budgeted and being collected at any

time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds in excess of current needs to reserves, or refund the excess funds.

12.4.3 Special Assessments. The Board, at any time, may propose a special Assessment. The Assessment is effective only if the Board follows the procedures for ratification of a budget described in the Bylaws, and the Unit Owners do not reject the proposed Assessment. The Board may provide that the special Assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

12.5 Reserve Account; Withdrawals.

12.5.1 The Association may establish one or more accounts for the deposit of funds, if any, for the replacement costs of reserve components. Any reserve account must be an income-earning account. The Board is responsible for administering the reserve account.

12.5.2 The Board may withdraw funds from the Association's reserve account to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the reserve components. Any such withdrawal must be recorded in the minute books of the Association. The Board must give notice of any such withdrawal to each Unit Owner and adopt a repayment schedule not to exceed twenty-four months unless the Board determines that repayment within twenty-four months would impose an unreasonable burden on the Unit Owners. The Board must provide to Unit Owners along with the annual budget summary:

- (a) notice of any such withdrawal,
- (b) a statement of the current deficiency in reserve funding expressed on a per Unit basis, and
- (c) the repayment plan.

12.5.3 The Board may withdraw funds from the reserve account without satisfying the notification of repayment requirements under this section to pay for replacement costs of reserve components whether or not included in the reserve study.

12.5.4 Creation of Reserves, Assessments. The Board shall create reserve accounts for anticipated expenses for repairs, replacements, and improvements which will occur in the future in order to accumulate sufficient funds to pay such expenses when they occur, based upon a reserve study made pursuant to Section 12.6.3. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

12.6 Reserve Study Preparation.

12.6.1 The Association must prepare and update a reserve study in accordance with the law. An updated reserve study must be prepared annually. An updated reserve study must be prepared at least every third year by a reserve study professional based upon a visual site inspection conducted by the reserve study professional. A Unit Owner's duty to pay Assessments is not excused because of the Association's failure to obtain a reserve study. A budget ratified by the Unit Owners pursuant to the Declaration is not invalidated because of the Association's failure to obtain a reserve study

12.6.2 Except for an award for attorneys' fees and costs, monetary damages or other liability may not be awarded against or imposed upon the Association or its officers or Board members, or upon any person who may have provided advice or assistance to the Association or its officers or Board members, for failure to: Establish or replenish a reserve account, have a current reserve study prepared or updated, or make reserve disclosures in accordance with the budget ratification process.

12.6.3 Reserve Study. The Association shall prepare and update a reserve study as required under RCW 64.34.380 – 390. Preparation and updating of the reserve study is not a hardship on the Association, and, therefore, the Association may not avoid preparation of a reserve study based upon RCW 64.34.380(3).

12.7 CPA Audit. At least annually, the financial statements of the Condominium shall be audited by a Certified Public Accountant. The Board at any time, or by written request of Owners having at least twenty-five percent (25%) of the total votes, may require that an audit of the Association and management books be performed and presented at any special meeting. A Unit Owner, at their own expense, may at any reasonable time make an audit of the books of the Board and Association.

12.8 Utility Termination. (Not allowed under RCW 64.34.)

12.9 Lien for Sums Due; Enforcement.

12.9.1 Lien. The amount of any Assessment, whether regular or special, assessed in respect of any Unit, plus interest at the maximum rate provided by law, and costs, including reasonable attorneys' fees related thereto or incurred to collect same, shall be a lien upon such Unit from the time the Assessment is due. A payment on an Owner's Assessment account shall be applied to the oldest Assessments first, whether for fines, costs of collection, attorneys' fees, interest, late fees, regular Assessments, or Special Assessments.

12.9.2 Priority. The lien for payment of such Assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except for (a) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced came due; and (b) liens for real property taxes and other governmental Assessments or charges against the Unit that would be superior under law to the Association's lien;

12.9.3 Mortgage Priority. The lien shall also be prior to mortgages described in Subsection 12.9.2(a) above to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on any budget adopted by the Association pursuant to the Declaration which would have become due during the six (6) months immediately preceding the date of a sheriff's sale in an action for Foreclosure, the date of a trustee's sale in a non-judicial Foreclosure, or the date of a deed in lieu of foreclosure being accepted.

The priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Mortgagee or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three (3) months if and to the extent that the Association's lien priority includes delinquencies which relate to a period after such holder becomes an Eligible Mortgagee or has given such request for notice and before the Association gives the holder a written notice of

the delinquency. This Section does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

12.9.4 Recording as Notice. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for the Assessments under this Section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments in the real property records of the County.

12.9.5 Purchaser's Obligations. Except as provided in Subsection 12.9.3, the Mortgagee or other purchaser of a Unit who obtains a right of first possession of the Unit through Foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses, except that foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such Foreclosure.

12.9.6 Limitation on Action. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three (3) years after the amount of the Assessments sought to be recovered becomes due. Suit to recover a money judgment for unpaid Assessments or charges shall be maintainable without Foreclosure or waiving the lien securing the same.

12.9.7 Lien Survives Contract Sale. The liens arising under this Declaration shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure, as provide in this section.

12.10 Personal Obligation. In addition to constituting a lien on the Unit, each Assessment is the joint and several obligation of the Unit Owner of the Unit to which the same are assessed as of the time the Assessment is due. A Unit Owner may not exempt himself from liability for Assessments. In a voluntary conveyance other than by foreclosure, the grantee of a Unit is jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. Suit to recover a personal judgment for any delinquent Assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

12.11 Late Fees and Interest. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. Late fees shall be assessed on any payment not received prior to the fifteenth day of the month. In the absence of another established non-usurious rate, delinquent Assessments shall bear interest from the date due at the maximum rate permitted under RCW 19.52.020 on the date which the Assessments became delinquent.

12.12 Attorneys' Fees. The prevailing party shall be entitled to recover all attorney's fees and all costs incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced

or prosecuted to judgment. In addition, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law, including fees and costs on appeal and in the enforcement of a judgment, and including any attorneys' fees and costs associated with an action in Small Claims Court.

12.13 Judicial and Non-Judicial Foreclosure.

12.13.1 Judicial Foreclosure. Any Assessment lien may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Unit at the Foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver of any right to a deficiency judgment in a judicial Foreclosure, the period of redemption shall be eight (8) months. Nothing in this Section shall prohibit an Association from taking a deed in lieu of foreclosure.

12.13.2 Non-Judicial Foreclosure. In addition, any such Assessment lien may be enforced non-judicially in a manner set forth in Chapter 61.24 RCW. Pursuant to Section 64.34.364(9) of the Act, each Unit is hereby granted to First American Title Insurance Company, or another appropriate trustee company as designated by the Board, in trust, with power of sale, to secure the obligations of Unit Owners to the Association for the payment of all amounts due hereunder, including all Assessments. If the Association Forecloses its lien non-judicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under RCW 64.34.364(3) unless Washington law would provide otherwise.

12.13.3 Foreclosure Miscellaneous. The Units are not used principally for agricultural or farming purposes. The power of sale provided for above shall be operative in the case of a default in any Unit Owner's obligation to pay off any amounts due under this Declaration to the Association, including all Assessments. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure.

12.14 Rent Paid to Association. If a Unit is leased by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. The Board or the Managing Agent, on behalf of the Association, may collect, and the Tenant shall pay over to the Board or the Managing Agent, so much of the rent for such Unit as is required to pay any Assessments due the Association, plus interest and costs, if such Assessments are in default over thirty (30) days. The Tenant shall not have the right to question payment over to the Association, and such payment will discharge the Tenant's duty of payment to the Owner for rent, to the extent such rent is paid to the Association. The Association shall not exercise this power where a receiver has been appointed.

12.15 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments under a Unit

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

12.16 Acceleration of Assessments. In the event any monthly Assessment of special charge attributable to a particular Unit remains delinquent for more than sixty (60) days, the Board may, upon fifteen (15) days' written notice to the Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly Assessments and special charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Unit.

12.17 Delinquent Assessment Deposit

(a) A Unit Owner may be required by the Board or by the Manager, from time to time, to make and maintain a deposit of three (3) months' estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate account, be credited to the Unit owned by such Owner, and used for the purpose of establishing a reserve for delinquent Assessments.

(b) Resort may be had at any time when such Owner is ten (10) days or more delinquent in paying their monthly or other Assessments and charges. These deposits shall not be considered advance payments of regular Assessments. In the event the Board should draw upon the deposit as a result of a Unit Owner's delinquency in payment of any Assessments, the Owner shall continue to be responsible for the immediate and full payment of the delinquent Assessment (and all penalties and costs thereon) including the full restoration of the deposit. The Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by this Declaration and by law.

(c) Upon the sale of a Unit, the Seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, and the Unit Purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the Purchaser appropriate compensation therefor.

12.18 Remedies Cumulative. The rights and remedies set forth in this Article 12 are not exclusive, and the exercise of any right or remedy does not preclude the

exercise of any other rights or remedies in this Section, or that may now or subsequently exist in law or in equity or by statute or otherwise.

12.19 Assessment Certificate. The Association, upon written request, shall furnish to a Unit Owner or a Mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within ten (10) days after receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

ARTICLE 13: INSURANCE

13.1 Association Insurance.

The Association shall maintain, to the extent reasonably available, insurance that complies with the requirements of FNMA and the secondary mortgage market, including:

(a) Property insurance on the condominium Common Elements, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be not less than the replacement cost of the Common Elements, exclusive of land, excavations, foundations, and other items normally excluded from property policies. At the discretion of the Board, the Association may obtain insurance for earthquake, flood and terrorism;

(b) Liability insurance, including medical payments insurance, in an amount determined by the Board of directors but not less than two million dollars (\$2 million), covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, Ownership, or maintenance of the Common Elements;

(c) Fidelity bonds naming the members of the Board, the manager and such other Persons as may be designated by the Board in amount equal to at least the amount of all bank accounts, plus three months estimated cash to be collected as Assessments each year;

(d) Directors and Officers liability insurance;

(e) Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable; and

(f) Such other insurance as the Board deems advisable.

13.2 Unavailability of Insurance. If the insurance described in subsection (1) of this section is not reasonably available, or is modified, canceled, or not renewed, the Association promptly shall cause Notice of that fact to be delivered to all Unit Owners and to each Eligible Mortgagee.

13.3 Insurance Proscribed. Insurance policies carried pursuant to subsection (1) of this section shall provide that:

(a) Each Unit Owner is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policy against any Unit Owner, member of the Owner's household, and lessee of the Owner; and

(c) No act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

13.4 Loss Adjustment through Association. Any loss covered by the Association's property insurance must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. The proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored or the condominium is terminated. Owners may not make a claim upon the Association's property insurance directly.

13.5 Certificate of Insurance. An insurer that has issued an insurance policy under this section shall issue certificates insurance to the Association and, upon written request, to any Unit Owner or holder of a Mortgage. 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 policy unless the insurer has complied with all applicable provisions of chapter 48.18 RCW pertaining to the cancellation or nonrenewal of contracts of insurance.

13.6 Policy Requirements. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance policies shall be obtained from insurance carriers that are generally acceptable for similar projects, licensed to do business in the state of Washington, and meet the specific requirements of FNMA, FHLMC, VA and HUD regarding the qualifications for insurance carriers. All such policies shall meet the specific requirements of FNMA, FHLMC, VA, and HUD for condominium projects. All such insurance policies and fidelity bonds shall provide that coverage shall not lapse and may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written Notice to any and all insureds named therein.

13.7 Unit Owner Insurance

13.7.1 Owner's Additional Insurance. Each Unit Owner shall obtain and maintain an individual insurance policy which provides coverage for the Owner's Unit, including all Buildings and Structures within the Unit, and personal belongings therein, and, to the extent reasonably available:

- A) Loss of use, loss of rental income, and loss Assessment exposures;
- B) Comprehensive Personal Liability coverage for any damage to other Units or Common Elements arising or resulting from the Owner's negligence, carelessness, or acts or omissions, or from damage caused by fixtures or appliances maintained by the Owner;

13.7.2 Proof of Coverage. Unit Owners shall file a certificate of insurance for such individual policy or policies with the Board or property manager within thirty (30) days of any request by the Board. The Association shall have the right but not the obligation to monitor the maintenance of such insurance by Owners.

13.7.3 Unit Owner Obligations. The Association's obligation to insure shall not relieve Unit Owners of their obligations under any other Article of the Declaration, including, but not limited to, the obligation to perform and pay for repairs, maintenance, care and replacement of the Unit for which the Owner is responsible.

13.7.4 Tenant or Occupant Insurance. Unit Owners shall require any Tenants, Related Parties, or other Occupants to obtain Renter's Insurance to protect their personal property, provide for loss of use, and to provide general liability insurance for acts and omissions by the Occupants and their guests, agents, pets and invitees.

13.7.5 Owner's or Occupant's Insurance Deductible. Under no circumstances shall the Association pay any insurance deductible due under a Unit Owner's individual insurance policy or any Tenant's or Occupant's policy of insurance.

The Board may require a Unit Owner to file a claim under the Owner's policy if the Owner is responsible for damage and has not otherwise paid their obligations for the necessary repairs.

13.7.6 Allocation of Repair Costs for Property Damage. In accordance with the provisions of this Declaration, including but not limited to the subparagraphs of this section, the costs for repair or damage events are apportioned as follows:

13.7.6.1 Damage Covered by Association Insurance. For damage events that are covered by the Association's insurance, repair costs over the Association's standard insurance deductible are paid for by Association insurance, or by the Association if the Board decides not to file a claim. Repair costs within the Association's standard insurance deductible are assessed:

(a) to the Owner if the damage resulted from neglect or misconduct of the Owner, the Owner's Tenants or Occupants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, agents, or pets;

(b) if there is no neglect or misconduct, then to an Owner, if the damage resulted from any vehicle, equipment, appliance or fixture (or wiring or pipes related thereto) within the Owner's Unit or belonging to the Owner, the Owner's Occupants or Tenants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, or agents;

13.7.6.2 Damage Not Covered by Association Insurance. For damage events that are not covered by the Association's insurance, repair costs shall be assessed:

(a) to the Owner if the damage resulted from neglect or misconduct of the Owner, a Related Party, the Owner's Tenants or Occupants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, agents, or pets;

(b) if there is no neglect or misconduct, then to an Owner, if the damage resulted from any vehicle, equipment, appliance or fixture (or wiring or pipes related thereto)

within the Owner's Unit or belonging to the Owner, the Owner's Occupants or Tenants, or any of the Owner's, Tenant's, or Occupant's guests, invitees, visitors, or agents;

(c) Costs to repair damage caused by trees falling is allocated in accordance with Washington law to the owner of the damaged property.

13.7.7 Maximum Damage Assessment. Except to the extent covered by an Owner's or Tenant's insurance policy, the maximum one Unit can be assessed for any one damage event is the deductible under the Association's standard Property policy. This maximum shall not apply to Owners who cause damage through negligence or misconduct, or for their responsibility for equipment failure.

ARTICLE 14: DAMAGE AND DESTRUCTION

14.1 Application. Any portion of the condominium Common Elements that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (a) The Condominium is terminated, in which case RCW 64.34.264 applies;
- (b) Repair or replacement would be illegal; or
- (c) Eighty percent of the Unit Owners vote not to rebuild.

14.2 Costs. The cost of repair or replacement not paid from insurance proceeds or due from individual Owners is a common expense.

14.3 Failure to Restore Common Elements. If all of the damaged or destroyed portions of the common interest community are not repaired or replaced:

(a) The insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the common interest community; and

(b) Except to the extent that other persons will be distributes, the remainder of the proceeds must be distributed to all the Unit Owners or lienholders, as their interests may appear, in proportion to the Common Element interests of all the Units.

14.4 Damage to or within a Unit. If any portion of a Unit, building or structure is damaged or destroyed, it shall be repaired or replaced promptly by the Owner to the condition existing immediately prior to such damage or destruction unless the repair or replacement would be illegal. Reconstruction with a different plan requires approval of 67% of the total voting power in the community.

14.5 Distribution on termination. Notwithstanding the provisions of this subsection, RCW 64.34.268 governs the distribution of insurance proceeds if the condominium is terminated.

ARTICLE 15: NOTICE

15.1 Form. Notice to the Association, Board, or any Owner or occupant of a Unit must be provided in the form of a record.

15.2 Tangible Medium.

15.2.1 Notice provided in a tangible medium may be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire, or wireless equipment that transmits a facsimile of the notice.

15.2.2 Notice in a tangible medium to an Association may be addressed to the Association's registered agent at its registered office, to the Association at its principal office shown in its most recent annual report or provided by notice to the Unit Owners, or to the president or secretary of the Association at the address shown in the Association's most recent annual report or provided by notice to the Unit Owners.

15.2.3 Notice in a tangible medium to a Unit Owner or occupant must be addressed to the Unit address unless the Unit Owner or occupant has requested, in a record delivered to the Association, that notices be sent to an alternate address or by other method allowed by the governing documents.

15.3 Electronic Transmission. Notice may be provided in an electronic transmission as follows:

15.3.1 Notice to Unit Owners or Board members by electronic transmission is effective only upon Unit Owners and Board members who have consented, in the form of a record, to receive electronically transmitted notices and have designated in the consent the address, location, or system to which such notices may be electronically transmitted, provided that such notice otherwise complies with any other requirements of the Declaration and applicable law. The Association shall retain the records which indicate an Owner's consent to receive Notice electronically, and shall maintain a list of electronic addresses to be used for such Notice.

15.3.2 Notice to Unit Owners or Board members includes material that the law or the governing documents requires or permits to accompany the notice.

15.3.3 A Unit Owner or Board member who has consented to receipt of electronically transmitted notices may revoke this consent by delivering a revocation to the Association in the form of a record.

15.3.4 The consent of any Unit Owner or Board member is revoked if: The Association is unable to electronically transmit two consecutive notices given by the Association in accordance with the consent, and this inability becomes known to the secretary of the Association or any other person responsible for giving the notice. The inadvertent failure by the Association to treat this inability as a revocation does not invalidate any meeting or other action.

15.3.5 Notice to Unit Owners or Board members who have consented to receipt of electronically transmitted notices may be provided by posting the notice on an electronic network and delivering to the Unit Owner or Board member a separate record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

15.3.6 Notice to the Association in an electronic transmission is effective only if the Association has designated in a record an address, location, or system to which the notices may be electronically transmitted.

15.3.7 Notice may be given by any other method reasonably calculated to provide notice to the recipient.

15.4 When Effective. Notice is effective as follows:

15.4.1 Notice provided in a tangible medium is effective as of the date of hand delivery, deposit with the carrier, or when sent by fax.

15.4.2 Notice provided in an electronic transmission is effective as of the date it:

(i) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose; or

(ii) Has been posted on an electronic network and a separate record of the posting has been sent to the recipient containing instructions regarding how to obtain access to the posting on the electronic network.

15.5 Good Faith. The ineffectiveness of a good-faith effort to deliver notice by an authorized means does not invalidate action taken at or without a meeting.

ARTICLE 16: ENFORCEMENT AND DISPUTE RESOLUTION

16.1 Compliance with the Governing Documents is enforced through two distinct processes: Enforcement of Violations, and Disputes. The process for Enforcement of Violations is outlined in Sections 16.4 through 16.5. The process for Disputes is outlined in Section 16.7. Enforcement of a Violation is not a Dispute. However, Enforcement of a Violation can evolve into a Dispute if the final decision of the Board regarding a Violation is challenged. Unpaid Assessments are collected as provided in Article 12, and are not subject to Section 16.7.

16.2 Strict Compliance. Each Owner, each Occupant, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the Rules and Regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board.

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

16.4 Enforcement of Governing Documents Only the Board may determine whether any Person (including but not limited to Owners, Related Parties, Tenants, and Guests) has Violated or allowed a Violation of the Governing Documents. In determining whether any Person has Violated the Governing Documents, the Board shall conduct a reasonable inquiry and base its decision on objective information. The Board may, in its discretion, establish a committee to investigate suspected violations.

If the Board finds that a Person has committed a Violation of the Governing Documents, the Board is also authorized to, after Notice and Opportunity to be Heard, assess reasonable fines (in accordance with a previously established schedule adopted by the Board and furnished to the Owners), and prohibit the use of one or more Common Elements. If an Owner's or Occupant's conduct is repeatedly offensive to the community, and is not corrected, following an Opportunity to be Heard and the Dispute Resolution Process, the Association may evict the Owner or Occupant from living in or visiting the Condominium.

16.5 Opportunity to Be Heard Whenever this Declaration requires that an action of the Board be taken after Notice and "Opportunity to be Heard," the following procedure shall be observed: The Board shall give Notice, in accordance with Article 15, of the proposed action to all Owners or Occupants whose interest would be significantly affected by the proposed action. The Notice shall include a general statement of the proposed action and a statement that the affected Person may request a hearing, which request shall not be made more than ten (10) days from the date Notice is delivered by the Board, or may respond in writing.

The Board may conduct the hearing, or may delegate its hearing authority to the manager or to a committee. At the hearing, the affected Person shall have the right, personally or by a representative, to give testimony orally, in writing, or both, subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. If the affected Person does not request a hearing, or fails to attend a scheduled hearing, the Board or its delegate may base its decision (including, but not limited to, the decision to assess a fine or prohibit the use of one or more Common Elements) on the information it possesses. The affected Person shall be notified of the decision in the same manner in which Notice was given. The Board may establish additional procedures in the Rules and Regulations.

16.6 Challenge to Board's Decision If an Owner challenges any Board decision, including a decision to: (1) find that a Violation has been committed, or (2) to assess a fine or prohibit the use of one or more Common Elements, the Owner may use the Dispute Resolution process in Section 16.7.

16.7 Dispute Resolution

16.7.1 Policy The parties hope there will be no Disputes arising out of their relationship. To that end, each commits to cooperate in good faith and to deal fairly in performing its duties under this Declaration in order to accomplish their mutual objectives and avoid Disputes.

16.7.2 Disputes Between Owners The Board has the discretion but not the obligation to initiate the Dispute Resolution process in response to a Dispute between or among Owners and/or Occupants. In deciding whether to do so, the Board shall consider whether it is in the best interests of the Association. All Owners have the right to initiate the Dispute Resolution process on their own behalf.

16.7.3 Initial Dispute Resolution Procedure Except as provided in Article 11, for collection of unpaid Assessments, or in the enforcement of the Governing Documents initiated under Section 16.4, any parties who believe they have a Dispute

involving the Association, any Board member or Officer, a Unit Owner, Occupant, or an agent or employee of the above, shall first seek resolution of the Dispute through conversation between the parties. If conversation does not resolve the issues, the complaining party in the Dispute (the "Complainant") shall submit a written statement of the Dispute to the responsible party. This written statement shall include a description of the action taken in violation of the Governing Documents, the harm that resulted, and a proposed solution that would resolve the issue. The party who receives this settlement demand (the "Respondent") shall respond within fourteen (14) days to the Complainant directly, in writing, and shall either agree to the proposed resolution or propose an alternate means of resolution. If a resolution cannot be agreed upon, or if no response is received within fourteen (14) days of the initial demand for resolution, the Dispute shall proceed to mediation, as described in this Article.

16.7.4 Mediation The parties agree that they will attempt to resolve any Dispute by nonbinding mediation, and that mediation is a condition precedent to any form of binding Dispute resolution, including arbitration. The parties are encouraged to use a mediator from a Dispute Resolution Center such as the County Dispute Resolution Center or from a mediation clinic at the University of Washington School of Law or Seattle University School of Law. Unless otherwise agreed upon by all parties, the Mediator shall be selected from among Washington Arbitration and Mediation Services panelists. A request for mediation shall be made in writing, delivered to the other party. The request may be made concurrently with binding Dispute resolution proceedings, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. The parties shall split the cost of the mediation equally, or with equal shares to each participating entity if there are more than two.

16.7.5 Arbitration The parties agree that if they are unable to resolve their Dispute through mediation, they will submit their Dispute to binding arbitration. The parties confirm that by adopting this alternate Dispute resolution process, they intend to give up their right to have Disputes decided in court by a judge or jury.

If a Dispute arises, which cannot be resolved by Mediation, the parties agree to resolve the Dispute by the arbitration process outlined here, provided that during this process the parties may pursue a settlement. Any Dispute between or among any party subject to this Declaration (including, without limitation, the Association, any Association Board members or officers, Unit Owners, and their employees or agents) arising out of or relating to this Declaration, a Unit, the Condominium or the Association shall be determined by Arbitration in Watcom County.

If the parties engage in Mediation but are unable to resolve their Dispute, either party may submit a written demand for Arbitration. If one party requests Mediation and the other refuses to participate, the requesting party may submit a written demand for Arbitration.

Unless otherwise agreed upon by all parties, the parties agree that the Arbitrator shall be selected from among Washington Arbitration and Mediation Services panelists. All statutes of limitation, which would otherwise be applicable, shall apply to any arbitration proceeding hereunder. The party demanding Arbitration shall advance the

initial costs of Arbitration. The arbitrator, as part of its decision shall allocate the costs and fees associated with Arbitration among the parties. The arbitrator shall also have the authority to decide any Disputes that arose out of Mediation, including but not limited to, allocation of the costs and fees associated with Mediation.

16.7.6 Emergency Enforcement Action Exception For violations of the Governing Documents that create safety hazards, affect the insurance coverage afforded to the Association, or otherwise require immediate action, the parties may use the courts for injunctive action to obtain temporary or preliminary rulings. Such actions may include the removal of Owners or Tenants, access to Units, the prohibition of specific activities, and restraining orders. The arbitrator shall have final jurisdiction over such Disputes through this Article.

16.7.7 Hearing – Law – Appeal Limited The arbitrator shall take such steps as may be necessary to hold a private hearing within ninety (90) days of the initial demand for Arbitration and to conclude the hearing within one (1) day; and the arbitrator's written decision shall be made not later than fourteen (14) calendar days after the hearing. The arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing. These time limits are intended to expedite the proceeding, but they are not jurisdictional, and the arbitrator may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator shall apply applicable substantive law. The arbitrator may award injunctive relief or any other remedy available from a judge, including without limitation, attorney fees and costs to the prevailing party, joinder of parties or consolidation of this arbitration with any other involving common issues or law or fact or which may promote judicial economy; but shall not have the power to award punitive or exemplary damages.

16.7.8 Rights of Action. Each Owner, the Board, and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association, or by an Owner. The City of Bellingham is a third party beneficiary and shall have standing to enforce the terms of this Declaration for those provisions described in Section 20.2 of the Original Declaration.

16.8 Attorney Fees and Costs The prevailing party in any proceeding, including litigation, administrative, mediation, or arbitration, shall be entitled to recover any costs (including all expenses and liabilities, including attorneys' fees and costs, incurred in an action, whether commenced or merely threatened (including proceedings for which the Association is obligated to indemnify a Board member, Association committee member, Association officer, or Managing Agent) and reasonable attorney's fees incurred in connection with any enforcement action, whether or not such action results in a proceeding actually being commenced or prosecuted to judgment. Costs and reasonable attorney's fees incurred in connection with an enforcement action shall be payable and collectible as any other Assessment.

16.9 Enforcement by Board.

16.9.1 The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commencing an action for a violation of the governing documents, including whether to compromise any claim for unpaid Assessments or other claim made by or against it.

16.9.2 The Board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

(a) The Association's legal position does not justify taking any or further enforcement action;

(b) The covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with law;

(c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(d) It is not in the Association's best interests to pursue an enforcement action.

16.9.3 The Board's decision to not pursue enforcement under one set of circumstances does not prevent the Board from taking enforcement action under another set of circumstances, but the Board may not be arbitrary or capricious in taking enforcement action.

16.10 Enforcement against tenants.

16.10.1 If a tenant of a Unit Owner violates the governing documents, in addition to exercising any of its powers against the Unit Owner, the Association may:

(a) Exercise directly against the tenant the powers it has against an Owner;

(b) After giving Notice and opportunity to be heard to the Unit Owner, levy reasonable fines against the Unit Owner for the violation; and

(c) Enforce any other rights against the tenant for the violation that the Unit Owner as the landlord could lawfully have exercised under the lease or that the Association could lawfully have exercised directly against the Unit Owner, or both. The Association has the right to terminate a lease or evict a tenant if an Owner has failed to do so. The rights referred to in this subsection (c) may be exercised only if the tenant or Unit Owner fails to cure the violation within ten days after the Association notifies the tenant and Unit Owner of that violation.

16.10.2 Unless a lease otherwise provides, this section does not:

(a) Affect rights that the Unit Owner has to enforce the lease or that the Association has under other law; or

(b) Permit the Association to enforce a lease to which it is not a party, in the absence of a violation of the governing documents.

ARTICLE 17 MORTGAGEE PROTECTION

17.1 Mortgagees

17.1.1 Each Unit shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance on their respective Unit, together with its percentage of undivided interest in the Common Elements and facilities. No Unit Owner shall have the right or authority to make or create or cause to be made or created any mortgage or encumbrance or other lien on or affecting the Property or any part thereof, except to the extent of their Unit and their respective Ownership in the Common Elements.

17.1.2 A Unit Owner may pledge or assign their voting rights to a mortgagee. Such a mortgagee, or its designated representative, shall be sent all Notices to which the Unit Owner is entitled hereunder and shall be entitled to exercise each Unit Owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Association.

17.1.3 In the event that a notice of default is given to the Association by any mortgagee holding a mortgage which is a first lien on a Unit, then and in that event, and until the default is cured, the right of the Owner of such Unit to vote shall automatically be transferred to the mortgagee giving the notice of default.

17.1.4 No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon mortgagees with respect to any unsatisfied mortgage duly recorded in the public records of the County, unless the amendment shall be consented to in writing by the holder of such mortgage.

17.1.5 Nothing contained herein shall limit or restrict the Board of Directors' right on behalf of the Association to cure any default under mortgages to which the liens created hereunder may be subordinate. The Board of Directors is expressly authorized to cure any and all such defaults by payments to the mortgagee or mortgagees of a defaulting Unit Owner from funds properly held by the Association, and any such payments and expenses incurred incident thereto shall be a special Assessment against the Unit Owner's Unit.

17.1.6 To facilitate the purchase of mortgages by the secondary mortgage market, including Federal Home Loan Mortgage Corporation, the Declaration contains the following special warranties:

(a) An Eligible Mortgagee is entitled to written notification of default by a Unit borrower of any obligation under the condominium constituent documents which is not cured within 60 days;

(b) These documents contain no provisions entitling the Association or other party to a right of first refusal;

(c) Except as provided in section 12.9.3, a first mortgagee who obtains title to a condominium Unit by foreclosure will not be liable for such Unit's unpaid dues or charges which accrued prior to acquisition of title to such Unit by the mortgagee;

(d) All Eligible Mortgagees must consent to termination of the condominium;

(e) All Eligible Mortgagees must consent to changing the allocated common interest of the Unit on which they have a secured interest;

(f) All Eligible Mortgagees must consent to partitioning, encumbering, selling or otherwise adversely affecting the rights of first mortgagees in the Declaration;

(g) All mortgagees shall have the right to examine books and records of the Association, under the same terms and conditions as any Owner;

(h) The Board of Directors shall notify any Eligible Mortgagee of any uninsured loss by casualty, or by condemnation, to any of the Common Elements or facilities in the amount of \$50,000 or more.

17.2 Limitations on Mortgagee's rights. No requirement for approval by mortgagees may operate to:

(a) Deny or delegate control over the general administrative affairs of the Association by the Unit Owners or the Board;

(b) Prevent the Association or the Board from commencing, intervening in, or settling any litigation or proceeding; or

(c) Prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds except pursuant to the Act.

17.3 Consent of Mortgagees. With respect to any action requiring the consent of a specified number or percentage of mortgagees, the consent of only eligible mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to Units with respect to which eligible mortgagees have an interest.

ARTICLE 18: CONDEMNATION OR TERMINATION OF CONDOMINIUM

18.1 Condemnation. Condemnation of Units or Common Elements shall be as provided for in RCW 64.34.060.

18.2 Termination. The provisions of the Condominium Act relating to termination of a Condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including but not limited to the disposition of the Real Property in the Condominium and the distribution of proceeds from the sale of that Real Property.

18.3 Action Required. The Condominium may be terminated pursuant to Section 18.2 or by agreement of Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated and in accordance with the Condominium Act, subject to approval by the City of Bellingham.

ARTICLE 19: TORT AND CONTRACT LIABILITY

19.1 Liability of Unit Owner.

A Unit Owner is not liable, solely by reason of being a Unit Owner, for an injury or damage arising out of the condition or use of the Common Elements.

19.2 Standing.

19.2.1 An action alleging a wrong done by the Association, including an action arising out of the condition or use of the Common Elements, may be maintained only against the Association and not against any Unit Owner.

19.2.2 A Unit Owner is not precluded from maintaining an action contemplated under this section because that person is a Unit Owner, Board member, or officer of the Association.

ARTICLE 20: LIMITATION OF LIABILITY

20.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Association, neither the Association nor the Board shall be liable for: any failure of any utility or other service to be obtained and paid for by the Association; or for injury or damage to persons or property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust or sand; for damage or injury alleged as a result of mold or other microorganisms; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. Owners are responsible to insure and repair their own property, and the Association is not liable for damages caused by wetlands (including trees) or other Common Elements, except as covered by the Association's insurance.

No diminution or abatement of Common Expense Assessments shall be claimed or allowed for any such utility failure or water leak, or for such injury or damage, or for such inconvenience or discomfort. The Association is not responsible for loss of use of a Unit, nor for loss of rental income for a Unit. The Association is not responsible to provide for the safety or security of persons or property at the Condominium. The Association is not responsible to move or store personal property of owners or occupants necessary because of any casualty event, or as needed to accommodate repairs to common elements.

20.2 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or managing agent exercising the powers of the Board, has acted in good 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 consequence of such act, omission, error or negligence are covered by insurance obtained by the Association.

20.3 Indemnification of Board Members. Each Board member or Association committee member, or Association officer, or managing agent exercising the powers of the Board, shall be indemnified by the Owners against all expenses and liabilities, including attorneys' fees reasonably incurred by or imposed in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having held such position, or any settlement thereof, whether or not they hold such position at the time such expenses or liabilities are incurred, except in such cases wherein such Person is adjudged guilty of willful misfeasance or malfeasance in the performance of their duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE 21: MISCELLANEOUS

21.1 Conveyances; Notice Required. The right of an Owner to sell, transfer, or otherwise convey a Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or Board, or anyone acting on their behalf. An Owner intending to sell a Unit shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying the Unit being sold; the names and addresses of the purchaser, the closing agent, and the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested.

ARTICLE 22: AMENDMENT OF THE DECLARATION

22.1 Amendment. Except as noted below, this Declaration may be amended by an instrument in writing setting forth such amendment, consented to by at least sixty-seven percent (67%) of the Unit Owners and attested to by the President and Secretary of the Board of Directors;

(a) This Declaration shall not be amended to alter the original value of the Property or the original value of any Unit or the percentage of undivided interest of any Unit in the Common Elements without the consent of Unit Owners having 100 percent of the voting power;

(b) This Declaration may not be amended so as to conflict with the provisions of the Act or in deprivation of any right or lien held or claimed by any holder of a recorded mortgage or underlying real estate contract.

22.2 Challenges to Amendments. In the absence of fraud, any action to challenge the validity of an amendment adopted by the Association may not be brought more than one year after the amendment is recorded.

22.3 Recording. An amendment is effective only upon recording with the County.

22.4 Eligible Mortgagee Protection. If any provision of law or the Declaration requires the consent of a holder of a security interest in a Unit as a condition to the effectiveness of an amendment to the Declaration, the consent is deemed granted if a refusal to consent in a record is not received by the Association within sixty days after the Association delivers notice of the proposed amendment to the holder at an address for notice provided by the holder or mails the notice to the holder by certified mail, return receipt requested, at that address. If the holder has not provided an address for notice to the Association, the Association must provide notice to the address in the security interest of record.

22.5 Corrections. Upon thirty-day advance notice to Unit Owners, the Association may, upon a vote of two-thirds of the members of the Board, without a vote of the Unit Owners, adopt, execute, and record an amendment to the Declaration for the purpose of correcting or supplementing the governing documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarifying an ambiguity in the governing documents with respect to an objectively verifiable fact.

22.6 General Limitations. An amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interest of a Unit, or the uses to which any Unit is restricted shall require the vote or agreement of the Owner of each Unit particularly affected, the Declarant (if the Declarant owns a Unit or has the rights to exercise any Special Declarant Rights) and the Owners having at least ninety percent (90%) of the votes in the Association other than the Declarant. Certain provisions in this Condominium Declaration are for the purpose of ensuring that the Condominium Association maintains basic infrastructure necessary to support the Buildings constructed within the Units and ensuring the safety of the residences. The following provisions are included for the benefit of the City of Bellingham and may not be amended by the Association or the Owners without the prior written consent of the City of Bellingham: Sections 4.3, 11.6.3, 11.5.8, 11.5.9, 8.7, 12.6.3, 12.5.4, 16.7.8, 18.3, 22.6, and 22.7. (Section numbers in the Original Declaration were: 5.6, 9.2, 9.15, 9.16, 10.4, 14.7, 14.8, 16.1, 20.2, 20.5 and 21.1.)

22.7 City Approval. Notwithstanding the foregoing requirements set forth in this Article 20, no amendment to the Declaration that creates additional Units shall be effective unless it is approved by the City of Bellingham prior to recording with the Auditor of Whatcom County.

The President and Secretary of the Association hereby attest that this Second Amended and Restated Declaration has been adopted by the Association in accordance with the amendment procedures in the Original Declaration.

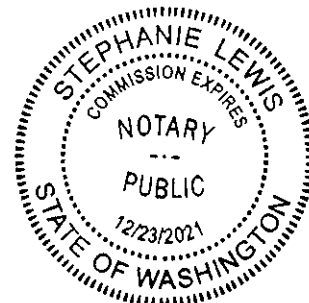
By Meri McCormick By: Ellen Johnston
MERI MCCORMICK, President Ellen Johnston, Secretary

STATE OF WASHINGTON)
) ss.:
COUNTY OF Whatcom)

On this 20 day of September, 2020, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Meri McCormick to me known to be the President of Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the instrument on behalf of said Association.

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

Stephanie Lewis
Stephanie Lewis (Print name)
Notary Public in and for the State of
Washington, residing at Whatcom
My commission expires: 12/23/2021



STATE OF WASHINGTON)
) ss.:
COUNTY OF Whatcom)

Commons at Cordata Restatement Approved 7.20.20

On this 29 day of September, 2020, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Ellen Johnston to me known to be the Secretary of Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged that instrument to be the free and voluntary act and deed of the Association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the instrument on behalf of said Association.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.
Stephanie Lewis
Stephanie Lewis (Print name)
Notary Public in and for the State of
Washington, residing at Whatcom
My commission expires: 12/23/2021

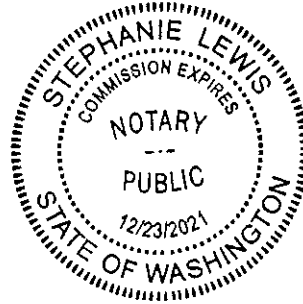


EXHIBIT A Legal Description

Tract 1 and Lot 1, Specific Binding Site Plan No.1 West Cordata Green, recorded under Whatcom County Auditor's File No. 2121004444, together with Tracts C, D, E, and G of the Amended General Binding Site Plan, Tract West Cordata Green, recorded under Whatcom Auditor's File No. 2111202467.

Lot 1 of Specific Binding Site Plan No. 2 West Cordata Green, as recorded under Whatcom County Auditor's File No. 2016-0101221, records of Whatcom County, Washington.

Lot 1 of Specific Binding Site Plan No. 3 West Cordata Green, as recorded under Whatcom County Auditor's File No. 2017-0501366, records of Whatcom County, Washington.

Situate in Whatcom County, Washington.

There are Conservation and Wetlands Easement Agreements with the City:

Recording Numbers: 2120101119, 2090704731, 2121004442 and 2121004443

EXHIBIT B - Unit Data

Unit #	Square Footage	Street Address	Unit Impervious	Roof Dispersion
1	5,137	4255 Fuchsia Drive		
2	3,351	4251 Fuchsia Drive		
3	3,711	4249 Fuchsia Drive		
4	4,436	4247 Fuchsia Drive		
5	2,886	713 Verbena Lane		
6	2,967	709 Verbena Lane		
7	2,987	705 Verbena Lane		
8	2,796	701 Verbena Lane		
9	3,391	702 Verbena Lane		
10	4,541	706 Verbena Lane		
11	3,730	710 Verbena Lane		
12	4,643	714 Verbena Lane		
13	3,691	4245 Fuchsia Drive	2,402	Yes
14	2,721	4243 Fuchsia Drive	2015	Yes
15	3,177	4241 Fuchsia Drive	2140	Yes
16	3,312	4239 Fuchsia Drive	2335	Yes
17	3,562	4237 Fuchsia Drive	1818	Yes
18	3,001	700 Fuchsia Loop	1713	Yes
19	3,862	704 Fuchsia Loop	2177	Yes
20	4,449	708 Fuchsia Loop	2320	Yes
21	4,446	712 Fuchsia Loop	2572	Yes
22	3,317	716 Fuchsia Loop	2148	Yes
23	3,152	720 Fuchsia Loop	2066	Yes
24	2,796	724 Fuchsia Loop	1891	Yes
25	4,166	726 Fuchsia Loop	2925	Yes
26	2,739	730 Fuchsia Loop	2036	No
27	3,432	734 Fuchsia Loop	2431	No
28	3,431	738 Fuchsia Loop	2273	No
29	3,128	742 Fuchsia Loop	2137	No
30	3,913	746 Fuchsia Loop	2497	No
31	5,056	748 Fuchsia Loop	2960	No
32	3,667	752 Fuchsia Loop	2379	No
33	2,986	745 Fuchsia Loop	2046	No
34	3,440	7739 Fuchsia Loop	2292	No
35	2,931	705 Fuchsia Loop	1985	No
36	3,397	701 Fuchsia Loop	2274	No
37	3,392	751 Fuchsia Loop	2422	No

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38	3,660	823 Kodiak Ln	2133	
39	3,096	819 Kodiak Ln	2035	
40	3,917	815 Kodiak Ln	2254	
41	3,537	811 Kodiak Ln	1971	
42	3,750	807 Kodiak Ln	2192	
43	3,954	803 Kodiak Ln	1895	
44	6,750	801 Kodiak Ln	2269	
45	7,063	723 Kodiak Ln	1977	
46	4,008	719 Kodiak Ln	1885	
47	3,386	717 Kodiak Ln	1975	
48	3,353	715 Kodiak Ln	2275	
49	3,129	711 Kodiak Ln	1971	
50	3,773	707 Kodiak Ln	2252	
51	3,252	703 Kodiak Ln	1876	
52	3,501	701 Kodiak Ln	2249	
53	3,747	700 Kodiak Ln	2223	
54	3,481	702 Kodiak Ln	1971	
55	3,748	706 Kodiak Ln	2275	
56	3,672	810 Kodiak Ln	1968	
57	4,155	712 Kodiak Ln	1880	
58	5,332	716 Kodiak Ln	2226	
59	5,646	718 Kodiak Ln	2307	
60	4,170	4229 Fuchsia Dr	2293	
61	3,741	4227 Fuchsia Dr	1978	
62	3,369	4225 Fuchsia Dr	1905	
63	3,240	4223 Fuchsia Dr	1884	
64	3,532	4221 Fuchsia Dr	1972	
65	2,943	4219 Fuchsia Dr	1880	
66	6,847	4217 Fuchsia Dr	2923	
67	3,267	4220 Fuchsia Dr	1751	
68	3,225	4222 Fuchsia Dr	1751	
69	3,934	4224 Fuchsia Dr	2101	
70	4,346	4226 Fuchsia Dr	2604	
71	4,355	4245 Dandelion Ln	1920	
72	3,899	4241 Dandelion Ln	2277	
73	3,887	4239 Dandelion Ln	1739	
74	5,171	4233 Dandelion Ln	1739	
75	6,672	4230 Dandelion Ln	2116	
76	4,327	4234 Dandelion Ln	1751	
77	4,220	4238 Dandelion Ln	1774	

Notes: This is an airspace condominium, and, therefore, the information required under RCW 64.34.216(e), (ii), (iii), (iv) and (v), is not included.