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CONDOMINIUM DECLARATION FOR

SONGAIA, A CONDOMINIUM

Grantor: Songaia Cohousing Partners LLC, a Washington limited liability company

Grantee: Songaia, A Condominium

Abbreviated Legal Description: Ptn. of SE1/4, SW1/4, 28-27-5, Snohomish Co.

Assessor's Parcel No.: 282705-3-051-0004; 282705-3-017-0007

Related Documents: N/A

-1-

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS		1
Section 1.1	Words Defined	1
Section 1.2	Form of Words	3
Section 1.3	Statutory Definitions	3
ARTICLE 2. CONSTRUCTION AND VALIDITY OF DECLARATION		3
ARTICLE 3. NAME OF CONDOMINIUM		3
ARTICLE 4. DESCRIPTION OF LAND		3
ARTICLE 5. DESCRIPTION OF BUILDINGS		4
ARTICLE 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS		4
Section 6.1	Number and Identification of Units	4
Section 6.2	Unit Boundaries	4
Section 6.3	Unit Data	4
Section 6.4	Allocated Interests	4
ARTICLE 7. COMMON ELEMENTS		5
Section 7.1	Description	5
Section 7.2	Use	5
Section 7.3	Conveyance or Encumbrance of Common Elements	5
ARTICLE 8. LIMITED COMMON ELEMENTS		5
Section 8.1	Description	5
Section 8.2	Reallocation	6
Section 8.3	Use	6
ARTICLE 9. PARKING		6
ARTICLE 10. PERMITTED USES; MAINTENANCE; CONVEYANCES		6
Section 10.1	Residential Use: Timesharing and Business Use Prohibited	6
Section 10.2	Use of Parking Spaces	7
Section 10.3	Leases	7
Section 10.4	Maintenance of Units, Common Elements, and Limited Common Elements	7
Section 10.5	Exterior Appearance	8
Section 10.6	Effect on Insurance	8
Section 10.7	Alteration of Common and Limited Common Elements	8
Section 10.8	Signs	8

Section 10.9	Pets	8
Section 10.10	Offensive Activity	8
Section 10.11	Conveyance by Owners; Right of First Refusal; Require Orientation	9
Section 10.12	Notice of Closing; Right to Deliver Information Concerning Liens	9
Section 10.13	No Additional Bedrooms	10
ARTICLE 11. SPECIAL DECLARANT RIGHTS		10
ARTICLE 12. ENTRY FOR REPAIRS OR MAINTENANCE		10
ARTICLE 13. OWNERS ASSOCIATION		11
Section 13.1	Form of Association	11
Section 13.2	Bylaws	11
Section 13.3	Qualification and Transfer	11
Section 13.4	Powers of the Association	11
Section 13.5	Financial Statements and Records	13
Section 13.6	Inspection of Condominium Documents, Books and Records	14
ARTICLE 14. DECLARANT CONTROL PERIOD		14
Section 14.1	Declarant's Transfer of Association Control	14
Section 14.2	Termination of Contracts and Leases Made by the Declarant	15
ARTICLE 15. THE BOARD		16
Section 15.1	Selection of the Board and Officers	16
Section 15.2	Powers of the Board	16
Section 15.3	Managing Agent	16
Section 15.4	Limitations on Board Authority	16
Section 15.5	Right to Notice and Opportunity to Be Heard	17
ARTICLE 16. BUDGET AND ASSESSMENTS		17
Section 16.1	Fiscal Year	17
Section 16.2	Preparation of Budget	17
Section 16.3	Ratification of Budget	17
Section 16.4	Supplemental Budget	17
Section 16.5	Assessments for Common Expenses	18
Section 16.6	Initial Contribution to Working Capital	18
Section 16.7	Special Assessments	18
Section 16.8	Creation of Reserves; Assessments	18
Section 16.9	Notice of Assessments	18
Section 16.10	Payment of Monthly Assessments	18
Section 16.11	Proceeds Belong to the Association	19
Section 16.12	Failure to Assess	19
Section 16.13	Certificate of Unpaid Assessments	19

-3-

Section 16.14 Recalculation of Assessments 19

ARTICLE 17. LIEN AND COLLECTION OF ASSESSMENTS 19

Section 17.1 Assessments Are a Lien; Priority 19
Section 17.2 Lien May be Foreclosed; Judicial Foreclosure 20
Section 17.3 Nonjudicial Foreclosure 20
Section 17.4 Receiver During Foreclosure 20
Section 17.5 Assessments Are Personal Obligations 21
Section 17.6 Extinguishment of Lien and Personal Liability 21
Section 17.7 Joint and Several Liability 21
Section 17.8 Late Charges and Interest on Delinquent Assessments 21
Section 17.9 Recovery of Attorneys' Fees and Costs 21
Section 17.10 Security Deposit 21
Section 17.11 Remedies Cumulative 22

ARTICLE 18. ENFORCEMENT OF DECLARATION, BYLAWS AND RULES AND REGULATIONS 22

Section 18.1 Rights of Action 22
Section 18.2 Failure of Board to Insist on Strict Performance No Waiver 22

ARTICLE 19. TORT AND CONTRACT LIABILITY 22

Section 19.1 Declarant Liability 22
Section 19.2 Limitation of Liability for Utility Failure 22
Section 19.3 No Personal Liability 23

ARTICLE 20. INDEMNIFICATION 23

ARTICLE 21. INSURANCE 23

Section 21.1 General Requirements 23
Section 21.2 Property Insurance 24
Section 21.3 Commercial General Liability Insurance 24
Section 21.4 Insurance Trustee; Power of Attorney 24
Section 21.5 Additional Policy Provisions 25
Section 21.6 Fidelity Insurance 26
Section 21.7 Owners' Individual Insurance 26
Section 21.8 Use of Insurance Proceeds 26

ARTICLE 22. REPAIR OR DAMAGE TO PROPERTY 27

Section 22.1 Initial Board Determination 27
Section 22.2 Notice of Damage 27
Section 22.3 Definitions: Damage, Substantial Damage, Repair Emergency Work 27
Section 22.4 Execution of Repairs 28
Section 22.5 Damage Not Substantial 28
Section 22.6 Substantial Damage 29

Section 22.7 Effect of Decision Not to Repair 29

ARTICLE 23. CONDEMNATION 30

Section 23.1 Consequences of Condemnation; Notices 30
Section 23.2 Power of Attorney 30
Section 23.3 Condemnation of a Unit 30
Section 23.4 Condemnation of Part of a Unit 30
Section 23.5 Condemnation of Common Element or Limited Common Element 30
Section 23.6 Reconstruction and Repair 31

ARTICLE 24. EASEMENTS 31

Section 24.1 In General 31
Section 24.2 Encroachments 31
Section 24.3 Easement Specifically Reserved by the Declarant 31
Section 24.4 Utility Easements Granted by the Declarant 31

ARTICLE 25. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS 32

Section 25.1 Submission of Proposal to Subdivide Unit 32
Section 25.2 Approval Required for Subdivision 32
Section 25.3 Minor Alterations 32
Section 25.4 Adjoining Units 32
Section 25.5 Substantial Alteration 32
Section 25.6 Procedure After Approval 33
Section 25.7 Relocation of Boundaries -- Adjoining Units 33
Section 25.8 No New Bedrooms 33

ARTICLE 26. AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS, ARTICLES OR BYLAWS 33

Section 26.1 Procedures 33
Section 26.2 Percentages of Consent Required 34
Section 26.3 Limitations on Amendments 35

ARTICLE 27. TERMINATION OF CONDOMINIUM 35

Section 27.1 Action Required 35
Section 27.2 Condominium Act Governs 35

ARTICLE 28. NOTICES 35

Section 28.1 Form and Delivery of Notice 35
Section 28.2 Notices to Eligible Mortgagees 36

ARTICLE 29. SEVERABILITY 36

ARTICLE 30. EFFECTIVE DATE 36

-5-

ARTICLE 31. REFERENCE TO SURVEY MAP AND PLANS 36

ARTICLE 32. ASSIGNMENT BY DECLARANT 37

ARTICLE 33. CERTIFICATE OF COMPLETION 37

SCHEDULE A Description of Land

SCHEDULE B Unit Descriptions; Interest in Common Elements

SCHEDULE C Common Expense Liability; Voting

ARTICLE 1. DEFINITIONS.

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

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

Articles means Articles of Incorporation for the Association.

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

Association means the Owners' Association identified in Article 13.

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

Bylaws means the bylaws of the Association as they may from time to time be amended.

Common Elements means all portions of the Condominium other than Units, including the Limited Common Elements.

Common Expenses means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance, repair and replacement of the Common Elements and the Limited Common Elements, which are allocated to all Units, including allocations to reserves, and the following utility services provided to the Unit Owners: water, sewer/septic and garbage.

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

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

Condominium Act means the Washington Condominium Act, codified as RCW 64.34, as it may be from time to time amended.

Conveyance means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract.

Declarant means Songaia Cohousing Partners LLC, a Washington limited liability company, and its representatives, successors, and assigns.

-1-

Declaration means this Condominium Declaration for Songaia, a Condominium, as it may from time to time be amended.

Eligible Mortgagee means the Mortgagee that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

FHLMC means the Federal Home Loan Mortgage Corporation.

FNMA means the Federal National Mortgage Association.

Foreclosure means a forfeiture or Judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

HUD means the Department of Housing and Urban Development.

Identification Number means the number of each Unit shown on the Survey Map and Plans and in Schedule B which identifies each Unit in the Condominium.

Limited Common Element means a portion of the Common Elements allocated in Article 8 for the exclusive use of one or more but fewer than all of the Units.

Managing Agent means the person designated by the Board under Section 15.3.

Member means Owner Members and Renter Members and Associate Members.

Mortgage means a mortgage, deed of trust or real estate contract.

Mortgagee means any holder, insurer or guarantor of a mortgage on a Unit.

Notice and Opportunity to be Heard means the procedure described in Section 15.5.

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

Owner Member means an Owner.

Person means a natural person.

Renter Member means a Person who has occupied a Unit for at least ninety (90) days, or who occupies a Unit under a written lease with a term of at least ninety (90) days.

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

Survey Map and Plans means the survey map and plans filed simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed. The recorder's number of the Survey Map and Plans is set forth in Article 31 of this Declaration.

Transition Date means the date upon which the first sale of a Unit is closed.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 6.2 and shown on the Survey Map and Plans.

VA means the Veterans Administration.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.

Section 1.3 Statutory Definitions. Some of the terms defined above are also defined in the Condominium Act. The definitions in the Declaration are not intended to limit or contradict the definitions in the Condominium Act. If there is any inconsistency or conflict, the definition in the Condominium Act will prevail.

ARTICLE 2. CONSTRUCTION AND VALIDITY OF DECLARATION.

This Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Survey Map and Plans or any amendment thereto to comply with the Condominium Act.

ARTICLE 3. NAME OF CONDOMINIUM.

The name of the Condominium created by this Declaration and the Survey Map and Plans is Songaia, A Condominium.

ARTICLE 4. DESCRIPTION OF LAND.

The real property included in the Condominium is described in Schedule A.

ARTICLE 5. DESCRIPTION OF BUILDINGS.

-3-

There are eleven (11) buildings in the Condominium. Seven of the buildings contain one or more Units. The remaining buildings are the Multi-Purpose Building, the Shed, the Pumphouse and the Stable. The buildings are further described and their location is shown on the Survey Map and Plans.

ARTICLE 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 6.1 Number and Identification of Units. The Condominium has thirteen (13) Units. The Identifying Number of each Unit is set forth in Schedule B. The location of the Units is shown on the Survey Map and Plans.

Section 6.2 Unit Boundaries. The boundaries of the Units are the walls, floors and ceilings of the Units, including all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided, that the Unit boundaries shall not include those Common Elements specified in Article 7. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

Section 6.3 Unit Data. Schedule B sets forth the following data for each Unit:

6.3.1 The approximate square footage;
6.3.2 The number of bathrooms, whole or partial;
6.3.3 The number of rooms designated primarily as bedrooms;
6.3.4 The level or levels upon which each Unit is located;
6.3.5 The number of fireplaces in the Unit.

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

Section 6.4 Allocated Interests. Schedule B sets forth the interest in the Common Elements for each Unit. Schedule C sets forth the Allocated Interests of each of the Units in the Condominium for the purposes of Common Expense Liability interest and voting. The formulas for making the allocations are as follows:

Common Expense Liability: A mixed formula treating hazard insurance differently than all other common expenses. Each Unit shall be responsible for $1/13^{th}$ of the Common Expense Liability for all items except hazard insurance. The liability of each Unit for the cost of hazard insurance for the buildings and other structures shall be based on the relative area of the Units.

Common Interest: Each Unit shall have an equal interest in the Common Elements.

Voting: Each Unit shall have one, equal vote.

ARTICLE 7. COMMON ELEMENTS.

Section 7.1 Description. The Common Elements are all portions of the Condominium other than the Units, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 6.2. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element.

Section 7.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration the Bylaws, and the rules and regulations of the Association.

Section 7.3 Conveyance or Encumbrance of Common Elements. No portion of the Common Elements may be conveyed or subjected to security interest by the Association without the approval of all of the Owners. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

ARTICLE 8. LIMITED COMMON ELEMENTS.

Section 8.1 Description. The Limited Common Elements allocated to each Unit and shown on the Survey Map and Plans are as follows:

8.1.1 The fireplace and flue serving the Unit, if any (not shown or Survey Map and Plans);

8.1.2 The hot water tank, furnace, air handler and related piping ductwork serving the Unit (not shown or Survey Map and Plans);

8.1.3 The yard area adjacent to the Unit;

8.1.4 The back patios, if any, adjacent to the Unit; and

8.1.5 The front porches or decks, if any, adjacent to each building, which shall be joint Limited Common Elements for the use of each unit in the Building.

Section 8.2 Reallocation. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this Section within 30 days, or within such other period

-5-

provided by the Declaration, unless the reallocation does not comply with the Condominium Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium. A Common Element may be reallocated as a Limited Common Element or a Limited Common Element may be incorporated into an existing Unit with the approval of 75% of the Owners, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

Section 8.3 Use. Each Owner to which a Limited Common Element is allocated shall have the right to use the Limited Common Element in common with the other Owners, if any, to which that Limited Common Element is allocated. The right to use the Limited Common Element extends to the Owner's agents, servants, tenant, family members, invitees and licensees.

ARTICLE 9. PARKING.

There are thirty-six (36) uncovered parking in the Condominium. All of the parking spaces shall be Common Elements. The Board may assign use of certain parking spaces pursuant to the Rules and Regulations of the Association. In assigning the use of parking spaces, the Board shall endeavor to provide adequate, convenient parking to each Owner

ARTICLE 10. PERMITTED USES; MAINTENANCE; CONVEYANCES.

Section 10.1 Residential Use: Timesharing and Business Use Prohibited. The Condominium is intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, except as provided in Article 11. The Timesharing of Units, as defined in RCW 64.36, is prohibited.

Any business, trade, garage sale, moving sale, rummage sale, or similar activity is prohibited, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements; (iii) the activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Songaia which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (iv) the business activity, in the sole discretion of the Board, is consistent with the residential character of Songaia and does not constitute a nuisance, a hazardous or offensive use, or threaten the security or safety of other residents of Songaia.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's

family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant with respect to its development and sale of Songaia or its use of any Units which it owns within Songaia.

Section 10.2 Use of Parking Spaces. The parking spaces are to be used for the parking of operable passenger motor vehicles and may be used for parking trucks, trailers, or recreational vehicles, or for other purposes only to the extent expressly allowed by rules and regulations adopted by the Board. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the Owner thereof.

Section 10.3 Leases. Leases shall have a minimum initial term of seven days. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration and the Bylaws and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

Section 10.4 Maintenance of Units, Common Elements, and Limited Common Elements. Except as provided below in this Section, the Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements. The Owners of Units are responsible for the maintenance, repair and replacement of their respective Limited Common Element back patios and yards and any improvements constructed (with Board approval) by the Owners in their yard area or elsewhere. The Association shall be responsible for the maintenance repair and replacement of the front porches or decks of each Building. Each Owner is responsible for maintenance, repair and replacement of the Owner's Unit. Each Owner shall, at the Owner's sole expense, keep the interior of the Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall replace any broken glass in the windows or exterior doors of the Unit. Each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, and heating equipment which serve only that Unit, whether or not located in the Unit. The Association may, as a common expense, provide for the inspection of any portion of a Unit or Limited Common Element, the failure of which to maintain properly may cause damage to the Common Elements, Limited Common Elements or

-7-

another Unit or cause unnecessary Common Expenses, including, but not limited to, fireplace and flue, bathtubs, sinks, toilets, hot water tank and plumbing and electrical fixtures. If the inspection discloses the need for repair or replacement, the Association may either require the responsible Owner to make the repair or replacement or to make the repair or replacement itself and allocate the cost thereof to the Owner.

Section 10.5 Exterior Appearance. In order to preserve a uniform exterior appearance of the building, the Board shall control the maintenance of the exterior of the building. No Owner may modify or decorate the exterior of the building, or screens, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior written consent of the Board or in accordance with rules or regulations of the Association. No radio or television antennas or other appliances may be installed on the exterior of the building without the prior written consent of the Board.

Section 10.6 Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.7 Alteration of Common and Limited Common Elements. Use of the Common Elements and Limited Common Elements shall be subject to the provisions of the Declaration and the rules and regulations of the Board. Nothing shall be altered or constructed in or removed from any Common Element or Limited Common Element except upon the prior written consent of the Board. No improvements, including fences, may be installed on porches, decks or patios or in yard areas without the prior written consent of the Board.

Section 10.8 Signs. No sign of any kind shall be displayed to the public view on or from any Unit, Limited Common Element or Common Element without the prior consent of the Board. The Board may erect, on the Common Elements, a directory listing Units that are for sale or lease or may regulate the size and location of signs advertising Units for sale or lease. This Section shall not apply to the Declarant who may post such signs on the property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

Section 10.9 Pets. Domesticated animals, birds or reptiles (herein referred to as "pets") may be kept in the Units subject to rules and regulations adopted by the Board.

Section 10.10 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element or Common Element, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners.

Section 10.11 Conveyance by Owners; Right of First Refusal; Required Orientation. The right of an Owner to sell the Unit shall be subject to a right of first refusal of the Association, acting through the Board, as follows: An Owner desiring

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

In order that prospective purchasers of Units understand the nature of co-housing operation of the Condominium before purchasing a Unit, the Board may require that any prospective purchaser, before executing a binding purchase agreement for a Unit, meet with the Board or its designee, tour the property and receive such information concerning the operation of the Condominium as the Board determines is appropriate, in addition to receiving the information required by the Condominium Act. The right of first refusal contained in this Section shall not apply with respect to any sale or transfer of a Unit in connection with a foreclosure of a Mortgage (or the acceptance of a deed in lieu of foreclosure) or with respect to any sale or transfer by the Mortgagee or other party who acquired the Unit in connection with the foreclosure (or deed in lieu of foreclosure).

Section 10.12 Notice of Closing; Right to Deliver Information Concerning Liens. At least two weeks before closing the sale or other transfer of a Unit, the Owner of the Unit shall deliver a written notice to the Board specifying (a) the Unit being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) 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. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an

-9-

insurance policy under Article 21 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. At the time of the first conveyance of each Unit, every mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien or other encumbrance.

Section 10.13 No Additional Bedrooms. The Condominium is served by an on-site sewage disposal system which is sized for a total of thirty-five (35) bedrooms. The development permits for the Condominium to limit the number of bedrooms in the project to thirty-five (35) as long as the project is served by the on-site sewage disposal system. The number of bedrooms in a Unit may not be increased beyond the number set forth in Schedule B of this Declaration, unless either (i) the project is served by public sewer, or (ii) the Owner of a Unit desiring to increase the number of bedrooms in that Unit obtains an agreement acceptable to the Board in its sole discretion from the Owner of another Unit to permanently decrease the number of bedrooms in that Unit sufficient to keep the total number of bedrooms in the project at or below thirty-five (35), and obtains the approval of the Board for such change.

ARTICLE 11. SPECIAL DECLARANT RIGHTS.

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

ARTICLE 12. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given Notice and an Opportunity to be heard as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a Special Assessment against the Owner of the Unit for all or part of the cost of work

that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17.

ARTICLE 13. OWNERS' ASSOCIATION.

Section 13.1 Form of Association. The Owners' Association for the Condominium shall be Songaia Association, a Washington nonprofit corporation. The Association is a nonprofit corporation, the members of which shall be the Owner Members and Renter Members in the Condominium. The Bylaws may provide for associate members, such as supporters of the Condominium or co-housing. The Association will be governed by the Board, which will be comprised of the Owner Members, except with respect to Units occupied by Renter Members, and the Renter Members. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws. The Bylaws shall provide for decision making by consensus.

Section 13.2 Bylaws. The Board will adopt Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Act or the Declaration.

Section 13.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be an Owner Member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. Renters of Units who have occupied a Unit for at least ninety (90) days, or who occupy a Unit under a written lease with a term of at least ninety (90) days, shall be Renter Members of the Association. Owner Members and Renter Members alike shall be expected to participate in the management of the affairs of the Association through membership on the Board and participation on committees created by the Board. An Owner's membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 13.4 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

13.4.1 Adopt and amend the Bylaws and the rules and regulations;

13.4.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Common Expenses and Special Assessments from Owners;

13.4.3 Hire and discharge or contract with Managing Agents and other employees, agents, and independent contractors;

-11-

13.4.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

13.4.5 Make contracts and incur liabilities;

13.4.6 Regulate the use, maintenance, repair, replacement, and modification of Common Elements and Limited Common Elements;

13.4.7 Cause additional improvements to be made as a part of the Common Elements;

13.4.8 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium; provided that:

13.4.8.1 If the estimated cost of any separate property acquisition or addition or improvement to the Condominium exceeds $5,000 and has not been included in the current year's budget, the approval of the Owners holding a majority of the votes in the Association shall be required; and if such estimated cost exceeds $25,000 and has not been included in the current year's budget, the approval of the Owners holding 75% of the votes in the Association shall be required;

13.4.8.2 No structural changes shall be made to the building without the approval of Owners holding at least 75% of the votes in the Association;

13.4.8.3 No structural change shall be made to a Unit without the approval of the Owner of that Unit; and

13.4.8.4 The beneficial interest in any property acquired by the Association pursuant to this Section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged or otherwise dealt with as the Board shall determine.

13.4.9 Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

13.4.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners;

13.4.11 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;

13.4.12 Impose and collect charges for late payment of Assessments as further provided in Article 17 and, after Notice and an Opportunity to be heard by

the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association;

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

13.4.14 Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

13.4.15 Assign its right to future income, including the right to receive Assessments;

13.4.16 Provide or pay, as part of the Common Expenses, the following utility services to the Units: water, sewer/septic, and, at its discretion, natural gas for stoves and fireplaces.

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

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

13.4.19 Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 13.5 Financial Statements and Records. The Association shall keep financial records in accordance with generally accepted accounting principles and in sufficient detail to enable the Association to comply with the resale certificate requirements set forth in RCW 64.34.425. All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or an Owner unless Owners holding at least 75% of the votes, excluding votes held by the Declarant, waive the audit for that year. The financial statement shall be completed in time for the Association's annual meeting and in any event within 90 days following the end of the fiscal year. Any mortgagee will, upon request, be entitled to receive the annual financial statement within 90 days following the end of the fiscal year. The Board, or persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner or Mortgagee, at the Owner's or Mortgagee's expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of FHLMC, FNMA, HUD, or VA, if it is a Mortgagee, the Association shall provide within a reasonable time the financial statement of the Association for the preceding fiscal year.

-13-

Section 13.6 Inspection of Condominium Documents, Books and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, and other books, records, and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

ARTICLE 14. DECLARANT CONTROL PERIOD.

Section 14.1 Declarant's Transfer of Association Control. By the Transition Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held or controlled by the Declarant including, but not limited to, the following:

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

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

14.1.3 The Bylaws;

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

14.1.5 Any rules and regulations that have been adopted;

14.1.6 Resignations of officers and members of the Board who are required to resign because the Declarant is required to relinquish control of the Association;

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

14.1.8 Association funds or the control of the funds of the Association;

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

14.1.10 Except for alterations to a Unit done by a Unit Owner other than the Declarant, the copy of the Declarant's plans and specifications utilized in the construction or remodeling of the Condominium, with a certificate of the Declarant or a licensed architect or engineer that the plans and specifications

represent, to the best of such Person's knowledge and belief, the actual plans and specifications utilized by the Declarant in the construction or remodeling of the Condominium;

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

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

14.1.13 Any other permits issued by governmental bodies applicable for the Condominium in force or issued within one year before the Transition Date;

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

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

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

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

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

Section 14.2 Termination of Contracts and Leases Made By the Declarant. If entered into before the Board elected pursuant to Section 15.1 takes office, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities or (2) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined by RCW 64.34.020(1), may be terminated without penalty by the Association at any time after the Board elected pursuant to Section 15.1 takes office upon not less than 90 days' notice to the other party or within such less notice period provided for without penalty in the contract or lease. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

ARTICLE 15. THE BOARD.

-15-

Section 15.1 Selection of the Board and Officers. The Board will be comprised of all Owner Members, except with respect to Units occupied by Renter Members, and the Renter Members. The number of Board members and their terms of services shall be specified in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The officers shall take office upon election.

Section 15.2 Powers of the Board. Except as provided in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, Declaration or the Bylaws. The Board may create standing or ad hoc committees comprised of Owner Members, Renter Members and Associate members with such authority as the Board may authorize by resolution pursuant to the Bylaws; provided that a majority of the committee members shall be Owner Members or Renter Members. Decision making by the Board and by the committees shall be generally by consensus with voting resorted to only as provided in the Bylaws. It is expected that all Owner Members and Renter Members will actively participate in the management of the Association, the operations of the Board and the committees created under the Bylaws or by the Board.

Section 15.3 Managing Agent. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. If professional management has been required by HUD, FNMA, VA, FHLMC or other similar agency or corporation, the procedure for terminating professional management and assuming self-management shall be that procedure set forth in Article 26. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (1) for cause, on 30 days' written notice, or (2) without cause, on not more than 90 days' written notice.

Section 15.4 Limitations on Board Authority. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Article 26, to terminate the Condominium pursuant to Article 27, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board.

Section 15.5 Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered to the Board pursuant to Section 15.1. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the

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

ARTICLE 16. BUDGET AND ASSESSMENTS.

Section 16.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 16.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The Declarant shall prepare the initial budget for the first fiscal year of the Association.

Section 16.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a 75% of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year, such budget shall not take effect unless ratified by the Unit Owners in accordance with this Section.

Section 16.4 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessments, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget shall be ratified pursuant to Section 16.3.

Section 16.5 Assessments for Common Expenses. The sums required by the Association for Common Expenses as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period to be covered by the budget or supplemental budget. The monthly Common Expense Assessments for each Unit is determined by the Common Expense Liability allocated to each Unit in Schedule C times the total monthly installment for Common Expenses for all Units. Monthly Assessments begin accruing for all Units upon the closing of the sale of the first Unit by the Declarant; provided, that the Declarant may delay the commencement of Assessments charged to individual Units by paying all Common Expenses (but not allocations to reserves). However, after any Unit has been assessed by the Association, then all Units must be assessed according to a budget adopted by the Association, including Units

-17-

owned by the Declarant. During such time as garbage collection charges or other service charges are based on the number of occupied Units, any Units owned by the Declarant and not occupied shall be exempt from Assessments for such charges. To the extent that any Common Expense is caused by the misconduct of an Owner or tenant of any Unit, the Association may, after Notice and Opportunity to Be Heard, assess that expense against that Unit.

Section 16.6 Initial Contribution to Working Capital. In connection with the closing of the sale of each Unit, the first purchaser thereof shall pay to the Association, as a nonrefundable initial contribution to the Association's working capital, an amount equal to two times the initial monthly Assessment against the Unit. This amount shall not be considered as an advance payment of regular Assessments. The Declarant shall not use any of the working capital fund to defray any of its expenses, reserve contributions or construction costs.

Section 16.7 Special Assessments. For those Common Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy Special Assessments for such expenses against the Units, subject to ratification by the Owners pursuant to Section 16.3.

Section 16.8 Creation of Reserves; Assessments. The Board may create reserve accounts for anticipated expenses for repairs, replacement and improvements which will occur in the future when the Board determines that such reserve accounts will facilitate the accumulation of funds to pay such expenses when they occur. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 16.9 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and Special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability allocations which apply to the Unit, on which the general and Special Assessments are paid. The Board shall furnish the same information to an Owner's mortgagee if so requested.

Section 16.10 Payment of Monthly Assessments. On or before the first day of each calendar month each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that month. Any Assessment not paid by the first day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 17.

Section 16.11 Proceeds Belong to the Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 16.12 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owner from the obligation to pay Assessments during that or any subsequent year, and the monthly Assessments

amounts established for the preceding year shall continue until new Assessments are established.

Section 16.13 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 16.14 Recalculation of Assessments. If Common Expense Liabilities are reallocated, Common Expense Assessments, Special Assessments, and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

ARTICLE 17. LIEN AND COLLECTION OF ASSESSMENTS.

Section 17.1 Assessments Are a Lien; Priority. The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of this Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, EXCEPT to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 16 which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a mortgagee, the date of a trustee's sale in a nonjudicial foreclosure of a mortgage, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract; PROVIDED that the priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that such lien priority includes any delinquencies which relate to a period after such mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives such mortgagee a written notice of the delinquency and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to above.

Section 17.2 Lien May be Foreclosed; Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12, or nonjudicially in the manner set forth in Section 17.3. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right

-19-

to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure. Except as provided in the exception to (b) in Section 17.1, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 17.3 Nonjudicial Foreclosure. A lien arising under this Article may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Transnation Title Insurance Company of Washington, Inc. or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this Section, it shall not be entitled to the lien priority over mortgages provided in exception (b) of Section 17.1.

Section 17.4 Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Section, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

Section 17.5 Assessments Are Personal Obligations. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges in this Article, shall be the personal obligation of the Owner of the Unit when the Assessments are made. Suit to recover personal Judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 17.6 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted

within three years after the amount of the Assessments sought to be recovered becomes due.

Section 17.7 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 17.8 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 17.9 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 17.10 Security Deposit. An Owner who has been delinquent in paying his monthly Assessments for three of the five preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three months' estimated monthly Assessments, which shall be collected and shall be subject to penalties for nonpayment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is ten days or more delinquent in paying Assessments.

Section 17.11 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

ARTICLE 18. ENFORCEMENT OF DECLARATION, BYLAWS AND RULES AND REGULATIONS.

Section 18.1 Rights of Action. Each Owner, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time and the decisions of the Board. Failure to comply with any of the foregoing shall be

-21-

grounds for an action to recover sums due, damages, and for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 18.2 Failure of Board to Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for by the Board. This Article also extends to the Declarant.

ARTICLE 19. TORT AND CONTRACT LIABILITY.

Section 19.1 Declarant Liability. Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Condominium which the Declarant has the responsibility to maintain. Otherwise, an action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association. An Owner is not precluded from bringing an action contemplated by this Section because he or she is a Unit Owner or a member or officer of the Association.

Section 19.2 Limitation of Liability for Utility Failure. Except to the extent covered by insurance obtained by the Board neither the Association, the Board, the Managing Agent, nor the Declarant shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the building, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.3 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or the Declarant or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided, that this Section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

ARTICLE 20. INDEMNIFICATION.

Each Board member, Association committee member, Association officer, the Declarant and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of such person's duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE 21. INSURANCE.

Section 21.1 General Requirements. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance; (b) commercial general liability insurance; (c) fidelity bonds; (d) worker's compensation insurance to the extent required by applicable laws; (e) directors and officers liability insurance; and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meet the specific requirements of FNMA, HUD, VA and FHLMC regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property and liability insurance and fidelity bonds that meet the insurance and fidelity insurance requirements for condominium projects established by FNMA, HUD, FHLMC, and VA so long as any of them is a holder of a mortgage or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgagees.

Section 21.2 Property Insurance. The property insurance shall, at the minimum, provide all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Common Elements, the Limited Common Elements, the equipment, fixtures, appliances, and improvements in the Units installed by the Declarant, and the personal property of the Association with an "Agreed Amount Endorsement" and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," an "Increased Cost of Construction Endorsement," and such other endorsements as FNMA or FHLMC deems necessary and are available. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Unit. The Association or insurance trustee, if any,

-23-

shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy in the percentage of undivided interest pertaining to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request.

Section 21.3 Commercial General Liability Insurance. The liability insurance coverage shall insure the Board, the Association, the Owners, the Declarant, and the Managing Agent, and cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Common Elements liability in connection with employment contracts of the Association, host liquor liability, employers' liability insurance, automobile, liability insurance, and such other risks as are customarily covered with respect to residential condominium projects of similar construction, location and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least $1,000,000 combined single limit for bodily injury and property damage per occurrence and $2,000,000 general aggregate.

Section 21.4 Insurance Trustee; Power of Attorney. The named insured under the policies referred to in Sections 21.2 and 21.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in the Common Elements. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Subject to the provisions of Section 21.8, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes.

Section 21.5 Additional Policy Provisions. The insurance obtained pursuant to Sections 21.2 and 21.3 shall contain the following provisions and limitations:

21.5.1 Each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

21.5.2 Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the property superior to the lien of a first mortgage.

21.5.3 If, at the time of the loss under the policy, there is other insurance in the name of the Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

21.5.4 Coverage shall not be prejudiced by (a) any act, omission or neglect of the Owner of Units when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

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

21.5.6 A standard mortgagee clause which shall:

(a) Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Unit or Unit lease or sublease in their respective order of preference, whether or not named therein;

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

(c) Waive any provision invalidating such mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause; and

(d) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

Section 21.6 Fidelity Insurance. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or are responsible for handling funds of or administered by, the Association. The Managing Agent, if any, shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each bond, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments plus reserve funds. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

-25-

Section 21.7 Owners' Individual Insurance. An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

Section 21.8 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Association pursuant to Article 22 unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) Owners holding at least 80% of the votes in the Association, including every Owner of a Unit or Limited Common Element which will not be rebuilt, and Owners other than the Declarant holding at least 80% of the votes in the Association excluding votes held by the Declarant vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lien holders, as their interests may appear; and (iii) the remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to the interest in Common Elements of each Unit. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 23, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Section, Article 27 governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 22. REPAIR OR DAMAGE TO PROPERTY

Section 22.1 Initial Board Determination. In the event of damage to any Common Element or to any portion of a Unit or its Limited Common Elements, equipment or appliances covered by the Association, Insurance policy, the Board shall promptly, and in all events within 30 days after the date of damage, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

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

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

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

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

Section 22.2 Notice of Damage. The Board shall promptly, and in all events within 30 days after the date of damage, shall file a proof of loss statement with the insurance company if the loss is covered by insurance and abide by all terms and conditions of its insurance policies, unless the Board determines it would not be in the best interest of the Association to file a proof of loss. The Board shall then provide each Owner with a written notice describing the damage and summarizing the initial Board determinations made under Section 22.1. If the damage affects a material portion of the Condominium, the Board shall also send the notice to each Mortgagee; and if the damage affects a Unit, the Board shall send the notice to the Mortgagee of that Unit. If the Board fails to do so within the 30-day period, any Owner or Mortgagee may make the determinations required under Section 22.1 and give the notice required under this Section.

Section 22.3 Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article:

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

22.3.2 Substantial Damage shall mean that in the judgment of a majority of the Board the estimated Assessment determined under Section 22.1.4 for any one Unit exceed ten percent of the full, fair market value of the Unit before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

-27-

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

22.3.4 Emergency Work shall mean work that the Board deems reasonably necessary to avoid further damage or substantial diminution in value to the improvements and to protect the Owners from liability from the condition of the site.

Section 22.4 Execution of Repairs.

22.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor as provided in Section 21.8. If the cost of repair exceeds the available insurance proceeds the Board shall impose Assessments against all Units in proportion to their Common Expense Liabilities in an aggregate amount sufficient to pay the excess costs.

22.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others, and take such other action as is reasonably necessary to make the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient Assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.

22.4.3 The Board may enter into a written agreement with a reputable financial institution or trust or escrow company that the institution or company shall act as an insurance trustee to adjust and settle any claim for casualty loss in excess of $50,000, or for the institution or company to collect the insurance proceeds and carry out the provisions of this Article.

Section 22.5 Damage Not Substantial. If the damage as determined under Subsection 22.3.2 is not substantial, the provisions of this Section shall apply.

22.5.1 Either the Board or the requisite of Owners, within 15 days after the notice required under Section 22.2 has been given, may but shall not be required to, call a special Owners' meeting in accordance with Section 13.4 and the Bylaws to decide whether to repair the damage.

22.5.2 Except for emergency work, no repairs shall be commenced until after the 15-day period and until after the conclusion of the special meeting if such a special meeting is called within the 15 days.

22.5.3 A decision to not repair or rebuild may be made in accordance with Section 21.8.

Section 22.6 Substantial Damage. If damage determined under Section 22.3.2 is substantial, the provisions of this Section shall apply.

22.6.1 The Board shall promptly, and in all events within 30 days after the date of damage, call a special meeting to consider repairing the damage. If the Board fails to do so within 30 days, then notwithstanding the provisions of Section 13.4 and the Bylaws, any Owner or first mortgagee of a Unit may call and conduct the meeting.

22.6.2 Except for emergency work, no repairs shall be commenced until the conclusion of the special Owners' meeting.

22.6.3 At the special meeting, the following consent requirements will apply:

(a) The Owners shall be deemed to have elected to repair the damage in accordance with the original plan unless the Owner of at least 80% of the total voting power of the Condominium other than that held by the Declarant, including every Owner of a Unit which will not be rebuilt and every Owner of a Unit to which a Limited Common Element which will not be rebuilt is allocated, have given their written consent not to repair the damage.

(b) The unanimous consent of all Owners will be required to elect to rebuild in accordance with a plan that is different from the original plan.

(c) In addition to the consent by the Owners specified above, any election not to repair the damage or not to rebuild substantially in accordance with the original plan will require the approval of eligible holders of first mortgages on Units that have at least 51% of the votes subject to eligible holder mortgages.

(d) Failure to conduct the special meeting provided for under Section 22.6.1 within 90 days after the date of damage shall be deemed a unanimous decision to repair the damage in accordance with the original plan.

Section 22.7 Effect of Decision Not to Repair. In the event of a decision under either Section 22.5.3 or 22.6.3 not to repair the damage, the Board may nevertheless expend so much of the insurance proceeds and common funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 21.8.

-29-

ARTICLE 23. CONDEMNATION.

Section 23.1 Consequences of Condemnation; Notices. If any Unit or portion thereof or the Common Elements or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and Mortgagee and the provisions of this Article shall apply.

Section 23.2 Power of Attorney. Each Owner appoints the Association as attorney-in-fact for the purpose of representing the Owners in condemnation proceedings and negotiations, settlements and agreements with the condemning authority for acquisition of Common Elements or any part thereof, from the condemning authority. The Board may appoint a trustee to act on behalf of the Owners in carrying out the foregoing functions in lieu of the Association. Should the Association not act, based on their right to act pursuant to this Section, the affected Owners may individually or jointly act on their own behalf.

Section 23.3 Condemnation of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the Unit shall be paid to the Owner or lien holder of condemnation of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section is thereafter a Common Element.

Section 23.4 Condemnation of Part of a Unit. Except as provided in Section 23.3, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. The proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lien holders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides: (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

Section 23.5 Condemnation of Common Element or Limited Common Element. If part of the Common Elements is acquired by condemnation the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective interests in the Common Elements or to lien holders, as their interests may appear. Any portion of the award attributable to the

acquisition of a Limited Common Element must be equally divided among the Owners of the Unit to which that Limited Common Element was allocated at the time of the acquisition, or to lien holders, as their interests may appear. If the Board determines that a particular Owner's interest in the Common Elements diminished with respect to other Owners, by the acquisition of a Common Element, the Declaration may be amended to adjust that Owner's Common Expense Liability allocation, or to remove the allocation of a Limited Common Element to that Owner's Unit, as the case may be.

Section 23.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 22.

ARTICLE 24. EASEMENTS.

Section 24.1 In General. Each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat, sanitary sewer, storm drainage and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Condominium.

Section 24.2 Encroachments. To the extent not provided by the definition of "Unit" in the Declaration and in the Condominium Act, each Unit and all Common and Limited Common Elements are hereby declared to have an easement over all adjoining Units and Common and Limited Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common and Limited Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

Section 24.3 Easement Specifically Reserved by the Declarant. The Declarant reserves an access easement over, across, and through the Common Elements of the Condominium for the purpose of completing any unfinished Units or other improvements, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, and discharging the Declarant's obligations or exercising Special Declarant Rights.

Section 24.4 Utility Easements Granted by the Declarant. The Declarant grants to each company or municipality providing utility services to the Condominium or to the Owners of Units in the Condominium an easement for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such, utilities services as water, sanitary sewer, storm sewer, electricity, cable television

-31-

and telephone, and an easement for access over and under the roadways and Common Elements of the Condominium to the utility service facilities.

ARTICLE 25. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS.

Section 25.1 Submission of Proposal to Subdivide Unit. No Unit or Units shall be subdivided either by agreement or legal proceedings, except as provided in this Article. An Owner may propose subdividing a Unit or Units by submitting the proposal in writing to the Board and to all other Owners and mortgagees of the Unit to be subdivided or combined. Such proposal to subdivide must also be given to every first mortgagee of any Unit in the Condominium. The proposal must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Survey Map and Plans which amendments shall be executed by the Owner of the Unit to be subdivided upon approval pursuant to Section 25.2, and which amendments assign an identifying number to each Unit created, and reallocate the allocated interests and liabilities formerly allocated to the subdivided Unit to the new Units in any reasonable manner prescribed by the Owner of the subdivided Unit. The Owner of the Unit to be subdivided shall bear all costs of the subdivision.

Section 25.2 Approval Required for Subdivision. A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by all Owners and mortgagees of the Unit or Units to be subdivided, 75% of the Owners, and 51% of Eligible Mortgagees.

Section 25.3 Minor Alterations. No Unit may be altered in any way except in accordance with this Article. An Owner may make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. An Owner may not change the appearance of the Common Elements or the exterior appearance of a Unit without permission of the Association pursuant to the procedures of Section 25.5.

Section 25.4 Adjoining Units. After acquiring an adjoining Unit or an adjoining part of any adjoining Unit, an Owner may, with approval of the Board pursuant to Section 25.5, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural Integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this subsection is not a relocation of boundaries. The Owner's proposal to act under this Section shall be submitted to the Board and shall include the plans and specifications for the proposed removal or alteration.

Section 25.5 Substantial Alteration. A proposal that contemplates substantial alteration of one or more Units is subject to approval by the Board. The Board shall approve a request under this Section within 30 days, unless the proposed alteration does not comply with Section 25.4 or impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board to act upon a request within such period shall be deemed approval thereof.

Section 25.6 Procedure After Approval. Upon approval of a proposal under this Article, the Owner making it may proceed according to the proposed plans and specifications; provided that the Board may in its discretion require that the Board administer the work or that provisions for the protection of other Units or Common Elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map and Plan and Declaration shall be placed of record as amendments thereto.

Section 25.7 Relocation of Boundaries -- Adjoining Units. The boundaries between adjoining Units may only be relocated by an amendment to the Declaration, pursuant to Article 26, upon application to the Board by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their allocated interests, the application must state the proposed reallocations. Unless the Board determines within 30 days, that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words of conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall obtain and record survey maps or plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and identifying numbers. The Owner or Owners benefited by a reallocation of Unit boundaries shall bear all costs associated therewith in proportion to the relative benefits to each such Unit as determined by the Board.

Section 25.8 No New Bedrooms. No alteration or subdivision of Units shall increase the total number of bedrooms in the Condominium beyond thirty-five (35), except in compliance with Section 10.13 herein.

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

Section 26.1 Procedures. Except in cases of amendments that may be executed by the Declarant under the Declaration or the Condominium Act, the Declaration, the Survey Map and Plans, the Articles and the Bylaws may be amended only by vote or agreement of the Owners, as specified in this Article. An Owner may propose amendments to this Declaration or the Survey Map and Plans, the Articles or the Bylaws to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice must be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including Eligible Mortgagees) entitled to receive notices. Upon the adoption of an amendment and the obtaining of any necessary consents of Eligible Mortgagees as provided below, amendment to the Declaration or the Survey Map and Plans will become effective

-33-

when it is recorded or filed in the real property records in the county in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

Section 26.2 Percentages of Consent Required. Except as provided in Articles 22 and 23 in the case of damage or condemnation of the property, the percentages of consent of Owners and mortgagees required for adoption of amendments to the Declaration, the Survey Map and Plans, the Articles and the Bylaws are as follows:

26.2.1 The consent of Owners holding at least 75% of the votes in the Association, including Owners other than the Declarant holding at least 75% of the votes in the Association excluding votes held by the Declarant, and the consent of Eligible Mortgagees of Units to which at least 51% of the votes of Units subject to Mortgages held by Eligible Mortgagees are allocated shall be required to materially amend any provisions of the Declaration, the Survey Map and Plans, the Articles or the Bylaws, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following: (a) voting rights; (b) Assessments, Assessment liens, or subordination or priority of such liens; (c) reserves for maintenance, repairs or replacement of the Common Elements; (d) responsibility for maintenance and repair of any portion of the Condominium; (e) rights to use Common Elements and Limited Common Elements; (f) reallocation of interests in Common Elements or Limited Common Elements or rights to their use; (g) redefinition of any Unit boundaries; (h) convertibility of Units into Common Elements or Common Elements into Units; (i) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (j) hazard or fidelity insurance required; (k) imposition of any restrictions on leasing of Units; (l) imposition of any restriction on the right of an Owner to sell, transfer a Unit; (m) restoration or repair (after damage or partial condemnation) in a manner other than specified in the Declaration or Survey Map and Plans; or (n) any provisions which are for the express benefit of holders of first mortgages.

26.2.2 An amendment that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, shall require the vote or agreement of the Owner of each Unit particularly affected and the Owners other than the Declarant holding at least 90% of the votes in the Association excluding votes held by the Declarant.

26.2.3 All other amendments shall be adopted if consented to by 75% of the Owners, including Owners other than the Declarant holding at least 75% of the votes in the Association excluding votes held by the Declarant.

26.2.4 An Eligible Mortgagee who receives a written request to consent to an amendment who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.

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

Section 26.3. Limitations on Amendments. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Units owned by persons other than the Declarant.

ARTICLE 27. TERMINATION OF CONDOMINIUM.

Section 27.1 Action Required. Except as provided in Articles 22 and 23, the Condominium may be terminated only by agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and with the consent of Eligible Mortgagees of Units to which at least 67% of the votes in the Association are allocated and in accordance with the Condominium Act. An Eligible Mortgagee who receives a written request to consent to termination who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.

Section 27.2 Condominium Act Governs. The provisions of the Condominium Act relating to termination of a condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the disposition of the real property in the Condominium and the distribution of proceeds from the sale of that real property.

ARTICLE 28. NOTICES.

Section 28.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the Declarant until the Transition Date, and thereafter shall be given to the president or secretary of the Association.

-35-

Section 28.2 Notices to Eligible Mortgagees. An Eligible Mortgagee is a Mortgagee that has filed with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the Eligible Mortgagee and the Identifying Number or address of the Unit on which it has (or insures or guarantees) a Mortgage. Until such time thereafter that the Eligible Mortgagee withdraws the request or the mortgage held, insured or guaranteed by the Eligible Mortgagee is satisfied, the Board shall send to the Eligible Mortgagee timely written notice of (a) any proposed amendment of the Declaration or Survey Map and Plans effecting a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the percentage interest in the Common Elements or the liability for Common Expenses, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements are restricted; (b) any proposed termination of condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium; (c) any condemnation loss or casualty loss that affects a material portion of the Condominium or that affects any Unit on which an Eligible Mortgagee has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which an Eligible Mortgagee had a mortgage; (e) any lapse, cancellation or material modification of any insurance policy or fidelity insurance maintained by the Association pursuant to Article 21; (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Articles 22, 25, or 26.

ARTICLE 29. SEVERABILITY.

The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remaining provision or provisions comply with the Condominium Act.

ARTICLE 30. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

ARTICLE 31. REFERENCE TO SURVEY MAP AND PLANS.

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

ARTICLE 32. ASSIGNMENT BY DECLARANT.

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

ARTICLE 33. CERTIFICATE OF COMPLETION

The Declarant hereby certifies that all structural components and mechanical systems of all buildings containing or comprising any Units thereby created are substantially completed and that all horizontal and vertical boundaries of such Units are substantially completed in accordance with the Survey Map and Plans.

Dated: _____, 2000

Songaia Cohousing Partners LLC, a
Washington limited liability company

By: _____
Name: _____
Its: _____

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-37-

NOTARY ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that _____ signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the authorized member of Songaia Cohousing Partners LLC, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated:_____

_____
(Print Name) _____
Residing at _____
My appointment expires: _____

SCHEDULE A

SONGAIA, A CONDOMINIUM

DESCRIPTION OF LAND

SCHEDULE B

SONGAIA, A CONDOMINIUM

UNIT DESCRIPTIONS; INTEREST IN COMMON ELEMENTS

UNIT	UNIT AREA	UNIT LEVELS	NO. OF BATH-ROOMS	NO. OF BED-ROOMS	NO. OF FIRE-PLACES	INTEREST IN COMMON ELEMENTS
1	852	1	.75	1	no	1/13
2	923	1, 2	1.75	2	no	1/13
3	1,454	B, 1, 2	1.75	3	no	1/13
4	1,192	1, 2	1.5	3	no	1/13
5	1,474	B, 1, 2	1.75	2	no	1/13
6	1,193	1, 2	1.5	3	no	1/13
7	1,443	B, 1, 2	1.75	2	no	1/13
8	1,187	1, 2	1.5	3	no	1/13
9	1,437	B, 1, 2	1.75	2	no	1/13
10	940	1, 2	1.75	2	no	1/13
11	1,429	B, 1, 2	1.75	2	no	1/13
12	1,505	1, 2	1.75	3	no	1/13
13	851	1	1.00	1	no	1/13
TOTAL	**15,880**					**1.0**

NOTE 1: See Schedule C for Common Expense Liability of each Unit and Votes Allocated to each Unit.

SCHEDULE C

SONGAIA, A CONDOMINIUM

COMMON EXPENSE LIABILITY; VOTING

UNIT	UNIT AREA	COMMON EXPENSE LIABILITY	COMMON EXPENSE LIABILITY FOR INSURANCE	VOTING
1	852	1/13	5.36%	1
2	923	1/13	5.81%	1
3	1,454	1/13	9.16%	1
4	1,192	1/13	7.51%	1
5	1,474	1/13	9.28%	1
6	1,193	1/13	7.51%	1
7	1,443	1/13	9.09%	1
8	1,187	1/13	7.48%	1
9	1,437	1/13	9.05%	1
10	940	1/13	5.91%	1
11	1,429	1/13	9.00%	1
12	1,505	1/13	9.48%	1
13	851	1/13	5.36%	1
TOTAL	**15,880**	**1.0**	**1%**	**13**

Patricia Newkirk 12/8/16 5:17 PM
Deleted: 100.00

NOTE 1: Each Unit will have equal liability for all Common Expenses except for hazard insurance.

NOTE 2: The Common Expense Liabilities for hazard insurance were determined by dividing the square footage of the Unit by the aggregate square footage of all Units. Some Allocated Interests have been rounded so that the aggregated Allocated Interests equal 100.