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VOL 423 PAGE 381

861536

(2)

BY-LAWS
OF THE ASSOCIATION OF APARTMENT OWNERS OF
RAINIER SQUARE

FILED BY.

(Condominium Created Under the Laws of the State of Washington) MAY 24 8 23 AM '82

ARTICLE I

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YEAGER HILLMAN AUDITOR
DEPUTY

IDENTIFICATION OF "PROPERTY" - APPLICATION OF BY-LAWS

RECORDED IN VOL. 423

Section 1. The "property" is the condominium property located upon the following described real property situated in Benton County, Washington, that portion of the Southwest Quarter of Northeast Quarter of Southwest Quarter of Section 26, Township 10 North, Range 28 East, W.M., as follows:

Commencing at South Quarter corner of said Section 26; thence North 1 degree 24' 14" East along the North-South midsection line of said Section 26, a distance of 1,311.59 feet to Southeast corner of Northeast Quarter of Southwest Quarter of said Section 26; thence South 89 degrees 00' 59" West along South boundary of Northeast Quarter of Southwest Quarter of said Section 26, a distance of 940.81 feet to true point of beginning; thence North 1 degree 24' 14" East 270.20 feet; thence North 89 degrees 00' 59" East 200.17 feet; thence South 1 degree 24' 14" West 270.20 feet to South boundary of Northeast Quarter of Southwest Quarter of said Section 26; thence South 89 degrees 00' 59" West along said South boundary a distance of 200.17 feet to true point of beginning, EXCEPT any portion thereof which lies within Spengler Road right of way.

pursuant to Condominium Declaration Establish a Horizontal Property for the Rainier Square filed in the office of the Auditor of Benton County, Washington, on the 24th day of May, 1981, under Auditor File No. 861537

The term "property" includes the entire development, including land separate apartments and common property.

Section 2. The provisions of these by-laws are applicable to the property; and all present or future owners, tenants, employees, agents and any other persons who might use or be upon the property or now or hereafter enjoy rights of occupancy in respect thereof are subject to the regulations set forth herein.

ARTICLE II.

OWNERS ASSOCIATION: VOTING, MEETINGS

Section 1. Total Votes: The total voting power of all owners shall be 100 votes and the total number of votes available to owners of any one apartment or parking space shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to such apartment and the parking spaces.

Section 2. Fee Owners: All of the fee owners of apartments shall constitute the Association of Owners as defined in the Act; provided that if an apartment has been sold on contract the contract purchaser shall exercise the rights of the apartment owner for purposes of the Association, this Declaration, the By-Laws, except as hereinafter limited, and shall be the voting owner unless otherwise specified.

Section 3. Voting Owner: There shall be one (1) "voting owner" of each apartment. The voting owner shall be designated by the owner or owners of each apartment by written notice to the Board of Directors, and need not be an owner. The

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designation shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any party with an ownership interest in the apartment or by written notice to the Board by any such owner of the apartment. This power of designation and revocation may be exercised by the guardian or personal representative of an owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting owner of each apartment shall be the group composed of all of its owners. Declarant shall be the voting owner with respect to any apartment or apartments owned by Declarant.

Section 4. Multiple Ownership: If a person, partnership or corporation owns more than one apartment, he or it shall have the votes for each apartment owned. In the event the record owner or owners have pledged their vote regarding special matters to a mortgagee or beneficiary of a deed of trust under a duly recorded mortgage or deed of trust, or to the vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary, or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board.

ARTICLE III

Section 1. Meetings, Audits, Notices of Meetings:

(a) Annual Meetings, Audits: There shall be an annual meeting of the owners in the first quarter of each year at such reasonable place and time as may be designated by written notice of the Board delivered to the owners no less than ten (10) days prior to the date fixed for said meeting. At the annual meeting, there shall be presented an audit of the common expenses, itemizing receipts and disbursements for the preceding calendar year, and the allocation thereof to each owner, and the estimated common expenses for the coming calendar year. The Board at any time, or twenty percent of the owners by written request, may at any reasonable time make an audit of the books of the Board and Association.

(b) Special Meetings: Special meetings of the owners may be called at any time for the purpose of considering matters which by the terms of the Act or of this Declaration require the approval of all or some of the owners, or for any other reasonable purpose. Such meetings shall be called by written notice of the president or the secretary of the Board and the Association or by any two (2) owners, and delivered not less than ten (10) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and in general the matters to be considered.

(c) Notices for all Purposes: Any notice permitted or required to be delivered under the provisions of this Declaration or by the By-Laws may be delivered either personally or by mail. Notice to the owner or owners of any apartment shall be sufficient if mailed to the apartment of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to the Declarant until the Association and the Board have been constituted and thereafter shall be given to the president (chairman) or secretary of the Board.

(d) Notice to Third Persons: Upon written request therefore, and for a period of three years or such longer time as the Board may set after such request a vendor, mortgagee, or deed of trust beneficiary of any apartment shall be entitled to be sent a copy of any notices respecting the apartment covered by his security until his rights are discharged. Such written request may be renewed an unlimited number of times.

ARTICLE IV

By-Laws of Association of Apartment Owners;

Administration of Property.

Section 1. By-Laws: Amendments to the By-Laws may be adopted by the two-thirds percent of the voting power at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each apartment owner at least ten (10) days prior to such meeting. Administration of the Association shall be by a Board of three (3) directors elected from among the apartment owners. This board shall elect a chairman or president from among the members, who shall preside over meetings of the Owners Association. Declarant may adopt the initial By-Laws.

Until a date one year from the date of recording this Declaration or until sixteen of the twenty units have been sold, the property shall be managed and the association organized as follows, at the decision of Declarant:

Declarant may, at such time as Declarant deems appropriate, select as a temporary board three to seven persons who own, or are purchasers of, apartments or are officers of corporations owning or purchasing such apartments. This board shall have the full authority and all rights, responsibilities, privileges and duties to manage the condominium under this Declaration and By-Laws, and shall be subject to all provisions of the Declaration and By-Laws. All board positions shall be open for election at the first annual meeting after the period of Declarant's authority hereafter under ends.

Until such time as such temporary board is selected, Declarant or a managing agent selected by Declarant shall have the power and authority to exercise all the rights, duties and functions of the board, including but not limited to enacting reasonable administrative rules, contracting for required services, property and liability insurance, collecting and expending all assessments and association funds. Any such managing agent or the Declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any common or maintenance funds.

These requirements and covenants are made in order to insure that the property and condominium will be adequately administered in the initial operations. At the expiration of such one-year period, all power and authority shall vest in the Board, but the Board may delegate all or any portion of such power to a manager, managing agent, or officer of the association, or in such manner as may be provided by the By-Laws.

These By-Laws contain provisions identical to those provided in Section 8.1 of the Protective Covenants for the Rainier Square and also contain supplementary, not inconsistent, provisions regarding the operation of the condominium and administration of property. In the event any provisions are found to be inconsistent, then the protective covenants shall control.

The Association of Apartment Owners may vary the size of the Board of Directors for periods of operations subsequent to that of the initial temporary board.

ARTICLE V

The Board of Directors

Section 1. Authority of Board: The Board for the benefit of the condominium and the owners shall enforce the provisions of this Declaration and of the By-Laws. It shall have all powers and authority permitted to the Board under the Act and the Declaration, and shall acquire and shall pay for out of the common expense fund hereinafter provided for, all goods and services requisite for the proper functioning of the condominium, including but not limited to the following:

(a) The payment of water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service as required for the common area. (If one or more apartments or the common areas are not separately metered the utility service may be paid as a common expense, and the Board may by reasonable formula allocate a portion of such expense to each such apartment involved as a portion of its common expense).

(b) The procurement of policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, and for fidelity of association officers and other employees, as the same are more fully required hereafter and in the By-Laws.

(c) The employment of persons or firms as required to properly manage the affairs of the condominium to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the common area, whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent.

(d) The employment of legal and accounting services necessary or proper in the operation of the Association affairs, administration of the common area, or the enforcement of this Declaration.

(e) The painting, maintenance, repair and all landscaping and gardening work for the common area, and such furnishings and equipment for the common area as the Board shall determine are necessary and proper and the Board shall have the exclusive right and duty to acquire the same for the common area; provided, however, that the interior surfaces of each unit shall be painted, maintained and repaired by the owners thereof, all such maintenance to be at the sole cost and expense of the particular owner.

(f) The furnishing of any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law or which in its opinion shall be necessary or proper for the operation of the common area or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular apartments or their owners, the cost thereof shall be specifically assessed to the owner of such apartments.

(g) The maintenance and repair of any apartment, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the common area or preserve the appearance and value of the condominium development, and the owner or owners of said apartment have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the owner or owners, provided, that the Board shall levy a special assessment against the apartment of such owner or owners for the cost of such maintenance or repair.

(h) The payment of any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the property or against the common areas, rather than merely against the interest therein of particular owners. (Where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs and expenses incurred by the Board by reason of such lien or liens shall be assessed against the owners and the apartment responsible to the extent of their responsibility).

(i) Special meetings of the Board of Directors may be called by any director on three days notice to each director, and personal attendance of any director shall constitute waiver of notice by such director. Except with the annual meeting of the directors, which shall be held in conjunction with the annual meeting of the owners, meetings of directors may be called and held at any time and place.

(j) A majority of the qualified directors shall constitute a quorum for the convening of a meeting and conduct of business of the directors.

ARTICLE VI

OFFICERS

Section 1. Officers of the association of owners shall be a President, a Vice-President, a Secretary and a Treasurer. The offices of Secretary and Treasurer may be combined and filled by one individual. The offices of President, Vice-President and Secretary shall be held by owners of apartment units of the property. No officer shall receive compensation for serving as such.

Section 2. The President shall preside at all meetings of the owners association and of the Board of Directors and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. In the absence or inability of the President, the Vice-President shall perform the functions of President. The Secretary shall keep minutes of the owners association and keep such books and records as may be necessary and appropriate for the records of the association and its board. All correspondence pertaining to condominium business shall be signed by the President.

Section 3. The Treasurer shall maintain a bank account for the funds of the owners association and shall receive and deposit therein all assessments and other funds of the owners association, keeping accurate records thereof and disbursing the same only for purposes of the owners association and as approved by the Board of Directors.

Section 4. Officers of the owners association shall be annually elected by, and may be removed and replaced by, the Board of Directors. The Board of Directors may in its discretion require that officers be subjected to fidelity bond coverage in favor of the owners association.

ARTICLE VII

Common Expenses: Establishment, Assessment

Section 1. Assessments: Within thirty (30) days prior to the beginning of each calendar year the Board shall estimate the net charges to be paid during such year, and may include a reasonable provision for contingencies and replacement and acquisition and operating reserves, less any expected income and less any surplus available from the prior year's operating fund; provided, that the Declarant or initial Board may at any suitable time establish the first such estimate. Said estimated requirement shall be assessed to apartments and parking and owners thereof pursuant to the percentages set forth in this Declaration. If the sum estimated and budgeted at any time proves inadequate for any reason, including nonpayment of the owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the owners in like proportions. Each owner shall be obligated to pay assessments made pursuant to this paragraph to the treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board shall designate and any unpaid assessments shall bear interest at the rate of twelve percent per annum from due date until paid. The budget may be reviewed and revised by the membership at any annual meeting, or any special meeting called for such purpose, but if not so reviewed or if no change is made shall be deemed approved.

Section 2. Use of Funds: All funds collected hereunder shall be expended for the purposes designated in this Declaration.

Section 3. Separate Accounts: The Board shall require that the Association maintain separate accounts for current operation, reserves and a special separate reserve account for payment of insurance. Each month the Board shall first deposit to the insurance reserve account that portion of the common expenses assessment necessary to pay at least one twelfth of the total costs of all of the insurance policies provided regarding the condominium and such insurance reserve account shall be held separately and inviolate until utilized for payment of insurance premiums. Thereafter, the remainder of the common expenses collected may be utilized for payment of other expenses and deposited or credited to other accounts.

Section 4. Failure to Assess: The omission by the Board or the Association before the expiration of any year to fix the estimate and assessments hereunder for that or the next 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 the assessment or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding years shall continue until a new assessment is fixed.

Section 5. Records: The Board shall cause to be kept detailed, accurate records, in the form established by the Association's accountant, of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses of the common area and any other expense incurred. Such records and any resolutions authorizing the payments involved shall be available for examination by any owner at convenient hours of week days.

Section 6. Liability of Declarant: Declarant shall not be liable for the portion of any common expense assessment for reserve funds other than the insurance reserve fund for any apartment owned by the Declarant which is vacant and has not been sold, rented or leased.

Section 7. Lien for Assessments: Each monthly assessment and each special assessment shall be joint and several personal debts and obligations of the owner or owners and contract purchasers of apartments for which the same are assessed as of the time the assessment is made and shall be collectible as such. The amount of any assessment, whether regular or special, assessed to the owner and/or purchaser of any apartment and the apartment and its parking spaces, plus interest at the legal rate, and costs, including reasonable attorney's fees, shall be a lien upon such apartment and parking space and the exclusive use thereof. The said lien for payment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except that such priority shall be limited as provided in R.C.W. 64.32.200 (2). Suits to recover a money judgment for unpaid common expenses, shall be maintainable without foreclosure or waiving the lien securing the same.

Section 8. Certification by Officer: A certificate executed and acknowledged by the treasurer or the president of the Board or an authorized agent thereof if neither the president or the treasurer is available, stating the indebtedness for assessments or lack thereof secured by the assessment lien upon any apartment shall be conclusive upon the Board and the owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any owner or any encumbrancer of an apartment within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer holding a lien on an apartment may pay any unpaid common expenses payable with respect to such apartment unit and upon such payment such encumbrancer shall have a lien on such apartment for the amounts paid of the same rank as the lien of this encumbrance.

Section 9. Security Deposit: An apartment owner may be required, by the Board of the Association of Apartment Owners or by Managing Agent, from time to time, to make and maintain a security deposit not in excess of three months estimated monthly assessments, which may be collected as are other assessments. Such deposit shall be held in a separate fund, credited to such owner, and resort may be had thereto at any time when such owner is ten (10) days or more delinquent in paying his monthly or other assessments.

Section 10. Foreclosure of Assessment Lien: The Declarant, Manager, or Board of Directors on behalf of the Association of Apartment owners

may initiate action to foreclose the lien of any assessment. In any action to foreclose a lien against any apartment for nonpayment of delinquent assessments, any judgment rendered against the owners of such apartment in favor of the Association of Apartment Owners shall include a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.

Section 11. Rental During Foreclosure: From the time of commencement of any action to foreclose a lien against an apartment for nonpayment of delinquent assessments, the owner or purchaser of such apartment shall pay to the Association of Apartment Owners the reasonable rental value of the apartment to be fixed by the Board of Directors of the Association of Apartment Owners, and the plaintiff in any such foreclosure shall be entitled to the appointment of a receiver to collect the same, who may, if said rental is not paid, obtain possession of the apartment, refurbish it for rental up to a reasonable standard for rental units in this type of building, rent the apartment or permit its rental to others, and apply rents first to costs of the receivership and attorney's fees thereof, then to costs of refurbishing the apartment, then to costs, fees and charges, of the foreclosure action, then to the payment of the delinquent assessment charges.

If the apartment is rented by its owner, the Board may collect and the tenant or lessee shall pay over to the Board so much of the rent for such apartment as is required to pay any amounts due the Board hereunder, plus interest and costs, if the same are in default over thirty days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the owners or purchaser of the apartment under this Declaration for assessments, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed.

Section 12. Termination of Utility Service: In addition to and not by way of limitation upon other methods of collecting any assessment, the Board of the Association of Apartment Owners shall have the right, after having given ten (10) days' notice to any apartment owner who is delinquent in paying his assessments, to cut off any or all utility services to the delinquent owner's apartment until such assessments are paid.

Section 13. Available Remedies: The remedies provided are cumulative and the Board may pursue them concurrently as well as any other remedies which may be advisable under law although not expressed herein.

Section 14. Mortgagee Protection: Notwithstanding all other provisions hereof, the liens created under this Declaration upon any apartment for assessments shall be subject to the provisions of R.C.W. 64.32.200 in their effect upon the rights of the holder of any indebtedness secured by mortgages or deeds of trust upon the apartment made in good faith and for value.

Section 15. Non-Waiver: The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration or of the By-Laws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any assessment from an owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed for the Board. This section also extends to the Declarant or Declarant's managing agent, exercising the powers of the Board during the initial period of operation of the Association and the condominium development.

ARTICLE VIII

Liability and Indemnification

Section 1. Limitation of Board Liability: The Board shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances or equipment, or from any other place. No diminution or abatement of common expense assessments shall be claimed or allowed for inconvenience or discomfort from any action taken to comply with any law, ordinance or orders of a governmental authority. This exemption and limitation of liability extends to the entire association as well as the board. This section shall not be interpreted to impose any form of liability by any implication upon the Board or the Association. This section also extends to the Declarant or Declarant's managing agent exercising the powers of the Board during the initial period of operation of the condominium development.

Section 2. Indemnification of Board Members: Each member of the Board shall be indemnified by the owners against all expenses and liabilities, including attorney's fee, reasonably incurred by or imposed in connection with any proceeding to which he or it may be a party or in which he or it may become involved, by reason of being or having been a member of the Board, or any settlement thereof, whether or not he is a member of the Board at the time such expenses or liabilities are incurred except in such cases wherein the member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of his 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 of Apartment Owners. This section shall extend to and apply also for the indemnification of the Declarant during the initial period of operation of the condominium development, or the indemnification of Declarant's Managing Agent.

ARTICLE IX

Sale or Lease, Right of First Refusal, Option

Section 1. Notice to Board: In the event any owner of an apartment shall wish to sell, rent or lease the same, and has received any bona fide offer therefore from a prospective purchaser or tenant, the Board shall be given written notice of all terms thereof, together with the name and address of the contemplated lessee, renter or purchaser, and such credit character and other references as the Board may request. Such notice and references shall be given to the Board for all of the owners. The owners through the Board, or an assignee of the Board for such assignee's own behalf and with such assignee's own funds, shall have the irrevocable option or right to purchase or lease or rent the subject apartment upon the same terms and conditions as set forth in the offer, provided written notice of such election to purchase, rent or lease is given to the selling, renting or leasing owner, and a matching down payment or deposit is provided to the selling, renting or leasing owner, during the 15 day period immediately following the delivery of the notice of the bona fide offer to the Board. After the Board or its assignee shall have elected to exercise the option it shall have thirty days from the date of such election to close the transaction. In the event that the Board shall not elect to exercise this option or right of first refusal within the period prescribed, the owner may proceed with his proposed transaction, but he shall not be entitled to proceed with any different or other transaction without first again complying with this right of first refusal.

Section 2. Exercise of Option by Board: The Board shall not exercise this option on behalf of all owners without the prior written consent of all owners and contract purchasers, and sellers. Acquisition by the Board of apartments or interests therein under the provisions of this section shall be made from the maintenance fund. If the fund is insufficient, the Board may levy a special assessment against each apartment in proportion to the interest of the owners thereof in the common areas. The Board in its discretion may borrow money to finance the acquisition of an apartment or interest therein, which acquisition is authorized by this section; provided, however, that no financing may be secured by an encumbrance of any portion of the property other than the apartment or interest therein to be acquired, and shall not permit a deficiency judgment against the Association. Apartments or interest therein acquired pursuant to the terms of this section shall be held of record in the name of the Board or nominees of the Board in trust for all the owners. Such apartments or interest therein shall be leased, rented, held or sold by the Board for the benefit of the owners. The net proceeds of such leasing, renting or sale shall be deposited in the Association account or distributed to the owners, as the Board determines.

Section 3. Assignment and Subleasing: The assignment or subleasing or subrenting of an apartment shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the owner under these covenants shall continue for subsequent transaction notwithstanding the fact that he may have one or more times assigned, leased or rented said apartment and complied herewith.

Section 4. Right to Encumber: In no case shall the right of first refusal reserved herein affect the right of the owner to subject his apartment

to a trust deed, mortgage or other security instrument, in a transaction which is not a sale or lease.

Section 5. Non-Waiver: The failure or refusal of the Board to exercise the right to so purchase or lease shall not constitute or be deemed to be a waiver of such right to purchase or lease when an owner receives any bona fide offer from a prospective purchaser or tenant.

Section 6. Deceased Owner: The Board may proceed to purchase the apartment or interest therein of any deceased owner which shall be offered for sale, upon the prior written consent of all the apartment owners, which consent shall set forth a maximum price which the Board is authorized to bid and pay for the apartment or interest therein.

ARTICLE X

Transactions Not Affected by Right of First Refusal

Section 1. Foreclosure Not Affected: In the event of any default on the part of any owner under any mortgage or deed of trust made in good faith and for value, which entitled the holder thereof to foreclose same, any sale upon such foreclosure or deed of trust, or any delivery of a deed to the mortgagee or beneficiary in lieu of such sale or foreclosure, shall be made free and clear of the provisions of Article IX, and the purchaser (or grantee under such deed in lieu of foreclosure) of such apartment shall be thereupon and thereafter subject to the provisions of this Declaration. If the purchaser following such foreclosure sale (or grantee under deed given in lieu of such foreclosure) or sale under deed of trust shall be the holder of the mortgage or the deed of trust beneficiary, or its nominee, the said holder or nominee may thereafter sell and convey the apartment free and clear of the provisions of Article IX, but its grantee shall thereupon and thereafter be subject to all of the provisions thereof.

Section 2. Transfer at Death: The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of a deceased's interest to a devisee by Will, under a community property agreement, or to his heirs at law under interstate laws shall not be subject to the provisions of Article IX.

Section 3. Excluded Transfers: (A) If an owner of an apartment can establish to the satisfaction of the Board that a proposed transfer is not a sale or lease or rental, then such transfer shall not be subject to the provisions of Article IX.

(b) The restrictions of sale, conveyance, leasing or rental of apartments contained in Article IX shall not apply to Declarant. Declarant is the developer, the original owner and the seller of each of the condominium apartments created hereby. Acceptance of deeds to or contracts for purchase of any interest whatsoever respecting an apartment constitutes a recognition by the owner or purchaser of such apartments that Declarant may continue to own and lease or rent some or all of the other apartments herein.

Section 4. Certificate of Satisfaction of Right of First Refusal

Upon written request of any owner or purchaser, or any prospective transferee, purchaser, tenant or an existing or prospective mortgagee of any apartment, it shall be the duty of the Secretary of the Board and the President, or of any two Board members (if the Secretary and President is unavailable) to as rapidly as reasonably possible issue a written and acknowledged certificate in recordable form, for a reasonable fee, evidencing:

(a) Whether for any proposed tenancy, lease or sale under Article IX proper notice was given by the selling or leasing owner, and whether the remaining owners did or did not elect to exercise the option to purchase, lease, or rent.

(b) With respect to a deed to a vendor, first mortgagee or deed of trust beneficiary or its nominee in lieu of foreclosure or forfeiture, a deed from a vendee, first mortgagee or beneficiary or its nominee, pursuant to Article IX, whether or not the deeds were in fact given in lieu of foreclosure and were or were not subject to the provisions of Article IX.

(c) With respect to any contemplated transfer, whether or not it is a sale or lease or rental subject to the provisions of Article IX.

Such certificate shall be conclusive evidence of the facts and recitals contained therein as respects the Board and the Association.

ARTICLE XI

Damage - Destruction-Reconstruction-Insurance

The Board of Directors or the manager shall obtain fire insurance, including extended coverage, insuring the residence buildings against loss by fire and the perils normally insured against extended coverage to the extent of the full insurable value of said residence buildings. Said insurance shall be written in the name of the Board of Directors of the Association of Apartment Owners, or the manager, as trustee for each of the apartment owners in the percentages established in the Condominium Declaration. In addition, the Board of Directors shall obtain liability insurance insuring the Association of Apartment Owners against loss by reason of bodily injury, death or property damage occurring on the real property described in the Condominium Declaration. Premiums shall be common expenses to be borne by the owners of each of the apartment units proportionally as their respective percentage interests are established in the recorded declaration. Provisions for such insurance shall be without prejudice to the right of each apartment owner to insure his own apartment and/or the personal contents thereof for his benefit. In addition to the insurance provided for hereinabove, the Board of Directors in its discretion may secure errors and omissions liability insurance insuring the members of the Board of Directors and the officers of the Association against liability by reason of an error or omission in the conduct of Association business; and the premium therefore shall be a common expense.

Section 2. Additional Insurance by Owner: Each owner may obtain additional insurance respecting his apartment as contemplated under R.C.W. 64.32.220 and 64.32.010 (1) at his own expense; no owner shall, however, be entitled to exercise his right to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all the owners, will realize under any insurance policy which the Board may have in force on the condominium at any particular time. Each owner is required to and agrees to notify the Board of all improvements by the owner to his apartment the value of which is in excess of One Thousand (\$1,000.00) Dollars. Any owner who obtains individual insurance policies covering any portion of the condominium other than personal property belonging to such owner is hereby required to file a copy of such

individual policy or policies with the Board within thirty (30) days after purchase of such insurance and the Board shall immediately review its effect with the Board's Insurance Broker, agent, or carrier.

Section 3. Application of Insurance Proceeds: In case of fire, or other occurrence covered by the insurance policies, causing any damage or destruction to any apartment or common or limited common areas, the insurance proceeds shall be applied toward the reconstruction of the buildings damaged. Reconstruction, as used in this paragraph, means restoring the buildings to substantially the same condition in which they existed prior to the fire or other occurrence, with each apartment and boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made. Such reconstruction shall be accomplished by the Board, and the Board shall have the authority to employ an architect, advertise for bids and let contracts to contractors and others as required to effect the reconstruction. The Board may authorize the insurance company to proceed with reconstruction upon satisfaction of the Board that such reconstruction will be appropriately carried out.

Section 4. Insufficient Insurance: If the insurance proceeds are insufficient to repair or reconstruct the building or buildings, damage to or destruction of the buildings shall nevertheless be promptly repaired and restored by the Board, utilizing available insurance funds, and all apartment owners shall be liable for assessment for any deficiency as a common expense.

Section 5. Waiver of Requirements: A unanimous decision of the apartment owners will be required to avoid the provisions of this section and determine not to reconstruct the buildings. In the event of a decision not to reconstruct, the Board may nevertheless expend such of the insurance proceeds or common funds as may be necessary to remove the remains of buildings or place the site in such condition as the Board may determine is necessary to reasonably protect the owners from liability from the condition of the site, and the funds shall thereafter be held and distributed as provided by statute.

ARTICLE XII

Enforcement, Association Property, Easements, Interpretation

Section 1. Compliance Required Enforcement: Each owner shall comply strictly with the provisions of this Declaration and with the By-Laws and administrative rules and regulations passed hereunder, as the same may be lawfully amended from time to time and with all decisions adopted pursuant to this Declaration and the By-Laws and administrative rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board acting through its officers on behalf of the owner, or by an aggrieved owner on his own.

Section 2. Association Property: The Board may, from common funds of the Association acquire and hold in the name of the Association, for the benefit of the owners, tangible and intangible personal property and real property and interest therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the owners in the same proportion as their respective interest in the common areas, and such property shall thereafter be held, sold, leased, rented, mortgaged, or otherwise dealt with for the benefit of the common fund of the Association as the Board may

direct. The Board shall not, however, in any case acquire real property or personal property valued in excess of One Thousand (\$1,000.00) Dollars by lease or purchase except upon a majority vote of the apartment owners.

Section 3. Easements: In addition to the general easements reserved by statute and by reference in Section 4 (f), below, there is reserved a non-exclusive easement in favor of Declarant and Declarant's heirs, successors, assigns and purchasers across the realty described in Schedule A.

This reserved easement shall entitle the Declarant and Declarant's heirs, successors, assigns, for development and utilization of the lands to tie into water, sewer, storm sewer, electrical, gas, telephone or other utility lines of all varieties and to connect with roadways or utility systems developed and emplaced in the condominium.

Section 4. Interpretation: The provisions of the Declaration shall be interpreted using the following as a guide:

(a) The provisions shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this project under the provisions of "The Act".

(b) The terminology, such as, but not limited to, the term, "apartment" used herein is intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terminology would produce an illegal or improper result.

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

(d) When interpreting this declaration, the term "person" may include natural persons, partnerships, corporations, associations, and personal representatives. The term "mortgage" may read to include deeds of trust. The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires. It is intended that the terminology used herein be interpreted in conformity with the definitions and usages in the Act.

(e) Declarant, is the original owner of all apartments and property and will continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described apartments are filed of record.

(f) It is intended that in addition to rights under the statute, each apartment has an easement in and through the common area for all support elements and utility, wiring, heat and/or service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this condominium plan.

ARTICLE XIII

Restrictions Upon Occupants

Section 1. No advertising material shall be posted nor commercial use made of or within the property nor shall nuisance or offensive or noxious use be made or suffered in respect of the property or the individual apartment units. However, if a home business may be carried on under applicable zoning laws, such business may be carried on in one of the units hereof if not contrary to any other provisions of these By-Laws.

Section 2. No owner or occupant shall obstruct or interfere with the proper use and enjoyment of other parties of the common areas of the property. In the event of conflict in desire of use of common area (e.g., scheduling of use of recreation area) priority shall be determined by the Board of Directors.

Section 3. Each owner or occupant of an apartment unit shall maintain all open and exposed areas of his apartment unit and of his assigned garage and storage space in a neat and sanitary condition and shall so enjoy or use common areas that the same may be maintained in a neat and sanitary condition.

Section 4. Books and records of the owners association shall be available for inspection at reasonable times by any of the owners of apartment units in the property or by their authorized agents. An annual statement of receipts, disbursements and balances shall be prepared by or for the Treasurer of the owners association and distributed to each of the owners at least ten days prior to the annual meeting of the owners association.

Section 5. No bicycles, scooters, baby carriages or similar vehicles shall be allowed to stand in the common areas or courts of the buildings.

Section 6. No owner shall make or permit any noises that will disturb or annoy the occupants of the buildings or do or permit anything to be done therein which will interfere with the rights, comforts or convenience of other owners.

Section 7. Each owner shall keep such owner's apartment in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom or from the doors or windows therefrom any dirt or other substances.

Section 8. No shades, awnings, window guards, fans, ventilators shall be mounted or exposed on or at any window or other part of the buildings except such as shall have been approved in writing by the management.

Section 9. No sign, notice or advertisement shall be inscribed or exposed on or at any window or other part of the buildings, except such as shall have been approved in writing by management, nor shall anything be projected out of any window of the buildings without similar approval.

Section 10. Wet garbage and refuse from the apartments shall be deposited in unit owners sanitary receptacles.

Section 11. Water closets and other water apparatus in the building shall not be used for any purpose other than those for which they were constructed nor shall any sweepings, rubbish, rags, papers, ashes or other articles be thrown into the same. Any damage resulting from misuse of any water closets or other apparatus shall be paid for by the owner in whose apartment it shall have been caused.

Section 12. No vehicle belonging to any owner or to a member of the family or guest, subtenant or employee of any owner shall be parked in such manner as to impede or prevent ready access to another owner's parking space. The owners, their employees, servants, agents, visitors, licensees and families, shall obey the parking regulations posted at the parking areas and drives and any other traffic regulations promulgated in the future for the safety, convenience and comfort of the owners.

Section 13. The owner shall not cause or permit the blowing of any horn from any vehicle of which his guests or family shall be occupants approaching or upon any of the driveways or parking areas serving the buildings.

Section 14. An owner must not permit his guest, subtenants or members of his family to use parking spaces assigned to other owners.

Section 15. Water shall not be left running any unreasonable or unnecessary length of time.

Section 16. No owner shall interfere in any manner with any portion of the lighting apparatus in or about the common buildings.

Section 17. No owner shall use or permit to be brought into the buildings any inflammable oils or fluids such as gasoline, kerosene, naphtha or benzine or other explosives or articles deemed extra-hazardous to life, limb or property without in each case obtaining the written consent of the management.

Section 18. No owner shall do any painting of the exterior of the buildings.

Section 19. Sections 5 through 19 (with the exception of Section 17) of these By-Laws may be added to or repealed at any time by the Board of Directors.

Section 20. In the event the Board of Directors determines that there is a violation by an owner or owners of any of the provisions of this Article XIII, then and in that event; the Board of Directors or its authorized representatives shall request in writing such owner or owners to cease and desist. Should such violation continue after the giving of the required notice, the Board of Directors shall be entitled to commence an action in the Superior Court in and for the County of Benton seeking injunctive relief; and the prevailing party in such action shall be entitled to its reasonable attorney fees and costs.

DATED at Portland, Washington, this 21 day of May, 1952

T. R. MASTERSON CONSTRUCTION CO., INC., A
California Corporation

BY:

Thomas R. Masterson SR.
PRESIDENT

BY:

Thomas R. Masterson Jr.
SECRETARY