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BOOK 781 PAGE 366

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1.	Declaration & Covenants, Conditions, Restrictions & Reservations
2.	
3.	
4.	
GRANTOR(S) (Last name, first, then first name and initials)	
1.	Stephens, Henry
2.	PKS Developers Inc.
3.	
4.	
<input type="checkbox"/> Additional Names on page _____ of document.	
GRANTEE(S) (Last name, first, then first name and initials)	
1.	Lakeshore Condominiums
2.	
3.	
4.	
<input type="checkbox"/> Additional Names on page _____ of document.	
LEGAL DESCRIPTION (Abbreviated: I.E., Lot, Block, Plat or Section, Township, Range, Quarter/Quarter)	
Lot 4 Green Acres Subdivision Vol B Pg 82	
<input type="checkbox"/> Complete legal on page 37 of document.	
REFERENCE NUMBER(S) Of Documents assigned or released:	
Vol 1 Pg 1 AF 132864 of Condominiums	
<input type="checkbox"/> Additional numbers on page 1 of document.	
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER	
02-07-20-0-0-0218-00	
<input type="checkbox"/> Property Tax Parcel ID is not yet assigned.	
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DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS
FOR
LAKESHORE
A Condominium
AND
LAKESHORE ASSOCIATION OF APARTMENT OWNERS

This supersedes CC&Rs recorded in Book 172 on
Page 764, Skamania County Auditor's File #130328
on January 26, 1998

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CONDITIONS, RESTRICTIONS AND
RESERVATIONS - v

ARTICLE I. DEFINITIONS

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

1.1.1 Apartment shall mean a residential unit composed of a suite of rooms and other enclosed spaces in a building. The boundaries of an apartment are the unfinished interior surfaces of its perimeter walls, floors, ceilings, windows, and doors, and the apartment includes both the portions of the building so described and the air space so encompassed.

1.1.2 Articles shall mean the articles of incorporation of the Association defined below.

1.1.3 Association shall mean the Lakeshore Association of Apartment Owners described in Article 14 of this Declaration.

1.1.4 Board shall mean the board of directors of the Association.

1.1.5 Bylaws shall mean the bylaws of the Association.

1.1.6 Common Area and Common Areas and Facilities shall mean the common areas and facilities described in Article 6 and in Article 7.

1.1.7 Condominium shall mean the horizontal property regime created by this Declaration.

1.1.8 Condominium Statute shall mean the Condominium Act of the State of Washington, Laws of 1989, Chapter 43, presently codified in Chapter 64.34, Revised Code of Washington, and amendments thereto.

1.1.9 Declarant shall mean PKS Developers, Inc., and its representatives, successors and assigns.

1.1.10 Declaration shall mean this Declaration and Covenants, Conditions, Restrictions, and Reservations for Lakeshore, as it may from time to time be amended.

1.1.11 First Mortgage and First Mortgagee shall mean, respectively, (a) a recorded mortgage on an apartment that has legal priority over all other mortgages thereon, and (b) the holder of a first mortgage.

1.1.12 Institutional Holder of a mortgage shall mean a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity

chartered under federal or state laws, any corporation in the business of owning or servicing real estate mortgages, or insurance company, or any federal or state agency.

1.1.13 Managing Agent shall mean the person designated by Declarant under Section 16.2 or by the Board under Section 17.4.

1.1.14 Mortgage shall mean a recorded mortgage or deed of trust that creates a lien against an apartment and shall also mean a real estate contract for the sale of an apartment.

1.1.15 Mortgagee shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on an apartment created by a mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of an apartment.

1.1.16 Original Phase shall mean the original two buildings containing seven apartments and seven garages built on the real property described on Schedule A by Declarant prior to the recording date of this Declaration.

1.1.17 Owner shall mean the legal owner of an apartment.

1.1.18 Person shall mean an individual, corporation, partnership, association, trustee, or other legal entity.

1.1.19 Property shall mean the land and the buildings and all improvements and structures now or hereafter placed on the land described in Schedule A as Parcel A. When (and if) Declarant records one or more Subsequent Phase Certificates, the word "property" shall from the time of such recording mean the property described on Schedule A plus the land added to the condominium by the Subsequent Phase Certificate or Certificates and the buildings and all improvements and structures now or hereafter placed on the land.

1.1.20 Subsequent Phase and Subsequent Phase Certificate shall have the meanings ascribed to them in Article 13.

1.1.21 Survey Map and Plans shall mean the survey map and the plans recorded simultaneously with this Declaration and any amendments, corrections, and addenda thereto subsequently recorded.

1.1.22 Transition Date is defined in Section 16.1.

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 neuter pronouns shall be used

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interchangeably.

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

ARTICLE 2.

SUBMISSION OF THE PROPERTY TO THE CONDOMINIUM STATUTE

Declarant, being the sole owner of the property, makes this Declaration for the purpose of submitting the land described in Schedule A attached hereto and by this reference incorporated herein to the condominium form of use and ownership and to the provisions of the Condominium Statute. Declarant declares that the property shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to the covenants, conditions, restrictions, reservations, and easements stated in this Declaration, all of which are in furtherance of the division of the property into condominium, apartments, and common areas and facilities and shall be deemed to run with the land and be a burden and benefit to Declarant and all persons who own or acquire an interest in the property or any part thereof, and their grantees, successors, heirs, executors, administrators, and assigns.

ARTICLE 3. DESCRIPTION OF BUILDINGS

The Lakeshore Condominiums consists of two buildings. One building contains the seven apartments and other building contain the garage units. Both buildings are principally of wood frame construction on concrete foundations. The apartment building has been given the designation A. The street address, number of stories and the number of apartments in the Apartment building is shown in Schedule B. There is no basement in the building. The Lakeshore Condominiums buildings are further described and their location shown in the Survey Map and Plans.

ARTICLE 4. APARTMENT NUMBERS, LOCATION, AND DESCRIPTION

Each apartment in the Lakeshore Condominiums is identified by an assigned number. There is only one type of apartment: a two story townhouse design type. A description of each apartment is set forth in Schedule C. The configuration, location, and approximate area of each apartment is shown in the Survey Map and Plans.

ARTICLE 5. COMMON AREAS AND FACILITIES

Section 5.1 Description. The common areas and facilities consist of those specified in the Condominium Statute, as well as the following:

5.1.1 The land described in Schedule A and if the condominium is expanded into a Subsequent Phase or Phases, the land added by each Subsequent Phase.

5.1.2 The roofs, foundations, studding, joists, beams, supports, main walls (excluding non-bearing interior partitions of apartments, if any), and all other structural parts of the buildings, to be unfinished interior surfaces of the apartments' perimeter walls, floors, ceilings, windows, and doors.

5.1.3 The pipes, wires, conduits, and other fixtures and equipment for utilities.

5.1.4 The grounds, trees, gardens, landscaped areas, exterior fixtures, walkways, and driveways.

5.1.5 The parking spaces not made limited common areas appurtenant to apartments pursuant to Article 9.

5.1.6 The attics and crawl spaces in the buildings.

5.1.7 Certain items which might ordinarily be considered common areas such as, but not limited to, air conditioning units, screen doors, window screens, awnings, planter boxes, and the like, may pursuant to specification in the Bylaws or administrative rules and regulations, be designated as items to be furnished and maintained by apartment owners at their individual expense, in good order, according to standards and requirements set forth in the Bylaws or by rule adopted by the Board.

5.1.8 The limited common areas and facilities described in Article 6.

Section 5.2 Use. Each apartment owner shall have the right to use the common areas and facilities (except the limited common areas and facilities reserved for other apartments) in common with all other apartment owners. The right to use the common areas and facilities shall not extend not only to each apartment owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the common areas and facilities, including the limited common areas and facilities, shall be governed by the provisions of the Condominium Statute, this Declaration, the Bylaws, and the rules and regulations of the Association. The owners shall not by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the common areas and facilities and no other person shall have the right to have them partitioned or divided. The granting of easements for utilities or for other purposes consistent with the intended use of the common areas and facilities

by the apartment owners and occupants shall not be deemed a partition or division. A subdivision of a limited common area as an incident of an authorized subdivision of an apartment pursuant to Article 27 will not be deemed a violation of this provision.

ARTICLE 6. LIMITED COMMON AREAS AND FACILITIES

Section 6.1 Description. Some common areas and facilities, called limited common areas and facilities, are reserved for the exclusive use of the apartment or apartments to which they are adjacent or assigned. They consist of the following:

- 6.1.1 The deck or decks adjacent to and accessible from each apartment.
- 6.1.2 The storage locker on the deck or on one of the decks appurtenant to each apartment.
- 6.1.3 The garage appurtenant to each apartment pursuant to Article 9.

Section 6.2 Appurtenant to Apartments. Conveyance of an apartment includes the exclusive rights to the use of the limited common areas and facilities appurtenant to that apartment.

ARTICLE 7. ACCESS

Each apartment has direct access to the common area adjacent to the apartment entrance and thence across the common areas to the public streets and sidewalks. The right of ingress to and egress from each apartment shall be perpetual and appurtenant to the apartment.

ARTICLE 8. VALUE OF PROPERTY AND EACH APARTMENT AND PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREAS AND FACILITIES

For the purpose of meeting certain requirements of the Condominium Statute, the value of the property in the Original Phase of the Lakeshore Condominiums is declared to be \$895,000.00. The value of each apartment in the percentage of undivided interest in the common areas and facilities appertaining to each such apartment and its owner for all purposes, including voting, are set forth in Schedule D attached hereto. The values do not necessarily reflect the amount for which an apartment will be sold by Declarant, or others, and will not be altered by variations in selling prices.

ARTICLE 9. PARKING

Section 9.1 Assignment to Apartments. Each apartment is assigned in Schedule C one garage and one uncovered parking space which are limited common areas appurtenant to that apartment. The garages are identified by number in the Survey Map and Plans. The Association may adopt a rule that no garage door is to be left open when the garage is unattended. Parking spaces that have not been assigned to an apartment may either be held for common parking or rented to an owner in accordance with such rules or regulations as the Board may from time to time adopt.

Section 9.2 Rental of Parking Space. The owner of an apartment may rent an appurtenant parking space to the occupant of another apartment in the condominium, but such rental shall be subject to termination upon 15 days' notice. Any rental of a parking space by the Association shall likewise be terminable upon 15 day's notice. Rental of a parking space shall be terminated automatically and without notice upon the transfer of title of the apartment to which it is appurtenant.

Section 9.3 Use of Parking Spaces. Parking spaces may be used for the parking of operable passenger motor vehicles, and use of parking spaces for parking trucks, trailers, or recreational vehicles, or for other purposes shall be permitted only to the extent expressly allowed by rules and regulations adopted by the Board. The Board may prohibit or restrict the parking of automobiles owned by apartment owners or their tenants in the parking spaces held for common parking. 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 within 10 days the Board may cause it to be removed at the risk and cost of the owner thereof. The common parking areas in the condominium not rented to owners are intended to be used for guest parking, not for regular use by apartment owners or occupants. The Board may adopt a rule that no resident of the condominium shall be permitted to use a guest parking space for more than 24 hours or to make regular use of guest parking spaces for his or her own parking.

**ARTICLE 10. PERMITTED USES; MAINTENANCE OF APARTMENTS;
CONVEYANCES**

Section 10.1 Residential Use. The buildings and apartments are intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, and for the purposes of operating the Association and managing the condominium if required. In addition to the foregoing, Declarant may use apartments it owns as sales offices and models for sales of apartments.

Section 10.2 Leases. With the exception of a mortgagee in possession of an apartment following a default in a first mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of lease or otherwise rent an apartment for a term less than 30 days. No lease or rental of an apartment may be of less than the entire apartment. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of this Declaration and the Bylaws and rules

and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement and that the apartment owner grants to the Board and managing agent the authority to evict the tenant on the apartment owner's behalf for such default, upon only such notice as is required by law; if any lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the lease and binding upon the apartment owner and the tenant by reason of their being stated in this Declaration. Neither the Board nor the managing agent shall be liable to the apartment owner or the tenant for any eviction under this section that is made in good faith. 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 11.2, there is no restriction on the right of any apartment owner to lease or otherwise rent his apartment.

Section 10.3 Maintenance of Apartments and Limited Common Areas. Each apartment owner shall, at the owner's sole expense, keep the interior of the apartment 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 his apartment. Each owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, heating equipment, electrical fixtures, or appliances which are in the apartment or portions thereof that serve the apartment only, and shall replace any glass in the windows and in the exterior doors of the apartment that becomes cracked or broken. Each apartment owner will be responsible for the care, maintenance, cleanliness, and orderliness of the limited common areas and that are appurtenant to the apartment, except that sweeping and maintenance of the parking areas shall be the responsibility of the Association. Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective limited common areas without prior written approval of the Board.

Section 10.4 Exterior Appearance. In order to preserve a uniform exterior appearance of the buildings, the Board shall provide for the painting or staining of the buildings and prescribe the type and color of paint or stain. No owner may modify or decorate the exterior of the buildings, or screens, doors, awnings, or other portions of any apartment visible from outside the apartment without the prior written consent of the Board or in accordance with rules or regulations of the Board. No exterior radio or television antennae may be installed without the prior written consent of the Board. The Board may also require use of a uniform color and fabric for any window covering visible from the exterior of the apartment including but not limited to draperies, blinds, and shutters.

Section 10.5 Effect on Insurance. Nothing shall be done or kept in any apartment or in any common area 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 apartment or in any common area that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.6 Alteration of Common Area. Nothing shall be altered or constructed in or removed from any common area or facility except upon the prior written consent of the Board.

Section 10.7 Signs. No sign of any kind shall be displayed to the public view on or from any apartment or common area or limited common area without the prior consent of the Board; provided, that the Board shall designate an area or areas for display of "For Sale" signs. This section shall not apply to Declarant.

Section 10.8 Offensive Activity. No noxious or offensive activity shall be carried on in any apartment or common area, nor shall anything be done therein that may be or become an annoyance or nuisance to other owners.

Section 10.9 Conveyances: Notice Required. The right of an apartment owner to sell transfer, or otherwise convey the apartment shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An owner intending to sell an apartment shall deliver a written notice to the Board, at least two weeks before closing specifying the apartment being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board 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 apartment, whether or not such information is requested.

ARTICLE 11. ENTRY FOR REPAIRS

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

ARTICLE 12. SERVICE OF PROCESS

Henry Stephens, 3281 Canyon Creek Rd., Washougal, Washington, is the person upon whom process may be served as provided for in the Condominium Statute. After organization of the Association, service of process for the purposes provided in the Condominium Statute shall be made upon the registered agent of the Association. The Board may at any time designate a different person for such purpose by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need be signed and acknowledged only by the president of the

Association.

ARTICLE 13. DEVELOPMENT IN PHASES

Section 13.1 Expansion into Subsequent Phases. If Declarant elects to expand the condominium into a Subsequent Phase or Subsequent Phases it may do so by recording the Survey Maps and Plans of the improvements and apartments added to the condominium by the Subsequent Phase or Phases and a Certificate (hereinafter referred to as a "Subsequent Phase Certificate") both signed by the Declarant only, declaring that the Survey Maps and Plans previously recorded or recorded therewith accurately depict, as built, all of the improvements and apartments included in the Subsequent Phase. Upon the recording of a Subsequent Phase Certificate, the Original Phase shall be merged into and become a part of the Subsequent Phase as a single, unified condominium. The Subsequent Phase Certificate shall contain a schedule of the percentages of undivided interest in the common areas and facilities appertaining to each apartment added to the condominium by the Subsequent Phase. Declarant may also expand the condominium by adding a parcel (or parcels) of land that has no apartments on it. Since no value will be assigned to such a parcel or parcels, the Subsequent Phase Certificate adding the parcel or parcels will not contain a schedule of percentages of undivided interest. When (and if) the condominium is expanded into a Subsequent Phase or Phases, Declarant shall supplement Schedule B to describe the buildings included in each Subsequent Phase and it shall supplement Schedule C to describe the apartments and parking spaces included in each Subsequent Phase.

Section 13.2 Improvements in Subsequent Phases. The Original Phase consists of seven apartments. If the condominium is expanded into one or more Subsequent Phases the density of apartments in relation to this land area will not be materially altered.

Section 13.3 Joint Use and Maintenance of Common Areas and Facilities. When (and if) Phase I is expanded into a Subsequent Phase or Phases, all of the common areas and facilities of Phase I and the Subsequent Phase or Phases will be for the use and enjoyment of the entire condominium and all of the unit owners in the condominium shall share in the subsequent expenses of maintaining, repairing, and replacing them as may be necessary.

Section 13.4 Election Not to Expand to One or More Subsequent Phases. If Declarant does not add other Parcels to the condominium, the Original Phase or such Subsequent Phase as the condominium shall have been expanded into shall constitute a complete, fully operational condominium, and the Parcel or Parcels of land not encompassed by the condominium may be used for any lawful purpose that is allowed by the zoning and other applicable land use laws and regulations. Declarant shall no longer have the power to expand the condominium into a Subsequent Phase after ten years have elapsed from the date this Declaration is recorded. The buildings to be added by a Subsequent Phase or Phases will be, in Declarant's sole opinion, architecturally compatible with the building in Phase I.

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Section 13.5 Valuation of Subsequent Phases. The values established for Subsequent Phases are intended to provide equivalent stated values for equivalent apartments even with the passage of time the selling prices for new apartments in Subsequent Phases may be substantially different from the selling prices of comparable apartments in the Original Phase. If the condominium is expanded into a Subsequent Phase or Phases, Declarant shall supplement Schedule C to show the assignment of a parking space to each apartment included in each Subsequent Phase. If the condominiums are expanded into one or more Subsequent Phases the total values assigned in Schedule D to be the parcels then constituting the condominium will be added together with the percentages of undivided interest of the apartments in the condominium will be re-calculated to reflect the percentage of the assigned value of the apartments in relation to the then total value of the condominium.

ARTICLE 14. ASSOCIATION OF APARTMENT OWNERS

Section 14.1 Form of Association. The owners of apartments shall constitute an Association of Apartment Owners as defined in the Condominium Statute. The Association will be a nonprofit corporation formed under the laws of the state of Washington. It will be governed by a board of directors of not fewer than three nor more than seven directors elected from the apartment owners. The rights and duties of the members and of the corporation shall be governed by the provisions of the Condominium Statute and of this Declaration.

Section 14.2 Articles and Bylaws. Before the Transition Date, Declarant will adopt Articles of Incorporation and Bylaws to supplement this Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Statute or this Declaration. Declarant may amend the Bylaws from time to time until the Transition Date. After the Transition Date the Bylaws may be amended by the affirmative vote of 60% of the voting power at any duly called regular or special meeting of the Association. However, no material amendment of the Articles or Bylaws may be made without the prior written approval of the holders of 75% of the first mortgages on apartments held by institutional holders.

Section 14.3 Qualification for Membership. Each fee owner of an apartment (including Declarant) shall be a member of the Association and shall be entitled to one membership for each apartment owned; 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, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of an apartment shall be the sole qualification for membership in the Association.

Section 14.4 Transfer of Membership. The Association membership of each apartment owner (including Declarant) shall be appurtenant to the apartment giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the apartment and then only to the transferee of title to the apartment. Any attempt to make a prohibited transfer shall be

void. Any transfer of title to an apartment shall operate automatically to transfer the membership in the Association to the new owner.

Section 14.5 Number of Votes. The total voting power of all owners shall be 100 votes and the total number of votes available to the owner of any one apartment shall be equal to the percentage of undivided interest in the common areas and facilities appertaining to the apartment. A person (including Declarant) who owns more than one apartment shall have the votes appertaining to each apartment owned.

Section 14.6 Voting Representative. An apartment owner may, by written notice to the Board, designate a voting representative for the apartment. The voting representative need not be an owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in an apartment, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the apartment, except in cases in which the person designated is a mortgagee of the apartment. This power of designation and revocation may be exercised by the guardian of an apartment owner, the attorney-in-fact for the owner under a durable power of attorney, and the administrators or executors of an owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each apartment shall be the group composed of all of its owners. If an apartment is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 14.7 Joint Owner Disputes. The vote for an apartment must be cast as a single vote. Fractional votes shall not be allowed. If joint owners are unable to agree how their vote shall be cast, they shall lose their right to vote on the matter in question.

Section 14.8 Pledged Votes. An apartment owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a mortgagee. If an owner is in default under a first mortgage on the apartment for 90 consecutive days or more, the mortgagee shall automatically be authorized to declare at any time thereafter that the apartment owner has pledged his or her vote on all issues to the mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a mortgagee, only the vote of the mortgagee will be recognized on the issues that are subject to the pledge.

Section 14.9 Annual and Special Meetings. There shall be an annual meeting of the members of the Association in the first quarter of the fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the owners no less than 30 days before the meeting. The audited financial statement for the preceding year and the budget the Board has adopted for the current year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time, in the manner provided in the Bylaws, for the purpose of considering matters which required the approval of all or some of the owners, or for any other reasonable purpose. Any first mortgagee of an apartment may attend or designate a representative to attend the meetings of the Association.

Section 14.10 Audits. As soon as is convenient after the close of each fiscal year the Board shall have an audited financial statement prepared for that year. The audit shall be made by a certified or licensed public accountant who is not a member of the Board or an apartment owner. The audit 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 audited 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 apartment owner, at his or her expense, may at any reasonable time conduct an audit of the books of the Board and Association.

Section 14.11 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles.

Section 14.12 Inspection of Condominium Documents, Books, and Records. During normal business hours and at other reasonable times this Declaration, the Articles, the Bylaws, and other rules governing the operation of the condominium shall be available for inspection by the apartment owners, apartment mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, and in addition, at such times the books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for inspection by the apartment owners, apartment mortgagees, and the agents or attorneys of either of them.

ARTICLE 15. NOTICES

Section 15.1 Form and Delivery of Notice. All notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered 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 apartment shall be sufficient if mailed to the apartment 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 Declarant until the Transition Date and thereafter shall be given to the president or secretary of the Association.

Section 15.2 Notices to Mortgagees. Any mortgagee of an apartment may file with the secretary of the Board a written request that it be given copies of notices. Until such time thereafter as the mortgagee withdraws the request or satisfies the mortgage of record, the Board shall send to the requesting mortgagee a copy of (1) all notices of meetings of the Association; (2) all other notices sent to the owner of the apartment covered by the mortgagee's mortgage; (3) within 90 days following the end of any fiscal year, audited financial statements prepared pursuant to Section 14.10;

and (4) notices of any intention of the Association to transfer any part of the common areas or facilities, abandon condominium status, or terminate professional management of the condominium. Holders of first mortgages on apartments shall be entitled to prompt notice of any default in an apartment owner's obligations under any of the documents that create or govern the condominium, or its rules and regulations, that is not cured within 30 days of the date of default and to notices under Article 24 (Damage and Repair of Damage to Property) and Article 25 (Condemnation) irrespective of whether they have filed requests for notices. The provisions of this Section 15.2 shall prevail over any inconsistent or contrary provisions in this Declaration or in the Articles or Bylaws.

ARTICLE 16. ADMINISTRATION OF PROPERTY: RIGHTS RETAINED BY DECLARANT

Section 16.1 Transition Date. The "Transition Date" shall be the date upon which the authority and responsibility to administer and manage the Association and the condominium, subject to this Declaration and the Bylaws, passes to the Association. The Transition Date will be no later than the earlier of (1) the date designated by Declarant in a written notice to the owners, which date may at Declarant's election be any date after this Declaration has been recorded; or (2) the 60th day after Declarant has transferred title to purchasers of apartments representing 75% of the total voting power of all apartment owners in the condominium as then constituted; or (3) 2 years after the last conveyance or transfer of record of a unit except as security for a debt. If the Transition Date has occurred under the foregoing provision (2), later expansion into a subsequent Phase and consequent reduction of the percentage of apartments sold in the condominium as then constituted will not reverse the fact that the transition has occurred, but if the Transition Date has not occurred before expansion into a Subsequent Phase, the 75% of the total voting power shall be determined on the basis of the voting power of all apartments then in the condominium.

Section 16.2 Declarant's Powers Until Transition Date. Until the Transition Date, Declarant shall have the full power and authority to exercise all of the rights, duties, and functions of the Board of Directors and the officers of the Association, including but not limited to the adoption of rules and regulations, contracting for the purchase of goods and services, buying insurance, and collecting and expending all assessments and other Association funds. Declarant shall have the power to contract with an experienced professional managing agent and delegate to the managing agent all of the powers and duties of the Board that the Board is authorized to delegate under Section 17.4. All such management contracts made by Declarant shall be subject to the same requirements as are set forth in Section 17.4 for management contracts made by the Board. Declarant may at such time as it deems appropriate select and from time to time replace an interim Board of three to five directors, who need not be apartment owners or purchasers, who shall have all the powers, duties, and functions of the Board of Directors. Any contract made by Declarant, its managing agent, or the interim Board (including management contracts) that would otherwise extend beyond the Transition Date, shall be terminable by the Board after the Transition Date upon 30 days' notice.

ARTICLE 17: AUTHORITY OF THE BOARD

Section 17.1 Adoption of Rules and Regulations. The Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the property. The rules and regulations of the Association shall be binding upon all apartment owners and occupants and all other persons claiming any interest in the condominium.

Section 17.2 Enforcement of Declaration, Etc. The Board (or Declarant, Declarant's managing agent, or the interim Board of Directors until the Transition Date) shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws, and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the Bylaws, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorney's fees in the amount awarded by the court.

Section 17.3 Goods and Services. The Board shall acquire and pay for as common expenses of the Association all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the condominium. The goods and services shall include (by way of illustration and not limitation) utility services for the common areas and facilities; policies of insurance and fidelity bonds; legal and accounting services; maintenance, repair, landscaping, gardening, and general upkeep of the common and limited common areas and facilities; and all supplies, materials, fixtures, and equipment that are in the Board's judgment necessary or desirable for the operation of the condominium and enjoyment of it by the owners. The Board may hire such full-time or part-time employees as it considers necessary.

Section 17.4 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 a managing agent is employed by the Board (or by the Declarant prior to the Transition Date), the prior written approval of the holders of 75% of the first mortgages held by the institutional holders on apartments shall be required before the Board may terminate professional management and assume self-management. The managing agent shall not enter any apartment (directly or through agents) without the consent of the occupant unless entry has been directed by the Board. Only the Board can approve an annual budget or supplemental budget, and only the Board can impose a special assessment on an apartment or authorize foreclosure of an assessment lien. 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 17.5 Protection of Property. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the property, settle claims, or otherwise act in what it considers to be the best interests of the condominium or the Association.

ARTICLE 18. BUDGET AND ASSESSMENT FOR COMMON EXPENSES

Section 18.1 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 18.2 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, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. Declarant or the interim Board shall prepare a budget for the remainder of the fiscal year in which this Declaration is recorded and for subsequent years until the Transition Date. If during the year the budget proves to be inadequate for any reason, including nonpayment of any owner's assessment, the Board may prepare a supplemental budget for the remainder of the year.

Section 18.3 Monthly Assessments for Common Expenses. The sums required by the Association for common expenses and reserves as reflected by the annual budget and any supplemental budgets shall be divided into equal installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly installments shall be assessed to the apartments (including apartments owned by Declarant) and their respective owners in proportion to the apartments' percentages of undivided interest in the common areas and facilities. Assessments for expenses and reserves for operation, maintenance, and insurance shall begin accruing with respect to each apartment upon the closing of the first sale of an apartment by Declarant. Assessments for reserves for replacements shall begin accruing with respect to each apartment, 60 days after the closing of the first sale by Declarant of an apartment. During such time as garbage collection charges and any other utility or service charges are based on the number of occupied apartments, any apartments owned by Declarant and not occupied shall be exempt from assessment for such charges.

Section 18.4 Effect of Phases. The assessments shall be based upon the percentages of undivided interest stated in Schedule D. Declarant or the Board may recompute the budget and the assessments and impose a revised assessment at such times as the condominium is expanded into a Subsequent Phase or Phases.

Section 18.5 Special Assessments. If a special assessment becomes chargeable against an apartment under the authority of this Declaration or the Bylaws, the Board shall determine the amount of such special assessment and fix the month or months in which it is to be paid. The special assessment shall be added to the apartment's monthly installment of common expenses and be

included in the assessment against the apartment.

Section 18.6 Notice of Assessment. The Board shall notify each apartment owner in writing of the amount of the monthly assessments to be paid for his apartment and shall furnish copies of each budget on which the assessments are based to all apartment owners and, if so requested, to their respective mortgagees.

Section 18.7 Payment of Monthly Assessments. On or before the first day of each calendar month each apartment owner shall pay or cause to be paid to the treasurer of the Association the assessment against the apartment 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 19.

Section 18.8 Proceeds Belong to Association. All assessments and other receipts received by the Association on behalf of the condominium shall belong to the Association.

Section 18.9 Failure to Assess. Any failure by the Board or the Association to make the budget 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 owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessment amount established for the preceding year shall continue until a new assessment is established.

Section 18.10 Certificate of Unpaid Assessments. Upon the request of any owner or mortgagee of an apartment, the Board will furnish a certificate in recordable form stating the amount, if any, of unpaid assessments charged to the apartment. 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 apartment 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.

ARTICLE 19. LIEN AND COLLECTION OF ASSESSMENTS

Section 19.1 Assessments Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any apartment and any sums specifically assessed to any apartment under the authority of this Declaration or the Bylaws (together with interest, late charges, costs, and attorney's fees in the event of delinquency) shall constitute a continuing lien on the apartment and all its appurtenances from the date the assessment became due until fully paid. The lien for such unpaid assessments shall be subordinate to tax liens on the apartment in favor of any assessing unit and/or special district, and to all sums unpaid on all mortgages of record, but shall have priority over all other liens against the apartment. A mortgagee of a mortgage of record of an apartment that obtains title through a mortgage foreclosure or deed of

trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the apartment free of any claims for the share of common expenses or assessments by the Association chargeable to the apartment that became due before taking title, but will be liable for the common expenses and assessments that accrue after taking title; in which event the apartment's past-due share of common expenses or assessments shall become new common expenses chargeable to all of the apartment owners, including the mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to their respective percentages of undivided interest in the common areas and facilities; however, the owner and any contract purchaser shall continue to be personally liable for such past-due assessments, as provided in Section 19.3. For the purpose of this section, the terms "mortgages" and "mortgagee" shall not mean real estate contracts or a vendor or a designee or assignee of a vendor under a real estate contract.

Section 19.2 Lien May be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the managing agent or the Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The managing agent or the Board, acting on behalf of the Association, shall have the power to bid in the apartment at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

Section 19.3 Assessments are Personal Obligations. In addition to constituting a lien on the apartment and all its appurtenances, all sums assessed by the Association chargeable to any apartment (together with interest, late charges, costs and attorney's fees in the event of delinquency) shall be the joint and several personal obligations of the owner and any contract purchaser of the apartment when the assessment is made and their grantees. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 19.4 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on assessments that may thereafter become delinquent. In the absence of another established non-usurious rate, delinquent assessment shall bear interest at the rate of 12% per annum. If a monthly assessment against an apartment is not paid when due the Board may elect to declare all monthly assessments against that apartment for the remainder of the fiscal year to be immediately due and payable.

Section 19.5 Recovery of Attorney's Fees and Costs. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as part of its judgment a reasonable sum for attorney's fees and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

Section 19.6 Termination of Utility Service. If an assessment becomes delinquent the Board may give notice to the delinquent apartment owner to the effect that unless the delinquent assessment is paid within ten days (or such longer time as is specified in the notice) any or all utility services furnished to the apartment by the Association or under the Association's control will be severed and shall remain severed until the delinquent assessment has been paid. If the delinquency

is not cured in the time specified, the Board may take the action described in the notice.

Section 19.7 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.

Section 19.8 Security Deposit. An apartment 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 assessment, 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 his assessments.

ARTICLE 20. 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 the Board. This Article also extends to the Declarant, Declarant's managing agent, and the interim Board of Directors, exercising the power of the Board before the Transition Date.

ARTICLE 21. LIMITATION OF LIABILITY

Section 21.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board, neither the Association nor the Board (nor the Declarant, Declarant's managing agent, or the interim Board of Directors) shall be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 21.2 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or 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 22. INDEMNIFICATION

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

ARTICLE 23. INSURANCE

Section 23.1 General Requirements. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies and bonds necessary to provide casualty insurance; comprehensive liability insurance; fidelity bonds; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs; and 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 an insurance carrier rated Triple B Plus or better by Best's Insurance Reports or equivalent rating service, and licensed to do business in the state of Washington. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond that meets the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association and the Government National Mortgage Association, so long as either is a mortgagee or owner of an apartment within the condominium, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or Government National Mortgage Association. All such insurance policies and fidelity bonds shall provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' written notice to any and all insured named therein, including apartment owners, mortgagees, and designated servicers of mortgagees.

Section 23.2 Casualty Insurance. The casualty insurance shall, at the minimum, consist of a standard form of fire insurance policy - with extended coverage endorsement in an amount equal to the full replacement value (i.e., 100% of current replacement cost exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the common areas and facilities, apartments, and all fixtures and equipment belonging to the Association with an "Agreed Amount Endorsement" or its equivalent, if available, or an Inflation Guard Endorsement, and, if required by Federal National Mortgage Association, a "Demolition and Contingent Liability from Operation of Building Laws Endorsement," and "Increased Cost of Construction Endorsement," and "Earthquake Damage Endorsement," and such other endorsements as Federal National Mortgage Association deems necessary and are available. In addition to protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, the policy shall provide protection against loss or damage from sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as are customarily covered with respect to residential condominium projects of similar construction in the Vancouver/Portland metropolitan area. The policy or policies shall provide for separate protection for each apartment to the full insurable replacement value thereof (limited as above provided), and a separate loss payable endorsement in favor of the mortgagee or mortgagees of each apartment. The insurance proceeds may be made payable to any trustee with which the Association may enter into an insurance trust agreement, or any successor trustee, who shall have exclusive authority agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. The policy or policies shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any insurance trustee) or when in conflict with the provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

Section 23.3 Comprehensive Public Liability Insurance. The comprehensive policy of public liability insurance shall insure the Board, the Association, the apartment owners, Declarant, and the managing agent, and cover all of the common areas and facilities in the condominium, with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an apartment owner because of the negligent acts of the Association or of another apartment owner, and shall include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered with respect to residential condominium projects or similar construction in the Vancouver/Portland metropolitan area. The limits of liability shall be not less than \$1,000,000 coverage all claims for personal injury and/or property damage arising out of a single occurrence.

Section 23.4 Additional Policy Provisions. The insurance obtained pursuant to Sections 23.2 and 23.3 shall contain the following provisions and limitations:

23.4.1 The named insured shall be the Association, as trustee for each of the apartment owners in accordance with their respective percentages of undivided interest in the common areas and facilities. The insurance proceeds may be made payable to any trustee

with the Association may enter into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies.

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

23.4.3 In no event shall the insurance coverage be brought into contribution with insurance purchased by the owners of the apartments or their mortgagees.

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

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

23.4.6 A standard mortgagee clause which shall:

(a) Provide that any reference to a mortgagee in the policy shall mean and include all holders of mortgages of any apartment or apartment 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 apartment owners or any person 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 Board or the insurance trustee.

Section 23.5 Fidelity Bonds. The required fidelity bonds shall afford coverage to protect against dishonest acts on the part of the officers, directors, trustees, and employees of the Association or the managing agent and all other persons who handle or are responsible for handling funds of the Association and be in an amount that will provide a level of coverage generally considered adequate by prudently managed business concerns in Skamania County, but not less than 50% of the estimated

annual operating expenses of the condominium, including reserves. In determining the level of coverage, the Board may rely on the advice of a competent, independent insurance broker. All such fidelity bonds shall name the Association as an obligee and contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 23.6 Owners' Individual Insurance. Each owner may obtain additional insurance on his apartment and its contents at his own expense but only if the owner's insurance does not decrease the amount that the Board, or any trustee for the Board, on behalf of all of the owners, will realize under any insurance policy that the Board may have in force on the property. Each owner shall notify the Board of all improvements by the owner to his apartment the value of which is in excess of \$1,000. Any owner who obtains individual insurance policies covering any portion of the property other than personal property belonging to him shall file a copy of his individual policy or policies with the Board within 30 days after he buys it, and the Board shall immediately review its effect with the Board's insurance broker, agent, or carrier.

ARTICLE 24. DAMAGE AND REPAIR OF DAMAGE TO PROPERTY

Section 24.1 Initial Board Determination. In the event of damage to any part of the property, 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:

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

24.1.2 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.

24.1.3 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.

24.1.4 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 apartment if the excess cost were to be paid as a maintenance expense and specially assessed against all the apartments in proportion to their percentages of undivided interest in the common areas and facilities.

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

Section 24.2 Notice of Damage. The Board shall promptly, and in all events within 30 days

after the date of damage, provide each owner and each holder of a first mortgage on an apartment with a written notice describing the damage and summarizing the initial Board determinations made under Section 24.1. If the Board fails to do so within said 30 days, any owner or mortgagee may make the determinations required under Section 24.1 and give the notice required under this Section 24.2.

Section 24.3 Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article 24:

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

24.3.2 Substantial Damage shall mean that in the judgment of a majority of the Board the estimated special assessment determined under subsection 24.1.4 for any one apartment exceeds ten percent of the full, fair market value of the apartment before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

24.3.3 Repair shall mean restoring the improvements to substantially the condition they were in before they were damaged, with each apartment and the common areas and facilities having substantially the same vertical and horizontal boundaries as before. Modifications to conform to applicable governmental rules and regulations or available means of construction may be made.

24.3.4 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 24.4 Execution of Repairs.

24.4.1 The Board shall promptly repair the damage and use the available insurance proceeds therefor, unless before the repairs (other than emergency work) are begun the owners decide in accordance with this Article not to repair. If the cost of repair exceeds the available insurance proceeds the Board shall impose a special assessment against all apartments in proportion to their percentage of undivided interest in the common areas in an amount sufficient to pay the excess costs.

24.4.2 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.

24.4.3 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 24.

Section 24.5 Damage Not Substantial. If the damage as determined under subsection 24.3.2 is not substantial, the provisions of this Section 24.5 shall apply.

24.5.1 Either the Board or the requisite number of owners, within 15 days after the notice required under Section 24.2 has been given, may but shall not be required to, call a special owners' meeting in accordance with Section 14.9 and the Bylaws to decide whether to repair the damage.

24.5.2 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.

24.5.3 A unanimous decision of the apartment owners and, in addition, the unanimous consent of the holders of first mortgages on apartments will be required to elect not to repair the damage. The failure of the Board and the owners within the 15-day period to call a special meeting shall be deemed a decision to repair the damage.

Section 24.6 Substantial Damage. If the damage determined under subsection 24.3.2 is substantial, the provisions of this Section 24.6 shall apply.

24.6.1 The Board shall promptly, and in all events within 30 days after the date of damage, call a special owners' meeting to consider repairing the damage. If the Board fails to do so within 30 days, then notwithstanding the provisions of Section 14.9 and the Bylaws, any owner or first mortgagee of an apartment may call and conduct the meeting.

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

24.6.3 At the special meeting, the owners shall be deemed to have elected to repair, reconstruct, or rebuild the damage in accordance with the original plan unless at least two-thirds of the owners, other than Declarant, have given their written consent not to repair. A unanimous vote of all owners will be required to elect to do other than to repair, reconstruct or rebuild in accordance with the original plan. Failure of the Board, the owners, and the first mortgagees to conduct the special meeting provided for under subsection 24.6.1 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 24.7 Effect of Decision Not to Repair. In the event of a decision under either subsection 24.5.3 or 24.6.3 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 follows:

24.7.1 The property shall be owned in common by the apartment owners and shall no longer be subject to this Declaration or to condominium ownership.

24.7.2 Each apartment owner's percentage of undivided interest in the property shall be the same as the percentage of undivided interest he previously owned in the common areas and facilities.

24.7.3 Any mortgages or liens affecting any of the apartments shall be deemed transferred in accordance with the existing priorities to the apartment owner's percentage of the undivided interest in the property.

24.7.4 The property shall be subject to an action for partition at the suit of any apartment owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund. The fund shall be divided into separate shares, one for each apartment owner in a percentage equal to the percentage of undivided interest owned by each such owner in the property. After first paying out of the respective share of each apartment owner, to the extent sufficient for the purpose, all mortgages and liens on the owner's interest, the balance remaining in each share shall be distributed to the owner.

ARTICLE 25. CONDEMNATION

Section 25.1 Consequences of Condemnation; Notices. If any apartment or portion thereof or the common areas and facilities 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 (referred to herein as a "taking"), notice of the proceeding or proposed acquisition shall promptly be given to each apartment owner and to each holder of a first mortgage and the provisions of this Article 25 shall apply.

Section 25.2 Proceeds. All compensation, damages, or other proceeds of the taking, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association.

Section 25.3 Complete Taking. If the entire property is taken the condominium ownership

shall terminate. The Condemnation Award shall be apportioned among the owners in proportion to their respective percentages of undivided interest in the common areas and facilities; provided, that if as a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the taking, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled. Each owner's share shall be applied first to the payment of all mortgages and liens on the owner's interest in accordance with the existing priorities and the balance of each share shall be distributed to the owner.

Section 25.4 Partial Taking. If less than the entire property is taken the condominium ownership shall not terminate. Each owner shall be entitled to a share of the Condemnation Award determined in the following manner:

25.4.1 As soon as practicable the Board shall, reasonably and in good faith, allocate the Condemnation Award among compensation for property taken, severance damage, or other proceeds.

25.4.2 The Board shall apportion the amounts so allocated to taking of an injury to the common areas and facilities, which in turn shall be apportioned among owners in proportion to their respective undivided interests in the common areas and facilities.

25.4.3 The total amount allocated to severance damages shall be apportioned to the apartments that were not taken.

25.4.4 The amounts allocated to the taking of or injury to as a particular apartment and/or improvements an owner has made within the apartment shall be apportioned to that apartment.

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

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

25.4.7 Distribution of apportioned proceeds shall be made to the owners and their respective mortgagees in the manner provided in Section 25.3.

Section 25.5 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 24 for repair of damage, provided that the Board may retain and apply such portion of each owner's share of the

Condemnation Award as is necessary to discharge the owner's liability for any special assessment arising from the operation of Article 24.

ARTICLE 26. EASEMENTS

Section 26.1 In General. Each apartment has an easement in and through each other apartment and the common areas and facilities for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the condominium. In addition, each apartment and all the common areas and facilities are specifically subject to easements as required for the electrical wiring and plumbing for each apartment. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.

Section 26.2 Encroachments. Each apartment and all common areas and facilities are hereby declared to have an easement over all adjoining apartments and common areas and facilities 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 apartments, areas, and facilities 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 an apartment if the encroachment was caused by the willful act with full knowledge of the apartment owner. The encroachments described in this Section 26.2 shall not be construed to be encumbrances affecting the marketability of title to any apartment.

Section 26.3 Easement and Rights Reserved by Declarant. Declarant hereby reserves non-exclusive easements over, across, and through the common areas and facilities of the condominium (i.e., Parcel A and such other parcels as the condominium shall be expanded into in Subsequent Phases) for the benefit of itself and its successors and assigns as present and future owners of the other parcels described in Schedule A. The reserved easements are for ingress to and egress from the other parcels over the roadways and pathways of the condominium and the right to have access to, over the common areas of the condominium, and to tie into and utilize any water, sanitary sewer, storm sewer, electricity, gas, telephone, cable television, and other utility lines now or hereafter established in the condominium. The easements reserved hereby shall not be exercised in a manner that will overload or materially impair the use and enjoyment of the roadways, pathways, and utilities by the owners of apartments in the condominium. The easements reserved hereby shall benefit the other Parcels irrespective of whether one or more of them are added to the condominium in Subsequent Phases or are used for any other purpose. Declarant reserves an easement over, across, and through the common areas and facilities of the condominium for the purpose of completing the construction of any apartments or other improvements and exhibiting and preparing apartments for sale.

ARTICLE 27. PROCEDURES FOR SUBDIVIDING OR COMBINING APARTMENTS

Section 27.1 Submission of Proposal. No apartment or apartments shall be subdivided and/or combined either by agreement or legal proceedings, except as provided in this Article. An apartment owner may propose subdividing and/or combining of an apartment or apartments by submitting the proposal in writing to all other apartment owners and the mortgagees of the apartments to be subdivided or combined. If the proposal contemplates the subdivision of an apartment, the proposal must also be given to every first mortgagee of any apartment in the condominium. The proposal must include complete plans and specifications for accomplishing the subdivision or combination and proposed amendments of this Declaration and the plans and, if necessary, the Survey Map.

Section 27.2 Approval Required for Subdivision. A proposal that contemplates subdivision of an apartment will be accepted only if approved in writing by all owners and mortgagees of the apartment or apartments to be subdivided, the owners, other than Declarant, of 80% of the undivided interest in the common areas and facilities held by owners other than Declarant, and every first mortgagee.

Section 27.3 Approval Required for Combination. A proposal that contemplates only combination of apartments without subdividing any of them will be accepted if approved in writing by the owners of 50% of the total undivided interest in the common areas and facilities and all owners and mortgagees of the apartments to be combined.

Section 27.4 Procedure After Approval. Upon approval of the proposal, 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 the apartments or common areas and facilities or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments thereto.

ARTICLE 28. AMENDMENTS OF DECLARATION OR SURVEY MAP AND PLANS

Section 28.1 Amendments by the Association. An apartment owner may propose, to the Board, amendments to this Declaration or the Survey Map and Plans. 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 of 20% or more of the apartments in the condominium, 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 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

mortgagees) entitled to receive notice of a meeting of the Association. The unanimous consent of all apartment owners shall be required for adoption of either (1) an amendment altering the value of the property and of each apartment and the percentages of undivided interest in the common areas and facilities, or (2) a decision that the property be removed from condominium status, or (3) an amendment that in any way alters or restricts Declarant's powers or procedures for expanding the condominium into Subsequent Phases or electing not to do so, or (4) an amendment of Section 14.8 or of this Article 28. All other amendments shall be adopted if approved by 60% of the apartment owners and there is compliance with Section 28.2. Once an amendment has been adopted by the Association and any necessary approval of mortgagees has been obtained the amendment will become effective when a certificate of the amendment, executed by two officers of the Association, has been recorded in the public records. This section shall not apply to expansion of the condominium into a Subsequent Phase or Phases by the Declarant as authorized in Article 3.

Section 28.2 Requirement of Mortgagee Approval. In addition to other requirements of this Declaration and of the Condominium Statute, the prior written approval of institutions holding 75% of the first mortgages that are held on apartments will be required for any material amendment of this Declaration or the Bylaws, including, but not limited to, any amendment that would change the percentages of undivided interest in the common areas and facilities of the apartment owners. This section shall not apply to expansion of the condominium into a Subsequent Phase or Phases by the Declarant as authorized in Article 3.

ARTICLE 29. ABANDONMENT OR TERMINATION OF CONDOMINIUM STATUS

Except in cases of substantial damage to the property as provided in Article 24, the condominium status of the property shall not be abandoned or terminated by reason of any act or omission by the owners or the Association except with the consent of all apartment owners by an instrument to that effect duly recorded, and then only if the mortgagees and holders of all liens affecting any of the apartments consent thereto or agree, in either case by an instrument duly recorded, that their mortgages and liens be transferred to the percentage of the undivided interest of the apartment owner in the property.

ARTICLE 30. 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 provisions, if the remainder complies with the Condominium Statute or, as covenants, effect the common plan.

ARTICLE 31. EFFECTIVE DATE

This Declaration shall take effect upon recording.

DECLARATION AND COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATIONS

ARTICLE 32. REFERENCE TO SURVEY MAP AND PLANS

The Survey Map and Plans were filed with the Auditor of Skamania County, Washington, simultaneously with the recording of this Declaration under File No. 132864, in Volume 1 of Condominiums, pages 1-13.

ARTICLE 33. ASSIGNMENT BY DECLARANT

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.

DECLARANT:

PKS Developers Inc.
By: Henry Stephens

STATE OF WASHINGTON)
)ss.
County of Clark Skamania)

On this 2nd day of September, 1998, personally appeared Henry Stephens, to me known to be the Sec/Treas. of PKS Developers Inc., the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

PEGGY B. LOWRY
STATE OF WASHINGTON
NOTARY---PUBLIC
MY COMMISSION EXPIRES 2-23-99

Peggy B. Lowry
Notary Public in and for the State of
Washington, residing at Carson
My Commission Expires 2/23/99

DECLARATION AND COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATIONS

SCHEDULE A

LEGAL DESCRIPTION OF LAKESHORE, A CONDOMINIUM

LOT 4 GREEN ACRES SUBDIVISION, ACCORDING TO THE RECORDED PLAT THEREOF, RECORDED IN BOOK B OF PLATS, PAGE 82, IN THE COUNTY OF SKAMANIA, STATE OF WASHINGTON.

Portions of the property described above, may be designated as limited common elements under RCW 64.34.204(2) and (4).

Unofficial Copy

300087

SCHEDULE B

LAKESHORE

Description and Addresses of Building

<u>Building</u>	<u>No. of Stories</u>	<u>No. of Apartments</u>	<u>Address in North Bonneville, WA 98639</u>
A	2	7	20 Park Place North Bonneville, WA 98639

SCHEDULE C

LAKESHORE

Location, Description, Value, and Percentage of
Undivided Interest of Apartments

There is one type of apartment -- A two story town house design described as follows:

Containing nine rooms, including a living room with dining area, kitchen, two bedrooms each with a closet, a bonus room with a closet, and two full and one half bathrooms, plus a linen closet, a utility closet, and an entryway with closet. Each apartment has approximately 1,460 square feet of living space, and the dimensions are approximately 20 feet x 42 feet. There are no built-in fireplaces however, each apartment has a gas utility line piped into the living room for installation of a fireplace.

Each apartment has one assigned garage and one assigned uncovered parking space as follows:

<u>Apt. #</u>	<u>Parking Space #</u>
1	1
2	2
3	3
4	4
5	5
6	6
7	7

All apartments have a view of the Green Belt and of Greenleaf Lake. The Green Belt and access to the lake is owned by the City of North Bonneville and will not be developed. Apartments #1 and #7 have unrestricted views of the mountains to the south and of the Green Belt and Lake Greenleaf to the north. Unit #1 has a view to the west and unit #7 has a view to the east. Units #2, 3, 4, 5, 6 have restricted views to the south and unrestricted views to the north, of the Green Belt and of Greenleaf Lake. The views have established a greater value for living units #1 and #7 in the amount of approximately \$3,000.00 each.

SCHEDULE D

LAKESHORE

The following table shows the value and percentage of undivided interest in the common areas and facilities with respect to each apartment:

<u>Apt. No.</u>	<u>Value</u>	<u>Percentage</u>
1	\$130,000	14.52513
2	\$127,000	14.18994
3	\$127,000	14.18994
4	\$127,000	14.18994
5	\$127,000	14.18994
6	\$127,000	14.18994
7	\$130,000	14.52513

SCHEDULE D