ACKNOWLEDGMENT OF RECEIPT OF PUBLIC OFFERING STATEMENT LUMA CONDOMINIUM

Buyer's Initials	Description of Document	Date of Document
	1 Public Offering Statement ("POS")	4/4/16
	2 Articles of Incorporation	4/4/16
	3 Bylaws	4/25/16
	4 Declaration	7/5/16
	5 Survey Map and Plans	7/1/16
	6 Rules and Regulations	7/5/16
	7 Budget	3/30/16
	8 Warranty Addendum	6/4/15
	9 Balance Sheet (if assessments have been collected for 90 days)	N/A
ny representation ontained either ir ocument signed b	Broker further acknowledge that: Selling Broker neither has authority to or promise on behalf of the Seller; and Seller is only liable for represent the Public Offering Statement (excluding any attachments not signed by Seller. BUYER: By	eller) or other v
	By	
DATED:		

Upon delivery of the Public Offering Statement to the Buyer, Selling Broker must ensure this Acknowledgment is: (i) fully completed; (ii) signed by the Buyer and Selling Broker; and (iii) returned to the Listing Broker. Purchase and Sale Agreements will not be accepted by Seller unless accompanied by this Acknowledgment.

PUBLIC OFFERING STATEMENT FOR LUMA CONDOMINIUM

Notice of Purchaser's Right to Cancel

You have a right to cancel a contract for the purchase of a Unit for seven days after first receiving this public offering statement and, if necessary to have seven days to review the public offering statement and cancel the contract, to extend the closing date for conveyance of a Unit to a date not more than seven days after first receiving this public offering statement. You may exercise your right to cancel by hand delivering or mailing a notice thereof by prepaid United States mail to the offeror or his or her agent for service of process. Cancellation is without penalty, and all payments made by you before cancellation shall be refunded promptly. You have no right to cancel the purchase upon receipt of an amendment to this Public Offering Statement unless you would have that right under generally applicable legal principles.

Notice Regarding Warranties

You may not rely on any representation or express warranty unless it is contained in this public offering statement or made in writing signed by the Declarant or by any person identified in this public offering statement as the Declarant's agent.

Notice Regarding This Public Offering Statement

This public offering statement is only a summary of some of the significant aspects of purchasing a Unit in this Condominium. The Condominium documents are complex, contain other important information, and create binding legal obligations. You should consider seeking the assistance of legal counsel.

1. The name and address of the Condominium is:

Luma Condominium 1321 Seneca Street Seattle, WA 98101

The City may change the address which shall not be considered a material change requiring an amendment to this Public Offering Statement.

2. The name and the address of the Declarant is:

Boylston Street Associates, LLC 1424 Fourth Avenue, Suite 1030 Seattle, WA 98101 Attn: Suzi Morris

Irrespective of their appearance in any announcements, advertising, brochures, or other written materials or sale documents or any reference thereto in any information posted on the Internet, none of Alecta Real Estate Investment LLC, Lowe Enterprises Real Estate Group or any affiliates or advisors of either of those entities are the "seller" of Units in the Condominium or "Declarant" of the Condominium. The affiliates and advisors of Declarant shall not have any liability under the purchase and sale agreements for the sale of the Units or otherwise in connection with the Condominium. Boylston Street Associates, LLC, a Delaware limited liability company, is the sole and exclusive entity comprising the seller of Units in the Condominium and Declarant of the Condominium.

3. The name and address of the management company, if any, is:

The CWD Group, Inc. 2800 Thorndyke Avenue West Seattle, WA 98199

4. The relationship of the management company (if there is one) to the Declarant is:

None.

5. The following are the five most recent condominium projects, if any, completed by the Declarant or an affiliate of the Declarant within the past five years:

None.

6. The nature of the interest being offered for sale is:

Fee simple.

7. Restrictions on the use of each Unit and the Common Elements are detailed more particularly in Section 11 of the Declaration. A brief description of such uses and restrictions are stated on attached Schedule 7. The restrictions on renting or leasing of units by Declarant or other unit owners, and any right of the Declarant to lease at least a majority of the units, are stated in Section 11.14 of the Declaration and are as follows:

The terms of any lease or rental agreement for a Unit shall be subject to and incorporate the provisions of this Declaration and the Bylaws. All leases or rental agreements shall be in writing and a copy thereof shall be filed with the Board of Directors upon request. Owners may not lease or rent their Units for initial terms of less than six (6) months. No lease of a Unit shall be on a time-share basis. There is no limitation on the Declarant's right to lease the units. This means Declarant may lease all or any number of unsold units in the Condominium.

- 8. There are 168 residential Units, one of which is a "live/work" Unit. No Units may be added to the Condominium.
- 9. The following is a list of the principal common amenities in the Condominium which materially affect the value of the Condominium and those that may be added to the Condominium:

a. Existing Amenities:

Bike storage, dog run, dog wash area, fitness center, and rooftop amenities including a library, terrace, amenity room, jetted soaking pool, private dining room and restrooms.

b. Amenities that may be added:

None are currently contemplated.

- 10. The following is a list of the Limited Common Elements, as described more particularly in Section 4 of the Declaration, assigned to the Units being offered for sale:
 - a. Terraces and planters:

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

b. Parking Space:

Any parking space assigned to a Unit prior to closing of the sale. The parking spaces are located in the parking garage beneath the Units and the boundaries are defined by the striping.

c. Storage Area:

Any storage area assigned to a Unit at the time of sale. The storage areas are located in the parking garage beneath the Units and the boundaries are defined by the walls enclosing such storage area.

11. The following is a description of any real property not a part of the Condominium, but the owner of which has access to any of the Common Elements of the Condominium, and a description of the terms of such access:

None.

12. The following is a description of any real property not a part of the Condominium to which Unit owners have access and a description of the terms of such access:

None.

- 13. The status of construction of the Units and Common Elements, and the estimated date of completion are:
 - a. Status:

As of the date of this Public Offering Statement, the Units are under construction.

b. Estimated date of completion:

Declarant estimates, but does not represent, warrant, or guarantee, that it will complete the Units in August, 2016.

- 14. The estimated current common expense liability for the Units being offered for sale is based on a total annual budget of \$1,089,458, and is stated for each Unit on the schedule of assessments attached to the Budget included with the Public Offering Statement. The Common Expense Liability for each Unit is determined in accordance with the Allocated Interest for each Unit listed on Exhibit B of the Declaration. The budget is merely an estimate of the cost of operating the Condominium. It contains some reserves. However, Declarant does not represent, warrant or guarantee that the reserves will provide sufficient funds to replace capital items as the need arises. If reserves are not adequate, Owners would be required to pay special assessments to pay the excess cost of replacing capital items over the amount of reserves. Declarant also does not represent, warrant or guarantee that the estimated budget reflects the actual cost of operating the Condominium. It is anticipated that the Board will need to adjust the budget from time to time as experience dictates. No purchaser should base its decision to purchase a Unit on the estimated budget or the amount of monthly assessments for his or her Unit as those amounts may be changed by Declarant or the Board at any time.
- 15. The following is an estimate of any payment with respect to the common expense liability for the Units being offered for sale which will be due at closing:

The Declarant shall collect from each Unit purchaser at closing an amount equal to two (2) months estimated common expense liability for the Unit, and if assessments according to the budget are being made at the time of the closing of the Unit sale, a prorated amount for the remainder of the month in which the Unit is purchased.

16. The following is an estimate of the current amount and purpose of any fees not included in the common expenses and charged by the Declarant or the Association for the use of any of the Common Elements:

None. However, each purchaser will pay the Association a \$100 fee which is paid to the management company for setting up a new account. Upon a future sale by the Buyer, the Association will charge a \$700 change in occupancy fee as an assessment on each Unit at the time of closing of the sale and the \$100 account set up fee.

17. The following is a description of any assessments, other than real estate taxes, agreed to or known to the Declarant, which, if not paid, may constitute a lien against any Units or Common Elements in favor of any governmental agency:

King County assesses a quarterly sewer capacity charge of \$18,934 as disclosed in the Budget attached to this Public Offering Statement.

- 18. The individual Unit owner has the responsibility for maintaining the following parts of the Condominium, other than his or her Unit:
- a. Pursuant to Section 11.5.1 of the Declaration, each Unit owner is required to keep the interior of his Unit and the equipment, appliances, and appurtenances relating thereto, in a good and sanitary condition, free of rodents and pests, and in good order, condition, repair and appearance and do all decorating and painting at any time necessary to maintain the good appearance and condition of the Unit. In addition, each Unit owner is responsible for the maintenance, repair or replacement of: the entry door; plumbing lines, hoses and fixtures; fans, heating, cooling, or other equipment; exhaust ducts, dryer vents and connections; water and gas valves; and electrical fixtures or appliances which may be in, or are part of, his Unit.
- b. Pursuant to Section 11.5.4 of the Declaration, each Unit owner is required to keep his or her Limited Common Elements in a neat and clean condition. In addition, the Association may require or permit each Unit owner to maintain or repair certain Limited Common Elements allocated to his Unit, such as terrace membranes and drains, entry doors and mechanical/electrical/plumbing systems exclusively serving the Unit in accordance with maintenance or repair schedules adopted by the Association.

- 19. Section 11.14 of the Declaration prohibits timesharing of the Units and rental of a Unit for less than six (6) months. See paragraph 7 of this public offering statement for restrictions on the use of the Units.
- 20. The following is a list of all development rights and all special declarant rights reserved to the Declarant, together with the dates such rights must terminate, and a copy of or reference by recording number, if any, to a recorded transfer of a special Declarant right:
- a. Incorporate a portion of the Common Elements into existing or newly-created Units (Section 22.1.1; Expires seven years after recording of the Declaration).
- b. Convert Common Elements into Limited Common Elements (Section 22.1.2; Expires seven years after recording of the Declaration).
- c. Subdivide or combine Units (Section 22.1.3; Expires seven years after recording of the Declaration).
- d. Convert all or a portion of a Unit into a Common Element (Section 22.1.4; Expires seven years after recording of the Declaration).
- e. Reallocate Limited Common Elements (Section 22.1.5; Expires seven years after recording of the Declaration).
- f. Complete, maintain, repair and replace those improvements for the Condominium shown on the Survey Map and Plans (Section 22.1.6; Expires seven years after recording of the Declaration but not before all of Declarant's warranty obligations are resolved).
- g. Establish and maintain within any Unit owned by Declarant and on the Common Elements any sales offices, management office, signs, advertising and such other facilities as Declarant desires in connection with the construction, sale or rental of the Units (Section 22.1.7; Expires seven years after recording of the Declaration).
- h. Exercise developments rights (Section 22.1.8; Expires seven years after recording of the Declaration).
- i. Appoint or remove any officer or director of the Owners Association and the right to veto or approve any proposed action of the Owners Association until the final Board of Directors is elected by the Unit Owners (Section 22.1.9; Expires seven years after recording of the Declaration).
- j. The right to use the Common Elements for ingress, egress, use of facilities, construction of improvements, and installation and connection of utilities (Section 22.2; Expires seven years after recording of the Declaration).
- k. Receive notice of and attend all meetings of the Board of Directors and receive minutes from those meetings until the time period for bringing claims against Declarant has expired and all claims against Declarant have been fully resolved (Section 22.1.10; Expires after all of Declarant's warranty obligations are resolved).
- 1. Assign any unassigned limited common element parking spaces or storage areas until two years after the date of closing of the sale of the last Unit owned by Declarant (Section 22.1.11; Expires two years after closing of the sale of the last Unit owned by Declarant).
- 21. The following is a list of liens, including amounts, on real property to be conveyed to the Association by the Declarant if any:

None.

22. The following physical hazards, if any, are known to the Declarant which particularly affect the Condominium or the immediate vicinity in which the Condominium is located which are not readily ascertainable by the purchaser:

None.

- 23. The following is a brief description of any construction warranties to be provided to the purchaser:
- a. <u>Statutory Implied Warranty</u>. Declarant provides the implied warranty required by statute, and subject to all limitations now or hereafter included as part of that statute. RCW 64.34.445 provides that Declarant warrants that the Unit and Common Elements of the Condominium are suitable for the ordinary uses of real estate of its type, and that any improvements made or contracted for by Declarant are: (i) free from defective materials, (ii) constructed in accordance with sound engineering and construction standards, (iii) constructed in a workmanlike manner, and (iv) constructed in compliance with all laws currently applicable to those improvements. Declarant has disclaimed these implied warranties as to specified items in a Warranty Addendum which shall be signed by each purchaser at the time of purchase.
- b. <u>Qualified Warranty</u>. RCW 64.34.425(1)(r) requires that Declarant disclose whether the Unit and Common Elements are covered by a "Qualified Warranty" as defined in RCW 64.35.105(19). They are not subject to a Qualified Warranty.
- c. <u>No Other Warranty</u>. Except as described above, the Declarant gives no warranties, express or implied, and each Unit is sold "AS IS."
- 24. The following is a list of any building code violations or citations received by the Declarant in connection with the Condominium which have not been corrected:

None.

25. The following is a statement of any unsatisfied judgments or pending suits against the Association, if any:

None.

26. The following is a statement of the status of any pending suits material to the Condominium of which the Declarant has actual knowledge:

None.

27. The following is a statement of any litigation brought by an owner's association, Unit owner, or governmental entity in which the Declarant or any affiliate of the Declarant has been a defendant, arising out of the construction, sale, or administration of any Condominium within the previous five years, together with results thereof, if known:

None.

Pursuant to Section 8.10 of the Declaration, the Association does not reserve any right of first refusal to lease or purchase any Unit, but does require the Unit owner to deliver a written notice to the Board of Directors at least two weeks before closing any sale of his or her Unit. The Board of Directors reserves the right to notify any purchaser, title insurance company, and the closing agent of unpaid assessments and charges outstanding against the Unit. Pursuant to Section 11.14 of the Declaration, there are certain restrictions on a Unit owner's ability to lease his Unit. See paragraph 7 of this public offering statement for further use restrictions.

29. Insurance provided by the Association covers the following furnishings, fixtures, and equipment located in the Unit:

The extent to which Association insurance covers Unit furnishings, fixtures and equipment is determined by the provisions of the Association's policy or policies, and endorsements thereto, which may be modified from time to time. Purchasers should read all Association policies prior to closing and review them with their personal insurance agents to determine their rights, duties and the nature and extent of all coverages. The policy in place at the time of the closing of the sale of the first Unit will cover fixtures and equipment installed by Declarant and reasonably equivalent replacements of the same.

- 30. The following is a list of the documents which the prospective purchaser is entitled to receive from the Declarant before the rescission period commences:
 - a. The Declaration;
 - b. Survey map and plans;
 - c. Articles of Incorporation of the Association;
 - d. Bylaws of the Association;
 - e. Rules and Regulations;
 - f. Current or proposed budget for the Association; and
 - g. Balance sheet of the Association current to within 90 days if assessments have been collected for 90 days or more.

The Declarant will deliver drafts of the above documents if final copies are not available. Before closing of the sale of a Unit, Declarant will give to each purchaser copies of any material changes between the drafts of the proposed documents and the final documents.

- 31. The following are the Units used as model Units and a description of the material differences between the model Unit available to the purchaser at the time the agreement for sale was executed and the Unit being offered for sale:
- a. Model Units: Declarant anticipates that a one bedroom model Unit a two bedroom model Units will be available on site for viewing after December, 2015. In addition, Declarant has built a model kitchen in the sales office to demonstrate certain of the finishes for the Units. The model Units and model kitchen also have certain upgrades which are not included in the sale of the Units. From time to time, Declarant may substitute or add one or more model Units on site without amending this Public Offering Statement to identify them.
- b. Material Differences: Units have material differences in floor plans, internal dimensions, view and location. Interior finish work such as door hardware, floor, tile and other wall, and window coverings, cabinets including built-ins, appliances, and electrical and plumbing fixtures may also vary from Unit to Unit. The sales office model kitchen includes a specialty light fixture in the dining room, and staging which is not available for the sale of the Unit. With future model Units, Declarant may include built-in cabinetry, wall coverings, accent paint colors, ceiling fixtures, and accent lighting. Furnishings and interior decorations are not included in the sale of any Unit except as may be specifically provided for in certain purchase and sale agreements. Declarant also intends to stage the sales office and model unit with potted plantings which Declarant may remove when Declarant's sales activities are concluded. Each purchaser should carefully compare the Unit being purchased to the model Unit and any other Unit examined by the purchaser.
- 32. The building enclosure has been, or will be prior to closing of the Unit sale, designed and inspected as required by RCW 64.55.010 through RCW 64.55.090, and, if required, repaired in accordance with the requirements of RCW 64.55.090.
- 33. This Association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand

as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element.

34. The Condominium is not intended to meet the requirements of the Housing for Older Persons exemption to the Fair Housing Act.

NOTICE REGARDING COMMENCEMENT OF LAWSUIT. CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

DATED April 4, 2016.

DECLARANT:

BOYLSTON STREET ASSOCIATES, LLC, a Delaware limited liability company

y:_____

Suzi Morris, Authorized Representative

SCHEDULE 7

RESTRICTIONS ON USE

Restrictions on use of the Units are stated in the following Sections of the Declaration:

Section 11.1.1 of the Declaration provides that all Units other than the Live/Work Unit, which is Unit 105, shall be used for single family residential purposes only, on an ownership, rental or lease basis; and for the common social, recreational and other reasonable uses normally incident to such purposes including use as a home office not involving use by nonresident employees or regular visits by customers or clients. Units may not be used or sold on a time-share basis. Units may be used for the purpose of operating and managing the Condominium.

Section 11.1.2 of the Declaration states the following restrictions on the use of the Live/Work Unit:

- (a) Signage for the Live/Work Unit is limited to signage installed by Declarant, if any, and reasonable substitutions and replacements of the same. Any other signage must be approved by the Board. Customers or clients of any business conducted within the Live/Work Unit have no access to or the use of any part of the Condominium other than the Unit (e.g., parking, storage, or common amenities). The Live/Work Unit shall not be used for conducting: copy center; medical laboratory; food processing; manufacturing activities; wholesale or retail sales of pornographic literature, photographs or movies; card room; dance hall, pool hall; video arcade or other similar form of amusement center; musical school or studio; adult motion picture theater; massage parlor (however a licensed medical professional is permitted); laundry; dry-cleaning, dyeing or rug cleaning plant; jail; hotel, apartment hotel and motel; traditional bar or tavern; package liquor store; taxidermy shop; retail pet shop or animal clinic; work release center, drug rehabilitation center, social service agency, smoke shop, marijuana dispensary, or shop which sells smoking paraphernalia (a so-called "head" shop). The Live/Work Unit is not equipped with ventilation systems to accommodate commercial cooking or baking facilities and may not be used for those purposes. In addition, unless the Board requires otherwise, the Live/Work Unit shall maintain hours of operation no earlier than 6:00 AM and no later than 10:00 PM.
- (b) The delivery or shipment of merchandise, supplies, and fixtures to and from the Live/Work Unit shall be accomplished in a manner that shall not unreasonably interfere with the quiet enjoyment or the security of the other Units.
- (c) The Owner of the Live/Work Unit shall not allow or permit any continuing vibration ("Vibration") or any offensive or obnoxious and continuing noise ("Noise") or any offensive or obnoxious and continuing odor ("Odor") to emanate from the Live/Work Unit into the other Units, nor shall the Owner allow or permit any machine or other installation therein to constitute a nuisance or otherwise to unreasonably interfere with the safety or comfort of any of the Owners of other Units.
- (d) The Owner of the Live/Work Unit shall not use or occupy the Unit or do or permit anything to be done thereon in any manner which shall: (i) make it impossible for the Association to carry any insurance required or reasonably deemed to be necessary; (ii) invalidate or unreasonably increase the cost of such insurance; (iii) cause structural injury to the building; or (iv) constitute a public or private nuisance; or (v) violate any laws, regulations, ordinances or requirements of the federal, state or local governments or of any other governmental authorities having jurisdictions over the property.
- (e) The Owner of the Live/Work Unit shall comply with all applicable City of Seattle ordinances.

Sections 11.5.1 and 11.5.4 of the Declaration requires each Owner to maintain his or her Unit, the Limited Common Elements allocated to that Unit, the entry door, and the equipment, appliances, and appurtenances relating thereto.

Section 11.5.2 requires prior written approval of the Board of Directors before an Owner may install hard surface flooring or make substantial alterations to his or her Unit.

Section 11.5.3 requires prior written approval of the Board of Directors before an Owner may modify, paint, or otherwise decorate or alter the Limited Common Elements.

Section 11.6 of the Declaration allows the Board of Directors to regulate those portions of the Units visible to the public to maintain the uniform appearance of the Building, including the window coverings, screens, doors, awnings, rails, or other portions of the Units visible to the public, and restricts an Owner's installation of a satellite antenna.

Section 11.7 of the Declaration restricts the use of the Units which could result in the cancellation or increase in premiums of the Association's insurance.

Section 11.8 requires prior written approval of the Board of Directors before an Owner other than Declarant may display any signs visible to the public.

Section 11.9 of the Declaration limits the number of household pets which may be kept in the Units, allows the Association to impose rules and regulations concerning pets, and to remove pets which the Association determines are disturbing other Owners.

Section 11.10 of the Declaration prohibits offensive or noxious activity in a Unit.

Section 11.11 requires Owners to remove trash from the Units.

Section 11.12 restricts Owners use of exterior lighting visible from the street.

Section 11.13 restricts the alteration of the Common Elements.

Section 11.14 of the Declaration prohibits timeshares and the lease of a Unit of less than six (6) months, requires that all leases of a Unit be in writing and filed with the Board of Directors upon request and that all leases be made subject to the Declaration.

Section 11.15 of the Declaration imposes certain restrictions on the use of the Units for short-term accommodation of guests, clients, employees and family of an Owner.



Secretary of State

I, KIM WYMAN, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

LUMA CONDOMINIUM ASSOCIATION

a/an WA Non-Profit Corporation. Charter documents are effective on the date indicated below.

Date: 4/4/2016

UBI Number: 603-604-715



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Kim Wyman, Secretary of State

Date Issued: 4/4/2016

603 604 715

FILED

APR 04 2016

ARTICLES OF INCORPORATION OF LUMA CONDOMINIUM ASSOCIATION

WA SECRETARY OF STATE

The undersigned, in order to form a nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, and a Condominium Management Association under Section 528 of the Internal Revenue Code, hereby signs the following articles of incorporation:

ARTICLE I - NAME

The name of the corporation is Luma Condominium Association (the "Corporation").

ARTICLE II - DURATION

The duration of the Corporation shall be perpetual.

ARTICLE III - REGISTERED AGENT

The initial registered office of the Corporation is 7525 SE 24th Street, Suite 600, Mercer Island, WA, 98040, and the initial registered agent at such address is BE Services LLC.

ARTICLE IV - PURPOSES, POWERS, AND LIMITATION OF POWERS

4.1 Purposes and Powers.

- 4.1.1 The Corporation is organized and shall be operated exclusively for operating, managing and maintaining the Luma Condominium (the "Condominium"), a condominium (as defined by RCW 64.34.020(9) created by the Declaration and Covenants, Conditions and Restrictions for Luma Condominium which has been or shall be recorded in King County (the "Declaration").
- 4.1.2 The Corporation shall have the general power to the full extent provided by law to manage and maintain the Condominium subject to the limitations stated in these Articles, the Declaration, and I.R.C. § 528.

4.2 <u>Limitations</u>.

- 4.2.1 The Corporation shall receive at least 60% of its gross income from membership dues, fees, or assessments from the Members (as hereinafter defined).
- 4,2.2 The Corporation shall expend ninety percent (90%) or more of all its funds to operate, manage and maintain the Condominium.
- 4.2.3 The Corporation shall not permit any part of its net earnings to inure to the benefit of any Member or private individual other than by maintaining and managing the Condominium or by a rebate of excess membership dues, fees, and assessments.

ARTICLE V - MEMBERSHIP AND VOTING

All Condominium unit owners, including the person or entity creating the Condominium ("Declarant") if such person or entity owns a unit, shall be members of the Corporation (the "Members"). The Members shall have the voting rights granted in the Declaration and shall be subject to all qualifications and restrictions in the

Declaration. Pursuant to RCW 64.34,300, upon termination of the Condominium, the Members shall consist of all of the unit owners at time of termination entitled to distribution of proceeds under RCW 64.34,268 or their heirs, successors or assigns. These Articles may be amended by resolution of the board of directors provided the resolution sets forth the form of the amendment and the amendment is approved by members holding two-thirds of the total voting power of the Association at an annual or special meeting of the members. All members shall be given a notice of the meeting in the form of a record setting forth the proposed amendment or a summary of the changes to be effected thereby.

ARTICLE VI - DISSOLUTION

The board of directors shall dissolve the Corporation upon the termination of the Condominium according to the procedures outlined in RCW 64.34.268. The members shall have no right to dissolve the Corporation other than upon the termination of the Condominium. In the event of such dissolution, unless Members having at least eighty percent (80%) of the total votes in the Corporation elect to sell the assets of the Corporation, such assets shall be held by the Members as tenants in common.

ARTICLE VII - MANAGEMENT

- The Board of Directors shall manage the affairs of the Corporation. The Declarant shall appoint 7.1 the directors of the initial Board of Directors which shall consist of one (1) or more directors. The Members other than the Declarant shall elect one additional director to the initial board (which shall then consist of not more than three (3) directors) no later than sixty (60) days after the conveyance of twenty-five percent (25%) of the units in the Condominium. The initial Board of Directors shall be replaced by a Board of Directors consisting of either three (3) or five (5) directors elected from among the Members no later than the earlier of: (a) two (2) years from the last conveyance of record of a Unit except as security for a debt; (b) two (2) years from the date Declarant last added Units to the Condominium; (c) sixty (60) days from the date on which the Declarant shall have closed the sale of seventy-five percent (75%) of the Units which may be created; or (d) seven (7) years from the first conveyance of record of a Unit except as security for a debt. The initial Directors shall resign upon the election of the replacement Board of Directors. Thereafter, the number, qualifications, term of office, manner of election, time and place of meetings, and powers and duties of directors shall be as set forth in the bylaws of the Corporation and the Declaration. In case of vacancies in the Board of Directors by death, resignation, or otherwise, except by removal of a director and election of a successor, a majority, though less than a quorum, of the remaining directors may elect directors to fill the vacancies.
- 7,2 The name and address of the initial director who will manage the affairs of the Corporation until the first annual election of directors, as provided in the bylaws, or until its successor is duly elected and qualified is:

Suzi Morris 1424 Fourth Avenue, Suite 1030 Seattle, WA 98101

7.3 The Board of Directors may by resolution, passed by a majority of the entire Board of Directors, designate two or more directors to constitute an executive committee which shall have and exercise the authority of the Board of Directors in the management of the business of the Corporation to the extent provided in the resolution.

ARTICLE VIII - INDEMNIFICATION OF DIRECTORS

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

reimbursement as being in the best interests of the Corporation. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE IX - NAME AND ADDRESS OF INCORPORATOR

The name and address of the incorporator is Kerry S. Bucklin, Bucklin Evens PLLC, 7525 SE 24th Street, Suite 600, Mercer Island, WA 98040.

IN WITNESS WHEREOF, I hereto set my signature this

INCORPORATOR:

Bucklin Evens PLLC

Kerry S. Bucklin

7525 SE 24th Street, Suite 600 Mercer Island, WA 98040 Address:

CONSENT TO SERVE AS REGISTERED AGENT

BE Services LLC hereby consents to serve as registered agent in the State of Washington, for Luma Condominium Association, a nonprofit corporation. As agent for the Corporation, BE Services LLC will be responsible for receiving service of process in the name of the Corporation; forwarding all mail to the Corporation; and immediately notifying the office of the Secretary of State in the event of its resignation, or of any changes in the registered office address of the Corporation.

BE Services LLC, a Washington limited liability company

Kerry S. Bucklin, Manager

7525 SE 24th Street, Suite 600 Mercer Island, WA: 98040 BYLAWS FOR LUMA CONDOMINIUM ASSOCIATION

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BYLAWS FOR LUMA CONDOMINIUM ASSOCIATION

The following are the Bylaws of the Luma Condominium Association (the "Association"). These Bylaws apply to the entire condominium project, each condominium unit therein and all common elements. Each unit owner is a member of the Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees and occupants of units, and their guests and employees, and any other person who may use the common elements of the condominium project are subject to these Bylaws, the Declaration and the rules and regulations established from time to time by the Association for the use and operation of the project. These Bylaws have been established by the Declarant, and may be amended as provided herein.

ARTICLE I MEMBERSHIP; VOTING; REGISTER

- 1. Membership. The Association shall be composed of the owners of each unit who may participate through designated representatives, as set forth in the Declaration. Owners of a unit as joint tenants, tenants in common, community property, or other ownership involving more than one Owner, shall be joint members of the Association but the sum total of their vote shall not exceed the voting power allocated to the Unit owned. If any Unit is owned by more than one person, those Owners shall designate one representative to represent the ownership group in the Association, by written notice to the Board of Directors. A designation may be revoked at any time by the Owners of the Unit on written notice to the Board of Directors; provided, however, that such revocation shall not be effective until the Board of Directors has been notified. The vote for a Unit must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one vote is cast for a particular Unit none of said votes shall be counted, and said votes shall be deemed void.
- 2. <u>Voting</u>. Each unit is entitled to the number of votes stated in the Declaration. Cumulative voting for directors is allowed.
- 3. Register of Members. The Board of Directors of the Association shall maintain a register containing the names and addresses of all owners of units, their designated representatives, any voting rights pledges and any proxies that have been filed with the Association. Owners who sell or convey their interests in a unit shall promptly report to the Board of Directors the name and address of their successor in interest. Persons claiming membership in the Association shall, upon request, furnish the Board of Directors with a copy of any documents under which they assert ownership to a unit, or any interest therein. The Board of Directors may require owners to supply it with copies of any security instrument affecting their interests.

ARTICLE II MEETINGS OF MEMBERS

- 1. <u>Place</u>. Meetings of the Association shall be held at such reasonable place as may be designated from time to time by the Board of Directors.
- 2. <u>Annual Meeting</u>. The Association shall hold its annual meeting in the first quarter of each year at such reasonable place and time as may be designated by written notice of the Board of Directors to the owners not less than ten (10) nor more than fifty (50) days prior to the date fixed for the meeting. At the annual meeting the owners or their designated representatives shall elect Directors or fill vacancies in the Board of Directors as provided in the Declaration and shall consider such other business as may properly come before the meeting.
- 3. Special Meetings. A special meeting of the Association may be called by the President, a majority of the Board of Directors, or at the written request of the owners having twenty percent (20%) or more of the votes in the Association. Written notice shall be given to the owners not less than ten (10) nor more than fifty (50) days prior to the date fixed for the special meeting. No business shall be transacted at a special meeting except as stated in the notice given therefor.

4. Notice of Meetings. It shall be the duty of the Secretary to send by prepaid United States mail a notice of each annual and special meeting to each owner or his designated representative (and any other person entitled to notice under the Declaration or Bylaws) at such address as the owner or other person shall have furnished in writing to the Board of Directors, or, if an owner fails to specify such address, the address of the unit owned by the owner. The notice shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendments to the declaration or bylaws, changes in the previously approved budget that result in a change in assessment obligations, and any proposal to remove a director or officer. The notice shall be given to the owners not less than ten (10) nor more than fifty (50) days prior to the date fixed for annual or special meeting. Notice of any meeting of the Association may be waived in writing at any time and is waived by actual attendance at such meeting, unless such appearance is limited expressly to object to the legality of the meeting.

Any holder of a mortgage on a unit (or any insurer or guarantor of such mortgage) will, upon written request filed with the Association, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

- 5. Quorum. The presence in person or by proxy of owners or their designated representatives having at least twenty-five percent (25%) of the total outstanding votes shall constitute a quorum for the transaction of business at any meeting of the Association.
- 6. Adjourned Meetings. If any meeting of the Association cannot be held because a quorum is not in attendance, the owners or their designated representatives present may adjourn the meeting to a later date and give notice thereof to each owner or his designated representative (and each other person entitled to notice) in accordance with the Declaration. No amendment to the Declaration or Bylaws shall be adopted except as prescribed by the Declaration and Bylaws, and further, no amendment to these Bylaws shall be adopted unless owners or their designated representatives holding sixty percent (60%) or more percent of the total outstanding votes vote in favor of such amendment.
- 7. Proxies. Any owner or his designated representative may vote by proxy. Proxies shall be in writing, signed by the owner or his designated representative, and filed with the Board of Directors. A proxy must be for all the voting power of the condominium unit. A unit owner may not revoke a proxy except by actual notice of revocation given to the President (or such other person presiding over the meeting). A proxy is void if it is not dated or purports to be revocable without notice. Unless otherwise stated in the proxy, a proxy terminates eleven months after its date of issuance.
- 8. <u>Majority Vote</u>. Except as otherwise provided by the Declaration or these Bylaws, passage of any matter submitted to vote at a meeting or adjourned meeting duly called, where a quorum is in attendance in person or by proxy, shall require the affirmative vote of more than fifty percent (50%) of the total votes present in person or by proxy.
- 9. <u>Voting by Mail</u>. The Board may decide that voting of the members shall be by mail with respect to any particular election of the Board or with respect to adoption of any proposed amendment to the Declaration or Bylaws, or with respect to any other matter for which approval by Owners is required by the Declaration or Bylaws, in accordance with the following procedure:
- (a) In case of election of directors by mail, the existing directors shall advise the Secretary in writing of the names of nominees for all directors to be elected and of a date not less than 50 days after such advice is given by which all votes are to be received. The Secretary, within five days after such advice is given, shall give written notice to all owners of the number of directors to be elected and of the names of the nominees. The notice shall state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of directors to be elected, by notice in writing to the Secretary at the address specified in the notice, to be received on or before a specified date not less than 15 days from the date the notice is given by the Secretary. Within five days after the specified date, the Secretary shall give written notice (which may take the form of a ballot) to all Owners stating the number of directors to be elected, the names of all persons nominated by the Board, the names of persons nominated by members and the date by which votes of the Owners must be received by the Secretary at the address

specified in the notice. Votes received after that date will not be effective. All persons elected as directors pursuant to an election by mail shall take office effective on the date specified in the notice for the receipt of votes.

- (b) In the case of a vote by mail relating to any other matter, the Secretary shall give written notice (which may take the form of a ballot) to all Owners, which shall include a proposed written resolution setting forth a description of the proposed action and shall state that the Owners are entitled to vote by mail for or against the proposal by delivering the vote on or before a specified date not less than 20 days after the notice to the address specified in the notice. Votes received after that date shall not be effective. Any such proposal shall be adopted if approved by the affirmative vote of not less than a majority of the votes entitled to be cast on such question, unless a greater or lesser voting requirement is established by the Declaration or Bylaws for the matter in question.
- (c) Delivery of a vote in writing to the specified address shall be equivalent to receipt of a vote by mail at such address for the purpose of this Section.
- 10. Written Ballot. At the discretion of the Board, any matter which might come before the Association at a meeting, including election of directors, may be determined by written ballot, rather than at a meeting. Ballots shall be sent to all Unit Owners in the same manner as notice of meetings, with a specified deadline for return of ballots. Ballots for such meetings must be property executed and returned in sufficient quantity to constitute a quorum, and determination of the matter presented shall be based upon the required percentage of ballots returned, unless approval of a specified percentage of all voting power is required by law, the Declaration or these Bylaws. The vote by ballot shall be determined by the Board within 48 hours of the deadline for return of ballots. Within 10 days after the ballots have been counted, each Unit Owner shall be notified by mail or other delivery of written notice of the results of the ballot or that a quorum of ballots as not returned.
- 11. Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with or altered by motion:
 - (a) Roll call
 - (b) Proof of notice of meeting or waiver of notice
 - (c) Minutes of preceding meeting
 - (d) Reports of officers
 - (e) Reports of committees
 - (f) Election of Directors (annual meeting or special meeting called for such purpose)
 - (g) Unfinished business
 - (h) New business
 - (i) Adjournment
- 12. <u>Parliamentary Authority</u>. In the event of a dispute, the parliamentary authority for the meetings shall be the current available edition of Roberts Rules of Order, Revised.

ARTICLE III BOARD OF DIRECTORS; SUBMISSION OF OFFICIAL BUSINESS

- 1. <u>Number; Election</u>. Not later than the conveyance of the first unit in the condominium, the affairs of the Association shall be governed by a Board of Directors composed of one (1) or more persons who shall be elected by Declarant as provided in the Declaration (the "Interim Board").
- 2. <u>Management by Declarant/Interim Board</u>. As provided in the Declaration, the duties of the Board of Directors, prior to the election of the Interim Board, shall be carried out by the Declarant. No later than sixty days after the conveyance of twenty-five percent (25%) of the units which may be created, Declarant shall cause one (1) additional member to be elected to the Interim Board, which shall then consist of three (3) directors. Such director shall be elected by the majority vote of unit owners other than the Declarant, and shall serve until the final Board of Directors is elected pursuant to Section 3 below.

3. Election of Final Board of Directors. The final Board of Directors shall be elected no later than the earlier of: (a) two (2) years from the last conveyance of record of a Unit except as security for a debt; (b) two (2) years from the date Declarant last added Units to the Condominium; (c) sixty (60) days from the date on which the Declarant shall have closed the sale of seventy-five percent (75%) of the Units which may be created; or (d) seven (7) years from the date the Declaration was recorded. The final Board of Directors elected pursuant to this section shall consist of at least three (3) and not more than five (5) directors, as determined by the Members at the time of electing the final Board. The directors shall serve without compensation and a majority of whom shall be unit owners. Thereafter, the condominium project's affairs shall be governed by the final Board of Directors. During its term of office the Interim Board (and the Declarant until the Interim Board is appointed) shall exercise the rights, duties and functions of the elected Board of Directors as set forth in the Declaration and these Bylaws.

The term of office of the directors elected pursuant to this Section 3 shall be two (2) years, with a simple majority of the directors being elected at each annual meeting during even-numbered years, and the other director(s) being elected at each meeting during odd-numbered years. At the special meeting provided for in this Section 3, the directors so elected shall, by lot, determine whether each shall have a one or two-year term to stagger the expiration dates of the terms of the appropriate number of directors. Any director may be elected to serve for an additional term or terms.

- 4. <u>Vacancies</u>. Vacancies in the elected Board of Directors caused by reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall serve for the unexpired portion of the previous Director's term. Vacancies in the Interim Board shall be filled by the Declarant without a meeting of the Association.
- 5. Removal of Directors. At any annual meeting of the Association or special meeting of the Association called for that purpose, any one or more of the Directors who have been elected by the owners or their designated representatives may be removed, with or without cause, by a two-thirds vote of the owners (other than the Declarant) or their designated representatives present and entitled to vote at any meeting at which a quorum is present, and successors may then be elected to fill the vacancies thus created. Except for members elected by owners, the Declarant may remove members of the Interim Board with or without cause, and appoint directors to fill the vacancies thus created without a meeting of the Association.
 - 6. <u>Compensation</u>. No compensation shall be paid to Directors for their services as Directors.
- 7. Organization Meeting. The first meeting of the Interim Board and the elected Board of Directors shall be held within ten (10) days of their appointment or election at such place as shall be fixed by agreement of the Board members, and no notice shall be necessary to the new Directors in order to legally constitute such meeting, provided a majority of the Board members shall be present.
- 8. Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally, or by mail, telephone or electronic transmission (e.g., fax or email) at least three (3) days prior to the day fixed for such meeting, which notice shall state the time and place of the meeting.
- 9. <u>Special Meetings</u>. Special meetings of the Board of Directors may be called by the President on three (3) days' prior notice to each Director, given personally or by mail, telephone, or electronic transmission, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President in like manner and on like notice at the written request of any director.
- 10. Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

- 11. Quorum. At all meetings of the Board of Directors, the attendance of a majority of the Directors shall be required for a quorum, and the acts of an absolute majority of the Directors shall be required to decide any matter before the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.
- 12. <u>Complaints and Official Business</u>. Any complaints and all official business shall be transmitted in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President if available, and the Secretary if the President is not available.
- 13. <u>Standard of Care for Directors</u>. To the extent required by RCW 64.34.308(1), and subject to all limitations now or hereafter included as part of that statute, each member of the Board of Directors are required to exercise: (a) If appointed by the declarant, the care required of fiduciaries of the members; or (b) If elected by the members, ordinary and reasonable care.

ARTICLE IV OFFICERS

- 1. <u>Designation</u>. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors.
- 2. <u>Election of Officers</u>. The officers of the Association shall be elected each year at the first meeting of Directors after the annual meeting of the Members, and they shall hold office at the pleasure of the Board.
- 3. <u>Removal of Officers</u>. At any regular meeting of the Board of Directors or at any special meeting called for that purpose, any officer may be removed, with or without cause, and his successor elected, upon an affirmative vote of a majority of the members of the Board of Directors.
- 4. <u>President</u>. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and shall perform all duties usually incident to the office of President of a business corporation.
- 5. <u>Vice President</u>. The Vice President shall perform the duties of the President in the absence of the President and such other duties as may be assigned by the Board of Directors.
- 6. <u>Secretary</u>. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association. He shall also maintain the register of owners, designated representatives, voting rights pledges and proxies. He shall, in addition, perform all duties usually incident to the office of Secretary of a business corporation.
- 7. <u>Treasurer</u>. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.
- 8. Other Officers, Assistants, Employees. Other officers of the Association, assistants to the officers, or persons employed to assist the officers, shall have such authority and shall perform such duties as the Board of Directors may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.
- 9. <u>Compensation</u>. The Board may determine to pay reasonable compensation to any officer, agent, assistant or owner who performs substantial services for the condominium project in carrying out the management functions. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

10. <u>Standard of Care for Officers</u>. To the extent required by RCW 64.34.308(1), and subject to all limitations now or hereafter included as part of that statute, officers of the Association are required to exercise: (a) If appointed by the declarant, the care required of fiduciaries of the members; or (b) If elected by the members, ordinary and reasonable care.

ARTICLE V COMMITTEES AND MANAGER

- 1. <u>Committees of Directors</u>. The Board of Directors may designate one or more committees, each of which shall consist of one or more Directors. Such committees, if composed entirely of Board members, shall have and exercise, to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such committees shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.
- 2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or by the Board of Directors, and such committees may be composed of one or more members of the Association other than Board members, but each shall have one Board member as a member or chairman.
- 3. <u>Delegation to Manager</u>. The Board of Directors may delegate any of its duties, powers or functions to any person or persons, to act as Manager of the condominium project as provided in the Declaration.

ARTICLE VI OBLIGATIONS OF UNIT OWNERS

- 1. <u>Monthly Assessments</u>. Unit owners are obligated to pay the maintenance assessments and other assessments imposed by the Association to meet all common expenses of the property as set forth in the Declaration, and the Board of Directors shall act to establish, assess, collect and expend such assessments as therein provided.
- 2. <u>Rules and Regulations</u>. The Board of Directors may, from time to time, adopt such reasonable rules and regulations (in addition to the restrictions set forth in the Declaration) as may be required for the use, occupancy and maintenance of the units and common elements and when so adopted, such rules and regulations shall be binding upon all of the owners and occupants. Such rules and regulations shall be consistent with the Declaration and Bylaws, and, to the extent they are inconsistent, the rules and regulations shall be invalid. The Board of Directors may from time to time amend any such rules and regulations.

ARTICLE VII HANDLING OF FUNDS

- 1. Accounts. The Board shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property. Overall superintendence of these funds shall be the responsibility of the Treasurer of the Association. The Treasurer shall administer the Association's accounts in such a way that the funds are secure and that signature cards at the various institutions containing the funds are current.
- 2. <u>Insurance Account</u>. The Treasurer shall establish an interest-bearing savings account at a federally insured financial institution, this account to be known as the Insurance Account. Each month the Treasurer shall first cause to be deposited in the Insurance Account an amount equal to at least one-twelfth of the total cost of all premiums for the policy or policies that are provided for the condominium.
- 3. <u>Reserve Account</u>. The Treasurer shall establish an interest-bearing savings account at a federally insured financial institution, this account to be known as the Reserve Account. The purpose of the Reserve Account is to provide for major renovation or replacement of components of the interior and exterior common areas, for replacement of structural elements and mechanical equipment of the condominium project, for financial stability during periods of special stress, and to meet deficiencies in the general funds that may occur from time to time as a result of delinquent payment of assessments, and for other contingencies.

4. General Account. The Treasurer shall establish a checking account in a federally insured financial institution to be known as the General Account. This account will be the working capital account for the current operations of the condominium and will normally receive all monthly assessments, and all income and other funds received by the Association. Checks shall be issued from this account for all management, maintenance, and operation expenditures necessary for the condominium. Funds for the Insurance Account and Reserve Account will normally be received and deposited in the General Account and checks issued to the other accounts immediately so that an overall accounting of the funds received and disbursed by the Association is centralized in the check register of the General Account.

ARTICLE VIII KEEPING RECORDS AND REPORTS

- 1. General. The Board shall keep complete and accurate records of: (i) the governing documents of the Condominium including the Declaration, Articles of Incorporation, these Bylaws, Rules and Regulations, any design standards, and all amendments to any of those documents; (ii) all actions of the members or directors including minutes of meetings and consents to action in lieu of meetings; (iii) its financial condition including receipts and expenditures affecting the finances, operation and administration of the Association (including maintenance and repair expenses of the common elements and any other expenses incurred), the budget for assessments, and financial statements prepared according to generally accepted accounting principles. The Association's records shall be sufficiently detailed to enable the Association to comply with its duties under RCW 64.34.372 and RCW 64.34.425, and as they may be subsequently amended. Such books and records, authorizations for payment of expenditures, audited financial statements, if any, and all contracts, documents, papers and other records of the Association shall be available for examination, upon request, by any owner or his designated representative, agent or attorney, or by any holders, insurers, and guarantors of first mortgages on any unit, during normal business hours, and under other reasonable circumstances.
- 2. <u>Financial Reports</u>. Unit owners and holders, insurers, and guarantors of first mortgages on any unit ("Interested Parties") shall be entitled to inspect the books, records, and financial statements of the Association during normal business hours and under other reasonable circumstances. Upon the written request of the Interested Parties, the Association shall provide such parties with an audited financial statement for the preceding fiscal year if an audited statement is available. The Interested Parties shall be allowed to have an audited financial statement prepared for the preceding fiscal year at their expense if such audited financial statement is not available.

ARTICLE IX AMENDMENTS

Except as otherwise provided below, the Bylaws may be amended or repealed by the Board of Directors. Owners or their designated representatives having sixty percent (60%) or more of the total outstanding votes may amend or repeal the Bylaws at any annual meeting or special meeting called for that purpose. The Board of Directors shall not amend or repeal any Bylaws adopted by the owners or their designated representatives; and the owners or their designated representatives shall not amend the Bylaws without the Declarant's written consent until the Declarant has closed the sale of seventy-five percent (75%) of the units. Notwithstanding the foregoing, any amendment of the Bylaws modifying, changing, limiting, altering or otherwise materially affecting the rights conferred upon any Mortgagee (as defined in the Declaration), or which is of a material adverse nature to Mortgagees, shall require the prior approval of a certain percentage of Mortgagees as provided in the Declaration.

ARTICLE X MISCELLANEOUS

1. <u>Notices for all Purposes</u>. Any notice permitted or required to be delivered under the provisions of these Bylaws may be delivered either personally or by mail unless otherwise provided in these Bylaws. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, first-class postage prepaid, addressed as required in Section 21.1 of the Declaration. Notice to the owner of a unit or his designated representative shall be sufficient if mailed to the unit of such person, if no other mailing address in the state of Washington has been given in writing to the Board by such person. 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 Declarant until a Board of Directors has been appointed or elected and, thereafter, shall be given to the President or Secretary of the Board of Directors.

- 2. Waiver. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of these Bylaws, or any rules and regulations established by the Board of Directors, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of Directors of any 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 Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.
- 3. <u>Limitation of Liability</u>. To the extent permitted by law, the members of the Board of Directors and the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors or for injury or damage to person or property caused by the elements, or by another owner or person; or resulting from electricity, water, rain, dust, smoke or sand which may lead or flow from outside or from any parts of the property, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other cause or place; or resulting from loss, damage, or theft of articles used or stored by owners on the property or in units. No diminution or abatement of assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common elements, or from any action taken to comply with any law, ordinance, or order of a governmental authority. This section shall not limit the liability of directors appointed by the Declarant for breach of a fiduciary duty owed to the unit owners. This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

4. Interpretation.

- a. The provisions of the Declaration and these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of this condominium project. It is intended also that, insofar as it affects the Declaration, these Bylaws and this condominium project, the provisions of the Act referenced herein under which the Declaration and these Bylaws are operative, shall be liberally construed to effect the intent of the Declaration and these Bylaws insofar as reasonably possible.
- b. When interpreting the Declaration and these Bylaws, the term "person" may include natural persons, partnerships, corporations, associations, and personal representatives. The term "mortgage" shall include a Deed of Trust or real estate contract. 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.
- c. The Declarant is the original owner of all units and property and will continue to be deemed the owner thereof except as conveyances or documents changing such ownership regarding specifically described units and the appurtenances thereof are filed of record.
- d. The terminology, such as, but not limited to, the term "unit" used herein is intended to have the meaning given in the Act unless the context clearly requires otherwise.

Suzi Morris, Director

FIRST AMERICAN BUCKSIN

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DECLARATION AND COVENANTS, CONDITIONS, AND RESTRICTIONS FOR LUMA CONDOMINIUM

Reference Numl King County und Pages through	ler Recording No	Documents: The Survey Map and Plans for the Condominium were recorded in <u>יאללס מולס מולס מולס מולס מולס מולס מולס מ</u>
Grantor(s):	Boylston Street	Associates, LLC, a Delaware limited liability company
Grantee(s):	Luma Condomi	nium
Legal Description	on (Abbreviated): Lots 2 and 3, Blk 128, A.A. Denny's Broadway Add., to the City of Seattle, Vol. 6 Pg. 40.
Tax Parcel/Acco	ount Number:	197820-0940-05

EXAMINED AND APPROVED THIS GH DAY OF July , 2016.

ASSESSOR DEPUTY ASSESSO

PRIOR TO RECORDING, THIS DECLARATION SHALL BE CONSIDERED TO BE IN DRAFT FORM AND MAY BE CHANGED TO COMPLY WITH REQUIREMENTS OF LENDERS, FANNIE MAE, FHA/VA, TITLE INSURANCE COMPANIES, OR THE DECLARANT. A PURCHASER OF A UNIT IN THE CONDOMINIUM WILL ONLY BE PROVIDED WITH NOTICE OF REVISIONS TO THIS DECLARATION OR THE OTHER CONDOMINIUM DOCUMENTS IF THOSE CHANGES ARE MATERIAL TO THE PURCHASE AND DISCLOSURE IS OTHERWISE REQUIRED BY LAW.

NOTICE TO RECORDER'S OFFICE

UPON RECORDING OF THIS DECLARATION, THE RECORDER IS REQUESTED TO COMPLETE THE BLANK IMMEDIATELY FOLLOWING THE TITLE ABOVE WITH THE RECORDING NUMBER OF THE SURVEY MAP AND PLANS RECORDED IMMEDIATELY PRIOR TO THIS DECLARATION.

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DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR LUMA CONDOMINIUM

Boylston Street Associates, LLC, a Delaware limited liability company, hereinafter referred to as the "Declarant," the sole Owner of the property described herein, makes this Declaration pursuant to the provisions of the Washington Condominium Act, Chapter 64.34 of the Revised Code of Washington. Declarant declares the Land described on attached Exhibit A as a Condominium, submits the same to the Washington Condominium Act, and imposes on the Land the covenants, conditions, restrictions and reservations stated herein. The covenants, conditions, restrictions, and reservations in this Declaration and the provisions of the Washington Condominium Act, RCW 64.34, shall be binding upon all Owners of a Unit or an interest therein (e.g., a leasehold interest or security interest), even though a copy of this Declaration may not have been provided to the Owner or this Declaration may not have been referenced in the deed to the Unit prior to the acquisition and regardless of the manner of acquisition (e.g., voluntary sale, foreclosure, inheritance, or gift).

SECTION 1

INTERPRETATION

- 1.1. <u>Liberal Construction</u>. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of the relevant Washington statutes. The provisions of the Act referenced herein under which this Declaration is operative, shall be liberally construed to effect the intent of this Declaration.
- 1.2. <u>Terms Consistent With Act</u>. The terminology used herein is intended to have the meaning set forth in the Act unless the context clearly requires otherwise.
- 1.3. Covenants Running With Land. It is intended that this Declaration (until terminated as provided herein, or as provided in the Act) shall be operative as a set of covenants running with the land, or equitable servitudes, supplementing and interpreting the Act, and operating independently of the Act, should the Act be, in any respect, inapplicable.
- 1.4. <u>Singular/Plural, Etc.</u> The singular may include the plural, and the masculine may include the feminine, or vice versa, where the context so requires. When the word "include" is followed by listed items it is meant to be a nonexclusive list.
- 1.5. <u>Declarant Is Original Owner</u>. The Declarant is the original Owner of all Units and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are filed of record. Declarant shall enjoy the same rights and assume the same duties as other Owners as they relate to each individual unsold Unit.
- 1.6. <u>Unit and Building Boundaries.</u> In interpreting the Survey Map and Plans, the existing physical boundaries of the building and each Unit, as constructed, shall be conclusively presumed to be the correct boundaries.
- 1.7. <u>Captions and Exhibits.</u> Captions given to the various Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

- 1.8. <u>Increase in Dollar Limits</u>. Any dollar amounts specified in this Declaration may be increased in the discretion of the Board of Directors to reflect increases after the date of recording of this Declaration in accordance with increases over the same period in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the smallest geographical Statistical Area in which the Premises is located on the basis of 1982-1984 equals 100).
- 1.9. <u>Inconsistency with Bylaws.</u> To the extent this Declaration is inconsistent with the Bylaws, the provisions of this Declaration control unless such provisions are contrary to the Act.
- 1.10. <u>Insignificant Failure.</u> The title to any Unit created by this Declaration shall not be affected by any insignificant failure of this Declaration or Survey map and Plans to comply with the Act.
- 1.11. <u>Definitions</u>. The following definitions shall apply in this Declaration, unless the context requires otherwise:
- 1.11.1. "The Act" means the Washington Condominium Act (Revised Code of Washington, Chapter 64.34), as amended from time to time.
- 1.11.2. "Allocated Interests" means the undivided interest in the Common Elements allocated among the Units in accordance with the formula stated in Section 5.1 and shown on Exhibit B under the column "CE %."
- . 1.11.3. "Association" or the "Condominium Association" means all of the Owners as a profit or non-profit corporation operating in accordance with the Bylaws and with this Declaration as it is recorded, or as either may be amended.
- 1.11.4. "Board of Directors" or "Board" means the individuals appointed by the Declarant or elected by the Association to manage and administer the property in accordance with the Bylaws of the Association, this Declaration and the Act, after the Declarant or his managing agent no longer provides such management. The term "Board of Directors" shall also refer to the Declarant acting as the Board of Directors during the interim period during which the Declarant manages and administers the property, set forth in Section 7.2.
- 1.11.5. "Building" means the building or buildings containing the Units and related facilities comprising a part of the property.
- 1.11.6. "Bylaws" means the Bylaws of the Association as initially promulgated by the Declarant and as amended from time to time, which with this Declaration provide for the organization of the Association and for the administration of the property.
- 1.11.7. "Common Elements" mean all portions of the Condominium other than the Units. Each Owner has an undivided percentage interest in the Common Elements. The Common Elements include all Limited Common Elements.
- 1.11.8. "Common Expenses" mean expenditures made by or financial liabilities of the Association which are related to the maintenance, repair, and replacement of the Common Elements, including allocations to reserves, or the general operation of the Association. The Common Expenses include management expenses applicable to all Units, such as, to the extent applicable, fees paid to any professional management company, compensation of any on-site manager or maintenance person, and the mortgage for any Units used for management facilities. Common Expenses do not include those "Special Allocations" allocated to specific Units in accordance with Section 9.7 below.

- 1.11.9. "Common Expense Liability" means the liability attributed to each Unit to pay Common Expenses. Each Unit's Common Expense Liability is the sum of its Special Allocations (Common Expenses specially allocated pursuant to Section 9.7), and the remaining Common Expenses which are allocated in accordance with the Unit's Allocated Interest.
- 1.11.10. "Condominium" means the development including real property and improvements which is the subject of this Declaration.
- 1.11.11. "<u>Declarant</u>" means the undersigned, the party developing the Condominium and signing this Declaration, or the heirs, successors or assigns thereof.
- 1.11.12. "Declaration" means this instrument, as amended from time to time, by which the property is submitted to provisions of the Act.
- 1.11.13. "Eligible Mortgagee" means the holder of a Mortgage on a Unit that has filed with the Secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of the Mortgagees. In calculating the percentage of approval by Eligible Mortgagees, the voting rights assigned to those Units subject to Mortgages held by Eligible Mortgagees approving the matter shall be divided by the total voting power of all Units subject to Mortgages held by Eligible Mortgagees, and the result shall be multiplied by 100.
- 1.11.14. "Foreclosure" shall include a judicial and non-judicial Foreclosure, a real estate contract forfeiture, and a deed given in lieu of such Foreclosure or sale.
- 1.11.15. "Land" means the earth and the free or occupied space for an indefinite distance upward as well as downward, subject to the provisions or limitations contained in Section 2.1 of this Declaration, and subject to limitations upon the use of airspace imposed and rights in the use of the airspace granted, by the laws of the State of Washington or of the United States.
- 1.11.16. "<u>Limited Common Elements</u>" mean those portions of the Common Elements described in Section 4.
 - 1.11.17. "Live/Work Unit" means Unit 105.
 - 1.11.18. "Mortgage" shall mean a mortgage, deed of trust, or real estate contract.
- 1.11.19. "Mortgagee" shall include a deed of trust beneficiary, a vendor of a real estate contract, and may be a Mortgagee of the Condominium or a Mortgagee of a Unit. In calculating the percentage of approval by Mortgagees, the voting rights assigned to those Units subject to Mortgages held by Mortgagees approving the matter shall be divided by the total voting power of all Units subject to Mortgages held by Mortgagees, and the result shall be multiplied by 100.
- 1.11.20. "Mortgagee of a Unit" means the holder of a Mortgage on a Unit, which Mortgage was recorded simultaneously with or after the recordation of this Declaration. Unless the context requires otherwise, the term "Mortgagee of a Unit" shall also be deemed to include the Mortgagee of the Condominium.
- .. 1.11.21. "Mortgagee of the Condominium" means the holder of a Mortgage on the real property which this Declaration affects, which Mortgage was recorded prior to the recordation of this Declaration. The term "Mortgagee of the Condominium" does not include Mortgagees of the individual Units.
- 1.11.22. "Owner" means a Declarant or other person who owns a Unit or leases a Unit in a leasehold Condominium under a lease that expires simultaneously with any lease, the expiration or termination of

which will remove the Unit from the Condominium, but does not include a person who has an interest in a Unit solely as security for an obligation. "Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

- 1.11.23. "Person" includes an individual, corporation, partnership, limited partnership association, trust, governmental subdivision or agency, or other legal entity.
- 1.11.24. "Property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. Property includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.
- 1.11.25. "Special Allocations" means those expenditures or liabilities which are allocated to Units on a basis other than in accordance with Allocated Interests as required by Section 9.7 below.
- 1.11.26. "Survey Map and Plans" means the survey map and the set of plans, filed in King County under the recording number shown on the cover page of this Declaration, and any amendments thereto, showing the location, boundaries and other information relating to the land, the buildings and the Units.
- 1.11.27. "Unit" means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 2.4 below. "Separate ownership" includes leasing a Unit in a leasehold Condominium under a lease that expires contemporaneously with any lease, the expiration or termination of which will remove the Unit from the Condominium.

SECTION 2

DESCRIPTION OF LAND, BUILDINGS, AND UNITS

- 2.1. <u>Land Described</u>. The Declarant is the sole Owner of the Land legally described in Exhibit "A" hereto, on which the buildings and improvements (including all Common Elements) are or will be located and which is being developed as a Condominium. The Land described on attached Exhibit A and improvements thereon is all of the Property included in the Condominium upon recording of this Declaration. After the sale of all Units to Owners, the Owners shall own the Land in fee simple and none of the Common Elements shall be subject to a lease with a third party unless otherwise stated herein or disclosed to the Owners in writing prior to the conveyance of each Unit.
- 2.2. <u>Description and Location of the Building(s)</u>. Exhibit B contains a statement of the number of buildings on the Land as set forth and located on the Survey Map and Plans filed in conjunction with this Declaration.
- 2.3. Other Improvements. Other improvements such as recreational facilities, if any, are described on Exhibit B and may be shown on the Survey Map or disclosed in the public offering statement given as part of the first sale of a Unit.
- 2.4. <u>Designation and Boundaries of Units</u>. The number of Units included in the Condominium upon recording of this Declaration and the maximum number of Units which may be added, if any, are stated on attached Exhibit B. The interest granted by Declarant to an Owner in a Unit shall be fee simple unless otherwise stated herein or disclosed to the Owner in writing before the conveyance, and the Owner shall hold a single deed for each Unit owned. The boundaries of the Units are shown on the Survey Map and Plans. The top boundary is the inside face of the ceiling joists. The bottom boundary is the unfinished floor. The side boundaries are (i) the centerline of the common wall between units, (ii) for walls along the building exterior, the inside face of the mullion or inside

face of masonry if there is no window, and (iii) the exterior face of the stud wall along Common Element corridors or other interior space. A Unit does not include any of the Common Elements described in Section 3.1 or shown on the Survey Map and Plans even if those Common Elements are partially located within the Unit, and the Association shall have an easement over the Unit to access those Common Elements as reasonably necessary for the operation, maintenance, repair and replacement of those Common Elements. All spaces, interior partitions, fixtures, betterments and improvements within the boundaries of each Unit which were installed by the Declarant or by an Owner and intended to be a permanent part of the Unit, other than Common Elements, are a part of the Unit. The location of the Units is shown on the Survey Map and Plans. Exhibit "B" describes the following data for each Unit:

- 2.4.1. Approximate area.
- 2.4.2. Number of bathrooms, whole or partial.
- 2.4.3. Number of rooms designated primarily as bedrooms.
- 2.4.4. Number of built-in fireplaces.
- 2.4.5. Level upon which the Unit is located.
- 2.4.6. Allocated Interests of the Unit.
- 2.5. Relocation. Except as provided in Section 22 below, the following procedures shall apply to the relocation of the boundaries between adjoining Units and the resulting change in Allocated Interests for those Units. The reallocation shall be made by an amendment to this Declaration upon the application of the Owners for those Units to the Association. The application must describe the proposed reallocation of boundaries and resulting change in Allocated Interests. Unless the Association determines within thirty (30) days that the proposed reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by the Owners of the affected Units, contains words of conveyance between them, and is recorded in the name of the Grantor and the Grantee. The Association shall further obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between the adjoining Units and their dimensions and identifying numbers. The Owners of the affected Units shall bear all costs associated with the relocation in the percentages agreed upon by those Owners. In the absence of an agreement, the Owners shall share the costs equally.

SECTION 3

DESCRIPTION OF COMMON ELEMENTS

- 3.1. <u>Description of Common Elements.</u> Each Owner shall have the right to use the Common Elements in common with all of the other Owners, and each Owner has a right of access from his Unit over the Common Elements to a public street. The right to use the Common Elements extends not only to each Owner, but also to the Owner's agents, servants, tenants, family members, invitees, and licensees. The Board may adopt rules and regulations governing the use of the Common Elements. The Common Elements consist of all parts of the Condominium other than the Units, and specifically include the Limited Common Elements. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element. The Common Elements are generally described as follows:
 - 3.1.1. Land. The land above described on which the buildings are situated.
- 3.1.2. <u>Structural Elements</u>. The foundations, studding, joists, beams, floor slabs, supports, walls (excluding only non-bearing interior partitions of the Units), roofs, chimneys and fireplace walls, if any, and all other structural parts of the buildings to the boundaries of the Unit under the Act.
- 3.1.3. <u>Central Services</u>. The wires, pumps, motors, fans, ducts and all other parts or apparatus of any central services or common utility service, such as power, light, gas, hot and cold water, heating, air conditioning, incinerators, compactors, sewer, fire control systems, and communication elements, if any, whether

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they are located in partitions or otherwise. The Common Elements do not include appliances and equipment serving only a single Unit such as heat pumps, whether or not located entirely within that Unit.

- 3.1.4. <u>Landscaped Areas</u>. The yards, gardens, and landscaped areas which surround the building, and any planters built into or adjacent to the building.
- 3.1.5. Access Features. The corridors, lobbies and halls outside the Units, stairways, elevators and elevator shafts, the elevator lobbies, ground level entrances, entry lobby, the entrances and exits of the buildings, and walkways, driveways and drive aisles which shall provide access to the Units or other Common Elements from a public street.
- 3.1.6. <u>Parking and Storage Areas</u>. Any parking and storage areas such as a parking garage or parking lot, including the entry doors and garage doors, and any bicycle storage areas.
- 3.1.7. <u>Areas for Equipment: Equipment</u>. The rooms or areas containing mechanical, electrical, or other building equipment, and any such machinery or equipment itself other than equipment which serves only one Unit.
- 3.1.8. <u>Refuse Disposal</u>. Any area shown on the survey map and plans reserved for containers or equipment for refuse disposal and any such equipment including dumpsters, compactors, incinerators, and recycling bins.
- 3.1.9. <u>Mailboxes</u>. The mailboxes and any mail center for the Condominium if mail is received at a common location.
- 3.1.10. <u>Management Facilities</u>. Any facilities used for the general management and operation of the Condominium including any Unit or area reserved for on-site management personnel. Any facilities used for the management of the Condominium such as any management office, building storage areas, or any Units owned by the Association for the use of on-site management personnel.
- 3.1.11. <u>Common Amenities</u>. Common amenities such as the bike storage, dog run, dog wash area, fitness center, and rooftop amenities including a library, terrace, amenity room, spa, private dining room and restrooms.

SECTION 4

DESCRIPTION OF LIMITED COMMON ELEMENTS

- 4.1. <u>Description of Limited Common Elements.</u> The Limited Common Elements, which are reserved for the use of designated Units to the exclusion of the other Units, consist of the following:
- 4.1.1. <u>Terrace and Planters</u>. Any terrace, planter or similar amenity designed to serve a single Unit as shown on the Survey Map and Plans. The boundaries of such elements are defined as the interior surfaces of the walls, ground, railings or fence enclosing such elements. If no such enclosure exists, the boundaries shall be as depicted on the Survey Map and Plans.
 - 4.1.2. Entry Doors. The entry door that serves only one Unit.
- 4.1.3. Parking. The parking space assigned to a Unit in the purchase and sale agreement for the first sale by Declarant of each Unit as confirmed on Exhibit C as it may be amended from time to time. Parking spaces are shown on the Survey Map and Plans. The boundaries of each parking space are defined as any adjacent

wall or striping enclosing said parking space, the garage floor, and the usable area above the garage floor and below any mechanical systems suspended from the garage ceiling.

- 4.1.4. Storage. The storage compartments, if any, the boundaries of such lockers being defined as the interior surfaces of the structure forming the top, bottom, and sides of the compartment excluding any Common Element facilities located inside such compartment.
- 4.2. Reallocation of Limited Common Elements. Pursuant to Section 22 below, Declarant has reserved the absolute and exclusive right to reallocate Limited Common Elements between and among Units that are owned by Declarant. Any such changes may be accomplished by an amendment to the Declaration signed only by Declarant. Otherwise, a Limited Common Element may only be reallocated between Units not owned by Declarant with the approval of the Board of Directors and by an amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element was and will be allocated, and the written approval of all Mortgagees who hold a Mortgage secured by the Units to which the Limited Common Element was and will be allocated. The Board of Directors shall approve the request of the Owners to such a reallocation within 30 days, unless the proposed reallocation does not comply with the Act or this Declaration. The failure of the Board of Directors to timely act upon such a request should be deemed approval of the request. The Amendment to the Declaration accomplishing such reallocation shall be recorded in the names of the Owners affected thereby and in the name of the Condominium.
- 4.3. <u>Designation and Incorporation of Limited Common Elements</u>. Pursuant to Section 22 below, Declarant has reserved the absolute and exclusive right to designate Common Elements as Limited Common Elements, incorporate Common Elements or Limited Common Elements into a Unit, and to subdivide or change the boundaries of Units owned by Declarant. Any such changes may be accomplished by an amendment to the Declaration signed only by Declarant. Otherwise, the Owners of Units to which at least sixty-seven percent (67%) of the votes are allocated including the Owner of the Unit to which the Common Element will be assigned or incorporated, must agree to the designation of a Common Element as a Limited Common Element or to the incorporation of a Common Element or a Limited Common Element into an existing Unit. Such designation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans.
- 4.4. Parking and Storage Assignment. Exhibit C may contain an initial assignment of Limited Common Element parking spaces and storage areas. Any such initial assignment is stated solely to satisfy the requirements of the King County Assessor. Declarant will make the final assignment of those Limited Common Elements in the purchase and sale agreement for the first sale by Declarant of each Unit sale and will confirm the final assignments in one or more amendments to this Declaration signed by Declarant only. Pursuant to Section 22 below, Declarant has reserved the right to allocate or reallocate those Limited Common Elements. All parking spaces and storage areas shall constitute part of the Common Elements until Declarant has assigned them to specific Units. All Limited Common Elements assigned to a particular Unit shall be transferred with the fee interest in that Unit regardless of whether the same is identified in the deed or other conveyance instrument. Until Declarant has sold all Units, Declarant shall have the right to control the use of any unassigned parking spaces for staging, storage, parking and other construction-related, sales or marketing purposes. Declarant's assignment of parking spaces to the Units shall comply with all applicable local ordinances.
- 4.5. Rental or Lease of Parking and Storage Rights. After the Declarant's initial assignment, an Owner may rent or lease the Limited Common Elements assigned to that Unit, including any parking space or storage space, to any other occupant of a Unit whether or not that party is an Owner; provided, that the rental or lease term shall automatically expire on the date the lessor/Owner disposes of his interest in the Unit (whether such disposition is by deed, contract or otherwise); and provided further, that the Board of Directors shall be notified in writing of the existence of any such rental or lease arrangement. Owners or Occupants may not rent parking spaces or storage spaces to anyone who does not reside at the Condominium.

4.6. <u>Use of Limited Common Elements</u>. Each Owner shall have the exclusive right to use the Limited Common Elements allocated or assigned solely to the Owner's Unit. The right to use the Limited Common Elements extends not only to each Owner, but also to the Owner's agents, servants, tenants, family members, invitees, and licensees. The Board may adopt rules and regulations governing the use of the Limited Common Elements.

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SECTION 5

PERCENTAGE INTEREST AND VOTING RIGHTS OF EACH UNIT

- 5.1. Voting Rights and Unit Percentage Interests. Exhibit "B" sets forth, for each Unit the Allocated Interest and voting rights. The Allocated Interests and voting rights shall be deemed to be conveyed with and as an encumbrance on the Units, whether or not mentioned in the instrument evidencing the encumbrance or conveyance. Declarant allocated the votes and Allocated Interests based on the relative area of the Units stated on the draft Survey Map and Plans prepared by Declarant's surveyor based on architectural plans and rounding to two decimal places. Declarant adjusted some of the Allocated Interests and votes so the allocations for all Units would total 100. Declarant will determine, in its sole discretion, whether to recalculate allocations of votes and Allocated Interests based on minor changes in Unit areas which may arise for any reason, including differences between estimated areas and as-built areas, the elimination of demising walls upon the combination of Units, market conditions, or clerical errors. Any change which would not result in a difference in the allocations of more than five percent (5%) may be considered minor. The voting rights and Allocated Interests shall be deemed to be conveyed with and as an encumbrance on the Units, whether or not mentioned in the instrument evidencing the encumbrance or conveyance.
- 5.2. <u>Transfer of Units and Common Elements.</u> All rights granted to an Owner under this Declaration, including without limitation an unrestricted right of ingress and egress to his or her Unit, shall be perpetual and pass with the Unit upon any transfer of ownership. Any transfer of ownership of a Unit shall include a transfer of the undivided interest in the Common Elements allocated to that Unit and any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred.

SECTION 6

CONDOMINIUM ASSOCIATION

- 6.1. Form of Association. On or before the date the first Unit is conveyed, Declarant shall form a condominium association as a profit or non-profit corporation under the laws of the State of Washington (the "Association"). The name of the Association shall be the "Luma Condominium Association."
- 6.2. <u>Membership</u>. Each of the Owners, including the Declarant, shall be a member of the Association and shall be entitled to one membership for each Unit so owned.
- 6.3. <u>Transfer of Membership.</u> The Association membership of each Owner (including the Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner.
- 6.4. <u>Number of Votes.</u> The total voting power of all Owners shall be 100 votes. The votes are allocated to each Unit in accordance with the formula stated in Section 5.1 and are stated for each Unit in Exhibit "B".

- 6.5. Voting Owner. If any Unit is owned by more than one person, those Owners shall designate one representative to represent the ownership group in the Association, by written notice to the Board of Directors. A designated representative need not be an Owner of a Unit. A designation may be revoked at any time by the Owners of the Unit on written notice to the Board of Directors, and the death or judicially declared incompetence of all persons constituting the Owner of a Unit shall revoke the designation; provided, however, that such revocation shall not be effective until the Board of Directors has been notified. Where no designation is made, or where a designation has been made, but is revoked and no new designation is made, the designated representative of such Unit shall be the group comprised of all persons constituting the Owner. If a person owns more than one Unit, he shall have the votes for each Unit owned. The Declarant shall be the voting Owner with respect to any Unit owned by it. Natural persons, partnerships, corporations, trusts or other legal entities may own or have an ownership interest in Units.
- 6.6. <u>Pledged Votes.</u> In the event the Owner of a Unit has pledged his vote regarding special matters to a Mortgagee, and written evidence of the pledge has been filed with the Association, only the vote of such Mortgagee will be recognized concerning the special matters for which the vote was pledged. This paragraph shall not be amended without the written consent of all the Owners and their respective Mortgagees.
- 6.7. <u>Joint Owner Disputes.</u> The vote for a Unit must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one vote is cast for a particular Unit none of said votes shall be counted, and said votes shall be deemed void.
- 6.8. <u>Annual Meetings</u>. The Association shall hold its annual meeting in the first quarter of each year at such reasonable place and time as may be designated by written notice of the Board of Directors to the Owners no less than ten (10) days or more than fifty (50) days prior to the date fixed for the meeting, in accordance with the Bylaws.
- 6.9. Special Meetings. A special meeting of the Association may be called by the President, a majority of the Board of Directors, or at the written request of Owners having twenty (20) or more votes. Written notice shall be given to all Owners not less than ten (10) days or more than fifty (50) days prior to the date fixed for the special meeting, in accordance with the Bylaws. The written notice must specify the matters to be discussed at the meeting. Notwithstanding the foregoing, written notice of any special or annual meeting of the Association where the Owners will be requested to vote on a material amendment to the Declaration or approve an extraordinary action of the Association as defined in Section 19.7 below shall be given not less than twenty-five (25) days prior to the date fixed for the meeting. The notice must state the matters to be discussed at the meeting and a summary of any material amendments or extraordinary actions proposed. The notice must also contain a copy of a proxy that can be cast in lieu of attendance at the meeting.
- 6.10. Quorum. The quorum at an annual or special meeting of the Association shall be the presence, in person or by proxy, of Owners or their designated representative having twenty-five (25) or more votes. If a quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, unless otherwise expressly provided herein. In the event a quorum is not present at any meeting, the Owners present, though less than a quorum, may adjourn the meeting to a later date and give notice thereof to all the Owners in accordance with the notice provisions of this Declaration and at the reconvened meeting the Owners present shall constitute a quorum provided they have twenty-five (25) or more votes; provided further, that at such reconvened meeting, no amendment to the Declaration shall be adopted except as provided in Section 19 herein, and no amendment to the Bylaws may be adopted unless Owners having more than sixty percent (60%) of the voting power allocated to all Units approve such amendment, and all other requirements of the Bylaws are satisfied.

SECTION 7

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

- 7.1. Adoption of Bylaws. The Declarant shall adopt the initial Bylaws of the Association to provide for the administration of the Condominium consistent with this Declaration and the Act.
- 7.2. Management by Declarant. Prior to the conveyance of the first Unit, the Declarant shall manage the Condominium and may appoint the initial directors on the interim Board of Directors of at least one (1) and not more than three (3) people who need not be Owners. This interim Board of Directors (and the Declarant prior to the appointment of such Board of Directors) shall exercise the rights, duties and functions of the Board of Directors as set forth in this Declaration until the Declarant calls a special meeting of the Association for the purpose of electing new directors to the interim Board of Directors as set forth in Section 7.3; provided that, after appointing the initial directors of the interim Board of Directors, the Declarant in the exercise of its sole discretion may at any time remove such directors and appoint replacement directors except as limited in Section 7.7 below for directors elected by the Owners other than the Declarant. The period of time when Declarant manages the Condominium prior to the election of the final Board of Directors pursuant to Section 7.4 below may be referred to as the period of "Declarant control."
- 7.3. Election by Owners. The Declarant shall call a special meeting of the Association to be held no later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Units for the purpose of electing one (1) additional member to the interim Board of Directors. Such director shall be elected by the majority vote of Owners other than the Declarant, and shall serve until the final Board of Directors is elected pursuant to Section 7.4.
- Election of the Board of Directors. The Declarant shall call a special meeting of the Association for the purpose of electing the final Board of Directors to be held no later than the earlier of: (a) two (2) years from the last conveyance of record of a Unit except as security for a debt; (b) two (2) years from the date Declarant last added Units to the Condominium; or (c) sixty (60) days from the date on which the Declarant shall have closed the sale of seventy-five percent (75%) of the Units which may be created. At the special meeting, the initial directors shall resign and the Owners shall elect the final Board of Directors, a majority of who shall be Owners, and who shall serve without compensation. The number of directors shall be as stated in the Bylaws. Provided, however, Declarant may record an amendment to this Declaration voluntarily surrendering control of the Association prior to the date Declarant is required to elect the final Board pursuant to this Section. If Declarant does so, Declarant may require in the recorded Amendment that specified actions of the Board be approved by Declarant before they become effective. Declarant's approval rights shall terminate on the date Declarant would have been required to elect the final Board pursuant to this Section. Within sixty (60) days after the date Declarant was required to elect the final Board, Declarant shall deliver to the Board or its representative those records and documents required to be delivered by RCW 64.34.312(1). After the election of the final Board, the records of the Association shall be audited as of the date of the election by an independent certified public accountant in accordance with generally accepted accounting principles, unless Owners holding two-thirds of the voting rights not held by Declarant elect to waive the audit. The cost of the audit shall be a common expense and shall be completed within 120 days of the election of the final Board. A complete copy of the audit report shall be provided to Declarant at the same time it is provided to the Board.
- 7.5. Term of Directors. The term of office of the directors elected pursuant to Section 7.4 shall be two (2) years, with a simple majority of the directors being elected by the Owners of the Units at each annual meeting during even-numbered years, and the other directors being elected at each meeting during odd-numbered years. At the special meeting provided for in Section 7.4, the directors shall, by lot, determine which of them shall have a one or two-year term to stagger the expiration dates of their respective terms. Any director may be elected to serve for an additional term or terms.

- 7.6. <u>Vacancies on Board of Directors.</u> Vacancies on the Board of Directors may be filled as provided in the Bylaws.
- 7.7. Removal of Directors by Owners. The Owners, by a two-thirds vote of the voting power in the Association present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause, other than a member appointed by the Declarant. The Declarant may not remove any member of the Board of Directors elected by the Owners. Prior to the election of the final Board of Directors pursuant to Section 7.4, the Owners, other than the Declarant, may remove, by a two-thirds vote, any director elected by the Owners pursuant to Section 7.3.
- 7.8. Quorum. A majority of the members of the Board of Directors shall be required for a quorum. The Board of Directors shall act by majority vote of those present at its meetings where a quorum exists. Meetings may be called, held and conducted in accordance with such rules and regulations as the Board of Directors may adopt.
- 7.9. Officers. The Board of Directors shall elect a President of the Association from among its members, who shall hold office for the later of two (2) years or until his or her successor is elected. The President shall preside over both its meetings and those of the Association. The Board of Directors shall also elect a Vice President, Secretary and Treasurer who shall hold office for the later of two (2) years or until their successors are elected.
- 7.10. <u>Indemnification</u>. Except directors or officers elected or appointed by the Declarant who breach a fiduciary duty owed to the Owners, every director and officer shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases where the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification provided herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.
- 7.11. No Personal Liability. Except as provided in the Act for torts which were committed by the Declarant or for which the Declarant is expressly made liable, and so long as a director, or an Association committee member, or an Association officer, or Declarant exercising the powers of the Board of Directors, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board of Directors.
- 7.12. Amendment of Bylaws. The Bylaws may be amended, in whole or in part, by the Board of Directors or by vote of Owners having more than sixty percent (60%) of the voting power allocated to all Units, at any annual meeting or special meeting called for that purpose.
- 7.13. <u>Liability for Utility Failure, Etc.</u> Except to the extent covered by insurance obtained by the Board, none of the Association, the Board, the Manager (as defined below), or the Declarant shall be held liable for: the failure of any utility or other service obtained and paid for by the Association; any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the Buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments

shall be claimed or allowed for any such liability or service failure, or for such injury or damage, or for such inconvenience or discomfort.

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SECTION 8

AUTHORITY AND DUTIES OF BOARD OF DIRECTORS

- 8.1. <u>Authority of the Board of Directors.</u> The Board of Directors shall have all powers and authority permitted to the Board of Directors under the Act and this Declaration. The Association shall arrange for goods and services necessary for the proper functioning of the Condominium, and the cost shall be shared among the Owners in the manner provided in Section 9 below. Those goods and services may include, but not be limited to the following:
- 8.1.1. <u>Utilities</u>. All necessary utility services for the Common Elements and all such services for the Limited Common Elements and the Units if not separately metered or charged, in which case, the Board of Directors may by reasonable formula allocate a portion of such expense to each such Unit involved as part of its common expenses.
- 8.1.2. <u>Insurance</u>. Policies of insurance or bonds providing coverage for fire and other hazards, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the Bylaws.
- 8.1.3. <u>Additions to Common Elements</u>. Additions or improvements to the Common Elements not provided by the Declarant.
- 8.1.4. <u>Workmen's Compensation Insurance</u>. Workmen's compensation insurance to the extent necessary to comply with any applicable laws.
- 8.1.5. Manager. The services of a person or firm to manage the building (herein called the "Manager") to the extent it deems advisable as well as such other personnel as are necessary in its opinion for the proper operation of the Condominium. The Board of Directors may delegate any of its duties, powers or functions to the Manager, provided that any such delegation shall be under a written contract permitting termination by the Association, for cause, upon 30 days written notice and also permitting termination by either party without cause or payment of a termination fee, on 90 days written notice, and containing such other terms and conditions as the Board of Directors may determine. Any such management contract entered into prior to a transfer of control by Declarant to the Owners must provide that it may be terminated by the Association at any time without cause after such transfer of control. A contract for management may not be for a term in excess of one (1) year, renewable by agreement of the parties for successive one-year periods. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.
- 8.1.6. <u>Professional Services</u>. The legal and accounting services necessary or proper for the operation of the project or enforcement of this Declaration, the Bylaws and the Association rules and regulations.
- 8.1.7. <u>Maintenance</u>. The resurfacing, restriping, maintenance, repair and replacement of the Common Elements including the Limited Common Elements (such as the parking areas, landscaping, and common utility facilities).
- 8.1.8. <u>Furnishings</u>. Such furnishings and equipment (and maintenance of such items) for the Common Elements, as it shall select.
- 8.1.9. Other Necessary Expenditures. Any other materials, supplies, structural alterations, furniture, labor, services, insurance, taxes or assessments which the Board of Directors is required to secure or pay

for pursuant to the terms of this Declaration, the Bylaws, or under law, or which, in its opinion, is necessary or proper for the operation of the Condominium, or for the enforcement of this Declaration or the Bylaws; provided that if any such services are provided for particular Units, the cost thereof shall be specially assessed to the Owners of such Units and shall be immediately due and payable to the Association.

- 8.1.10. <u>Liens</u>. The Board of Directors may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which may or is claimed, in the opinion of the Board of Directors, to constitute a lien against the property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expense incurred by the Board of Directors by reason of such lien or liens shall be assessed against the Owners and the Units responsible to the extent of their responsibility and shall be immediately due and payable to the Association.
- 8.1.11. Repair of Unit. The maintenance and repair of any Unit, if (1) such maintenance or repair is necessary, in the discretion of the Board of Directors, to protect or preserve the appearance and value of the Common Elements or any other portion of the property, and (2) the Owner of said Unit has failed or refused to perform the maintenance or repair within a reasonable time after written notice of the necessity of the maintenance or repair is delivered to the Owner by the Board of Directors. The Board of Directors shall levy a special assessment against such Unit and the Owner thereof for the cost of the maintenance or repair and the same shall be immediately due and payable to the Association.
- 8.1.12. <u>Representation by Association</u>. The Association shall represent the Owners in any proceedings related to the condemnation, destruction, or liquidation of all or part of the Condominium, and shall have the sole authority to participate in all negotiations and enter into all related settlements or agreements on behalf of the Owners. The Owners hereby appoint the Association as their attorney-in-fact in all such matters.
- 8.2. <u>Limitations on Board of Directors' Authority.</u> Despite the foregoing, the Board of Directors shall not have the authority to acquire and pay for out of the common expense fund capital additions and improvements having a total cost in excess of Twenty-Five Thousand Dollars (\$25,000.00) without first obtaining the affirmative vote of the Owners holding a majority of the voting power represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of the Owners having more than fifty (50) votes; provided that any expenditure or contract for capital additions or improvements in excess of Fifty Thousand Dollars (\$50,000.00) must be approved by the Owners having not less than sixty-seven percent (67%) of the votes. This limitation does not apply to the replacement of improvements to the extent reserves have been collected for the cost of replacement, or to the rebuilding improvements following damage by casualty which is covered by Section 13 below.
- 8.3. <u>No For-Profit Business</u>. Nothing contained herein shall be construed to give the Board of Directors authority to conduct an active business for profit on behalf of the Owners.
- 8.4. <u>Exclusive Right to Contract</u>. The Board of Directors shall have the exclusive right to contract for all goods and services, the payment for which is to be made from the common expense fund.
- 8.5. No Structural Changes Without Authorization. The Board of Directors shall not make any structural changes to the Common Elements without the approval by a vote of the Owners holding no less than eighty percent (80%) of the votes. No structural change which affects a Unit shall be made except with the approval of the Owner and any First Mortgagee of the Unit affected.
- 8.6. Acquisition of Property. The Board of Directors 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 interests therein, and may dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the Owners in the same proportion as their respective interests in the Common Elements, and such property shall thereafter be held, sold, leased, rented, Mortgaged or otherwise dealt

with for the benefit of the common fund of the Association as the Board of Directors may direct. The Board of Directors shall not, however, in any case acquire by lease or purchase real or personal property valued in excess of Twenty-Five Thousand Dollars (\$25,000.00) without first obtaining the affirmative vote of the Owners holding a majority of the voting power represented at a meeting called for such purpose, or if no such meeting is held then the written consent of the Owners having more than fifty (50) votes, or valued in excess of Fifty Thousand Dollars (\$50,000.00) without first obtaining the affirmative vote of the Owners having not less than sixty-seven percent (67%) of the voting power represented at a meeting called for such purpose, or if no such meeting is held then the written consent of the Owners having not less than sixty-seven percent (67%) of the voting power in the Association. This limitation does not apply to the replacement of improvements to the extent reserves have been collected for the cost of replacement, or to the rebuilding improvements following damage by casualty which is covered by Section 13 below.

- Authorization to Board of Directors. In the event the moneys in the common expense fund are 8.7. insufficient to pay the expenditures provided for herein, the Board of Directors is authorized to borrow money to meet such expenditures on behalf of the Association and, to secure the repayment thereof, encumber (subject to the limitations set forth in this Declaration) any portion of the Common Elements not necessary for the habitability of any Unit. Prior to conveying or encumbering the Common Elements, the Board of Directors shall obtain the approval of the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant, and the approval of the Owners of all Units to which any Limited Common Element is allocated which the Association proposes to convey or grant a security interest. Proceeds of the conveyance or financing are an asset of the Association. Any agreement for the sale or financing of Common Elements shall be in writing, contain a legal description of the Common Elements affected thereby, shall be signed by all Owners who are required to consent to such action, and all such signatures shall be acknowledged. The agreement shall be recorded in the county in which the property is located and shall contain a deadline by which it must be recorded. No conveyance or encumbrance of Common Elements pursuant to this Section shall deprive any Unit of its rights of access or support. In addition, the Board of Directors is authorized to borrow money to meet such expenditures on behalf of the Association and, to secure the repayment thereof encumber (subject to the limitations set forth in this Declaration) future income of the Association, including any receivable, right to payment, and special and general assessments from the Owners. In connection with the encumbrance of future income of the Association, the Association may execute such loan documents and undertake such obligations as the lender may require to realize on the encumbrance including powers of attorney, control over deposit accounts, the right to file or foreclose assessment liens, and the right to contact account debtors (including the Owners) and require that payment be made directly to the lender.
- 8.8. <u>Limitation on Liability of Directors</u>. To the extent permitted by law, the members of the Board of Directors and the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors hereunder, or for injury or damage to person or property caused by the elements or by another Owner or person; or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any parts of the building, or from any of its pipes, drains, conduits, appliances or equipment, or from any other cause or place, or resulting from loss, damage or theft of articles used or stored by Owners on the property or in Units. No diminution or abatement of assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Elements, or from any action taken to comply with any law, ordinance or orders of a governmental authority. This Section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association. This Section also extends to the Declarant exercising the powers of the Board of Directors during the initial period of operation of the Association and Condominium.
- 8.9. Entry For Repair. The Association shall have the right to enter any Unit and any Limited Common Element to effect emergency repairs, and shall have a reasonable right of entry thereupon to effect other repairs, improvements, replacements or maintenance deemed necessary. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board of Directors at the expense of the common expense fund. The Board of Directors shall be provided with door keys and

burglar alarm keys for each Unit to facilitate access in an emergency. The Association shall notify the affected Owner in advance whenever possible.

- Notice of Conveyances Required. The right of Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board of Directors, or anyone acting on their behalf. An Owner intending to sell a Unit shall deliver a written notice to the Board of Directors, at least two weeks before closing, specifying the Unit being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The Board of Directors shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. This Section shall not apply to the Declarant when closing the first sale of any Units owned by it. Promptly upon the conveyance of a Unit, the new Owner shall notify the Association of the date of the conveyance and the Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy under Section 12 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. At the time of the first conveyance of each Unit, every Mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such Mortgage, lien or other encumbrance.
- Maintenance of Units and Common Elements. The Association shall maintain and repair the Common Elements in accordance with those maintenance schedules provided to the Association by the Declarant and, in the absence of any specific requirement in such schedules, in accordance with industry standards. In addition, the Association shall, through periodic inspections and institution of appropriate fines or other penalties, enforce each Owner's obligation to maintain its Unit in accordance with those maintenance schedules, including the maintenance schedules in any Residence Manual. The Association shall ensure each purchaser of a Unit receives a Residence Manual, if any, on or before the closing of its Unit purchase. Within 60 days of the date control of the Association is transferred from the Declarant to a Board elected by the Owners, and annually thereafter during Declarant's warranty period defined below, the Association and Declarant shall schedule a non-invasive inspection by an independent, qualified engineer or architect (the "Inspector"), to ascertain the physical condition of the improvements. The inspections shall cover, at a minimum, whether the regular scheduled maintenance has been performed (other than the initial inspection) since the prior inspection, and ascertain the condition of the exterior weather-proofing elements of the Building and the Units including the roof, siding, gutters, downspouts, flashing systems, caulking, deck membranes, exterior windows and doors, and all major building systems including the elevator, plumbing, storm and sanitary sewer lines, ventilation systems, and electrical systems. Promptly after completion of each inspection, the Inspector shall prepare a written report of the inspection directed to the Board (the "Inspection Report"). The Board shall promptly send a copy of each Inspection Report to the Declarant at the following address:

Boylston Street Associates, LLC Attn: Jodi Polak 1424 4th Ave Suite 1030 Seattle, Washington 98101

or to such other address as Declarant may designate by notice to the Association. If the Board fails to furnish an Annual Inspection Report for any year, as required above, or if the Annual Inspection Report is insufficient, then Declarant shall have the right, but not the obligation, upon ten (10) days' notice to the Association, to have the Common Elements inspected at the cost of the Association. Declarant shall furnish a copy of its report to the Board. Declarant's "warranty period" shall end upon the expiration of the time period for filing any claims against Declarant for implied warranties deemed given by Declarant pursuant to the Act.

- 8.12. <u>Failure to Comply with Declaration.</u> The Association and any aggrieved Owner shall have a right of action against any other Owner who fail to comply with this Declaration or the decisions made by the Association. No conveyance or encumbrance of Common Elements pursuant to this Section shall deprive any Unit of its rights of access or support.
- 8.13. <u>Right to Grant Easements.</u> The Association shall have the right to grant easements, licenses, leases, or other interests through or over the Common Elements.

8.14. Lawsuits or Arbitration Proceedings.

- 8.14.1. General. The potential for material adverse consequences to the Owners of legal proceedings involving material disputes merit careful evaluation and consideration before committing the Owners to a course of action. As a result, the Association shall evaluate those consequences and receive the approval of the Owners in accordance with this Section 8.14 before pursuing significant legal proceedings.
- Initial determinations. The Association shall make the following determinations and summarize the same in a written report (the "Litigation Report") prior to commencing any litigation, administrative proceedings, arbitration proceedings, or mediation ("Proceedings"), except as provided below for emergency filings or exempt proceedings; (i) the principal amount sought to be recovered; (ii) an estimate of the amount of attorneys' fees which will be chargeable to the Association at each stage of the Proceedings (e.g., prior to commencing litigation, prior to any arbitration hearing, mediation, or trial, those to be incurred at mediation, arbitration, or trial, those that may be incurred at any subsequent trial de novo or appeal, and in the collection of any judgment or award; (iii) whether the attorneys' fees will be charged on an hourly or contingent basis); (iv) the estimated cost of all witnesses or investigators including bookkeepers, accountants, consultants, investigators, contractors, and experts; (iv) the factual and legal basis supporting the Association's claims in the Proceedings; (v) the legal and factual basis of any defense or counterclaim against the Association or the Owners; (vii) an estimate of the amounts which the Association or Owners may be required to pay if it does not prevail in the Proceedings including the principal amount claimed and recoverable attorneys' fees and costs of litigation; (viii) a legal opinion prepared by legal counsel who is independent from the legal counsel whom the Association proposes to hire to pursue the Proceedings, and which contains a "valuation" of the Association's claims on the basis of the actual amounts in dispute, the likelihood of the Association prevailing on those claims, and the merit of the defenses to those claims; (ix) an evaluation of any negative consequences the Owners could suffer by reason of the proposed Proceedings including the impact of required disclosures on any Unit sales or refinancings while the Proceedings are pending. If the Proceedings involve an alleged breach of warranty by Declarant, the Association shall include in the Litigation Report the Association's demand to Declarant and Declarant's response pursuant to RCW 64.50.
- 8.14.3. <u>Emergency Filings.</u> The Association may make any filing necessary to satisfy a statute of limitations deadline prior to completing the procedures stated in this Section 8.14. Provided, however, the Association may not incur or commit itself to expending more than \$5,000 in connection with any such Proceedings prior to fulfilling the requirements of this Section 8.14. In any event, the Association shall satisfy the requirements of this Section 8.14 within ninety (90) days after making any such emergency filing.
- 8.14.4. Exempt Proceedings. If the amount involved in the Proceedings is less than \$25,000, or if the Proceedings involve enforcement of this Declaration or rules and regulations against an Owner, or if the Proceedings involve collection of delinquent assessments from an Owner, then the Association may omit from the Litigation Report the legal opinion from independent counsel concerning a valuation of the Proceedings and the Association may proceed with the Proceedings without obtaining the approval of the Owners as provided below. In determining whether the \$25,000 threshold has been exceeded, the calculation shall include the principal amount claimed by the Association, all costs of pursuing the Proceedings, and all amounts which may be recovered against the Association or Owners if the Association does not prevail. If the Association initially commences Proceedings under the reasonable belief that the amount involved is less than \$25,000, but later discovers that the \$25,000

threshold could be exceeded, then the Association shall stay the Proceedings until it has complied with all requirements of this Section 8.14.

- 8.14.5. Recommendation to and Approval By the Owners. If the amount involved in the Proceedings exceeds \$25,000, then the Association shall transmit the Litigation Report together with the Association's recommendation to each Owner. The Owners shall consider the Association's recommendation at a special meeting called for that purpose within sixty (60) days of delivery of the Litigation Report.
- 8.14.6. Approval By the Owners. The Association shall not commence the Proceedings or enter into any engagement or commitment in that regard unless that action is first approved by Owners holding sixty-seven percent (67%) of the total votes in the Association. The approval of the Owners shall not be required for the Association to settle the Proceedings. The Association shall prepare a revised Litigation Report from time to time as events occur which materially change the estimates and conclusions stated in any prior Litigation Report. Upon preparation of any revised Litigation Report, the Association shall transmit the same to the Owners together with the Association's recommendation with regard to the continuance of the Proceedings. The Association must take immediate steps to terminate the Proceedings unless the Association's recommended course of action is approved by a majority vote of those Owners present at a special meeting called for that purpose at which a quorum is present.
- 8.14.7. <u>Personal Liability.</u> Any officer or director of the Association shall not be personally liable for the adverse consequences of any Proceedings provided such officer or director exercise reasonable business judgment in satisfying the requirements of this Section 8.14.
- 8.15. Notice and Opportunity to be Heard. Whenever this Declaration requires that an action of the Board of Directors be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board of Directors shall give written notice of the proposed action to all Owners whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five (5) days from the date notice is delivered by the board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules or procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the hearing was given. If the affected Owner is not satisfied with the decision of the Board, the matter shall be resolved in accordance with Section 23 below.

SECTION 9

COMMON EXPENSE ASSESSMENTS ACCORDING TO BUDGET

- 9.1. <u>Fiscal Year.</u> 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.
- 9.2. 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 and Special Allocations of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for the operation, maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The Declarant shall prepare the initial budget for the first fiscal year of the Association. The budget may not include sufficient reserves to pay the full cost of capital items as they arise. The Board may plan to cover the cost of capital items in excess of reserves by collecting special assessments from the Owners.

- 9.3. Ratification of Budget. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget shall be ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.
- 9.4. <u>Supplemental Budget.</u> If during the year the budget proves to be inadequate for any reason, including nonpayment of assessments, the Board may prepare a supplemental budget for the remainder of the year.
- 9.5. Monthly Assessments. The amounts required by the Association for Common Expenses and Special Allocations as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly assessment for each Unit is the total of the Special Allocations for that Unit, and those Common Expenses which may not be specially allocated times the Allocated Interest for that Unit. Monthly assessments begin accruing for all Units upon the closing of the sale of the first Unit by the Declarant; provided that the Declarant may delay the commencement of assessments and pay all actual expenses of operating the Condominium with no allocations to reserves. During any period when Declarant has elected to pay the actual expenses rather than making assessments against all Units, Declarant may allocate utility costs paid by the Association only to those Units which have been conveyed or are occupied, and shall be entitled to offset those expenses by any income from the operation of the Common Elements (such as parking or any guest Unit).
- 9.6. <u>Common Expenses.</u> Common Expenses shall include the cost of operation, maintenance, inspection, repair and replacement of the Common Elements, the general expenses of the Association, including management and professional fees and costs, insurance and any other costs that benefit all Units. Common Expenses shall be allocated to all Owners in accordance with their Allocated Interests except where those expenses are specially allocated pursuant to Section 9.7 below.
- 9.7. <u>Special Allocations.</u> Special Allocations are those Common Expenses which the Association specially allocates to select Units as permitted under this Section. The Association shall, to the extent reasonably practicable, in a reasonable and non-discriminatory manner, specially allocate the following Common Expenses:
- 9.7.1. General. Any Common Expenses benefiting fewer than all of the Units shall be allocated to those Units benefited in proportion to the benefit received to the extent reasonably practicable. In determining whether a Special Allocation is practicable, the Association shall consider the extent to which certain Units benefit more than other Units with regard to the Common Expenses involved in each particular case, whether it is possible to separately contract for the applicable service, and the amount of the liability or expense involved The Board shall have discretion to not make any Special Allocations and, instead, treat the particular expense as a Common Expense, if the Board determines that the administrative burden is disproportionate to the differential achieved by the Special Allocation. The Association may impose deposit requirements, late charges, billing procedures, and other similar measures with regard to Special Allocations as the Association may determine is appropriate in its reasonable discretion.
- 9.7.2. <u>Limited Common Elements</u>. All expenses and liabilities attributable to the operation, maintenance, repair and replacement of the Limited Common Elements other than the parking spaces, if performed by the Association rather than the applicable Unit Owner, shall be specially allocated to the Unit Owner to which such Limited Common Elements are allocated. If the Association delegates the responsibility for operation, maintenance, repair and replacement of those Limited Common Elements to the applicable Unit Owner to which the same are allocated, then those costs should be incurred directly by such Unit Owner. For example, the cost of maintenance, repair and replacement of the entry door for each Unit or a Limited Common Element terrace shall be specially allocated to the Owner.

- 9.7.3. Moving Fees. The Association may assess reasonable move-in and move-out fees as Special Allocations to cover the additional costs to the Association related to moving furniture and equipment in and out of a Unit.
- 9.7.4. <u>Utilities</u>. Any utilities which are partially or completely sub-metered shall be allocated to those metered Units in accordance with their actual usage as indicated by the sub-meter. The Association may initially base its allocations on estimates of usage provided the Association reconciles the estimates against actual usage at least annually. The balance of the utility costs shall be allocated to the un-metered Units in proportion to the Allocated Interests of those Units. The Association may require utility deposits from some or all of the Owners and may apply those deposits to delinquent payments as provided in Section 10.2.1 in addition to all other remedies available for nonpayment.
- 9.8. Contribution to Initial Working Capital and Reserves. In connection with the closing of the sale of each Unit, the first purchaser thereof shall pay to the Association, as a nonrefundable contribution to an initial working capital and reserve fund, an amount equal to two times the initial monthly assessment against the Unit, which amount shall not be considered as an advance payment of regular assessments. Declarant shall not use any of the working capital fund to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits. The Board shall determine in its discretion the amount of the fund to be used for working capital and for reserves.
- 9.9. Special Assessments. For those Common Expenses including Special Allocations which cannot reasonably be calculated and paid on a monthly basis, the Board may levy special assessments for such expenses against the Units, subject to ratification by the Owners pursuant to Section 9.3. To the extent that any Common Expense is caused by the misconduct of an Owner or relates to the repair of any Unit, the Association may, after Notice and Opportunity to be Heard, levy a special assessment for the expense against the Unit.
- 9.10. <u>Creation of Reserves: Assessments.</u> The Board shall create reserve accounts for anticipated expenses for repairs, replacement and improvements to the Common Elements which will occur in the future. The operation of reserve accounts and assessments for reserve accounts shall be further governed by the Bylaws.
- 9.11. Notice of Assessments. The Board shall notify each Owner in writing of the amount of the monthly general and special assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and a brief description of the basis the Special Allocations and any special assessments were calculated. The Board shall furnish the same information to an Owner's Mortgagee if so requested.
- 9.12. <u>Payment of Monthly Assessments</u>. On or before the first day of each calendar month, each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all assessments against the Unit for that month. Any assessment not paid by the tenth 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 Section 10.
- 9.13. Reconciliation of Assessments to Actual Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it credit the assessments for Common Expenses including Special Assessments, Special Allocations, and reserves, and other income to the Association to the account of the appropriate Units and make its expenditures from the appropriate accounts. The accounts of the Association shall be reconciled as necessary to ensure the Owners are correctly assessed for the actual expenses of the Association, and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners who paid the surplus (or owe the deficit). Reconciliation shall not be necessary if the administrative cost of doing so will exceed the total adjustment likely to result from the reconciliation.
- 9.14. <u>Proceeds Belong to Association.</u> All assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

- 9.15. <u>Failure to Assess.</u> Any failure by the Board or the Association to make the budgets and assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessments amounts established for the preceding year shall continue until new assessments are established.
- 9.16. Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and Mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.
- 9.17. <u>Recalculation of Assessments</u>. If Allocated Interests are changed, then assessments for Common Expenses and Special Allocations and any installment thereof not yet due shall be recalculated in accordance with the changed Allocated Interests.

SECTION 10

COLLECTION OF ASSESSMENTS

- Lien Indebtedness. Unpaid assessments shall be the separate, joint and several personal debts of 10.1. the Owner or purchaser by voluntary conveyance of Units for which the same are assessed. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing same. The amount of any assessment against a Unit, plus interest, costs, and attorneys' fees pursuant to Section 10.3 shall constitute a lien upon such Unit prior to all other liens, except (a) liens and encumbrances recorded before the recording of the Declaration; (b) a Mortgage on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, the lien for assessments for common expenses excluding amounts for capital improvements shall be prior to the Mortgages specified in (b) of this Section if it is foreclosed judicially pursuant to Section 10.2.3. Such priority is limited to assessments coming due within the six (6) month period prior to the date of any foreclosure sale or the date a declaration of foreclosure is recorded in a real estate contract forfeiture. Such priority shall be reduced by up to three (3) months for delinquent assessments relating to a period prior to the date the Association fails to gives written notice of the delinquency to an Eligible Mortgagee or a First Mortgagee on a Unit who has requested in writing the right to receive such notice. A lien for common expense charges and assessments shall not be affected by any sale or transfer of a Unit, except that a sale or transfer pursuant to a foreclosure of a first mortgage shall extinguish a lien for assessments for common expenses which became payable prior to such sale or transfer, subject to the limited priority for an assessment lien which is foreclosed judicially as provided above. Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a Unit from liability for, nor the Unit so sold or transferred from the lien of, any common expense charges thereafter becoming due.
- 10.2. <u>Collection of Delinquent Assessments.</u> The Board of Directors shall enforce collection of any delinquent assessment in the following manner, or in any other manner permitted by law:
- 10.2.1. <u>Security Deposit</u>. Should an Owner be chronically delinquent in paying any assessments, the Board of Directors may, in its discretion, require such Owner from time to time to make a security deposit not in excess of three (3) months' estimated monthly assessments, which may be collected in the same manner as other assessments. Such deposit shall be held in a separate fund, credited to such Owner, and resort may be made thereto at any time when an Owner is ten (10) days or more delinquent in paying his monthly or other assessments.

- 10.2.2. Acceleration of Assessments. If an Owner is delinquent in the payment of any assessment for more than sixty (60) days, and the Owner fails to cure the delinquency within fifteen (15) days after written notice from the Association stating the consequences of failing to cure the delinquency, then the Association may accelerate and demand immediate payment of all assessments coming due during the twelve (12) month period following the Association's notice. The Association may reasonably estimate any special allocations or special assessments in calculating the accelerated balance.
- 10.2.3. Action to Foreclose. The Board of Directors may commence an action to foreclose a lien judicially pursuant to RCW 61.12 for assessments made pursuant to Section 9 and any accelerated assessments due pursuant to Section 10.2.2 above, and in any such action shall be entitled to recover attorneys' fees and costs pursuant to Section 10.3, and shall further be entitled to seek the appointment of a receiver as provided in the Act. The judgment in the action foreclosing the lien shall be for an amount equal to all delinquent assessments and advances, plus all costs and expenses in connection with such action and any receivership, including a reasonable sum as attorneys' fees and for the cost, if any, of obtaining a title report.
- 10.2.4. Non-judicial Foreclosure. The Board of Directors may commence an action to foreclose a lien for assessments non-judicially pursuant to RCW 61.24 as permitted by RCW 64.34.364(9), and in such foreclosure may recover its reasonable attorneys' fees and all costs and expenses reasonably incurred in the preparation or prosecution of such foreclosure. For the purposes of permitting such non-judicial foreclosure: (a) the Condominium is granted in trust to First American Title Insurance Company (herein the "Trustee") to secure the Owners' respective obligations to pay assessments when due; (b) the Trustee is granted the power to sell the individual Units; (c) the Units are not used principally for agricultural or farming purposes; and (d) the foregoing power of sale shall be operative with respect to any Unit if the Owner of that Unit fails to pay assessments with respect to any Unit when due including any accelerated assessments due pursuant to Section 10.2.2 above.
- 10.3. Attorneys' Fees, Costs and Interest. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. The Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. Until a different rate is set by the Association, delinquent assessments shall bear interest from the date of delinquency at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.
- 10.4. <u>Liability of Mortgagee</u>. In the event the Mortgagee of the Condominium obtains any unsold Units as a result of the Foreclosure of the Mortgagee covering the Condominium or if after initial sale the Mortgagee reacquires any Unit, or if at any time the Mortgagee retains any Unit and grants or leases the same, the Mortgagee shall be liable for the normal assessments for such Unit, provided that except as provided in Section 10.1 the Mortgagee will not be liable for any past-due assessments which accrued or became due prior to the time the Mortgagee obtained possession of a Unit by Foreclosure. Any other Mortgagee who obtains possession of a Unit through Foreclosure shall not be liable for assessments which accrued prior to such right of possession, except to the extent provided in Section 10.1 above.
- 10.5. <u>Liability after Sale of a Unit</u>. The lien for unpaid assessments shall not be affected by the sale or transfer of a Unit, and the buyer of the Unit shall be jointly and severally liable with the seller of the Unit for all unpaid assessments up to the time of the sale without prejudice to the buyer's right to recover from the seller the amounts paid for such delinquent assessments. Provided, however, the buyer is not liable for any assessments delinquent at the time a resale certificate was provided to the buyer pursuant to RCW 64.34.425 to the extent such delinquent assessments were not shown in the resale certificate. Notwithstanding the foregoing, the holder of the Mortgage or other buyer of a Unit who obtains the right of possession of the Unit through Foreclosure shall not be liable for assessments or installments that became due prior to such right of possession except to the extent of assessments that were prior to the foreclosed Mortgage pursuant to Section 10.1 above. Foreclosure of such Mortgage shall extinguish the subordinate lien for unpaid assessments except to the extent of assessments that were prior to the foreclosed Mortgage pursuant to Section 10.1 above.

- 10.6. <u>Late Charges.</u> The Association may establish reasonable late charges and assess them against those Owners who are delinquent in paying assessments.
- Owner of which is delinquent and the payment of assessments all or any portion of the rent due for such Unit until such Owner's delinquency has been satisfied including any applicable late charges, interest, and security deposit requirements. The Association shall not exercise this right unless the Owner fails to pay any delinquency within thirty (30) days after notice of the delinquency has been given to the Owner. The tenant of any such Unit shall receive full credit against his or her rental obligations to the Owner for all amounts paid to the Association in response to the Association's demand. Provided, however, the payment of rents by any such tenant shall not act as a waiver of any requirements stated in this declaration with regard to the lease and approval of the same by the Association, and shall not discharge any liability of the Owner hereunder except that such delinquency shall be reduced by the amounts actually received, and shall not release the Association's lien against the Unit for any remaining delinquency.

SECTION 11

REGULATION OF USES

11.1. Restrictions on Use.

- 11.1.1. Residential Uses. All Units other than Unit 105 shall be used for single family residential purposes only, on an ownership, rental or lease basis; and for the common social, recreational and other reasonable uses normally incident to such purposes including use as a home office not involving use by nonresident employees or regular visits by customers or clients. Units may not be used or sold on a time-share basis. The Units may also be used for the purpose of operating and managing the Condominium. Determination of reasonableness and whether or not a use is incident to residential uses shall be made by the Board of Directors and shall be binding on all Owners. Home occupations are permissible only to the extent allowed by applicable city ordinances; provided, however, that in no event may signs be displayed in connection with any such home occupation. The Board of Directors may by rule or regulation specify the limits of this use in general and also in particular cases.
- 11.1.2. <u>Live/Work Unit</u>. The Live/Work Unit (Unit 105) and its assigned Limited Common Elements may be used for any uses permitted under applicable City of Seattle ordinances including residential and commercial purposes subject to the restrictions stated in this Declaration. Signage for the Live/Work Unit is limited to signage installed by Declarant, if any, and reasonable substitutions and replacements of the same. Any other signage shall be subject to Board approval. Customers or clients of any business operating within the Live/Work Unit shall not have access to or the use of any part of the Condominium other than the Unit and those Common Elements necessary to access the Unit. For example, those customers and clients may not use parking or storage assigned to the Live/Work Unit, and may not use the residential lobby and other residential amenities. In addition, any nonresidential use of the Live/Work Unit shall be subject to the following additional use restrictions:
- (a) The Live/Work Unit shall not be used for conducting: a copy center; medical laboratory; food processing; manufacturing activities; wholesale or retail sales of pornographic literature, photographs or movies; card room; dance hall, pool hall; video arcade or other similar form of amusement center; musical school or studio; adult motion picture theater; laundry; dry-cleaning, dyeing or rug cleaning plant; jail; hotel, apartment hotel and motel; bar or tavern; package liquor store; taxidermy shop; retail pet shop or animal clinic; massage parlor (however a licensed medical professional is permitted); work release center, drug rehabilitation center or social service agency; or smoke shop, marijuana dispensary, or shop which sells smoking paraphernalia (a so-called "head" shop). The Live/Work Unit is not equipped with ventilation systems to accommodate commercial cooking or baking facilities and may not be used for those purposes. In addition, unless the Board requires otherwise, the Live/Work Unit shall maintain hours of operation no earlier than 6:00 AM and no later than 10:00 PM.

- (b) The delivery or shipment of merchandise, supplies, and fixtures to and from the Live/Work Unit shall be accomplished in a manner that shall not unreasonably interfere with the quiet enjoyment or the security of the other Units.
- (c) The Owner of the Live/Work Unit shall not allow or permit any continuing vibration ("Vibration") or any offensive or obnoxious and continuing noise ("Noise") or any offensive or obnoxious and continuing odor ("Odor") to emanate from the Live/Work Unit into the other Units, nor shall the Owner allow or permit any machine or other installation therein to constitute a nuisance or otherwise to unreasonably interfere with the safety or comfort of any of the Owners of other Units. Upon the failure of the Owner of any Live/Work Unit to remedy Noise, Vibration, or Odor after Notice and Opportunity to be Heard and any mediation or arbitration pursuant to Section 23 below, then the Board may at its option either: (1) cure such condition at the Owner's cost and expense; or (2) pursue any other available legal or equitable remedy.
- (d) The Owner of any Live/Work Unit shall not use or occupy the Unit or do or permit anything to be done thereon in any manner which shall: (i) make it impossible for the Association to carry any insurance required or reasonably deemed to be necessary; (ii) invalidate or unreasonably increase the cost of such insurance; (iii) cause structural injury to the building; or (iv) constitute a public or private nuisance; or (v) violate any laws, regulations, ordinances or requirements of the federal, state or local governments or of any other governmental authorities having jurisdictions over the property.
- (e) The Owner of the Live/Work Unit shall bear the expenses relating to any changes in electrical, gas or water service necessitated by the use of the Unit.
- (f) The Owner of the Live/Work Unit shall comply with all applicable City of Seattle ordinances.
- (g) The Owner of the Live/Work Unit, with appropriate permits from the City, may use the sidewalk adjacent to the Unit for outdoor seating, sidewalk sales, or similar uses relating to the business conducted at the Unit. The Owner shall be responsible for complying with all requirements of the City with regard to its use, and shall perform any clean up required by its use.
- 11.2. <u>Facilities Required By Declarant.</u> Notwithstanding any other provisions of this Declaration, the Declarant, its agents, employees and contractors, may maintain during the period of completion of the Condominium and until the Declarant has sold all Units, construction facilities, one or more model Units, a business or sales office, signs and storage facilities. The number, location and relocation of these facilities required by Declarant shall be determined by Declarant in its sole discretion.
- 11.3. Parking. Parking spaces are restricted to use for parking of operative automobiles. Other items and equipment (such as boats, trailers, campers, or recreational vehicles) may be kept in parking spaces only if such items are specifically permitted by the rules and regulations of the Association. The Board of Directors may require removal of any inoperative or unsightly vehicle and any other equipment or item not stored in parking spaces in accordance with this provision. If the same is not removed, the Board of Directors may cause removal at the risk and expense of the Owner thereof. The use of all parking areas is also subject to rules and regulations adopted for the Association. Until all Units have been sold, the Declarant shall have the right to control the use of any unassigned parking spaces for sales or marketing purposes; and, until construction of the Condominium is completed, the Declarant may use the garage for staging, storage, parking and other construction-related purposes.
- 11.4. <u>Driveways, Walkways, etc.</u> Except as permitted by Section 11.3 above during construction by Declarant, driveways, walkways, halls, corridors, stairways and other portions of the Common Elements used for access shall be used exclusively for normal ingress and egress. No obstructions shall be placed therein unless permitted by the Board of Directors or the Association's rules and regulations.

11.5. Maintenance and Modification of Units and Limited Common Elements.

- Unit and the equipment, appliances, and appurtenances relating thereto, in a good and sanitary condition, free of rodents and pests, and in good order, condition, repair and appearance, and in accordance with maintenance schedules contained in the Residence Manual for the Condominium, if any, and shall do all decorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall be responsible for the maintenance, repair or replacement of the entry door; plumbing lines, hoses and fixtures; fans, heating, cooling, or other equipment exclusively serving the Unit; fans, heating, cooling, or other equipment; exhaust ducts, dryer vents and connections; water and gas valves; and electrical fixtures or appliances which may be in, or are part of, his Unit. The Association may, as a Common Expense, provide for the inspection of any Unit or Limited Common Element, where the failure to maintain the same may cause damage to the Common Elements or any other Unit or cause unnecessary Common Expenses, including washer/dryer connections, toilets, sinks, showers, bathtubs, terrace drains, and plumbing and electrical fixtures. The Association shall give written notice to the occupant at least three days before entering, stating the items to be inspected and time of the inspection. The Association may either require the Owner to make any necessary repairs or replacements, or may make the repairs or replacements and specially allocate the resulting cost to the Owner.
- 11.5.2. <u>Right to Modify Unit</u>. No Unit may be altered in any way except in accordance with this Section.
- (a) Minor Alterations; Hard Surface Flooring. An Owner may make any improvements or alterations to the Owner's Unit that do not change the structural walls, affect the structural integrity or acoustical properties of the building or the plumbing, mechanical or electrical systems or lessen the support of any portion of the Condominium; and an Owner of a Unit may not change the flooring from carpeting to hard surface flooring in a portion of the Unit that is over another Unit without the prior written approval of the Board, which may be withheld in its sole discretion. In connection with change from carpet to hard surface flooring, the Board may condition its approval upon the installation of an acoustical sub-flooring material and/or coverage of certain floor areas with carpet. An Owner may not change the appearance of the Common Elements or the exterior appearance of a Unit without permission of the Association pursuant to the procedures of Section 11.6.
- (b) Adjoining Units. After acquiring an adjoining Unit, an Owner may, with approval of the Board pursuant to paragraph (c) below, remove or alter any intervening partition or create apertures therein, even if the portions in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or acoustical properties of the building or the plumbing, mechanical or electrical systems serving another Unit or the Common Elements or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this subsection is not a relocation of boundaries or a combination of Units. The Owner's proposal to act under this Section shall be submitted to the board and shall include the plans and specifications for the proposed removal or alteration.
- (c) <u>Substantial Alteration</u>. A proposal that contemplates substantial alteration of one or more Units is subject to approval by the Board. The Board shall approve an Owner's request under this Section within 30 days of receipt of plans and specifications, unless the proposed alteration does not comply with paragraph (b) above or impairs the structural integrality or acoustical properties of the building or the plumbing, mechanical or electrical systems serving another Unit or the Common Elements or lessen the support of any portion of the Condominium. The Board may also retain, at the Owner's expense, an architect or engineer to review the plans and require evidence satisfactory to it that all permits necessary for the work have been obtained. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The Board may establish reasonable hours and conditions for performance of work within Units.
- (d) <u>Procedure After Approval</u>. Upon approval of a proposal under this Section 11.5.2, the Owner making it may proceed according to the proposed plans and specifications; provided that the

Board may in its discretion require that the Board administer the work or that provisions for the protection of other Units of Common Elements or that reasonable deadlines for completion of the work be inserted in the contracts for the work. The changes in the Survey Map Plans and Declaration shall be placed of record as amendments thereto.

- 11.5.3. <u>Appearance of Limited Common Elements</u>. Except as provided in Section 11.8 below, Owners may not modify, paint or otherwise decorate, or in any way alter that portion of their respective Limited Common Elements which are visible from the Common Elements, other Units or public areas without prior approval of the Board of Directors, which shall not be unreasonably withheld, conditioned, or delayed. Owners in all events must use their Limited Common Elements in compliance with the Association's rules and regulations.
- 11.5.4. Maintenance of Limited Common Elements. Each Owner shall keep the Limited Common Elements allocated to such Owner's Unit in a neat and clean condition in accordance with such rules, regulations, and standards as may be adopted by the Association. The Association may permit or require each Owner to perform certain maintenance and repair of those Limited Common Elements allocated to such Owner's Unit (such as terrace membranes and drains, entry doors and mechanical/electrical/plumbing systems exclusively serving the Unit) in accordance with maintenance or repair schedules adopted by the Association.
- 11.6. Exterior Appearance. In order to preserve the uniform appearance of the building, and the Common Elements (including the Limited Common Elements), particularly those visible to the public, the Board of Directors may require and provide for the painting and finishing of the Common Elements and prescribe the type and color of the surfaces and finishes. It may prohibit, require or regulate any modification or decoration of the Common Elements, including any such items as screens, doors, awnings, rails or other portions of each Unit and the Building visible from the exterior. The Board of Directors may regulate and control the items stored in or used on the Limited Common Elements in order to preserve the good appearance and condition of the entire Condominium. In addition, this regulatory power extends to the control of the type and color of blinds, draperies and under-drapes or drapery linings, and any other window coverings of each Unit. No exterior radio, television or satellite reception antennas or dish may be installed on the Common Elements without the prior written consent of the Board of Directors, except as provided below for protected antennas. The Owner shall bear all costs of installation, operation, maintenance, repair and replacement of any permitted satellite dish or antenna and its connection to the Unit and shall be responsible for any damage done to the Common Elements in connection therewith.

Owners may not install antennas, dishes or other receiving devices in or on any portion of the Common Elements or Limited Common Elements, except that an Owner may install a "Protected Antenna," as defined in 47 C.F.R. Section 1.4000, as it may be amended ("FCC Rule"), within a Limited Common Element allocated to the Owner's Unit, subject to such reasonable rules and regulations as the Board may adopt; provided, however the Association may prohibit the installation of Protected Antennas if the Association provides a central antenna system that complies with the FCC Rule. If the restrictions stated in this Declaration conflict with any applicable federal, state or local law, ordinance, rule or regulation, then the offending restriction shall be enforced only to the extent permitted by any such law.

- 11.7. <u>Uses Affecting Insurance</u>. The Owners shall not permit anything to be done or kept in the Units or Common Elements which will result in the cancellation of insurance on any part of the Condominium, or would be in violation of any applicable laws or regulations, without the consent of the Board of Directors, which shall not be unreasonably withheld. An Owner may use his or her Unit or the Limited Common Elements allocated to it in a manner which may increase the insurance premiums for the Condominium, but the Board of Directors may, in its reasonable discretion, allocate the cost of such increase in insurance premiums to such Owner.
- 11.8. Signs. No signs of any kind shall be displayed to the public view on or from any Unit or from the Common Elements without the consent of the Board of Directors or pursuant to the Association's rules and regulations; provided, that the Board of Directors shall, by appropriate rule, permit temporary placement of a sign, at a place and of a size and appearance designated by the Board, indicating that a Unit is for sale or lease; provided

further, the Board of Directors shall not unreasonably withhold its approval to signage for the Live/Work Unit. This Section shall not apply to Declarant.

- 11.9. Animals. Domesticated animals or birds ("Pets") may be kept in the Units subject to rules and regulations adopted by the Board; provided that no Owner may keep more than: two dogs or two cats and no chickens or other poultry. Pets will not be allowed on any Common Elements unless they are on a leash and accompanied by their Owner. The Board may at any time require the removal of any Pet which it finds is disturbing other Owners unreasonably, and may exercise this authority for specific Pets even though other Pets are permitted to remain. In addition, the Board may adopt rules and regulations prohibiting Pets over a particular size or weight, or Pets wholly or partially of breeds which the Board deems inappropriate for condominium living. The Board may later require the removal of any such pet after Notice and Opportunity to be heard. The Owner of any Pet shall be responsible for any damage to person or property caused by the Pet and shall indemnify and hold the Association and the Board harmless from any and all liability arising from or caused by the Pet.
- 11.10. Offensive Activity. No noxious or offensive activity shall be carried on in any Unit or Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners, would be in violation of any state or federal laws, or would interfere with the quiet enjoyment of the other residents. For example, sound system speakers shall not be rigidly attached to a wall shared with another Unit or otherwise installed in a manner that will induce vibrations into the structure of the Building. In addition, Owners shall not permit any condition to exist that will induce, breed or harbor infectious plant diseases or noxious insects or vermin.
- 11.11. <u>Trash Removal.</u> Each Owner shall be responsible for removing all trash or garbage from the Unit and depositing it promptly in proper receptacles as designated by the Association in accordance with such rules and regulations as the Board may adopt.
- 11.12. <u>Lighting</u>. Except as may be permitted by Board, exterior lighting visible from the street shall not be permitted except for: (a) approved lighting as originally installed; (b) street lights in conformity with an established street lighting program for the community; (c) seasonal decorative lights (for a length of time permitted by Board); or (d) illumination of model homes or for active construction purposes.
- 11.13. Construction Work Common Elements. The Common Elements shall not be reconstructed, rebuilt, altered, removed or replaced except by the Association acting through the Board of Directors acting in accordance with the Act, this Declaration, and the Bylaws or the Declarant when exercising rights reserved under this Declaration.
- 11.14. Rentals. The terms of any lease or rental agreement for a Unit shall be subject to and incorporate the provisions of this Declaration and the Bylaws. All leases or rental agreements shall be in writing and a copy thereof shall be filed with the Board of Directors upon request. Owners may not lease or rent their Units for initial terms of less than six (6) months. No lease of a Unit shall be on a time-share basis. If any tenant or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or Rules and Regulations, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the tenant or occupant of the Unit and the Owner thereof to forthwith cease such violations; and if the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and enforced in the same manner as delinquent assessments pursuant to Section 10 above. Other than the foregoing, there shall be no limitation on an Owner's right to lease his Unit.
- 11.15. <u>Limited Short-Term Use Permitted</u>. Notwithstanding Sections 11.1.1 and 11.14 above, the Units may be used for the short-term accommodation of guests, clients, employees, and family of an Owner (each of

whom may be referred to as an "occupant") provided such use is not the primary use of the Unit and the conditions stated in this Section are satisfied. For example, prohibited uses include use by a relocation company to accommodate the short-term stay of its customers and short-term vacation rentals such as those offered through "VRBO" or "Airbnb." All occupants must comply with this Declaration and rules and regulations adopted by the Board. Except for the Live/Work Unit, an Owner or any occupant shall not conduct business out of the Unit which involves visits by additional clients or employees (e.g., business meetings at the Unit are prohibited). An Owner may not advertise a Unit to the general public as available for short-term occupancy, and may not charge a fee for the short-term use. The Board may adopt reasonable rules governing the use of a Unit by occupants extending beyond a time period designated by the Board including a requirement that each guest be given a copy of the rules and regulations for the Condominium, each guest register with the Manager, and that the Owner pay a reasonable fee and security deposit. The amount of any fee and deposit shall not serve as a penalty to deter short-term use authorized by this Section. Rather, it shall be an appropriate amount to cover the additional costs to the Association of accommodating the short-term use.

SECTION 12

INSURANCE

- Insurance Coverage. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance, (b) commercial general liability insurance, (c) fidelity insurance, (d) worker's compensation insurance to the extent required by applicable laws, (e) directors and officers liability insurance, and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meet the specific requirements of FNMA, FHLMC, FHA and VA, so long as any of them is a Mortgagee or Owner of a Unit, regarding the qualifications of insurance carriers. Notwithstanding any other provision herein, the Association shall continuously maintain in effect property, liability and fidelity insurance that meets the insurance requirements for condominium projects established by FNMA, FHLMC, FHA and VA, so long as any of them is a Mortgagee or Owner of a Unit, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice (10 days for cancellation for nonpayment of premium) to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgagees.
- Property Insurance. The property insurance shall, at a minimum, provide special cause of loss coverage in an amount equal to the full replacement cost of the Common Elements, the Limited Common Elements, the Units, personal property of the Association, and betterments and improvements including permanently-installed wall and floor coverings, equipment, fixtures (such as cabinets) and appliances, and replacements or upgrades of the same, in or serving the Units, whether installed by the Declarant, Owners, or their tenants, with an "Agreed Amount" or equivalent endorsement; Provided, however, any carthquake coverage may be subject to appropriate sub-limits which are based on Probable Maximum Loss (PML) studies rather than full replacement cost. Each Owner shall promptly inform the Board in writing of any betterment or improvement intended as a permanent part of its Unit which cost in excess of \$5,000. In addition, any fixtures, equipment or other property within the Units which are to be financed by a mortgage to be purchased by FNMA, FHLMC, FHA or VA (regardless of whether or not such property is part of the Common Elements) must be covered by such policy. The Association's policy must provide for the recognition of any insurance trust agreement. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Unit. The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy in accordance with the Allocated Interest allocated to the Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request. The name of the insured under such policy must be substantially as follows: "Association of Owners of the Luma Condominium for use and benefit of the individual Owners." The policy may also be issued in the name of an

insurance trustee who has entered into an insurance trust agreement pursuant to Section 13.4.3 below, or any successor trustee, as insured, for the use and benefit of the Owners. A loss payable shall be in favor of the Association or such insurance trustee, as a trustee, for each Owner and each Mortgagee of a Unit. The Association or such trustee shall hold any proceeds of insurance in trust for Owners and Mortgagees of a Unit, as their interests may appear. Each Owner and each Mortgagee of a Unit, if any, shall be beneficiaries of the policy in accordance with their Allocated Interests. Such policy shall contain a standard mortgagee clause or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in King County, Washington, which appropriately names FNMA, FHLMC, FHA, or VA, so long as any of them are Mortgagees or Owners of Units.

- 12.1.2. Commercial General Liability Insurance. The liability insurance policy shall insure the Board, Association, Owners, Declarant, and Manager. The policy will cover all of the Common Elements in the Condominium with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Common Elements, host liquor liability, employers' liability insurance, automobile liability insurance, and such other risks as are customarily covered with respect to condominium projects of similar construction, location and use. The liability policy shall also cover any commercial space owned and leased by the Association, and any public ways of the Condominium. Coverage shall also include legal liability arising out of lawsuits related to employment contracts of the Association. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$2,000,000 combined single limit for bodily injury and property damage per occurrence and \$3,000,000 general aggregate. The Board may satisfy or exceed these coverage limits by obtaining a separate umbrella policy.
- 12.1.3. <u>Fidelity Insurance</u>. The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, employees or the Association and Manager and all other persons who handle or are responsible for handling funds of or administered by, the Association. All such fidelity insurance shall name the Association as obligees and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments including reserve funds. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.
- 12.1.4. <u>Boiler and Machinery coverage</u>. If the Condominium has central heating or cooling, the Association shall maintain coverage at least equal to the lesser of \$2,000,000 per accident or the insurable value of the building(s) housing the boiler or machinery.
 - 12.1.5. Other insurance. The Board of Directors may obtain other insurance it deems advisable.
- 12.1.6. Flood Insurance. The Association shall obtain flood insurance if the Condominium is located within an area which has been officially identified by the Secretary of Housing and Urban Development as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program ("NFIP"). Such insurance shall be obtained by the Association, as a common expense, under a "master" or "blanket" policy of flood insurance on the buildings and any other property covered by the required form of policy (herein "insurable property"), in an amount deemed appropriate by the Association, but not less than the following:

The lesser of: (a) the maximum coverage available under the NFIP for all buildings and other insurable property within the Condominium to the extent that such buildings and other insurable property are within an area having special flood hazards; or (b) 100% of current replacement costs of all such buildings and other insurable property within such area.

Such policy shall be in a form which meets the criteria set forth in the most recent guidelines on the subject issued by the Federal Insurance Administrator.

- 12.2. Owner's Additional Insurance. Each Owner shall obtain additional property and liability insurance as is typically maintained by Owners of similar homes at his own expense; no Owner shall, however, maintain insurance coverage in any manner which would decrease the amount which the Board of Directors, or any trustee for the Board of Directors, on behalf of all of the Owners, will realize under any insurance policy which the Board of Directors may have in force on the Condominium at any particular time. Each Owner shall file with the Board of Directors a Certificate of Insurance evidencing the coverage required by this Section within thirty (30) days after purchase of such insurance, and the Board of Directors shall immediately review its effect with its insurance broker, agent or carrier.
- 12.3. <u>Insurance Proceeds.</u> Insurance proceeds for damage or destruction to any part of the property shall be paid to the Board of Directors on behalf of the Association which shall hold such proceeds in trust for each Owner and their first Mortgage holders, as their interests may appear, and shall segregate such proceeds from other funds of the Association for use and payment as provided for in Section 13. The Association acting through its Board of Directors shall have the authority to settle and compromise any claim under insurance obtained by the Association, and the insurer may accept a release and discharge of liability made by the Board of Directors on behalf of the named insureds under the policy.
- 12.4. Additional Provisions. The Board of Directors shall, to the extent they are reasonably available, obtain insurance policies containing (or omitting, as indicated below) the following provisions:
- 12.4.1. <u>Contribution</u>. A provision that the liability of the insurer thereunder is primary and shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of, any other insurance obtained by or for any Owner or any Mortgagee;
- 12.4.2. <u>Matters Association Cannot Control</u>. No provision relieving the insurer from liability for loss because of any act or neglect of Owners which is not within the scope of an Owner's authority to act on behalf of the Association or because of any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control;
- 12.4.3. <u>Subrogation</u>. A waiver of subrogation by the insurer for any and all claims against the Association, the Owner of any Unit and/or their respective household members, agents, employees or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.
- 12.4.4. <u>Restoration Limited</u>. A provision prohibiting the insurer from electing to restore damage in lieu of making a cash settlement, without first obtaining the written approval of the Association, or, if the Association is a party to an insurance agreement, the written approval of the trustee.
- 12.4.5. <u>Cancellation</u>. A provision that the insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance.
- 12.4.6. <u>Inflation Endorsement</u>. An "Agreed Amount Endorsement" and, if available, an "Inflation Guard Endorsement," which increases coverage and policy limits to the same extent inflation causes the value of the dollar to decrease.
- 12.4.7. <u>Appointment of Attorney-in-Fact</u>. Each Owner appoints the Association or any insurance trustee appointed pursuant to Section 13.4.3 below, as attorney-in-fact for the purpose of purchasing and maintaining the insurance provided for under this Section 12, including: the collection and appropriate disposition of

the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

SECTION 13

DAMAGE OR DESTRUCTION; RECONSTRUCTION

- 13.1. <u>Initial Board of Directors' Determinations.</u> In the event of damage or destruction to any part of the property, the Board of Directors shall promptly, and in all events within twenty (20) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board of Directors deems advisable:
- 13.1.1. Extent of Damages. The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.
- 13.1.2. <u>Estimates</u>. A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.
- 13.1.3. <u>Insurance Proceeds</u>. The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.
- 13.1.4. <u>Deductible</u>. The amount of the deductible to be paid by an Owner with respect to damage or loss within the Owner's Unit.
- 13.1.5. <u>Reserves</u>. The amount of available reserves or other Association funds, although the Board is not required to use any reserves or other Association funds.
- 13.1.6. Excess Cost. The amount, if any, by which the estimated cost of repair and restoration exceeds the portion of the deductible to be paid by an Owner, anticipated insurance proceeds and available reserves or other Association funds, and the amount of the assessment to each Unit if such excess is paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interests.
- 13.1.7. <u>Recommendation</u>. The Board of Directors' recommendation whether or not such damage or destruction should be repaired or restored.
- 13.2. <u>Notice of Damage or Destruction.</u> The Board of Directors shall promptly, and in all events within sixty (60) days after the date of damage or destruction, file a proof of loss statement with the insurance company if the loss is covered by insurance and abide by all terms and conditions of its insurance policies, unless the Board determines it would not be in the best interest of the Association to file a proof of loss. The Board shall then provide each Owner and each Mortgagee who has theretofore requested special notice, with a written notice summarizing the initial Board of Directors' determinations made under Section 13.1. If the Board of Directors fails to do so within said sixty (60) days, then any Owner or Mortgagee may make the determinations required under Section 13.1 and give the notice required under this Section 13.2.

13.3. Definitions:

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

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

13.4. Restoration by Board of Directors.

- 13.4.1. <u>Board of Directors Shall Restore</u>. Unless prior to the commencement of repair and restoration work (other than emergency work referred to in Section 13.3.2) (1) the Owners shall have decided not to repair and reconstruct in accordance with the provisions of either Section 13.5.3 or 13.6.3, (2) such repair or restoration work would be illegal under any state or local health or safety statute or ordinance, or (3) the Condominium is terminated pursuant to RCW 64.34, as amended, the Board of Directors shall promptly repair and restore the damage or destruction. The Board of Directors shall use the available insurance proceeds to pay for the actual cost of repair and restoration. Any excess cost determined as provided in Section 13.1.6 shall be a Common Expense collected from the Owners as a Special Assessment.
- 13.4.2. <u>Authority to Contract</u>. The Board of Directors shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the repair and restoration. Contracts for such repair and restoration shall be awarded when the Board of Directors, by means of insurance proceeds and sufficient assessments, has made provision for the cost thereof. The Board of Directors may further authorize the insurance carrier to proceed with repair and restoration upon satisfaction of the Board of Directors that such work will be appropriately carried out.
- 13.4.3. <u>Insurance Trustee</u>. The Board of Directors may enter into a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to collect the insurance proceeds and carry out the provisions of this Section 13. Any such insurance trustee shall have the exclusive authority to negotiate losses under any policy providing such property or liability insurance.
- 13.5. <u>Limited Damage: Assessment Under \$5,000.</u> If the amount of the estimated assessment determined under Section 13.1.4 does not exceed Five Thousand Dollars (\$5,000) for any one Unit then the provisions of this Section 13.5 shall apply:
- 13.5.1. Special Meeting of Association. The Board of Directors may, but shall not be required to, call a special Owners' meeting to consider such repair and restoration work, which notice shall be given simultaneously with the notice required to be given by the Board of Directors under Section 13.2 above. If the Board of Directors shall fail to call such meeting, then the requisite number of Owners, within fifteen (15) days of receipt of the notice given by the Board under Section 13.2 above, or the expiration of the sixty (60) day period for notice described in Section 13.2, whichever is less, may call a special Owners' meeting to consider such repair and restoration work. Any meeting held pursuant to this Section 13.5.1 shall be called by written notice and shall be convened not less than ten (10) nor more than twenty (20) days after the date of the notice of meeting.
- 13.5.2. <u>No Restoration Work Prior to Meeting</u>. Except for emergency work, no repair and restoration work shall be commenced until after the expiration of the notice period set forth in Section 13.5.1 and until after the conclusion of said special meeting if such meeting is called within said notice period.
- 13.5.3. <u>Vote Required Not to Rebuild</u>. A unanimous decision of all the Owners with Units or exclusively assigned Limited Common Elements which will not be rebuilt, and at least eighty percent (80%) of the votes from all Owners, and approval by First Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages, will be required to avoid the provisions of Section 13.4.1 and to determine not to repair and restore the damage and destruction; provided, that the failure of the Board of Directors

or the requisite number of Owners to call for a special meeting at the time or in the manner set forth in Section 13.5 shall be deemed a unanimous decision to undertake such work.

- 13.6. <u>Major Damage: Assessment Over \$5,000</u>. If the amount of the estimated assessment determined under Section 13.1.4 exceeds Five Thousand Dollars (\$5,000) for any one Unit, then the provisions of this Section 13.6 shall apply:
- 13.6.1. Special Meeting of Association. The Board of Directors shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide written notice of a special Owners' meeting to consider repair and restoration of such damage or destruction, which notice shall be delivered with the notice required to be provided under Section 13.2 above. If the Board of Directors fails to do so within said sixty (60) day period, then notwithstanding the provisions of this Declaration or the Bylaws with respect to calling special meetings, any Owner (the provisions of Section 6.6, notwithstanding) may within fifteen (15) days after the expiration of said sixty (60) day period, call a special meeting of the Owners to consider repair and restoration of such damage or destruction by providing written notice of such meeting to all Owners and Mortgagees. Any meeting held pursuant to this Section 13.6 shall be called by written notice and shall be convened not less than ten (10) nor more than fifteen (15) days from the date of the notice of meeting.
- 13.6.2. <u>No Restoration Work Prior to Meeting</u>. Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special Owners' meeting required under Section 13.6.1.
- 13.6.3. Vote Required Not to Rebuild. The affirmative vote of Owners having at least eighty percent (80%) of the votes, the approval by First Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages, and all votes of any Owner exclusively assigned a Limited Common Element that will not be rebuilt, will be required to avoid the provisions of Section 13.4 and to determine not to repair and restore the damage and destruction; provided, however, that the failure to obtain said affirmative vote shall be deemed a decision to rebuild and restore the damage and destruction; provided, further that the failure of the Board of Directors, or Owners to convene the special meeting required under Section 13.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision to undertake such repair and restoration work.
- 13.7. <u>Decision Not to Restore: Disposition</u>. In the event of a decision under either Sections 13.5.3 or 13.6.3 not to repair and restore the damage and destruction, or if such repair would be illegal, and provided the Condominium has not been terminated pursuant to RCW 64.34.268, as it may be amended, the Board of Directors may nevertheless expend such of the insurance proceeds and common funds as the Board of Directors deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged or destroyed building and clearing, filling and grading the real property). The remaining funds, if any, and property shall thereafter be held and distributed as follows:
- 13.7.1. <u>Repair of Common Elements</u>. The insurance proceeds attributable to the damaged Common Elements (except for Limited Common Elements) shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium.
- 13.7.2. <u>Distribution to Owners of Damaged Units</u>. The insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders of such Units, as their interests may appear.
- 13.7.3. <u>Remaining Proceeds</u>. The remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to such Owner's allocated interest in the Common Elements.

- 13.7.4. <u>Reallocation of Interests: Amendment.</u> The allocated interests of any Unit which the Owners vote not to rebuild are automatically reallocated upon the vote not to rebuild as if the Unit had been condemned pursuant to Section 14. The Board of Directors shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations.
- 13.8. Allocation of Costs Not Covered by Insurance. Liability for the amount of damage within the limits of any applicable insurance deductible or otherwise uninsured shall be the responsibility of an individual Owner where the damage involved is limited solely to damage to that Owner's Unit or the Limited Common Elements assigned to that Unit. Where the damage involves both the Common Elements and one or more Units, then liability for the amount of damage within the limits of any applicable insurance deductible or otherwise uninsured shall be pro-rated between the involved Owners and the Association in proportion to the relative amounts of damage to the affected Units and their assigned Limited Common Element (Owner's share) and the damage to the other Common Elements (Association's share). The Association shall collect its share of Uninsured Costs from the Owners as a Common Expense.

SECTION 14

CONDEMNATION

- 14.1. Consequences of Condemnation. If at any time or times during the continuance of the Condominium ownership pursuant to this Declaration, all or any part of the property shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the Association shall represent the Owners in all negotiations and proceedings with the condemning authority. Each Owner appoints the Association as attorney-in-fact for such purpose. If any Unit or portion thereof or the Common or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Board of Directors shall provide each Owner and each Mortgagee written notice of any such proceeding or proposed acquisition.
- 14.2. <u>Proceeds</u>. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Board of Directors on behalf of the Association.
- 14.3. Complete Taking. In the event that the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership thereof shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to the respective undivided interests in the Common Elements; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board of Directors shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. After first paying out of the respective share of each Owner, to the extent sufficient for the purpose, all Mortgages and liens on the interest of such Owner, the balance remaining in each share shall then be distributed to each Owner respectively.
- 14.4. <u>Partial Taking.</u> In the event that less than the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condomnation Award to be determined in the following manner
- 14.4.1. <u>Allocation of Award</u>. As soon as practicable the Board of Directors shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds.
- 14.4.2. <u>Apportionment Among Owners</u>. The Board of Directors shall apportion the amounts so allocated to the taking of or injury to the Common Elements excluding the Limited Common Elements which, in

turn, shall be apportioned among Owners in proportion to their respective undivided interests in the Common Elements. Any amount apportioned to the taking of or injury to the Limited Common Elements shall be divided equally among Owners of Units to which those Limited Common Elements were assigned.

- 14.4.3. <u>Severance Damages</u>. The total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned.
- 14.4.4. <u>Damage to a Particular Unit</u>. The respective amounts allocated to the taking of or injury to a particular Unit and/or the improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved.
- 14.4.5. <u>Consequential Damages</u>. The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable under the circumstances.
- 14.4.6. <u>Agreed Allocation</u>. If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable.
- 14.4.7. <u>Distribution of Proceeds</u>. Distribution of apportioned proceeds shall be made to the respective Owners and their respective Mortgagees in the manner provided in Section 14.3.
- 14.5. Reductions of Condominium Upon Partial Taking. In the event that (a) a partial taking occurs which pursuant to Section 14.4 does not result in a termination of Condominium ownership hereunder, and (b) at least one (l) Unit is taken or condemned and (c) the condemning authority elects not to hold, use and own said Unit as a Condominium Owner subject to and in accordance with the Declaration, then the provisions of this Section 14.5 shall take effect immediately upon the condemning authority taking possession of the Unit or Units so taken or condemned.
- 14.5.1. <u>Reduction of Declaration</u>. The Units subject to this Declaration shall be reduced to those Units or partial Units not taken or condemned (or not sold or otherwise disposed of in lieu of or in avoidance thereof).
- 14.5.2. <u>Reduction of Common Elements</u>. The Common Elements subject to this Declaration shall be reduced to those Common Elements not taken or condemned.
- 14.5.3. <u>Reduction of Limited Common Elements</u>. The Limited Common Elements, which were not taken or condemned, but which were appurtenant to Units that were taken or condemned, shall be deemed part of the general Common Elements remaining subject to this Declaration. Any remnant of a Unit remaining after part of such Unit was condemned such that the Unit may not practically or lawfully be used for any purpose permitted by Section 11 shall become a Common Element upon such condemnation.
- 14.5.4. Recalculation of Allocated Interests. The votes and Allocated Interests appurtenant to each Unit not so taken or condemned shall be reallocated in proportion to the relative votes and Allocated Interests of those remaining Units. Provided however, if a portion of any Unit is condemned, but the remaining portion of that Unit may still be practically and lawfully used for the uses specified in Section 11, then the votes and Allocated Interests of that Unit as set forth on Exhibit B shall be reduced in the same proportion as the reduction in the area of the Unit resulting from the partial condemnation. In the later case, the votes and Allocated Interests shall be reallocated among all Units in proportion to their relative votes and Allocated Interests with the partial Unit participating on the basis of its reduced vote and Allocated Interest. In each case, the allocations shall be rounded such that the totals are 100.

- 14.5.5. <u>Interest of Owner of Condemned Unit</u>. Except with respect to the share of proceeds apportioned pursuant to Section 14.4, no Owner or Mortgagee of a Unit so taken or condemned (except for a Unit only partially condemned which may still be practically and lawfully used) shall have, nor shall there be appurtenant to any Unit so taken or condemned, any right, title, interest, privilege, duty or obligation in, to or with respect to the Association and any Unit, or Common Elements which remain subject to this Declaration and which are not so taken or condemned.
- 14.5.6. <u>Interest of Owners of Remaining Units</u>. Except as otherwise expressly provided in Section 14.5, the rights, title, interests, privileges, duties and obligations of an Owner and Mortgagee in, to or with respect to a Unit not so taken or condemned (and in, to or with respect to the Association and the Common Elements appurtenant to said Unit) shall continue in full force and effect as provided in this Declaration.
- 14.5.7. This Section Binding. The provisions of Section 14.5 shall be binding upon and inure to the benefit of all Owners and Mortgagees of (and other persons having or claiming to have any interest in) all Units which are, as well as all Units which are not, so taken or condemned. All such Owners, Mortgagees and other persons covenant to execute and deliver any documents, agreements or instruments (including, but not limited to, appropriate amendments to the Declaration, Survey Map and Plans) as are reasonably necessary to effectuate the provisions of Section 14.5.
- 14.6. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 13 above, provided that the Board of Directors may retain and apply such portion of each Owner's share of the Condemnation Award as is necessary to discharge said Owner's liability for any special assessment arising from the operation of said Section 13.

SECTION 15

MORTGAGEE PROTECTION

- 15.1. Priority of Mortgages. Notwithstanding all other provisions hereof (except Section 10.1) and as provided in the Act, the liens created under this Declaration upon any Unit for assessments shall be subject to tax liens on the Unit in favor of any assessing authority and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by Mortgages which were made in good faith and for value upon the Unit. Where such Mortgagee of the Unit, or other purchaser of a Unit, obtains possession of a Unit thereof, such possessor and his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Unit which become due prior to such possession, but will be liable for the common expenses and assessments accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Owners including such possessor, his successor and assigns.
- 15.2. Abandonment of Condominium Status, Decision Not to Rebuild and Insurance Proceeds. Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons must be approved by Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages. Except when acting pursuant to the provisions of the Act, or involving substantial destruction or condemnation, the Association shall not, without consent of sixty-seven percent (67%) of all Eligible Mortgagees of the Units, seek by act or omission to abandon the Condominium status of the project, or to abandon, encumber, sell or transfer any of the Common Elements. Any restoration or repair of the Condominium after partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless approved by Eligible Mortgagees (or any insurer or guarantor of such Mortgage) who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages.

- 15.3. Material Amendments. The Association shall not make any amendments to the Declaration or Bylaws of a material adverse nature to Mortgagees without the prior approval of fifty-one percent (51%) of all Mortgagees. A change or addition to any of the provisions establishing, providing for, governing or regulating any of the following would be considered material: (1) Voting; (2) Assessments, assessment liens or subordination of liens; (3) Reserves for maintenance, repair and replacement of Common Elements; (4) Insurance or fidelity bonds; (5) Rights to use of the Common Elements; (6) Responsibility for maintenance and repair of the several portions of the Condominium; (7) Expansion or contraction of the Condominium regime or the addition, annexation or withdrawal of property to or from the regime; (8) Boundaries of any Unit; (9) The interests in the Common Elements or Limited Common Elements; (10) Convertibility of Units into Common Elements or of Common Elements into Units; (11) Leasing of Units; (12) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium; and (13) Establishment of self-management by the Association where professional management has been required by any of the Mortgagees.
- 15.4. <u>Implied Approval</u>. A Mortgagee shall be deemed to have approved of an amendment to the Declaration or Bylaws, including an amendment which would result in the abandonment of Condominium status or of a material adverse nature to Mortgagee, when the Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "Return Receipt" requested. In addition, with respect to any action requiring the consent of a specified number or percentage of Mortgagees, the consent of only eligible Mortgagees holding a first lien mortgage need be obtained and the percentage shall be based upon the votes attributable to Units with respect to which eligible Mortgagees have an interest. Eligible Mortgagee means the holder of a Mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.
- 15.5. Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be approved in writing by the holder of such Mortgage. Any provision of this Declaration conferring rights upon Mortgagees which is inconsistent with any other provision of Declaration or the Bylaws shall control over such other inconsistent provisions.
- 15.6. <u>Written Notice</u>. Where a Mortgagee of a Unit (or any insurer or guaranter of such Mortgage) has filed a written request with the Board of Directors, for each such entity requesting notice, the Board of Directors shall:
- 15.6.1. <u>Notice of Cancellation and Material Change</u>. Provide written notice of any lapse, cancellation, failure to renew, reduction in coverage or limits, or other material modification of any insurance policy maintained by the Association.
- 15.6.2. <u>Notice of Taking</u>. Provide written notice of any condemnation, eminent domain or casualty loss affecting a material portion of the Condominium or the Unit securing such Mortgage, which includes any condemnation, eminent domain, property loss or casualty loss affecting the Common Elements resulting in losses greater than ten percent (10%) of the annual budget or any Unit insured by the Association in which the Mortgagee has an interest.
- 15.6.3. <u>Notice of Owner's Default</u>. Provide written notice that an Owner/mortgagor of a Unit has for more than sixty (60) days failed to meet any obligation under the Declaration.
- 15.6.4. <u>Notice of Amendment</u>. Provide written notice of any proposed amendment to the Declaration or Survey Map and Plans effecting a change in the boundaries of any Unit or exclusive easement rights appertaining thereto, the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto, the number of votes in the Association appertaining to

any Unit, or the purposes to which any Unit or the Common Elements are restricted. If the VA is a Mortgagee, then the Association shall also give the VA notice of all material amendments and extraordinary actions as defined in Section 19.7 below and, during the period of Declarant control, Declarant shall provide a copy of all amendments to the VA.

- 15.6.5. <u>Notice of Termination of Condominium</u>. Provide written notice of any proposed termination of the legal status of the Condominium or dissolution of the Association at least thirty (30) days before any action is taken.
- 15.6.6. <u>Notice of Meetings</u>. Provide written notice of any proposed action which requires the consent of a specified percentage of Mortgagees.
- 15.7. <u>Insurance Policy Terms</u>. The insurance policy required under Section 12 shall contain a standard Mortgagee clause which shall, if reasonably obtainable:
- 15.7.1. <u>Reference to All Holders of Mortgages</u>. Provide that any reference to a Mortgagee in such policy shall mean and include all holders of Mortgages of any Unit or Unit lease or sublease of the project, in their respective order and preference, whether or not named therein;
- 15.7.2. <u>Mortgagee's Interest not to be Invalidated</u>. Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board of Directors or Owners or any persons under any of them;
- 15.7.3. <u>Waiver of Certain Provisions</u>. Waive any provision invalidating such Mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy; any requirement that the Mortgagee pay any premium thereon; and any contribution clause.
- 15.8. <u>Inspection of Books: Audited Financial Statements.</u> Owners, potential purchasers, and holders, insurers, and guarantors of first Mortgages on any Unit and, until the period for bringing any claims has expired, Declarant ("Interested Parties") shall be entitled to inspect current copies of the Declaration, Bylaws, and any other rules concerning the Condominium and the books, records, and financial statements of the Association during normal business hours and under other reasonable circumstances.

Upon the written request of the Interested Parties, the Association shall provide such parties with an audited financial statement for the preceding fiscal year if an audited statement is available. The audited financial statement shall be available within one hundred twenty (120) days of the Association's fiscal year-end. The Interested Parties shall be allowed to have an audited financial statement prepared for the preceding fiscal year at their expense if the Condominium contains fewer than fifty (50) Units and such audited statement is not available.

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

- 15.9. Obtaining Declarant's Powers. In the event the Mortgagee of the Condominium becomes bound by this Declaration by granting one or more partial releases or otherwise, and forecloses its Mortgage or acquires a deed in lieu of Foreclosure, and obtains possessory rights, legal title, or certificates of sale to the unsold Unit or Units and appurtenant Common Elements covered by the respective deed of trust or Mortgage liens, then the Mortgagee of the Condominium may succeed to and assume, to the exclusion of the Declarant, the powers of the Declarant as set forth in this Declaration.
- 15.10. Rights of Mortgagee of Condominium. The Mortgagee of the Condominium shall be entitled to appoint a receiver during the pendency of any Foreclosure, and said receiver shall immediately, upon appointment,

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succeed to and assume the rights and powers of the Declarant as set forth in this Declaration, and the receiver shall be entitled to sell unsold Units during the pendency of said Foreclosure, and said sales shall be subject to confirmation by court order.

- 15.11. Right of Board of Directors to Cure Defaults. Nothing herein contained shall limit or restrict the right of the Board of Directors on behalf of all the Owners to cure defaults under Mortgages to which the liens created hereunder are subordinated under this Section. The Board of Directors is expressly authorized to cure any and all such defaults by payments to the Mortgagee or Mortgagees of any defaulting Owner from the common expense fund. Any such payments shall be specially assessed against the Unit of the defaulting Owner and said special assessment shall be secured by the lien created under Section 10 hereof; provided, however, that the Board of Directors shall not be able to assign their lien rights under Section 10 or otherwise transfer the Unit or any interest therein except when such transfer occurs pursuant to a lien Foreclosure proceeding.
- 15.12. <u>Professional Management</u>. Upon the vote of a majority of all Eligible Mortgagees, the Association shall be required to establish professional management for the Condominium.

SECTION 16

COMPLIANCE

- Bylaws, the administrative rules and regulations made pursuant thereto as they may be lawfully amended from time to time, and with decisions of the Association made pursuant to the authority granted hereunder. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the Owners, or in a proper case, by any aggrieved Owner. Failure to comply shall also entitle the Board of Directors to recover any costs and reasonable attorneys' fees incurred by reason of such failure whether or not such activities result in suit being commenced or prosecuted to judgment. In addition, the Board of Directors shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. Owners shall have an action in damages or injunctive relief against the Association for failure to comply with the Declaration or Bylaws.
- 16.2. No Waiver of Strict Performance. The failure of the Board of Directors 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 Bylaws, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of Directors of any sum from an Owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors. This Section also extends to the Declarant's managing agent, exercising the powers of the Board of Directors during the initial period of operation of the Association and the Condominium development.

SECTION 17

EASEMENTS

17.1. In General. In addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common Elements for all support elements and utility, wiring, heat and service elements, and for an unrestricted right of ingress and egress thereto, as required to effectuate and continue proper operation of this Condominium plan. Without limiting the generality of the foregoing, each Unit and all Common Elements are specifically subject to easements as required for the intercom and electrical entry system, if any, for the electrical wiring and plumbing, for the air conditioning lines and equipment, if any, for each Unit, for the vacuum system

roughed-in in each Unit, if any, for fireplaces and associated flues or chimneys, if any, and for the master antenna cable system, if any. Finally, each Unit as it is constructed is granted an easement to which each other Unit and all Common Elements are subject for the location and maintenance of all the original equipment and facilities and utilities for such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law. All such easements shall be located as such features are located in the buildings as built, or as they may become located due to settling or repair or reconstruction.

- 17.2. <u>Utility and Other Easements.</u> The Board of Directors shall have the authority to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Condominium.
- 17.3. <u>Association Functions.</u> There is hereby reserved to the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, the Bylaws, or the Association's rules and regulations.
- 17.4. Encroachments. Each Unit and all Common Elements are hereby declared to have an easement over all adjoining Units and Common Elements for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common Elements are partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.
- 17.5. Easement for Construction, Inspections and Repairs. There is retained by the Declarant, for exercise by it and its successors and assigns, an easement over, across, and through the Common Elements and Limited Common Elements for the purpose of completing construction, renovation or repair of the Condominium and all its Units, making repairs required by any agreement for the sale of a Unit, showing the Units for sale, discharging Declarant's obligations or exercising any Development Rights or Special Declarant Rights. This easement affects all parts of the property as required. This Section may not be amended without the written consent of Declarant. In addition, Declarant may grant or receive construction easements from adjacent properties including easements providing for crane swing, tiebacks, and the like. Finally, Declarant may grant easements or make dedications which are necessary or convenient to the development of the Condominium including an easement to Seattle City Light for an electrical duct passing through the parking garage which serves property other than the Condominium.
- 17.6. <u>Utility Easement Granted by the Declarant</u>. Declarant reserves the right to grant easements to the various companies or municipalities who provide, or wish to provide, utility services to the Condominium or to the Units in the Condominium easements for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utility services as water, sanitary sewer, storm sewer, electricity, gas, cable television, data and telephone, and an easement for access over and under the Common Elements and Limited Common Elements of the Condominium to the utility service facilities.
- 17.7. Right of Entry for Inspections, Maintenance, Repairs, Emergencies or Improvements. The Association shall have the right to have access to each Unit from time to time as may reasonably be necessary for inspection, maintenance, repair or replacement or improvement of any of the Common Elements accessible

therefrom, or for making repairs necessary to prevent damage to the Common Elements or to the other Units, or for any emergency situations. In addition, the Board may impose reasonable requirements on the use of parking spaces and storage areas necessary to allow access to building facilities.

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SECTION 18

PROCEDURES FOR SUBDIVIDING OR COMBINING

- 18.1. <u>Procedure.</u> Subdivision or combining of any Unit or Units or Common Elements are authorized only as follows:
- 18.1.1. Proposal for Subdividing or Combining. Any Owner of any Unit may propose to the Board of Directors any subdividing or combining of a Unit or Units or appurtenant Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to the Declaration, Survey Map and Plans covering such subdividing or combining. Upon receipt of the proposal, the Board shall notify all other Owners of the requested subdivision or combination regardless of whether such other Owners approval is required by Section 18.1.2 below.
- 18.1.2. Necessary Vote. The proposal must be approved by the Board and by the Owner and Mortgagee of each Unit to be subdivided or combined; provided, however, if the proposal involves Common Elements other than in the wall cavity between Unit being combined, then the proposal must also be approved by Owners having a majority of the voting power represented at a meeting called for that purpose, exclusive of votes held by the Declarant. Upon such approval, the Owners making the proposal may proceed according to such plans and specifications; provided that the Board of Directors may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board of Directors administer the work or that provisions for the protection of other Units or Common Elements or reasonable deadlines for completion of the work be inserted in the contracts for the work.

SECTION 19

AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

Declaration Amendment. Except for those amendments that may be executed by Declarant alone (as provided in Section 19.4 below), or by the Board as provided in this Declaration regarding condemnation, reallocation of Limited Common Elements, relocation of Unit boundaries, subdivision of Units, and termination of the condominium, amendments must: (i) conform to the Mortgagee protection provisions set forth in Section 15; (ii) be made by an instrument in writing substantially entitled "Amendment to Declaration" which sets forth the entire amendment; (iii) be approved by a majority of the Board of Directors prior to its adoption by the Owners; and (iv) be adopted at a meeting of the Owners if Owners holding at least sixty-seven percent (67%) of the votes vote in favor of such amendment at a meeting at which a quorum was present, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association attesting that the amendment was properly adopted. In all events, the amendment when adopted shall bear the signature of the president of the Association attesting that the amendment was properly adopted. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Notwithstanding the foregoing, no amendment may create or increase special declarant rights (as defined in the Act), increase the number of Units, change the boundaries of any Unit, the allocated interests of a Unit, or the uses to which any Unit is restricted, unless the requirements of the Act for adopting such amendments are satisfied. It is specifically consented and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Survey Map and Plans unless otherwise specifically provided in the Section being amended or the amendment itself.

- 19.2. <u>Map and Plans Amendment.</u> Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with the Declaration amendment.
- 19.3. Amendments by Declarant. The Declarant may at any time record an amendment to the Declaration to correct clerical errors, to reflect the as-built areas of the Units and any changes in the Limited Common Elements or Common Elements, and to show, correct or revise the assignment of parking spaces or storage lockers to Units and, during the period of Declarant's management authority provided under Section 7.2, to change the person who is to receive service of process, and such amendments need be acknowledged only by the Declarant and need not otherwise comply with the requirements of this Section 19. In addition, Declarant may record an amendment to this Declaration as necessary due to the exercise of a development right or special declarant right reserved under this Declaration and such amendment need be acknowledged only by Declarant and need not otherwise comply with the requirements of this Section 19.
- 19.4. Amendments to Conform to Construction. In addition, Declarant, upon Declarant's sole signature, may at any time file an amendment to the Declaration and to the Survey Map and Plans to conform them to the actual location of any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements, or storage facilities, and any such amendment need not otherwise comply with the requirements of this Section 19.
- 19.5. Amendments to Conform to Lender Guidelines. This Declaration is intended to continuously comply with the requirements and guidelines of FNMA, FHLMC, FHA and VA as the same may change from time to time. The Association, upon approval of the Board of Directors, and the Declarant, upon the Declarant's sole signature, in each case without approval of the unit owners, may at any time file an amendment to this Declaration, Bylaws, Rules and Regulations, and the Survey Map and Plans to conform them to the requirements and guidelines of those lending institutions.
- 19.6. <u>Discontinuance of Condominium</u>. Any decision or failure to act by the Owners under this Declaration or any applicable provision of law which intends or requires discontinuance of this Condominium or removal of the property from the provisions of the Act, shall, if such decision or failure to act is sufficient under the Act, also terminate and discontinue the effect of any and all of the covenants, conditions, and restrictions set forth herein, and all provisions of the Survey Map and Plans, unless other specific provision is made by recorded amendments to the Declaration, and, if required, to the Survey Map and Plans.
- Material Amendments and Extraordinary Actions. At any time the VA holds, insures, or guarantees a Mortgage, or owns a Unit, material amendments of this Declaration and extraordinary actions must be approved by Owners holding sixty-seven percent (67%) of the total voting power in the Association, and by Owners holding a majority of the voting power in the Association held by Owners other than Declarant. Material amendments shall be those deemed as such by VA and currently include: adding, deleting or modifying any provision regarding the following: (1) Assessment basis or assessment liens; (2) Any method of imposing or determining any charges to be levied against Owners; (3) Reserves for maintenance, repair or replacement of Common Elements; (4) Maintenance obligations; (5) Allocation of rights to use Common Elements; (6) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Units; (7) Reduction of insurance requirements; (8) Restoration or repair of Common Elements; (9) The addition, annexation or withdrawal of land to or from the Project; (10) Voting rights; (11) Restrictions affecting leasing or sale of a Unit; or (12) Any provision which is for the express benefit of Mortgagees. Extraordinary actions shall be those deemed as such by VA and currently include: (1) Merging or consolidating the Association (other than with another non-profit entity formed for purposes similar to the subject Association); (2) Determining not to require professional management if that management has been required by this Declaration, a majority of Eligible Mortgagees or a majority vote of the Owners; (3) Expanding the Association to include land not

previously described as additional land which increases the overall land area of the Project or number of Units by more than 10 percent; (4) Abandoning, partitioning, encumbering, mortgaging, conveying selling or otherwise transferring or relocating the boundaries of Common Elements (except for (i) granting easements which are not inconsistent with or which do not interfere with the intended Common Element use; (ii) dedicating Common Elements as required by a public authority: (iii) limited boundary-line adjustments made in accordance with the provisions of this Declaration or (iv) transferring Common Elements pursuant to a merger or consolidation with a non-profit entity formed for purposes similar to the subject Association); (5) Using insurance proceeds for purposes other than construction or repair of the insured improvements; (6) Making capital expenditures (other than for repair or replacement of existing improvements) during any period of 12 consecutive months costing more than 20 percent of the annual operating budget; (7) Termination of the Declaration or other termination of the Condominium; (8) Dissolution of the Association except pursuant to a consolidation or merger; or (9) Conveyance of all Common Elements.

19.8. <u>Material Amendments and Extraordinary Actions During Declarant Control</u>. At any time the VA holds, insures, or guarantees a Mortgage, or owns a Unit, material amendments of this Declaration and extraordinary actions (as defined in Section 19.7 above) occurring during a period of Declarant control must be approved by the VA.

SECTION 20

TERMINATION OF CONDOMINIUM STATUS

Except as provided elsewhere in this Declaration the Condominium may be terminated voluntarily by the Owners only upon the agreement of Owners of Units to which at least eighty percent (80%) of the total votes in the Association are allocated, and the approval of the percentage of Mortgagees specified in Section 15.2. Following termination, the Owners shall comply with the procedures, hold title to the real property formerly constituting the Condominium, and be entitled to disbursement of proceeds all as provided in RCW 64.34.268.

SECTION 21

MISCELLANEOUS

- 21.1. Notice. Except as may be specifically provided herein, all notices, requests, demands, statements, advice, assessments, notifications and other communications contemplated hereunder or given pursuant hereto shall be in writing and shall be deemed given and effective when delivered personally, or twenty-four (24) hours after a copy has been deposited in the U.S. mail, first class postage prepaid. A notice to an Owner may be delivered to the address of the Unit, or any other address specified in a notice from that Owner. A notice to the Association may be directed to the President or the Secretary of the Association at such officer's Unit or any other address specified in a notice from that officer.
- 21.2. Notice to Mortgagee. Upon written request to the Board of Directors for notices and for a period of three (3) years thereafter (or for such longer period as the Board of Directors shall set), the Mortgagee of any Unit will be entitled to each notice permitted or required herein to be given to the Owner whose Unit is subject to the Mortgage. No notice to such Owner shall be deemed validly given until and unless each Mortgagee of such Owner entitled to notice is also given such notice. A request for notices may be renewed periodically until said Mortgage is discharged of record.
- 21.3. <u>Service of Process.</u> Until such time as the final Board of Directors is elected by the Owners at a meeting of the Association called for that purpose, BE Services, LLC, is hereby authorized to receive service of process on behalf of the Association in cases provided for in the Act. The address for service of process is 7525 SE 24th Street, Suite 600, Mercer Island, WA, 98040.

21.4. <u>Remedies Not Exclusive.</u> No right or remedy conferred or reserved by this Declaration is exclusive of any other right or remedy, but each is cumulative, and shall be in addition to every other right or remedy given hereby or hereafter existing at law or equity or by statute.

21.5. Mortgagee's Acceptance.

- 21.5.1. <u>Priority of Mortgage</u>. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to the interest of said Mortgagee.
- 21.5.2. Acceptance Upon First Conveyance. Declarant shall not consummate the conveyance of title of any Unit until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements, in accordance with the Act, for partial release of Units with their appurtenant Limited Common Elements and Allocated Interests from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the Condominium status of the Units remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Units have been made; provided, that, except as to Units so released, said Mortgage shall remain in full effect as to the entire property.
- 21.6. <u>Severability.</u> If any term or provision of this Declaration or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Declaration, and the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Declaration shall be valid and enforceable to the fullest extent.
 - 21.7. Effective Date. The Declaration shall take effect upon recording.
- 21.8. <u>Reference to Survey Map and Plans.</u> The Survey Map and Plans of the building referred to herein were filed with the Recorder of King County, Washington, immediately prior to the recording of this Declaration under the recording number completed on the cover page of this Declaration.
- 21.9. <u>Certificate of Completion</u>. Declarant certifies all structural components and mechanical systems of all buildings containing or comprising any Units created hereby are substantially completed.

SECTION 22

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

- 22.1. Reserved Rights. All of the Land described on Exhibit A is subject to development rights and special declarant rights reserved to Declarant in this Declaration, including Declarant's right to do the following:
- 22.1.1. Incorporate a portion of the Common Elements into existing or newly-created Units; provided, however Declarant may not take away those Common Elements necessary for any Owner to substantially enjoy the benefits of his or her Unit without first obtaining the approval of that Owner.
- 22.1.2. Convert Common Elements into Limited Common Elements, such as storage lockers, parking spaces or private yards, patios, decks or terraces; provided, however, Declarant may not, without first obtaining the approval of the affected Owners, take away any Limited Common Element allocated to a Unit which is not owned by Declarant.
 - 22.1.3. Subdivide or combine Units owned by Declarant or an affiliate of Declarant.

- 22.1.4. Convert all or a portion of a Unit into a Common Element.
- 22.1.5. Reallocate Limited Common Elements among Units owned by Declarant.
- 22.1.6. Complete, maintain, repair and replace those improvements for the Condominium shown on the Survey Map and Plans. This right specifically includes completing the original construction of the improvements in accordance with Declarant's plans and specifications, as the same may be changed from time to time, constructing additional improvements in connection with the sale of any Unit, and performing inspections and completing work in connection with any warranty obligation of Declarant. This right shall not terminate until the later of the period stated in Section 22.4 below, the date Declarant's warranty obligations expire for all Units and Common Elements, and the date any warranty claim asserted against Declarant is resolved to Declarant's satisfaction.
- 22.1.7. Establish, maintain or conduct within any Unit owned by Declarant and on the Common Elements: any sales offices, management offices, model Units, interior and exterior signs, and such other facilities as Declarant desires, and sales events and other activities relating to the marketing of Units advertising in connection with the construction, sale or rental of the Units.
 - 22.1.8. Exercise all development rights reserved to Declarant under this Declaration.
- 22.1.9. Appoint or remove any officer or director of the Owners Association and the right to veto or approve any proposed action of the Owners Association until the final Board of Directors is elected by the Owners pursuant to Section 7.4 above.
- 22.1.10. Receive notice of and attend all meetings of the Board of Directors or Owners, and receive all minutes from those meetings in the same manner and at the same time as the Owners, until the time period for bringing claims against Declarant has expired and all claims against Declarant have been finally resolved. Declarant's representative shall not be a director and does not assume any duties by reason of attending board meetings. The Board shall send notice of the meetings to Declarant at the address stated in Section 8.11 above or as otherwise requested by Declarant. Declarant shall have the right to inspect the books and records of the Association as further provided in Section 15.8 above.
- 22.1.11. Assign any unassigned Limited Common Elements until two years after the date of closing of the sale of the last Unit owned by Declarant.
- 22.2. Right to Use Common Elements. Declarant reserves as a Development Right the right to use the Common Elements for ingress, egress, use of facilities, construction of improvements, and installation and connection of utilities as may be necessary or desirable to permit Declarant to exercise the Development Rights reserved in this Declaration. Common Expenses shall include all expenses associated with the operation, maintenance, repair and replacement of those Common Elements which Owners have the right to use notwithstanding that those Common Elements are subject to development rights.
- 22.3. <u>Reallocation of Interests.</u> Declarant shall recalculate the votes and Allocated Interests whenever the exercise of a development right or special declarant right results in the change in an increase or decrease in the total number of Units or a change in the basis upon which the initial allocations were made (such as a change in the total area of all Units). Declarant shall state the reallocations in an amendment to this Declaration signed by Declarant alone. Declarant shall use the same formula to calculate those reallocations as stated in Section 5.1 which Declarant used to make the initial allocations.
- 22.4. Exercise and Termination of Development Rights. To exercise any Development Right or Special Declarant Right (as those terms are defined in the Act), Declarant shall prepare, execute and record an amendment to the Declaration and comply with RCW 64.34.232. Such amendment shall require only Declarant's signature.

Except as otherwise provided in this Declaration, all Development Rights and Special Declarant Rights shall expire seven (7) years after the recording of this Declaration; provided, that Declarant may voluntarily terminate any and all such rights at any time by recording an amendment to the Declaration, which amendment specifies which rights are thereby terminated. Any Development Right (i) may be exercised with respect to different portions of the Property at different times, (ii) no assurances are made regarding the boundaries of portions of the Property which may be subjected to the exercise of a Development Right or the order in which a Development Right may be exercised, and (iii) if a Development Right is exercised, it is not necessary that the Development Right be exercised in all or in any other portion of the remainder of the Property.

SECTION 23

DISPUTE RESOLUTION

- 23.1. Policy Mediation. Condominium living requires that all Owners and the Association cooperate in good faith and deal fairly in performing their duties and exercising their rights under this Declaration. If any party to a dispute determines that the dispute cannot be resolved without intervention, then that parties shall give notice (the "Arbitration Demand") to all other parties to the dispute and the Association demanding that the dispute be submitted to mediation and arbitration pursuant to this Section. All parties to the dispute shall than participate in a nonbinding mediation for 45 days after the Arbitration Demand. The mediator shall be chosen by the Association. If the mediation is not successful, the dispute shall be resolved by binding arbitration conducted pursuant to Section 23.2 below. The parties confirm that by agreeing to this alternate dispute resolution process, they intend to give up their right to have any dispute decided in court by a judge or jury.
- 23.2. <u>Binding Arbitration</u>. If binding arbitration is required to resolve a dispute, it shall be conducted in Seattle, pursuant to RCW 7.04.060, provided, that the total award by a single arbitrator (as opposed to a panel of three arbitrators) shall not exceed \$50,000, including interest, attorneys' fees and costs. If any party demands a total award greater than \$50,000, there shall be three (3) neutral arbitrators. If the parties cannot agree on the selection of the arbitrator(s) within ten (10) days of the arbitration demand, the arbitrator(s) shall be selected by the administrator of the American Arbitration Association (AAA) office in Seattle from its Large Complex Case Panel or from any group of arbitrators with equivalent professional credentials as determined by the administrator. Each arbitrator shall be an attorney with at least fifteen (15) years' experience in commercial or real estate law in the King County. The arbitrator(s) shall determine whether the dispute is subject to binding arbitration under this Section. All statutes of limitations which would otherwise be applicable shall apply to any arbitration proceeding hereunder.
- 23.3. Hearing Procedure. The arbitrator(s) shall take such steps as may be necessary to hold the arbitration hearing within ninety (90) days of the Arbitration Demand, conclude the hearing within three (3) days, issue its decision not later than fourteen (14) calendar days after the hearing. These time limits are intended to expedite the proceeding, but they are not jurisdictional. The arbitrator(s) may for good cause permit reasonable extensions or delays. The arbitrator(s) shall issue a written decision stating the award for each claim involved in the dispute. In making the decision and award, the arbitrator(s) shall apply applicable substantive law. Absent fraud, collusion or willful misconduct by an arbitrator, the award shall be final, and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator(s) may award injunctive relief or any other remedy available from a judge, order the joinder of parties, or consolidate the arbitration with any other proceeding involving common issues of law or fact or to promote judicial economy. The arbitrator(s) shall not have the power to award punitive or exemplary damages, or attorneys' fees and costs to any party. If the hearing is before a panel of three (3) arbitrators, the decision of any two arbitrators shall be the decision of the panel.

DATED this <u>5</u> day o	r July	, 2016.
•	·	DECLARANT:
	٠	BOYLSTON STREET ASSOCIATES, LLC, a Delaward limited liability company
		By:
		Suzi Morris, Authorized Representative
•	•	• • • • • • • • • • • • • • • • • • • •
STATE OF WASHINGTON)	
COUNTY OF KING) ss.)	

On this day personally appeared before me SUZI MORRIS, whom I know to be, or have satisfactory evidence that she is the AUTHORIZED REPRESENTATIVE of BOYLSTON STREET ASSOCIATES, LLC, a Delaware limited liability company, who, under oath, stated that she was authorized to sign on behalf of such party the within and foregoing instrument and acknowledged it to be the free and voluntary act and deed of said party for the uses and purposes therein mentioned.

PATED: July 5, 2016

Print Name: Joy L. Alebo IT
NOTARY PUBLIC in and for the State of

Washington, residing at Bothell

(Use this space for notarial stamp/seal)



20100101001001,007

EXHIBIT A

Legal Description

The following described property located in the City of Seattle, County of King, State of Washington:

LOTS 2 AND 3, BLOCK 128, A.A. DENNY'S BROADWAY ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 6 OF PLATS, PAGE 40, IN KING COUNTY, WASHINGTON.

EXHIBIT B

Description of the Units and Allocation of Interests and Votes I.

	Unit No. Level		В	aths			CE % ²
Unit No.	Level	Area ¹	Whole	Partial	Bdrms	Votes	CE%
105	i	1,233	1		1	0.80	0.80
201	2	1,189	2		2	0.77	0.77
202	2	720	1		11	0.47	0.47
203	2	1,011	1		1	0.65	0.65
204	2	824	1		1	0.53	0.53
205	2	891	1		1	0.58	0.58
206	2	858	1		1	0.56	0.56
208	2	620	1		1	0.40	0.40
209	2	861	1		1	0.56	0.56
301	3	1,189	2		2	0.77	0.77
302	3	720	1		1	0.47	0.47
303	3	1,012	1		1	0.65	0,65
304	3	824	1		1	0.53	0.53
305	3	891	1		1	0.58	0.58
306	3	847	1		1	0.55	0,55
307	3	993	1		1	0.64	0.64
308	3	602	1		1	0.39	0.39
309	3	861	1		1	0.56	0.56
401	4	1,189	2		2	0.77	0.77
402	4	720	1		1	0.47	0.47
403	4	1,012	1		1	0.65	0.65
404	4	824	1		1	0.53	0.53
405	4	891	1		1	0.58	0.58
406	4	847	1		1	0.55	0.55
407	4	993	1		1	0.64	0.64
408	4	602	1		1	0.39	0,39
409	4	861	1		1	0.56	0,56
501	5	1,186	2		2	0.77	0.77
502	5	698	l		1	0.45	0.45
503	5	953	1		1	0.62	0.62
504	5	1,322	2		2	0.86	0.86
505	5	1,362	2		2	0.88	0.88
506	5	841]]		1	0.54	0.54
601	6	1,185	2		2	0.77	0.77
602	6	691	1		1	0.45	0.45

The stated Unit areas are based solely on the good faith measurements of Declarant's surveyor. Declarant has not independently verified the surveyor's measurements. Each purchaser shall be responsible for confirming the area of his or her Unit.

All allocations are adjusted to compensate for rounding and are based on the formula stated in Section 5.1 above.

TY24 BY-	Unit No. Level	41	В	aths	Daluma	Votes	CE %²
Unit No.	Level	Area ¹	Whole	Partial	Bdrms	Votes	CE %
603	6	794	1		1	0.51	0.51
604	6	648	1		1	0.42	0.42
605	6	794	1		1	0.51	0.51
606	6	743	1		1	0.48	0.48
607	6	1,181	2		2	0.76	0.76
608	6	846	1		1	0,55	0.55
701	7	1,185	2		2	0.77	0.77
702	7	691	1		1	0.45	0.45
703	7	794	1		1	0.51	0.51
704	7	648	1		1	0.42	0.42
705	7	794	1		1	0.51	0.51
706	7	743	1		1	0.48	0.48
707	7	1,181	2	******************	2	0.76	0.76
708	7	846	1		1	0.55	0.55
801	8	1,185	2		2	0.77	0.77
802	8	691	1		1	0.45	0.45
803	8	794	1		1	0.51	0.51
804	8	648	1		1	0.42	0.42
805	8	794	1		1	0.51	0.51
806	8	743	1		ì	0.48	0,48
807	8	1,181	2		2	0.76	0.76
808	. 8	846	1		1	0.55	0.55
901	9	1,185	2		2	0.77	0.77
902	9	691	1		1	0.45	0.45
903	9	794	1		1	0.51	0.51
904	9	648	1		1	0.42	0.42
905	9	794	1		1	0.51	0.51
906	9	743	1		1	0.48	0.48
907	9	1,181	2		2	0.76	0.76
908	9	846	1		1	0.55	0.55
1001	10	1,185	2		2	0.77	0.77
1002	10	691	1		1	0.45	0.45
1003	10	794	1		l	0.51	0.51
1004	10	648	1		i	0.42	0.42
1005	10	794	1		1	0.51	0.51
1006	10	743	1		1	0.48	0.48
1007	10	1,181	2		2	0.76	0.76
1008	10	846	1		1	0.55	0.55
1101	11	1,185	2		2	0.77	0.77
1102	11	691	1		1	0.45	0.45
1103	11	794	1		1	0.51	0.51
1104	11	648	11		1	0.42	0.42

F7 1. 3.	Init No. Y and	A 1	В	aths	m	¥7_4	CE % ²
Unit No.	Level	Area ¹	Whole	Partial	Bdrms	Votes	CE %
1105	11	794	1		1	0.51	0.51
1106	11	743	1		1	0.48	0.48
1107	11	1,181	2		2	0.76	0.76
1108	11	846	1		1	0.55	0.55
1201	12	1,185	2		2	0.77	0.77
1202	12	691	l		1	0.45	0.45
1203	12	794	1		1	0.51	0.51
1204	12	648	1		1	0.42	0.42
1205	12	794	ł		1	0.51	0.51
1206	12	743	1		1	0.48	0,48
1207	12	1,181	2		2	0.76	0.76
1208	12	846	1		1	0.55	0.55
1301	13	1,185	2		2	0.77	0.77
1302	13	691	1		1	0.45	0.45
1303	13	794	1		1	0.51	0.51
1304	13	648	. 1		1	0.42	0.42
1305	13	794	1		1	0.51	0.51
1306	13	743	1		1	0.48	0.48
1307	13	1,181	2		2	0.76	0.76
1308	13	846	1		1	0.55	0.55
1401	14	1,185	2		2	0.77	0.77
1402	14	691	1		1	0.45	0.45
1403	14	794	ı		1	0.51	0.51
1404	14	648	1		1	0.42	0.42
1405	14	794	1		1	0.51	0.51
1406	14	743	1		1	0.48	0.48
1407	14	1,181	2		2	0.76	0.76
1408	14	846	1		1	0.55	0.55
1501	15	1,185	2		2	0.77	0.77
1502	15	691	1	<u></u>	1	0.45	0.45
1503	15	794	1		1	0.51	0.51
1504	15	648	1		1 1	0.42	0.42
1505	15	794	1		1	0.51	0.51
1506	15	743	1		1 1	0.48	0.48
1507	15	1,181	2		2	0.76	0.76
1508	15	846	1		1	0.55	0.55
1601	16	1,185	2		2	0.77	0.77
1602	16	691	i		1	0.45	0.45
1603	16	794	1		1	0.51	0.51
1604	16	648	1		1	0.42	0.42
1605	16	794	1 1	<u> </u>	1	0.51	0.51
1606	16	743	1		1	0.48	0.48

	Tinia Nin T		В	aths	Bdrms	Votes	
Unit No.	Level	Area 1	Whole	Partial			CE % ²
1607	16	1,181	2		2	0.76	0.76
1608	16	846	i		1	0.55	0.55
1701	17	1,185	2		2	0.77	0.77
1702	17	691	1		1	0.45	0.45
1703	17	794	1		1	0.51	0.51
1704	17	648	1		1	0.42	0.42
1705	17	794	ı		1	0.51	0.51
1706	17	743	ı		1	0.48	0.48
1707	17	1,181	2		2	0.76	0.76
1708	17	846	1		1	0.55	0.55
1801	18	1,185	2		2	0.77	0.77
1802	18	691	1		1	0.45	0.45
1803	18	793	1		1	0.51	0.51
1804	18	1,534	2		2	0.99	0.99
1805	18	742	l		1	0.48	0.48
1806	18	1,186	2		2	0.77	0.77
1807	18	851	1		1	0.55	0.55
1901	19	1,185	2		2	0.77	0.77
1902	19	691	1		1	0.45	0.45
1903	19	793	1 1		1	0.51	0.51
1904	19	1,534	2		2	0.99	0.99
1905	19	742	1		1	0.48	0.48
1906	19	1,186	2		2	0.77	0.77
1907	19	851	1		1	0.55	0.55
2001	20	1,185	2		2	0.77	0.77
2002	20	691	1		1	0.45	0.45
2003	20	793	1		1	0.51	0.51
2004	20	1,534	2		2	0.99	0.99
2005	20	742	1		1	0.48	0.48
2006	20	1,186	2	Telegories and telego	2	0.77	0.77
2007	20 ·	851	1		1	0.55	0.55
2101	21	1,185	2		2	0.77	0.77
2102	21	691	I		1	0.45	0.45
2103	21	793	1		1	0.51	0.51
2104	21	1,534	2		2	0.99	0.99
2105	21	742	1		l	0.48	0.48
2106	21	1,186	2		2	0.77	0.77
2107	21	851	1		1	0.55	0.55
2201	22	1,185	2		2	0.77	0.77
2202	22	691	1		1	0.45	0.45
2203	22	793	1		1	0.51	0.51
2204	22	1,534	2		2	0.99	0.99

	, ,	Baths				CIP 0/2	
Unit No.	Level	Area 1	Whole	Partial	Bdrms	Votes	CE % ²
2205	22	742	1		1	0.48	0.48
2206	22	1,186	2		2	0.77	0.77
2207	22	851	1		1	0.55	0.55
2301	23	1,600	2		2	1.04	1.04
2302	23	1,677	2	1	2	1.09	1.09
2303	23	1,721	2	1	2	1.11	1.11
2304	23	1,586	2	1	2	1.04	1.04
Totals		154,525				100.00	100.00

The number of Units included in the Condominium upon recording of this Declaration is 168, one of which is a live/work Unit. No Units will be added in subsequent phases. There are no fireplaces in the Units.

II. Heating

The heat and cooling is from a water source heat pump in each Unit.

III. Parking and Storage

Parking Spaces:

Covered:

173

Uncovered:

0

Enclosed

v

Total:

173

In addition, there is on van-accessible parking space and a loading dock and delivery area on Level L1. There are 168 storage rooms. The parking and storage spaces are as shown on the Survey Map and Plans. All parking spaces and storage areas are located in the parking levels beneath the Units as shown on the Survey Map and Plans.

IV. Recreational Facilities

All Units are located in a single building which includes five and one-half levels of structured parking beneath the Units. The recreational facilities include bike storage, dog run, dog wash area, fitness center, and rooftop amenities including a library, terrace, amenity room, jetted soaking pool, private dining room and restrooms. There are no moorage slips in the Condominium.

EXHIBIT C
Assignment of Parking and Storage

Unit Number	Parking Space	Storage Area
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Unit Number	Parking Space	Storage Area
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	Parking Space

SHEET 1 OF 18

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SURVEY MAP AND PLANS FOR

$\underset{\text{a portion of the SW 1/4, of the Ne 1/4, section 32, Township 25 north, range 4 east, w.m.}{LUMA}$

DECLARATION

EDDS 10 201607070013357 IN MITNESS WHEREOF, DEPLACENT HAS EXECUTED THIS DEPLACATION.

BOALSTON STREET ASSOCIATES, ILC.
A GELANASE LIGHTED INSULTY PROPERTY.

ELT WORRS, ALTHORNO EXPERIMANCE

ACKNOWLKIXGMENTS



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DEPARTMENT OF ASSESSMENTS

SURVEYOR'S CERTIFICATE



RECORDING CERTIFICATE

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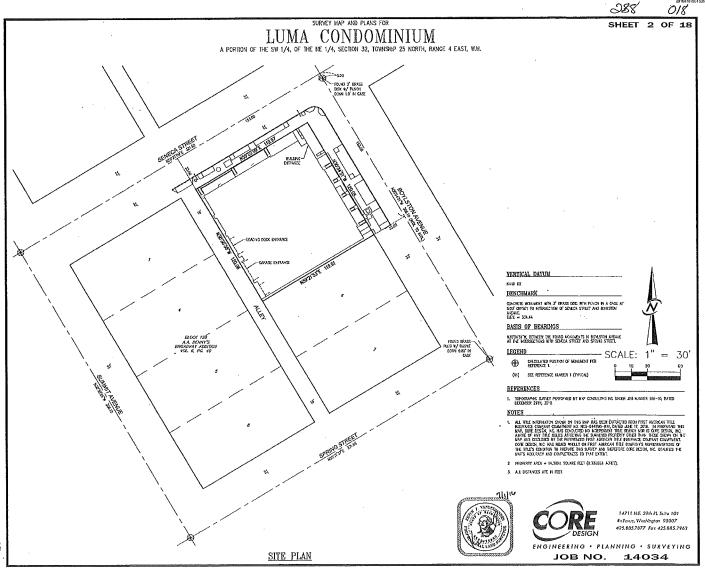
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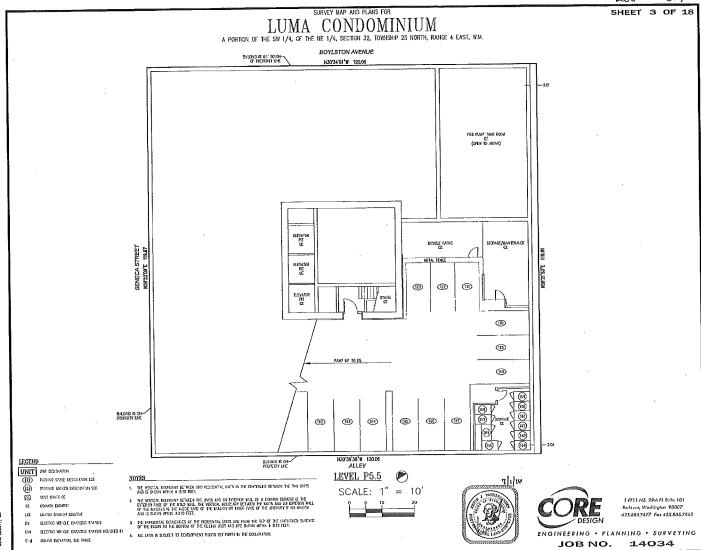


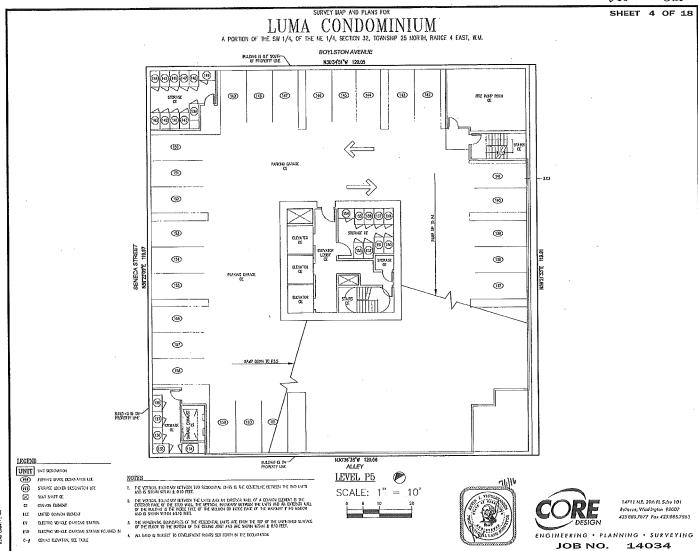
14711 NE 29th FL 5xt+ 101 Bellevoo, Washington 98007 425.885.7877 Fax 425.885.7963

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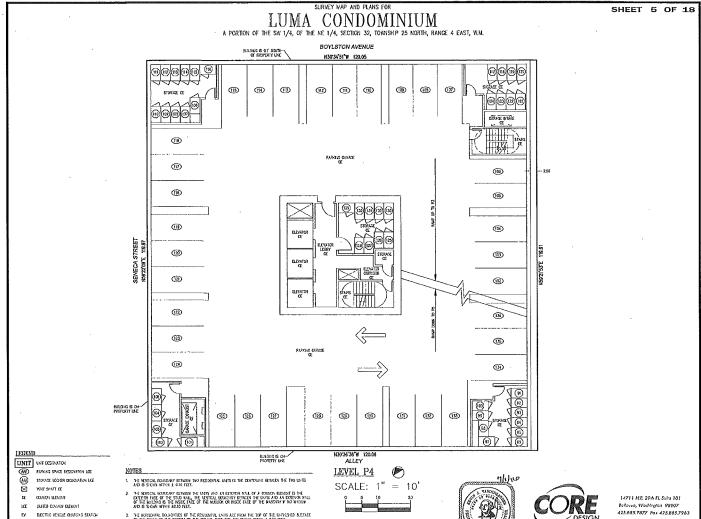




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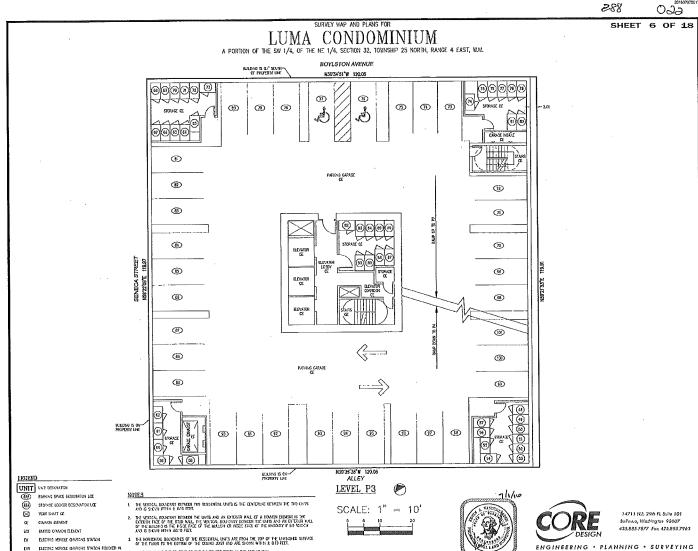
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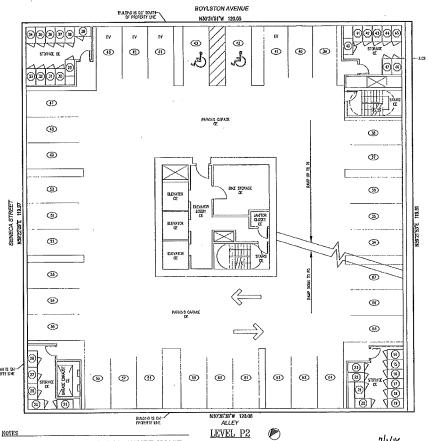
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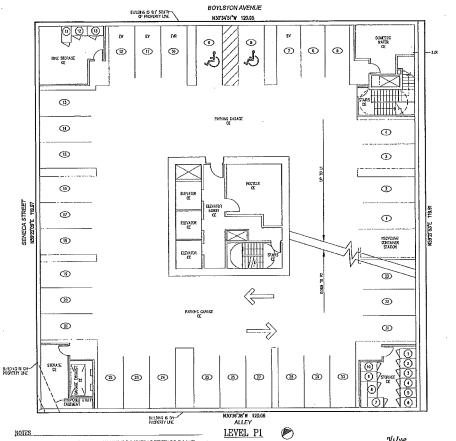


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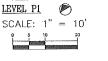




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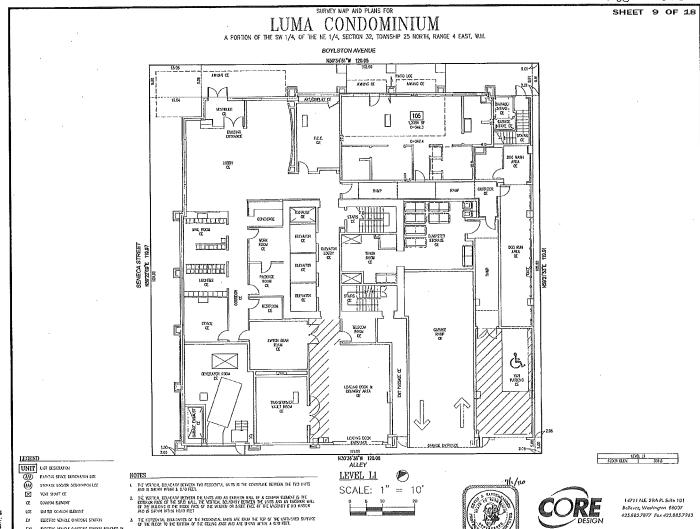
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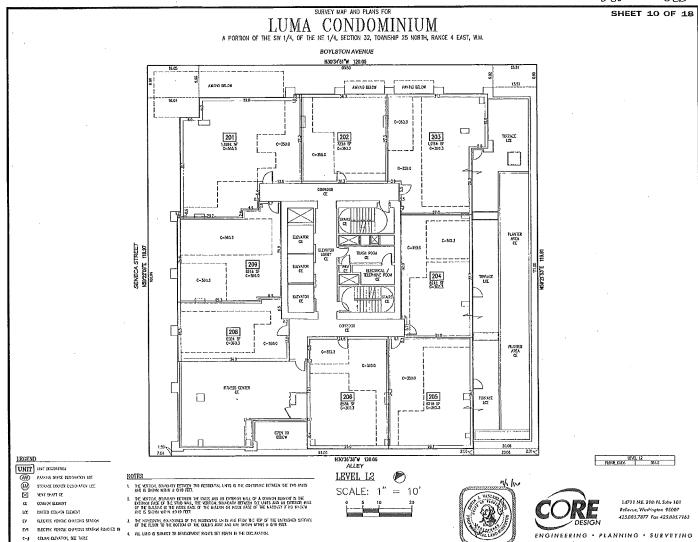
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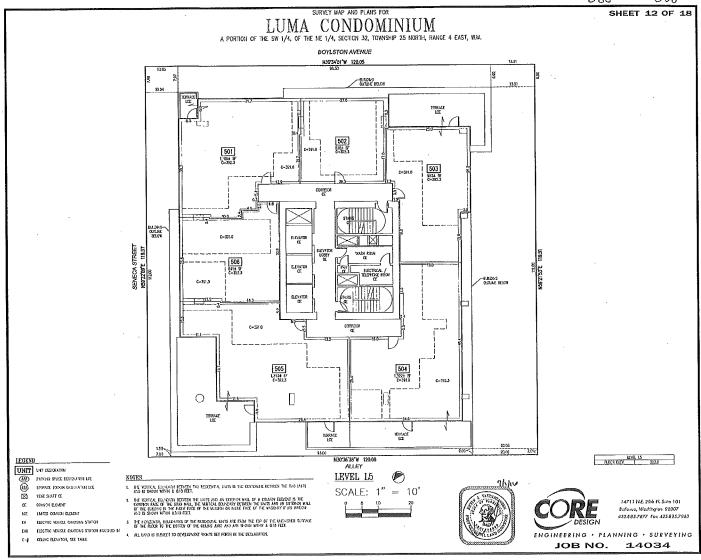
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BOYLSTON AVENUE





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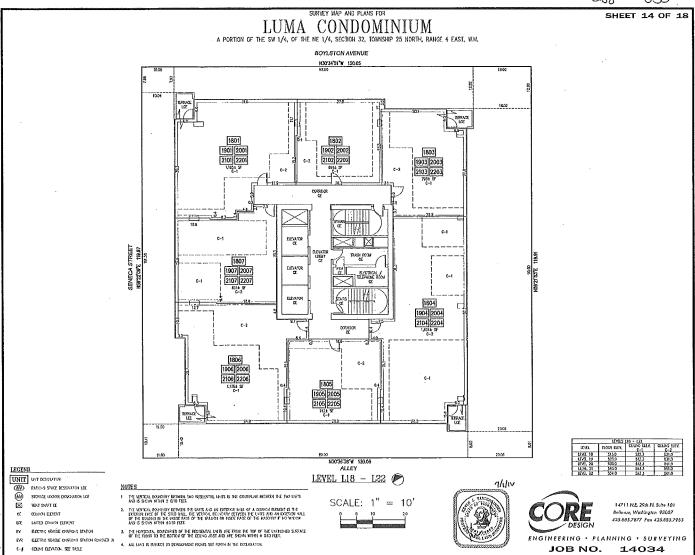
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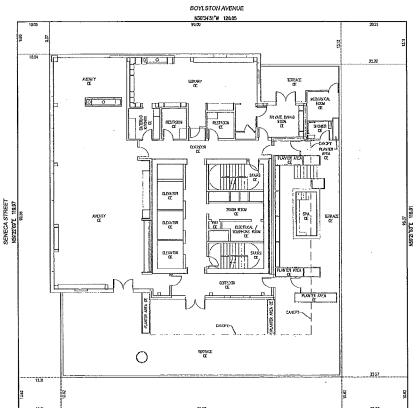


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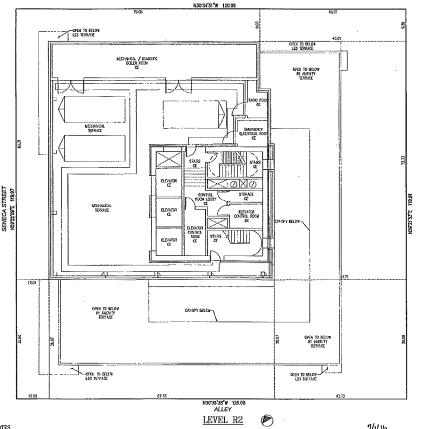
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SURVEY MAP AND PLANS FOR $\frac{LUMA}{CONDOMINIUM}$ a portion of the SW 1/4, of the Ne 1/4, section 32, township 25 north, range 4 east, w.m.

BOYLSTON AVENUE



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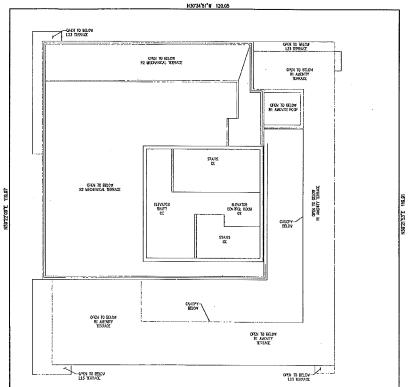
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ENGINEERING . PLANNING . SURVEYING JOB NO.

LUMA RULES AND REGULATIONS

1. STATEMENT OF PRINCIPLES

- 1.1. The LUMA Condominium Owners Association will not knowingly apply its rules, or conduct its affairs, in any manner that would constitute illegal discriminatory treatment of any individual on the basis of any status or class protected by law. The Association believes in the equality of all individuals regardless of race, sex, marital status, creed, age, political ideology, national origin, religious beliefs, ethnic heritage, sexual orientation, familial status, or disability. We will endeavor to act fairly in all matters, and to observe all laws regarding equal opportunity in the provision of Fair Housing. Should any question arise in this regard, we will respond to the best of our ability to each question, or settle each objection, in a manner fully consistent with both the letter and spirit of the law.
- 1.2. Each Owner shall be responsible for any expenses resulting from damages done to a unit, the Common Elements or the Limited Common Elements by that Owner or a Tenant occupying the Owner's unit, or the family, servants, employees, agents, visitors, licensees, or household pet of that Owner or Tenant, or as a result of the failure to maintain, repair or replace any fixture, equipment, appliance or appurtenance which the Owner is responsible to maintain under the terms of the Declaration, or from any misconduct by that Owner or a Tenant occupying the Owner's unit, or the family, servants, employees, agents, visitors, licensees, or household pet of that Owner or Tenant. The expenses resulting from any such misconduct caused thereby shall be specially assessed to the unit, shall be a lien upon the unit and upon any appurtenant Common Elements, and shall be collectable as are other Assessments.
- 1.3. These Rules and Regulations supplement the Association's Declaration, Bylaws, and Articles of Incorporation. They do not replace these documents, and in the event of a conflict, these Rules and Regulations shall be of lower precedence than the before mentioned documents.
- 1.4. All applicable federal, state, and local laws and ordinances are to be observed by all Owners and their Tenants, guests, invitees and licensees, whether or not they are specifically set forth in these rules.
- 1.5. The Board may, from time to time, adopt, rescind, or amend any Rule or Regulation in order to facilitate the management and operation of the Association. Unless an emergency change is required, all such changes will be published in writing within thirty (30) days of adoption and sent to all Owners prior to being enforced. The Board or the Association may adopt Rules and Regulations necessary or advisable for the proper administration of the Condominium. The Rules and Regulations may be amended by the Board (or the Owners in the same manner as amending the Bylaws), and such amendments shall be deemed a part of these Rules and Regulations.

2. COMMERCIAL ACTIVITIES

2.1. Residential Units

The Residential Units shall be used exclusively for single family residential purposes, for the common social, recreational or other reasonable uses normally incident to those purposes. Residential purposes include sleeping, eating, food preparation for on-site consumption by Occupants and guests, entertaining by Occupants of personal guests and similar activities commonly conducted within a residential dwelling, without regard to whether the unit Owner or Tenant resides in the Residential unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis. Timesharing, as defined in RCW 64.36, is prohibited.

3. BARBECUES

- 3.1 Barbecues are not permitted on residential terraces. A common area barbeque is provided for the use of all Residents.
- 3.2 Natural gas or propane barbecues ONLY (no briquette barbeques), are allowed on the following unit patios: 203, 204, 205, 503, 504, 505, 2301, 2302, 2303, 2304 subject to any changes in the City of Seattle Fire code regulations.
- 3.3 Residents are responsible for cleaning up after themselves, and for leaving the area ready for use by the next Resident.

4. TRASH CHUTE

- 4.1. All garbage must be bagged in heavy paper or plastic bags and securely fastened before depositing in the trash chute. Compost should be placed in the bins provided in the trash rooms.
- 4.2. Do not drop glass of any kind down the trash chute. Only clean recyclable glass is to be placed in the "glass" dumpster in the recycle area, with the exception of incandescent light bulbs, which should be placed in the trash dumpster.
- 4.3. Cardboard boxes and heavy paper items are to be flattened, bagged or tied in bundles and placed in assigned dumpsters in the recycle area. Large empty containers or other large items other than cardboard or packing material must be cut up, flattened and placed inside the assigned dumpster in the recycle area.
- 4.4. Newspapers, paper goods, plastics and cans on the approved recycling list are to be placed in the assigned recycle bins in the recycle area.
- 4.5. Never throw flammable materials or any liquids in the trash chute. Contact the Facility Manager for disposal instructions for such items.
- 4.6. Contents of vacuum cleaner bags or disposable vacuum cleaner bag liners must be securely packaged as described above before disposing in trash chutes.
- 4.7. After the holidays, Residents are responsible for cutting up their holiday trees in no more than three (3) foot lengths bundles to be tied and placed in an area assigned by the Facility Manager.
- 4.8. Remodeling debris, rugs, furniture, appliances, etc., are the responsibility of the Resident to dispose of off site. Such material is not to be placed in or by the dumpsters. Failure to comply will subject the Resident to removal cost.

4.9. All pet feces and kitty litter are to be double bagged and hand carried to the garbage area and placed in front of the compactor area. No pet feces or kitty litter are to be flushed down the toilet or placed in the trash chute.

5. ACCESS CONTROL

- To prevent unauthorized persons from entering the residential portion of the building, we rely on residents to be vigilant and play their part to ensure that non-residents do not gain unauthorized access to the building. When entering or exiting the building through any public access, swipe your security fob on the electronic access plate to demonstrate to others that you are a resident. If you see someone gaining access without a security fob that you do not recognize as a resident, and they do not proceed directly to the Concierge, verify they are a resident or direct them to the Concierge desk. If you feel uncomfortable providing this direction, it is required that you notify the Concierge immediately of the person gaining access. In addition, it is the responsibility of all residents to instruct and educate their guests of this rule.
- 5.2 Access to the building is through a "fob" or access card system each fob/access card is specially coded to your unit and cannot be duplicated. If you lose your fob/access card or need an additional fob/access card for a family member or guest, see the Facility Manager or the Concierge.
- 5.3 Owners shall notify the Facility Manager or Concierge at least 24-hours in advance of any scheduled repair or maintenance which will require admitting trades people to the buildings. It is the Resident's responsibility to monitor entry and exiting of their trades people.
- 5.4 Residents who wish the Facility Manager or Concierge to allow someone into their unit while the Resident is absent may leave a key, written permission and any special instructions with Facility Manager.
- 5.5 The Facility Manager and Concierge may receive packages, deliveries, registered mail, etc. for Residents once a consent and release of liability form is signed and is on file.

6. EXTERIOR APPEARANCE

- 6.1 It is the Association's policy that a uniform exterior appearance is more aesthetically pleasing than the alternative of many different colors and designs. Therefore, in order to preserve this uniform appearance, all portions of the Units which are visible from the exterior, including but not limited to exterior paint, screens, doors, railings, window coverings, etc., must preserve the designated style and color scheme. Only patio/deck furniture and plants/planters may be kept on terraces assigned to individual units. Rules specific to use of barbecues on terraces are contained in section 3. Bicycles, exercise equipment and the like are not to be stored on unit terraces.
- 6.2 Screens are allowed on all operable windows and doors.
- 6.3 All window coverings must appear white to the exterior. The exception to this rule is the rooftop amenity area. The window coverings in this common area are allowed to be black to the exterior.
- 6.4 All terraces and entry ways are to be kept in a clean and neat condition at all times. The Board reserves the right to require the removal of any item deemed to be unsightly or

- offensive, or which generally comes under the category of litter, trash, trash container, junk, debris, etc.
- 6.5 The watering of plants, sweeping, or cleaning of balconies shall be done in a manner which will not be a nuisance to persons residing in lower or adjacent Units. It is important to ensure that nothing be swept, thrown, dropped, or shaken from doors, windows or terraces. Plants shall not be hung from ceilings, walls or terrace railings. All plant containers must have water dishes underneath to avoid dripping on the balconies or windows below.
- No sign of any kind shall be displayed on or from any unit, common elements or limited common element, nor shall any sign of any kind be inscribed, painted, engraved or affixed to the exterior of any unit, Common Element, or Limited Common Element except as permitted by the Governing Documents.
- 6.7 To maintain architectural uniformity, the modification of any Common Elements, Limited Common Elements or of any unit is permitted only with the written approval of the Board. Requests for approval must be made in writing, detailing the work to be done. Architectural drawings may be required. All work approved must be done by qualified and insured individuals and in accordance with all applicable codes.
- 6.8 No bird feeders of any kind are allowed on the terrace areas.
- 6.9 Satellite Dishes, Antennas, and Other Signal-Receiving Devices
 - 6.9.1 Installation of satellite dishes or other receiving devices (such as antennas) located entirely within limited common element spaces assigned exclusively to an individual Owner (i.e., terraces).
 - 6.9.2 No portion of the satellite dish or receiving device, its support structure, cabling, or wiring may either (i) overhang outside the railing or floor of any limited common element which is assigned exclusively to an individual Owner (i.e. railing and floors of terraces) or (ii) intrude into the general common elements (see Declaration Section 3).
 - Further, to protect public safety from injuries possible from improperly attached 6.9.3 devices and to prevent property damage from water intrusion and other risks, any installation must conform with the following installation requirements. Any installation of the satellite dish, receiving device, the support structure, cabling, and wiring may not penetrate or be affixed to the exterior of the building, the windows, or the roof. In addition, the installation of the satellite dish, receiving device, the support structure, cabling, and wiring may not penetrate the flooring of terraces or the railings but may be affixed to the flooring or the railing in a manner that does not impair the the flooring material or the integrity of the railing. The installation may not exceed the allowed load balance for the terraces.

7. ALTERATIONS AND MAINTENANCE OF UNITS AND LIMITED COMMON ELEMENTS

7.1 Alterations

7.1.1 Pre-construction approval. All structural changes, interior unit alterations/remodels and/or improvements, including but not limited to internal changes to Units, changes to mechanical risers, plumbing risers, sprinkler

systems, HVAC and fire systems, changes to interior or exterior common elements, and all core drilling of exterior and bearing walls, slab and ceiling and the installation of hard surface flooring (hereinafter "changes") must be:

- Described in detail in an "Application for Interior Unit Alterations, Improvements, or Construction" (included in this booklet);
- Accompanied by a sketch and written description of the proposed work. Complete detailed drawings and specifications shall be submitted when building permits are required or when requested by Association.
- Signed and submitted to the Community Manager & ACC Committee for review and approval by the Board of Directors.

Once approved, the work shall be performed by licensed and bonded contractor.

- As a condition of approval Board may require that contractor name the Association as an additional insured and to provide evidence thereof prior to commencement of work.
- Homeowners will be held liable if work proceeds without approval by the Board.

7.2 Building Permits

- 7.2.1 The unit Owner must obtain all required permits and it shall be the Owner's responsibility to ascertain what permits are required.
- 7.2.2 The Construction Documents, Plans, and Specifications utilized in the construction of LUMA Condominium shall be the minimum Building Standard for any construction work in the building unless a higher standard is required by any then current governmental codes.

7.3 Alterations and Loading to Terraces

- 7.3.1 The Developer has worked to determine the safe loads which the terraces can support. The live load is the load which may safely be placed on the balcony in addition to the materials used for original construction, such as wood decking, pavers, people, plants, furniture, barbeques, etc. According to the builder the terraces will generally support a live load of 60 pounds per square foot (psf). Semi-permanent installations (such as wood decking) should be treated as live loads, so their weight should be deducted from the allowable live load. No single load (like a potted plant or barbeque) should exceed 300 pounds.
- 7.3.2 If your plans for your terrace include additions which will exceed the listed load limits, you must obtain approval of a qualified structural engineer and submit it to the Board with your request for a variance prior to commencing work. Additionally, any permanent installation of tile requires the review of a qualified structural engineer, and the prior written approval of the Association. Tile may only be installed on pedestal; no installation directly onto the membrane will be approved.

7.4 Common Elements

- 7.4.1 Common Elements may be used for a construction project including staging, painting or any other construction work with the prior approval of the Board of Directors.
- 7.4.2 Owners are responsible to see that their workers leave Common Elements, including all hallways and elevators, clean at the end of each day's work.

7.5 Scheduling and Coordination of Work

- 7.5.1 The Owner shall submit a proposed construction schedule with beginning and end dates for all approved projects to the Board of Directors.
- 7.5.2 The Board of Directors must be consulted at any time construction will disrupt any LUMA systems and/or operation, including water shut-offs that will affect neighboring Units.

7.6 Debris Removal

7.6.1 All left over construction materials and containers must be removed from the premises. They may not be disposed of in LUMA dumpsters.

7.7 Fire Systems

- 7.7.1 No sprinkler head, system drainage, or monitoring device shall be modified without prior written approval of the Board of Directors.
- 7.7.2 In the event the fire alarm wiring is cut, the Owner will be responsible for all repair costs and false alarm expense.

7.8 Working Hours

- 7.8.1 Work and any activity which generates noise is restricted to between the hours of 8:00A and 5:00P Monday through Friday, unless special arrangements have been made with the Board of Directors.
- 7.8.2 Emergency work and work activities not involving excessive noise may be done on Saturday, Sunday and Holidays between the hours of 10:00A and 4:00P. This provision applies only to owners or their tenants, with owner's written authorization, doing such work or activity themselves. No work or activity by hired tradesmen will be permitted. Minor work or activity would include hanging pictures, installing surface shelves, minor repairs and the like.

8. INTRUSIVE ACTIVITIES

8.1 Activities that unreasonably impose on, detract from, or otherwise intrude on peaceful enjoyment of another unit owner are prohibited. The limitation includes, but is not limited to, noise, odors, smoke, particulate, vibrations, and any other activity which may be judged by the Board of Directors to be obnoxious, offensive, or annoying. Excessive pet noises are considered to be a violation of this section.

- 8.2 The period from 10:00P to 7:00A shall be considered as quiet courtesy hours. During this period any activity that generates noise that unreasonably disturbs another Resident in his or her Unit is prohibited.
- 8.3 The use, possession, or storage of fireworks is prohibited in or about the buildings.

9. COMPLIANCE WITH DECLARATION

- 9.1 Each Owner, Resident, and other Occupant of a unit in the Condominium shall comply strictly with the provisions of the Governing Documents and with all decisions of the Board adopted as provided in the Governing Documents. The acceptance of a deed or conveyance or the entering into occupancy of any unit shall constitute an agreement that the provisions of the Governing Documents, as they may be amended from time to time, are accepted and ratified by the Owner, Tenant, or other Occupant and all provisions of the Governing Documents shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit, as through the provisions were recited and stipulated at length in each and every deed, conveyance or lease of the unit.
- 9.2 The Board or Community Manager shall exercise its prudent business judgment in determining what actions to take in the enforcement of the Governing Documents. The failure of the Board or Community Manager in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Governing Documents, or to exercise any right or option contained in the Governing Document, or to serve any notice or to institute any actions, shall not be construed as a waiver or relinquishment for the future of that term, covenant, condition or restriction, but the term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board or Community Manager of any Assessment from an Owner, with knowledge of any breach shall not be deemed a waiver of that breach, and no waiver by the Board of any provision of the Governing Documents shall be deemed to have been made unless expressed in writing and signed by the appropriate officers on behalf of the Board.
- 9.3 The Board, or other body of person ("Hearing Board") designated in the internal notice and hearing procedures required under RCW 64.34.304.1(k) ("Due Process Procedures") to be set forth in the Bylaws or Rules and Regulations, is authorized and empowered, as provided in the Due Process Procedures, to investigate, hear and determine all complaints concerning violations by any unit Owner, Tenant, or other Occupant or by the Association of any provision of the Governing Documents or of any Board Decision and to order compliance therewith. The Hearing Board is authorized and empowered to levy reasonable fines against any person who shall have been found to be in violation of any provisions of the Governing Documents or Board Decision after notice stating the nature of the violation and an opportunity for a hearing. Fines shall not exceed the maximum amounts to be established from time to time by resolution of the Board.

10. FEES FOR SERVICES AND FINES

10.1Fees:

• Information /documents for sales and/or financing:

RCW 64.34.425, Association Resale Certificate: \$250.00

Association affidavit/certification minimum charge: \$75.00

- NSF Fee (payable whenever a check is returned dishonored): \$45.00
- Transfer fee of \$100.00 assessed to the buyer at closing.
- Lien Filing Fee (payable whenever a lien is prepared and filed for non-payment of assessments): \$250.00
- Fees for moving into or out of Residential Unit:

A non-refundable change of occupancy fee will be paid to the association each time there is an occupancy change in the unit. The fee is \$700 for residents following the first initial occupant of each unit. This fee is an assessment against the unit and is charged at the time a new resident moves in.

10.2 Collection Policy:

Monthly and special assessments shall be delivered to the office of The CWD Group, I incorporated ("Agent"), Agent for the Association on or before the first business day of the month in which they are due.

A fourteen (14) day grace period will be granted to allow for mail and other unforeseen delays. During the grace period, attempts will be made to contact the unit owner ("Owner") by phone to notify them that the required payment has yet to be received.

On the fifteenth (15) day of the month, the assessment shall be considered delinquent, a late fee of Thirty Dollars (\$30.00) will be assessed against the delinquent account by the Association, and a reminder letter (the "First Letter") will be mailed to the last known address of the Owner stating that the account is in default, that the Association is attempting to collect a debt, that a late fee has been added to the account, and that owners disputing the validity of the debt must notify the Association in writing within 30 days.

On the Forty-fifth (45th) day of delinquency, and after mailing of the First Letter, a second Thirty Dollar (\$30.00) late fee will be assessed against the delinquent account by the Association, and a ten (10) day demand letter (the "Second Letter") will be mailed by certified and regular mail to the last known address of the Owner stating that the account must be brought current within ten (10) days, that the Association is attempting to collect a debt, that late fees have been added to the account, and that failure to remit payment in full to the Association will result in the placing of a lien against the delinquent unit and the forwarding of the account to the Association's counsel ("Attorney") for collection.

On the Fifty-fifth (55th) day of delinquency, and after mailing of the First and Second letters, a three hundred dollar (\$300.00) lien filing fee and a Fifty Dollar (\$50.00) legal handling fee will assessed against the delinquent account by the Association, a lien will be filed against the delinquent unit, and the delinquent account will be turned over to the Attorney for collection.

Once turned over to the Attorney, a monthly service fee of Thirty Dollars (\$30.00) plus all direct costs of collection will be assessed against the delinquent account. Owners shall communicate with the Attorney directly, and shall make all payments, including attorney's fees, to the Attorney until they bring their account current unless the Owner, the Agent, and the Attorney agree otherwise in writing. The Association will also decide with the consultation of the Attorney what further steps, if any, the Association needs to take to protect the community's best interests.

Once the account is paid in full and current, liens will be released and the unit account returned to current status within five business days.

10.3 Penalties for Violations.

Fines may, at the discretion of the Hearing Board, be charged in addition to enforcement fees and cost reimbursement for damage repairs, if any.

- The first fine will be assessed in an amount of \$100.00
- The second fine will be assessed in an amount of \$250.00
- The third fine will be assessed in an amount of \$500.00, and may cause the commencement of legal action to prevent further infractions.

11. USAGE OF RESIDENTIAL COMMON ELEMENTS.

11.1 Common Elements consist of all portions of the Condominium except the Units. This includes but is not limited to the lobby, halls, entryways, elevators, stairways, parking area, and rooftop deck.

11.2 General Requirements

- Bicycles, baby carriages, doormats, umbrella stands, or other personal effects may not be stored or kept in halls, doorways, stairways, elevators or other public areas. Bicycles should be stored within residents' parking spaces (preferably on approved wall mounts or floor mounts) or on the bicycle rack on garage level G1.
- The decor of the Common Elements may only be changed by Board action. Doors to Units are Common Elements and may not be changed, painted, or decorated in any way except for appropriate holiday decorations hung on the exterior of Unit doors between Thanksgiving and New Years Day. No permanent attachment or alteration of the Unit door may be made. Doors must not be propped open; this prevents unwanted noise, odors, etc. from traveling into or out of our units, and insures that the HVAC system, serving the hallways, is not strained.
- Dustmops, rugs, tablecloths and clothing shall not be shaken, cleaned or left in any of the Common Elements or from any window, door, balcony, or landing.
- 11.2.4 Smoking is not allowed within 25 feet of any entrance to the building or in the parking garage, or in any Common or Limited Common Element, including unit decks and the roof top deck
- 11.2.5 Residents are responsible for their guest's behavior and must be in attendance in the Common and Limited Common Elements at all times with their guests. Guest conduct must be considerate of other persons and property. Activities that unreasonably impose on, detract from, or otherwise intrude on peaceful enjoyment of any Resident are prohibited. This limitation includes, but is not limited to, noise, odors, smoke, particulates, vibrations and any other activity which may be judged to be obnoxious, offensive or annoying.
- Residents may not entertain more than 10 non-resident guests in the lounges without an Amenity Reservation.
- 11.2.7 Residents are responsible for cleaning up any mess, and for the costs of any damage, caused by themselves, their guests, or their pets in the

Common Elements. Special care should be taken when bringing luggage, strollers, bicycles and other bulky or heavy items through any of the public areas.

- 11.2.8 Residents shall not leave hazardous materials at the Front Desk, the garbage room, or in the common areas. This includes flammable liquids, medical supplies, pesticides, automotive products, soiled diapers, paints, explosives, solvents, and anything else that requires special handling or disposal. For residents that use pick-up and disposal services for such items, the residents are required to allow permission to enter their unit to the appropriate vendor.
- 11.2.9 Residents who fail to pick up packages within three days of package delivery notice sent to the email address on file for the resident will be subject to a fine. Additionally, residents who will be out of town or otherwise unable to pick up packages for more than three days must complete a package delivery form indicating the dates that a resident is unable to claim packages and provides the Concierge staff Permission to Enter the resident's unit to deliver the packages if storage space is not available.

12 FIRE REGULATIONS

- 12.1.1 Fire doors must remain closed at all times, including elevators. This is particularly important in regard to exit stairways.
- 12.1.2 No storage or accumulation of material is allowed in ANY area of the building, including Units that may constitute a fire hazard, increase the rate of insurance, cause cancellation of insurance or violate any law, ordinance, regulation or rule of the City of Seattle and/or State of Washington.
- 12.1.3 In the event of fire, elevators are not to be used. Exit the building by stairwells that are clearly marked with lighted Exit signs on each floor. All Residents are required to follow prior written as well as voice instructions of the building Fire Director and Fire Department personnel.
- 12.1.4 Individual unit smoke detectors are connected to the building fire alarm system. Each Resident is responsible for testing and maintaining the unit smoke detectors. Smoke detectors are hard-wired with battery backup.
- 12.1.5 All window coverings must be made of fireproof material.

13 DOMESTIC PETS

13.1.1 LUMA Residents may keep two domestic pets (with a maximum of two dogs, two cats, or a dog and a cat) in a residential unit subject to these rules and regulations and the Declaration. Fish tanks up to 6 gallons are permitted; larger tanks require prior Board approval. The following dog breeds (or predominately bred dogs) are prohibited on LUMA premises: Doberman Pinschers, Pit Bulls, Bull Terriers, Rottweilers and wolves or wolf-dog hybrids. This list may be updated by the Board through written notice to the Owners. Other animals are not permitted in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose.

- 13.1.2 Residents must comply with city ordinances regarding domestic animals. Any and all such ordinances are hereby incorporated into these Rules, and a violation of any such ordinance will be considered a violation of these Rules and Regulations.
- 13.1.3 Cats and dogs must be licensed by the City of Seattle.
- 13.1.4 The dog wash and Pet Relief area are on the ground floor. This is the only location available for dogs to relieve themselves.
- 13.1.5 All pets are to be walked in the Dog Park/Pet Relief Area which is clearly marked by appropriate signage in the building. Use of any other areas for pet relief is prohibited. (Because of the communal nature of these relief areas, it is suggested that dog Owners insure that their pets are protected from the Parvo Virus disease).
- 13.1.6 Pet owners must keep their pet under control in the Dog Park/Pet Relief Area, including excessive barking, and aggression toward other pets or people. Immediately leave the pet facility if your dog behaves aggressively.
- 13.1.7 Any and all excrements or waste left in the Pet Relief Area or at the exterior of the building must be properly picked up and disposed. Pet owners are responsible for cleaning up any mess and cost of damage caused by their pets. All pet feces and kitty litter are to be double bagged and hand carried to the garbage area and placed in front of the compactor room door. No pet feces or kitty litter are to be flushed down the toilet or placed in the trash chute.
- 13.1.8 Owners must be in attendance with verbal and sight control of their dogs at all times. Residents are responsible for the conduct of pets owned by their guests while on building premises. Visitors with pets must comply with all pet rules, and they may be refused entry to the building if the visiting pet is not on a leash, in a pet carrier, or is otherwise unreasonably misbehaving and disturbing residents. Visiting pets can only be escorted to and from the Host residence and are not permitted elsewhere in the building. Residents are not permitted to temporarily house pets as a business with the exception of pet sitting. Pet sitting is permitted only of animals owned by LUMA Residents.
- 13.1.9 Dogs with a known history of dangerous behavior are prohibited from using the specified pet facilities.
- 13.1.10 No running, shouting or chasing your dog in the Pet Relief Area or Dog Wash Area.
- 13.1.11 Food (dog or people) is not allowed in the specified pet facilities.
- 13.1.12 As with all common areas in the building, no smoking will be allowed in the specified pet facilities.
- 13.1.13 Pets must be restricted to the Resident's unit and the dog related facilities, including the Dog Wash Area, Dog Lounge and Pet Relief Area. For their own safety, pets are not permitted on unit balconies without supervision.

- 13.1.14 Pets are not permitted in the main entrance lobby, except by means of transport in a carrying case or on leash. Pets are not permitted in the mail room, storage areas, trash or recycling rooms, the community room, the rooftop deck and hot tub area, or fitness room.
- 13.1.15 Pets are not permitted in the hallways, elevators or indoor common areas except for transit between the individual unit and outdoor grounds of the common areas, and even then pets must be accompanied by their owner/care giver and be leashed or carried.
- 13.1.16 Residents are not permitted to allow their pets to cause hazard, nuisance, or unreasonable disturbance to any Resident. Unit owners are ultimately responsible for the conduct of pets. The Board may require the removal of any pet which the Board, in the exercise of reasonable discretion, finds disturbing other Residents, and may exercise this authority for specific pets even though other pets are permitted to remain.

14 REAL ESTATE

14.1 Sale of Units

The LUMA Board of Directors is aware that marketing of property requires ease of access and cooperation of seller, real estate agent, and Community Manager. With that in mind, the Board of Directors has established the following guidelines:

Responsibilities of Seller:

- Notify the Community Manager and Facility Manager that the unit is for sale
- Provide the agent with a building entrance access card/fob and unit key.
- Make arrangements with the listing agent for access to the unit.

Responsibility of Agent:

- Agent will have showing access to common areas as well as the unit.
- Broker's Open Notify the Facility Manager of date and time.
- A licensed agent must escort individuals (not agents) attending an open house through the building.
- No signage of any kind may be displayed in front of, across the street from, or around LUMA, except with the express written permission of the Board of Directors. Agents wishing to attract potential buyers to the building may not do so by the placement of signage outside the building prior to or during an open house.
- Key boxes are not allowed on the exterior of the building, and will be removed without notice.

14.2RENTALS

- 14.2.1 All leases and rental agreements must be in writing and by their terms shall provide that the terms of the lease are subject in all respects to the provisions of the Declaration, Bylaws, and all rules and regulations there under.
- 14.2.2 The Board must be provided a copy of the lease or rental agreement prior to move-in with the name(s), phone numbers, and information regarding the Tenant(s) and/or his/her automobile(s) to be parked in the garage prior to the move-in.

- 14.2.3 Any failure of a Tenant to comply with the terms of the Declaration, Bylaws or Rules and Regulation of the Association shall be an event of default under the lease or rental agreement.
- 14.2.4 The Owner of the unit will be held responsible for any damage to Common Element or Limited Common Elements caused by the Tenant, whether or not the Tenant was in violation of the rental agreement or any Rules or Regulations. Rental of a unit does not constitute a waiver or relinquishment of the Owner's responsibilities as specified in the Declaration and the Bylaws.
- 14.2.5 A non-refundable change of occupancy fee of \$700 will be paid to the association each time there is an occupancy change in the unit. This fee is an assessment against the unit and is charged at the time a new resident moves in.
- 14.2.6 Non-Resident Owners who rent their units will be required to specify, in the lease agreement with their Tenants, a choice between personal use of LUMA amenities, or allowing their Tenants use of the LUMA amenities, but not both.

14.3MOVING DAY

- 14.3.1 All moves into and out of LUMA must be coordinated though the Move Coordinator.
- 14.3.2 Extreme care must be addressed to security all exterior doors should be attended at all times during moving.
- 14.3.3 Elevator pads are required when elevators are used for moving. The Move Coordinator will arrange for the padding of the elevator.
- 14.3.4 A non-refundable change in occupancy fee shall be due from the owner to the Association in connection with any change in occupancy.
- 14.3.5 The key that locks the elevator open can be obtained from the Facility Manager. The elevator must only remain locked open while loading and unloading. Do not leave the elevator open for long periods of time.
- 14.3.5 Regular moving hours are 9:00 a.m. to 4:00 p.m. daily except for Sunday. All moves must be scheduled through the Move Coordinator. Any move in or out that is not scheduled through the Move Coordinator will result in a fine as an assessment against the unit.

15 PARKING GARAGE

- After entering the garage, you must wait by the door until it has fully closed. Similarly, after exiting the garage, you must wait by the door until the door has fully closed or another driver in the garage has reopened the door. Failure to wait may result in a \$100 fine.
- 15.1 The maximum speed limit within the garage is 5mph.

- 15.2 Storage of personal items, except bicycles, is not allowed within parking spaces. Items such as plastic bins, boxes, carts, furniture, auto parts, and tires should be stored elsewhere.
- 15.3 Parking of any vehicle type is not allowed within Common Elements.
- 15.4 Carts are available on each parking level for all Residents to use to move items between their vehicle and home. Carts must be promptly returned to the appropriate parking garage level so that the next Resident can use them.
- 15.5 Violation of these rules will be subject to the fines established in the LUMA Rules & Regulations

LUMA HARD SURFACE FLOORING

Policy Purpose:

Establish a policy that allows Owners to install any type of flooring anywhere in their home, as long as the completed installation demonstrates a specified noise reduction level.

Policy Benefit:

- Owners are free to install the flooring of their choice anywhere in their residence.
- Other residents are assured of a consistent and beneficial acoustic environment following a flooring change.
- The acoustical integrity of the building will gradually improve as remodels occur.

Application:

The policy applies to any repair, replacement, or new installation of hard-surface flooring in any residential condominium at LUMA.

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"Deposit" An amount equal to One Hundred Fifty percent (150%) of the

cost of sound testing by a Board-approved Acoustic Consultant

or \$1,000, whichever is more.

"FIIC" Field Impact Isolation Class.

"Hard Surface Flooring" Any of a number of hard surface flooring materials, including

but not limited to wood, tile, stone, granite, cement, or linoleum. All hard surface flooring, whether nailed, floating, or cemented

to the sub-floor qualifies under this policy.

"New Installation" New installations or replacements of hard surface flooring

materials in areas outside of the entry, kitchen, or bathroom, where not originally installed by the Developer, or over areas

without hard surface flooring in the residence below.

"Plans" A combination of documents which demonstrate the type of hard

surface flooring to be installed, the type of sound attenuating material to be used, a copy of the proposal from the contractor, a copy of the contractor's current license and bond, and a copy of

the contractor's current insurance certificate.

"Repair" Replacement of less than 50% of the surface area of an *existing*

installation in the residence's entry, kitchen or bathroom.

"Replacement" The replacement of an existing hard-surface installation in an

entry, kitchen or bathroom only.

"Underlayment" Any of a number of products such as foam, cork, and fluid

coatings designed to dampen the transmission of impact noise

between residences to a predetermined level.

Policy Elements:

The Owner(s) requesting approval shall submit plans to the ACC Committee/Board of Directors for approval prior to commencing work.

If the requested approval is for a *repair*, no further action is necessary. The Board may at its discretion monitor and inspect the installation as described below.

If the requested approval is for a *replacement*, the installation must use an underlayment which meets or exceeds the specification as originally installed, and which meets or exceeds the minimum FIIC ratings below.

If the requested approval is for *new installation*, the installation must use an underlayment which meets or exceeds the minimum FIIC ratings below, and the owner shall comply with the following provisions:

- Prior to approval, the requesting Owner shall post a deposit with the Association. The deposit may if necessary be used by the Association to ensure compliance following a failed installation. Upon verification from the Acoustical Consultant that the installation meets the Association's noise criterion, the deposit shall be returned to the Owner.
- The Owner shall sign an agreement which states:
 - 1) The installation time period;
 - 2) The Owner's agreement to facilitate the required post-installation testing using the funds from the deposit; and
 - 3) The Owner's acknowledgement that the Board has the authority to remove any non-compliant installation and install carpets and pads and assess the owner for any additional costs and legal fees to accomplish this objective.

Pre-installation and post-installation inspections shall be required for all hard surface flooring installations to assure that only Board-approved changes were made.

Noise Compliance:

Replacement of hard flooring installations shall demonstrate compliance with an FIIC Rating of 50 or current industry standard, whichever is greater. New hard flooring installations shall demonstrate compliance with an FIIC Rating of 55 or current industry standard, whichever is greater. To account for test anomalies, the Board may grant a waiver for up to 3 dB difference between the measured levels and the criterion.

Following hard surface flooring replacement and new installation, the Owner shall engage an Acoustic Consultant to conduct acoustic tests to verify that the installation is compliant with the established criteria. The Owner shall pay all Acoustical Consultant fees.

The Owner shall submit a copy of the Acoustical Consultant's test results to the Board. If the hard surface flooring installation fails to meet the minimum FIIC rating, the Owner shall be responsible to correct the installation deficiencies and retest at their expense.

The Board may act to assure compliance after the installation time period is exceeded. The Owner may request extensions if good faith efforts to complete a compliant floor installation are in evidence.

LUMA CONDOMINIUMS ANNUAL SPREADSHEET Based upon a Twelve Month Cycle Proposed POS Budget, v5.0, March, 2016

	January	February	March	April	May	June	July	August	September	October	November	December	Total
REVENUE	\$00 788	\$00 788	\$90.788	\$40 788	840 788	880 788	880 788	\$90.788	890,788	\$90.788	\$90.788	\$90.788	\$90.788 \$1.089.458
42900 Warranty Investigation	0	0	0	0	0	0	0	0	0	0	0	0	0
43000 Late Fees	0												0
43200 Move-In/Move-Out Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
43600 Access Device Fees	125	125	125	125	125	125	125	125	125	125	125	125	1,500
44000 Amenity Usage	0	0	0	0	0	0	0	0	0	0	0	0	0
47000 Miscellaneous Income	0	0	0	0	0	0	0	0	0	0	0	0	0
48000 Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
49200 Transfer to Replacement Reserv	(9,167)	(9,167)	(9,167)	(9,167)	(9,167)	(9.167)	(6,167)	(9,167)	(9,167)	(9,167)	(9,167)	(9,167)	(110,000)
Total Operating Revenue	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$81,946	\$983,358
EXPENSE													
ADMINISTRATION											;	;	;
60000 Office Supplies	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900
61060 IT Support	009	009	009	009	009	009	009	009	009	009	009	909	7,200
61448 Resident Activities							750					750	1,500
61451 Homeowner Amenity Supplies	400	400	400	400	400	400	400	400	400	400	400	400	4,800
61600 Fees, Licenses & Permits	2,369	10	800	125	550								3,854
63000 Insurance - Liability/Property/U	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	11,718	140,620
63800 Administrative Contingency	500	200	200	200	200	200	200	200	200	200	200	200	6,000
Total Administration	\$15,912	\$13,553	\$14,343	\$13,668	\$14,093	\$13,543	\$14,293	\$13,543	\$13,543	\$13,543	\$13,543	\$14,293	\$167,874
UTILITIES													
64000 Electricity	3,843	3,330	2,664	2,921	2,215	2,482	2,107	3,857	3,688	3,688	3,922	3,871	38,588
64100 Water	2,986	3,020	3,087	3,059	3,121	3,138	3,160	3,172	3,160	3,121	3,099	3,014	37,139
64200 Sewer	6,374	6,407	6,472	6,445	6,505	6,522	6,544	6,555	6,544	6,505	6,483	6,401	77,758
64210 Utility Reimbursement	(6.250)	(6,836)	(8,008)	(7,520)	(8,594)	(8,887)	(9,278)	(9,473)	(9,278)	(8,594)	(8,204)	(6.739)	(97,662)
64300 Sewer Capacity			18,934			18,934			18,934			18,934	75,737
64360 Telephone/Paging	465	465	465	465	465	465	465	465	465	465	465	465	5,580
64400 Garbage	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	22,229
64500 Natural Gas	2,453	2,453	2,255	2,409	2,003	1,895	1,847	1,825	1,895	2,003	2,357	2,527	25,920
64600 Cable Television	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Utilities	\$11,723	\$10,690	\$27,722	\$9,631	\$7,567	\$26,401	\$6,698	\$8,253	\$27,261	\$9,040	\$9,975	\$30,327	\$185,288

LUMA POS Budget

LUMA CONDOMINIUMS ANNUAL SPREADSHEET Based upon a Twelve Month Cycle Proposed POS Budget, v5.0, March, 2016

Total	\$29,400	6,900	2,500	2,500	20,000	3,000	750	3,250	19,800	4,700	30,500	18 500	1.200	1.500	20,400	2,500	\$201,500	\$346 346	22,800 500	\$369,646		\$49,800 2,500	3,500 3,000	\$58,800	\$983,108	\$250		Totale	SO	110,000	8110,598
December	\$2,450	575	208	208	2 000	250	63	271	1,650	0,40	3,000	325	100				\$18,675	C98 8C3	1,900	\$30,762	;	\$4,150 208	}	\$4,358		(\$16,469) \$250		_		9,167	110,598
November	\$2,450	575	208	208		250	63	271	1,650	0,40	2,342	325	100	125	1,700	208	\$11,675	C98 8C3	1,900	\$30,762	;	\$4,150 208	}	\$4,358	\$70,314	\$11,633				9,167	101,339
October	\$2,450	575	208	208	1,250	250	63	271	1,650	673	7,542	5 325	100	125	1,700	208	\$17,925	C98 8C3	1,900	\$30,762		\$4,150 208	3,500	\$7,858	\$79,129	\$2,817 5.086				9,167	92,088
September	\$2,450	575 800	208	208	2 000	250	63	271	1,650	1,200	2,542	3,000	100	125	1,700	208	\$20,675	CY8 8C3	1,900	\$30,762		\$4,150 208	3.000	\$7,358	\$99,600	(\$17,653) 2.269				9,167	82,845
August	\$2,450	575	208	208		250	63	271	1,650	600	2,542	325	100	125	1,700	208	\$12,275	678 863	1,900	\$30,762		\$4,150 208	2	\$4,358	\$69,192	\$12,755				9,167 61	73,609
July	\$2,450	575	208	208	1,250	250	63	271	1,650	900	2,542	3 125	100	125	1,700	208	\$23,825	678 863	1,900	\$30,762		\$4,150 208		\$4,358	\$79,937	\$2,010 7.168				9,167	64,381
June	\$2,450	575	208	208	2,000	250	63	271	1,650	009	2,542	3,000	100	125	1,700	208	\$19,275	678 863	1,900	\$30,762		\$4,150 208	3	\$4,358	\$94,340	(\$12,394)	,			9,167	55,161
May	\$2,450	575	208	208		250	63	271	1,650	1,200	2,542	325	100	125	1,700	208	\$12,875	678 863	1,900	\$30,762		\$4,150 208		\$4,358	\$69,656	\$12,290				9,167	45,948
April	\$2,450	575	208	208	1,250	250	63	271	1,650	,	2,542	1,000	100	125	1,700	208	\$16,725	678 863	1,900	\$30,762		\$4,150	2	\$4,358	\$75,145	\$6,802		b	% <u>00</u> .	9,167	36,743
March	\$2,450	575	208	208	2 000	250,250	63	271	1,650	9	2,542	3,000	100	125	1,700	208	\$18,675	<i>(70 ocs</i>	1,900	\$30,762		\$4,150	8	\$4,358	\$95,861	(\$13,914)		1 90	interest rate of 1.00%	9,167	27,546
February	\$2,450	575	208	208		250	63	271	1,650	0	2.542	1,000	190	125	1,700	208	\$11,675	670 063	1,900	\$30,762		\$4,150	901	\$4,358	\$71,039	\$10,908		į	TUE	9,167	18,356
January	\$2,450	575	208	208	1,250	250	63	271	1,650	500	2,542	1,000	4,123	125	1,700	208	\$17,225	<i>170 ots</i>	1,900	\$31,262		\$4,150	900	\$4,358	\$80,480	\$1,466			Ş	9,167	9,174
	BUILDING MAINTENANCE 65000 General Maintenance & Repair	65303 Garage & Loading Dock Mainte	65356 Electrical Repairs/Maintenance	65357 Plumbing Repairs/Maintenance	65450 Carpet Cleaning	65600 Sna Maintenance	65610 Spa Supplies	65700 Fitness Rm/Equipment	66000 Landscape - Contract	66140 Landscape - Other	66300 HVAC Maintenance	66400 History Control	66500 Security 1 octs	66600 Pest Control	66700 Elevator Maintenance	66899 Funded Contingency	Total Building Maintenance	CONTRACT LABOR	67500 Collitati Laboi 67500 Benefits 67600 Uniforms	Total Contract Labor	PROFESSIONAL FEES	68000 Management Fees	08200 Legal rees 68225 Reserve Study 68500 Audit & Tay Pren	Total Professional Fees	TOTAL OPERATING EXPENSES	NET OPERATING INCOME		RESERVE REVENUE	KEFLACEMENT KESEKVES Reginning Balance	Reserve Contributions Interest Income	Reserve Expenses Reserve Cash Flow

LUMA CONDOMINIUMS
MONTHLY ASSESSMENTS
Based upon a Twelve Month Cycle
Proposed POS Budget, v5.0, March, 2016

Total Monthly Assessments: \$90,788.16

Monthly	Assessment	\$699.07	408.55	463.02	381.31	463.02	435.78	66.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	66.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	686.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	686.689	499.33
	CEL	0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%
	Footage	1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846
	Chrit	901	905	903	904	905	906	200	806		1001	1002	1003	1004	1005	1006	1007	1008		1101	1102	1103	1104	1105	1106	1107	1108		1201	1202	1203	1204	1205	1206	1207	1208
Monthly	Assessment	\$699.07	408.55	562.89	780.78	798.94	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	686.689	499.33		20.669\$	408.55	463.02	381.31	463.02	435.78	686.689	499.33		20669\$	408.55	463.02	381.31	463.02	435.78	686.689	499.33	'	
	CEL	0.77%	0.45%	0.62%	0.86%	0.88%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		
	Footage	1,185	703	953	1,322	1,356	843		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		
	Unit	501	202	503	504	505	909		601	602	603	604	605	909	209	809		701	702	703	704	705	200	707	708		801	802	803	804	805	908	807	808		
Monthly	Assessment	\$726.31		\$699.07	426.70	590.12	481.18	526.57	508.41	363.15	508.41		\$699.07	426.70	590.12	481.18	526.57	499.33	581.04	354.07	508.41		20669\$	426.70	590.12	481.18	526.57	499.33	581.04	354.07	508.41					
	CEL	0.80%		0.77%	0.47%	0.65%	0.53%	0.58%	0.56%	0.40%	0.56%		0.77%	0.47%	0.65%	0.53%	0.58%	0.55%	0.64%	0.39%	0.56%		0.77%	0.47%	0.65%	0.53%	0.58%	0.55%	0.64%	0.39%	0.56%					
	Footage	1,233		1,189	720	1,011	824	891	858	620	861		1,189	720	1,012	824	891	847	993	602	861		1,189	720	1,012	824	891	847	993	602	861					
	Unit	105		201	202	203	204	205	206	208	209		301	302	303	304	305	306	307	308	309		401	402	403	404	405	406	407	408	409					

LUMA POS Budget

LUMA CONDOMINIUMS MONTHLY ASSESSMENTS Based upon a Twelve Month Cycle Proposed POS Budget, v5.0, March, 2016

Total Monthly Assessments: \$90,788.16

Monthly Assessment	\$699.07	408.55	463.02	898.80	435.78	699.07	499.33		\$699.07	408.55	463.02	898.80	435.78	20.669	499.33		\$944.20	989.59	1,007.75	935.12	\$90,788.16														
CEL	0.77%	0.45%	0.51%	0.99%	0.48%	0.77%	0.55%		0.77%	0.45%	0.51%	0.99%	0.48%	0.77%	0.55%		1.04%	1.09%	1.11%	1.03%	100.00%														
Footage	1,184	969	793	1,529	742	1,185	852		1,184	969	793	1,529	742	1,185	852		1,600	1,677	1,721	1,586	154,532														
Unit	2101	2102	2103	2104	2105	2106	2107		2201	2202	2203	2204	2205	2206	2207		2301	2302	2303	2304	Totals:														
Monthly Assessment	\$699.07	408.55	463.02	381.31	463.02	435.78	66.689	499.33		\$699.07	408.55	463.02	898.80	435.78	699.07	499.33		\$699.07	408.55	463.02	898.80	435.78	20.669	\$499.33		20.669\$	408.55	463.02	898.80	435.78	70.669	499.33			
CEL	0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.99%	0.48%	0.77%	0.55%		0.77%	0.45%	0.51%	0.99%	0.48%	0.77%	0.55%		0.77%	0.45%	0.51%	0.99%	0.48%	0.77%	0.55%			
Footage	1,185	969	790	648	794	743	1,181	846		1,184	969	793	1,529	742	1,185	852		1,184	969	793	1,529	742	1,185	852		1,184	969	793	1,529	742	1,185	852			
Unit	1701	1702	1703	1704	1705	1706	1707	1708		1801	1802	1803	1804	1805	1806	1807		1901	1902	1903	1904	1905	1906	1907		2001	2002	2003	2004	2005	2006	2007			
Monthly Assessment	\$699.07	408.55	463.02	381.31	463.02	435.78	66.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	66.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	686.689	499.33		\$699.07	408.55	463.02	381.31	463.02	435.78	686.689	499.33
CEL	0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%		0.77%	0.45%	0.51%	0.42%	0.51%	0.48%	0.76%	0.55%
Footage	1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846		1,185	969	790	648	794	743	1,181	846
Unit	1301	1302	1303	1304	1305	1306	1307	1308		1401	1402	1403	1404	1405	1406	1407	1408		1501	1502	1503	1504	1505	1506	1507	1508		1601	1602	1603	1604	1605	1606	1607	1608

LUMA POS Budget

LUMA CONDOMINIUM WARRANTY ADDENDUM TO CONDOMINIUM PURCHASE AND SALE AGREEMENT

This Warranty Addendum (the "Warranty Addendum") is dated for reference purposes, 20, and is made by and between ("Buyer") and BOYLSTON STREET ASSOCIATES, LLC, a Delaware limited liability company ("Seller"). It amends that certain Condominium Real Estate Purchase and Sale Agreement dated, 20, between Buyer and Seller (the "Purchase Agreement") relating to Unit (the "Unit") in Luma Condominium (the "Condominium"), as previously amended by the Presale Addendum dated the same date as the Purchase Agreement (the "Presale Addendum"). The terms in this Warranty Addendum with initial capital letters shall have the meaning given in the Presale Addendum unless a different meaning is stated herein.
The Washington Condominium Act and the Presale Addendum allow Seller to disclaim the implied warranties described in RCW 64.34.445 with regard to specific defects or specific failures to comply with law that are known by Seller at the time of the disclaimer. This Warranty Addendum disclaims certain matters that are currently known by Seller to exist as a result of the design, materials, and construction methods for the Condominium. Certain of the listed items may or may not be considered defects or failures. However, the parties wish to set them out in this Warranty Addendum to avoid any question whether they have been properly excluded from the implied warranties.
In addition, this Warranty Addendum permits Seller to complete a pre-closing inspection of the Unit and Common Elements, and requires Buyer to execute a further disclaimer of the implied warranties with regard to additional specific defects or failures to comply with law known at the time the inspection is completed. The parties will amend this Warranty Addendum to describe any such additional specific defects or failures following the inspection.
NOW, THEREFORE, the parties agree as follows:
1. Implied Warranties. Subject to the modifications and exclusions stated in Sections 2 through 4 and on attached Schedule 1, and the obligation to comply with the claims procedure stated in Section 5 and submit to mediation and arbitration pursuant to Section 6 below, Seller makes in favor of Buyer those implied warranties required by statute subject to all limitations now or hereafter included as part of that statute. RCW 64.34.445 provides that Seller warrants that the Unit and Common Elements of the Condominium are suitable for the ordinary uses of real estate of its type, and that any improvements constructed by Seller are: (i) free from defective materials, (ii) constructed in accordance with sound engineering and construction standards, (iii) constructed in a workmanlike manner, and (iv) constructed in compliance with all laws currently applicable to those improvements. The reference in this Addendum to those statutory warranties does not extend the claims period provided for under RCW 64.34.452.
2. Specific Disclaimers of the Implied Warranties. The Implied Warranties are disclaimed with regard to the following specific items currently known by Seller to exist as a result of the design, materials, and construction methods for the Condominium in the event they are considered to be defects or failures to comply with law.
a. <u>Concrete and Masonry</u> . Concrete and masonry (including terra cotta) customarily cracks and does not provide a complete barrier against water penetration. The effect of this, for example, is that a crack in a concrete wall or floor slab or masonry wall can allow water to enter. Leaking water picks up salts and acid from the concrete which can be unsightly and can damage personal property (such as vehicle paint). This disclaimer does
Buyer's Initials
Buyer's Initials Seller's Initials

not extend to any defects that would prevent the wall or floor slab from being useable in a safe manner for the intended use including providing adequate support for the improvements.

- b. <u>Weatherproofing Systems</u>. Weatherproofing systems for joints and seams in the exterior walls, window wall or curtain wall systems, and foundation for the improvements (e.g, window wall components including caulking, gaskets, water dams, flashing and reglets) require initial adjustments in the first few years following the initial construction and thereafter require routine maintenance. In addition, weatherproofing systems should be expected to fail at differing rates. This is due to normal shifting and shrinkage of building materials, thermal cycling, and a certain amount of anticipated irregularity in the materials or installation. The effect is that these weatherproofing systems must be regularly inspected and repaired or replaced as necessary. The effect of the failure to repair or replace failed systems can be water penetration which will result in damage to the other improvements.
- c. <u>Reasonable Use.</u> Use of weatherproofing systems in excess of the design limitations may result in damage to and failure of those systems. For example, abrasions to the balcony waterproofing membranes from furniture, excessive traffic, planters or pedestals will cause the weatherproofing system to fail to function and result in damage to the underlying structure.
- d. <u>Interior Relative Humidity</u>. Some occupant uses (such as showering and cooking) may cause elevated levels of interior humidity that are in excess of the design limitations for the envelope. Bathroom and kitchen exhaust fans will reduce interior humidity provided they are used and properly maintained. Failure to use exhaust fans to control interior humidity will result in organic growth (e.g., mold) and damage to interior finishes.
- e. <u>Mold.</u> Mold occurs naturally in the environment and they can grow on virtually any organic substance as long as moisture and oxygen are present. For example, molds can grow on wood, carpet, bathroom tile, insulation, paper, foods, etc. Mold growth will often occur when there is excessive moisture accumulation in buildings or on building materials. Mold growth can be controlled indoors by controlling moisture and water accumulation or penetration. Moisture and resulting mold can occur through poor ventilation which in turn can occur through not maintaining ventilations systems in operable condition. Moisture can also result from leaks in the weatherproofing systems or from failing to maintain condensation drains for the HVAC equipment within the Unit. Moisture can also occur by failing to maintain an adequate temperature within the Unit. Molds can cause health problems. Molds produce allergens, which are substances that can cause allergic reactions, and in some cases, potentially toxic substances called mycotoxins. The most common reactions to mold are sneezing, runny nose, red eyes, and skin rash. Molds can also cause very serious health problems, and even death, especially in children and individuals with suppressed immune systems. In the event you discover mold in your Unit, act quickly because the longer mold has a chance to grow, the more it damages the material it grows on.
- f. Maintenance. The improvements require timely and routine inspection and proper maintenance. The effect of failing to timely inspect and properly maintain the improvements is that systems, including, for example, weather proofing systems or HVAC components, will cease to function as designed and will allow damage to other improvements. The resulting damage could exceed the cost of performing the deferred maintenance and repairs. Improper maintenance can also cause damage to the improvements. For example: (i) use of excess water in cleaning patios, decks, or terraces can result in water spilling over the edge and causing water-related damage to adjacent improvements; (ii) excess water used in cleaning interior space such as kitchens and bathrooms can leak into adjacent space and cause water-related damage; (iii) failure to properly maintain the heating and ventilation system in accordance with manufacturer requirements, including regular replacement of filters and clearing condensate drains, could cause water to leak and damage the surrounding improvements.

Buyer's Initials	
Buyer's Initials	Seller's Initials

- g. <u>Smoke, Odors and Allergens</u>. Insulation of the Unit or Common Elements against smoke, odors or allergens is not warranted. Smoke, odors or allergens may originate from a variety of sources within the building including corridors, walls, ceilings or floors shared with other units, and mechanical systems including heating, ventilation, and air conditioning systems and plumbing. Smoke, odor or allergen transmission may result in inconvenience, discomfort, and adverse health effects including allergic reactions depending on a person's particular sensitivities.
- h. <u>Sound Transmission</u>. Seller disclaims the Implied Warranties as to vertical or horizontal sound transmission that may arise from activities or building systems and equipment in any Unit, the interior and exterior Common Elements or outside the Condominium. The Unit is in a multi-family building in an urban environment; therefore, Seller makes no warranty or representation as to vertical or horizontal sound transmission that may arise from activities or building systems in any Unit, the interior and exterior Common Elements or outside the Condominium. Buyer realizes that where condominium units are built above, below, or side by side each other or a common element, it is normal to experience some transmission of sounds between those units from loud music, voices on decks and terraces, heels on uncarpeted floors, water traveling in drains or supply lines for hot and cold domestic water supply, hydronic piping and valves for HVAC units, entry doors closing, overhead garage doors, intake and exhaust fans, mechanical equipment on the roof or in other areas, elevators, trash chutes, noise travelling between floor via stairwells, fluorescent lighting, transformer vault, and other causes. Sources of noise outside of the Condominium in an urban environment are too numerous to list.
- i. <u>View.</u> Seller makes no representation or warranty that the view from the Unit, as of the date this Agreement is signed or as of closing, will not be obstructed or changed in whole or in part at any time in the future. Seller is not obligated to investigate or disclose real estate developments in the area that are possible, planned, permitted or under construction, nor is Seller obligated to protect views. This means that even though Seller may know of, or may itself be developing, possible, planned, permitted or under-construction developments that could affect views, Buyer is not relying on Seller to disclose such developments, and Buyer is releasing Seller from any duty Seller may otherwise have to disclose any such developments. Real estate agents and sales people are generally not experts on future real estate developments, and therefore Buyer agrees that Buyer has not relied and will not rely on statements from real estate agents or sales people about future developments or their impact or lack of impact on views.
- j. <u>Appliances and Equipment</u>. Seller makes no warranties or representations with respect to the appliances and equipment installed in the Unit or the Common Elements, including without limitation the range, refrigerators, microwave oven, dishwasher, garbage disposal, washer and dryer, garage doors and heating/ventilation/air conditioning equipment. Seller makes no warranties or representations with respect to equipment provided to Association for use in operation or maintenance of the Common Elements. With respect to all such appliances and equipment, the Seller's sole obligation is to assign to Buyer all warranties and guarantees furnished to the Seller from the suppliers or manufacturers of the items.
- k. <u>Damage Caused by Buyer and Others</u>. Seller disclaims the Implied Warranties as to all defects and damage to the extent caused or made worse by (i) negligence, failure to inspect, lack of maintenance, unoccupied or vacant units, improper maintenance, improper operation or other action by anyone other than the Seller or its agents or contractors; (ii) failure of Buyer or the Association to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or equipment; (iii) abnormal loading (including waterbeds) on floors, decks or other surfaces by Buyer that exceeds design loads that meet building codes; (iv) making or installation of holes, penetrations, windows or skylights in the Unit or Common Elements by anyone other than the Seller or its employees, agents or contractors; (v) failure of Buyer or the Association to mitigate damages; or (vi) changes made to the Unit or Common Elements by anyone other than the Seller or its employees, agents or contractors after closing.

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- Personal Injury and Consequential Damages. Seller disclaims the Implied Warranties as to bodily injury, illness and death; damage to or theft of personal property; costs of shelter, transportation, food, moving, storage or other incidental expenses relating to relocation during repairs; and consequential, exemplary and punitive damages.
- Warranty at Time of Purchase. The Implied Warranties apply only to the construction and condition of the Unit and Common Elements at the time of Seller's sale of the Unit to Buyer. The Implied Warranties do not extend to future performance or duration of any improvement or component of the Condominium, and the Seller makes no such warranty.
- Variations in Natural Products. The beauty of real wood, including manufactured veneers, comes from variations in grain, texture and color of the wood itself. These variations can also cause noticeable differences in your finished cabinets and floors. These grain and tone differences are an acceptable condition of quality wood and wood veneer finishes. The variation and differences in color, shade, grain and texture are within our product standards and commercial tolerances and are not considered defects in material or workmanship for purposes of these Implied Warranties. Further, natural wood and manufactured wood veneers color can fade and change over time. Color changes are beyond our control and are not warranted. Similarly, any granite, marble, stone and wood in your Unit are products of nature and variations in color, texture and surface smoothness are expected. Certain of these products have more pronounced imperfections and veining in their finished surface than other products. Buyer acknowledges that Buyer has reviewed the granite, marble, stone and wood samples, as applicable, in the sales center and understands that these variations exist and that there are inherent variations between the different selections or batches of granite, marble, stone and wood. These variations are within our product standards and commercial tolerances and are not considered defects in material or workmanship for purposes of these Implied Warranties. In addition, the location of seams in countertops, trim, and flooring will be determined based on a variety of factors including product length, layout, and various options chosen.
- Other Limitations and Exclusions. The Implied Warranties exclude any loss or damage (i) due to normal wear and tear or normal deterioration; (ii) caused by accidents, riot, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God, war, terrorism, lightning, windstorm, hail, flood, mud slide, earthquake, volcanic eruption or changes in underground water table not reasonably foreseeable; (iii) caused by soil movement; (iv) caused by insects; (v) caused to or by any items supplied by Buyer or which are not part of the Unit at the time of closing; (vi) relating to cooking odors or other odors from other Units or elsewhere; or (vii) consisting of or relating to temporary ponding or pooling of water on roofs, decks, walkways, driveways or other parts of the Condominium, provided such ponding or pooling does not cause damage to the Unit or Common Elements.
- Apparent Defects, Prior to closing, Buyer will have the opportunity to make a detailed walk-through inspection of the Unit, its assigned Limited Common Elements, and the amenities and other shared areas. As a result, at closing Buyer shall be deemed to have accepted the Unit, its assigned Limited Common Elements, and the amenities in the condition existing at the time of such closing with all apparent defects including those in appearance or color of, or damage to, surfaces and fixtures ("Apparent Defects"). Buyer waives all claims for any Apparent Defects and the Implied Warranties shall not extend to any Apparent Defects. "Apparent Defects" include but are not limited to defects, inconsistencies, non-conformity and pre-existing damage in and to: paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical and heating/cooling/ventilation fixtures, bathroom fixtures and hardware, door and window hardware, cabinets, countertops and other surfaces in the Units, its assigned Limited Common Elements, and the amenities.
- Apparent Common Element Defects. Seller is entitled to receive timely notice of any construction defects in the Common Elements in order to verify that such defects have not been caused by subsequent damage and in order to allow Seller the opportunity to correct such defects. Therefore, within sixty (60) days after the termination of the period of declarant control provided in RCW 64.34.308(4), the Association shall notify Seller in writing of any

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defects in the Common Elements which are visible or of which the Association has knowledge ("Apparent Common Element Defects"). Seller shall with reasonable promptness correct any Apparent Common Element Defects which exist and of which the Association timely notifies Seller in writing. Buyer and the Association waive all claims for any Apparent Common Element Defects of which Seller is not timely notified in writing, and Seller disclaims the Implied Warranties as to any Apparent Common Element Defects of which Seller is not timely notified in writing. "Apparent Common Element Defects" include but are not limited to visible or apparent defects, inconsistencies, non-conformity and pre-existing damage in and to: decks, walkways, siding, exterior surfaces, roofs, gutters and drainage pipes, landscaping, retaining walls, foundations, garages, paved surfaces, paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical, plumbing and heating/cooling/ventilation fixtures, and door and window hardware.

5. Claims Procedure. Any requests for work under or any claims for breach of the Implied Warranties made by Buyer or by the Owners Association shall first be made in a writing entitled "Notice of Claim," contain a reasonable description of the claimed defect, and be mailed, postage paid, to:

Boylston Street Associates, LLC Attn: Jodi Polak 1424 4th Ave Suite 1030 Seattle, Washington 98101

or to such other address as Seller shall provide to Buyer. Buyer shall provide the Seller access and entry to the Unit and Common Elements during normal business hours to inspect and/or repair the claimed defect within 48 hours after any written or spoken request by Seller for such access, or immediately if reasonably necessary to prevent further damage. Seller shall respond in writing to such claim no later than 21 days after Seller's receipt of the claim. Seller shall have the right to cure the defective construction described in the claim to conform to the attached Defined Standards and Tolerances within 90 days after responding to the claim or within such longer period as may reasonably be required. Seller may at its option repair or replace, or pay the reasonable cost of repairing or replacing, such defective construction. Seller shall not be responsible for exact color, paint matching, texture or finish matches nor for unavailability of materials or components matching materials or equipment originally used. If either party is dissatisfied with the resolution of the claim following Seller's written response and effort to cure the defective condition, then the parties shall meet within 14 days in an effort to resolve the claim to the parties' mutual satisfaction. All work done by Seller or its contractors on items not covered by the Implied Warranties shall be at Buyer's sole cost unless otherwise agreed in writing. Buyer shall pay all costs incurred by Seller in inspecting items not covered by the Implied Warranties based upon prevailing rates for Seller's employees or contractors.

- 6. Arbitration. All disputes or claims relating to the Implied Warranties, including any claims relating to the modification or exclusion of the same, shall be resolved by mediation and arbitration conducted in King County, Washington, pursuant to Chapter 64.55 RCW. If the claim involves less than \$1,000,000, the arbitrator shall be Christopher J. Soelling. If he is not available, the arbitrator shall be Christopher R. Osborn. If the claim is in excess of \$1,000,000, then it shall be decided by the following three arbitrators: Christopher J. Soelling, Christopher R. Osborn and Terrence A. Carroll. If any of those arbitrators is not available, then the other arbitrators shall select the replacement arbitrator(s). The arbitration hearing shall commence not later than nine (9) months from the later of the filing or service of the complaint.
- 7. Survival and Savings. The modifications and exclusions of the Implied Warranties stated in this Warranty Addendum shall survive the conveyance of title, delivery of possession of the Unit, or other final settlement between the Seller and Buyer, and shall be binding upon Buyer and Seller notwithstanding any provision to the contrary contained in the Purchase Agreement or other writing. If any part of this Warranty Addendum is held invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder hereof.

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- 8. Seller's Right to Inspect. Seller shall be entitled (but shall not be obligated) to inspect any Common Elements at any time without notice to the Buyer or the Association. Seller shall be entitled (but shall not be obligated) to inspect the Unit at any time until four years after Buyer takes possession of the Unit or, if there is a pending action relating to the condition of any part of the Condominium, upon at least five days' written notice to Buyer or such shorter time as may be provided by court order.
- 9. Defects Encountered in Construction Process. Buyer acknowledges that defects and construction problems may occur during the construction process and be corrected by Seller and its contractors during the course of or after the construction process, and that disclosure of those defects and corrections does not require disclosure to Buyer. Seller will likely change the plans and specifications for the project on several occasions to address construction contingencies or other issues without notice to Buyer. Defects or construction problems occurring during the construction process and changes in the plans and specifications are not matters requiring disclosure to Buyer.
- 10. Subsequent Buyers. If Buyer sells the Unit at any time within four years after closing of the sale of the Unit from Seller to Buyer, or Buyer's taking possession of the Unit, whichever is later, Buyer shall notify Seller of the sale in writing and shall include in the signed purchase and sale agreement providing for such sale a provision that the person(s) purchasing the Unit agree that any warranty rights of such person(s) relating to the Unit or Common Elements are limited to the Buyer's rights under this Warranty Addendum. Buyer shall indemnify, defend and hold Seller harmless from all damages, costs, attorneys' fees and expenses caused by Buyer's failure to comply with this Section.
- 11. No Other Warranties. Seller makes no express or implied warranties concerning the design, construction or condition of the Unit or Common Elements arising from Seller's sale of the Unit to Buyer, other than the Implied Warranties.
- 12. Additional Disclaimers Prior to Closing. If Declarant discovers any additional defects or failures to comply with law and Declarant is not able to correct those defects or failures such that they comply with the Implied Warranties in an economically viable manner, as determined by Declarant in its sole discretion, then Declarant will clearly and conspicuously disclose them on an amendment to attached Schedule 1. Unless Buyer terminates the Agreement under applicable principles of common law, Buyer shall be in material breach of its obligations under the Agreement if it fails to sign within seven (7) days of Seller's request where indicated on any amended Schedule 1 to accept the disclaimer of the Implied Warranties. Buyer shall have no right to terminate the Agreement based on any disclaimed defect or failure to comply with law unless Buyer would have that right under applicable principles of common law. If Buyer is not willing to accept any additional disclaimers by signing an amended Schedule 1 within seven (7) days of Seller's request, and Buyer has the right to terminate the Agreement under applicable principles of common law, then the Agreement shall be deemed to be automatically rescinded without further action by either party, Buyer shall receive a refund of its earnest money deposit, and neither party shall have any further obligations to the other except those that expressly survive termination. Either party will sign a written document acknowledging and confirming that the Agreement has been rescinded at the request of the other party. This obligation shall survive termination of the Agreement.
- 13. Addendum Controls. The provisions of this Warranty Addendum shall control over any conflicting provisions of the Purchase Agreement or any other addenda referenced therein.

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Buyer's Initials	Seller's Initials

SELLER AND BUYER HAVE EXECUTED THIS WARRANTY ADDENDUM AS OF THE REFERENCE DATE STATED ABOVE. BY SIGNING BELOW, BUYER AFFIRMS THAT BUYER HAS READ THIS WARRANTY ADDENDUM IN ITS ENTIRETY, HAS BEEN AFFORDED THE OPPORTUNITY TO CONSULT WITH A PROFESSIONAL OR PROFESSIONALS OF PURCHASER'S CHOOSING (E.G., ENGINEER, ARCHITECT, PROFESSIONAL REAL-ESTATE AGENT, ETC.) AND HAS BEEN ENCOURAGED TO DO SO BY SELLER, AND HAS HAD AMPLE TIME TO INVESTIGATE ANY QUESTIONS OR CONCERNS PRIOR TO SIGNING THIS WARRANTY ADDENDUM.

IN WITNESS WHEREOF, the parties have executed this Warranty Addendum as of the date stated above.

BUYER:
Name:
Date:
Name:
Date:
SELLER:
BOYLSTON STREET ASSOCIATES, LLC, a Delawar
limited liability company
By:Suzi Morris, Authorized Signor
Date:

SCHEDULE 1

Specific Defects or Failures to Comply with Law

Defect or Failure	Practical Effect
Buyer's Signature	
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Buyer's Initials	

Buyer's Initials

Seller's Initials