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CONDOMINIUM DECLARATION FOR CAMPUS RESERVE, A CONDOMINIUM

Grantor/Declarant: LENNAR NORTHWEST, INC., a Delaware corporation
Grantee: LENNAR NORTHWEST, INC., a Delaware corporation; CAMPUS RESERVE
CONDOMINIUM ASSOCIATION
Abbreviated Legal: Lot 80 Campus Reserve
Tax Parcel No.: 38480008000
Official legal description: Schedule A
Reference # (if applicable): Map, Thurston County Recording No. _____.

THE COMMUNITY CREATED BY THE RECORDING OF THE MAP AND THIS DECLARATION IS SUBJECT
TO THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT, CHAPTER 64.90 RCW

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Schedule A
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Description of Land in Condominium
Unit Data; Allocated Interests

CONDOMINIUM DECLARATION
FOR
CAMPUS RESERVE, A CONDOMINIUM

Article 1. DEFINITIONS

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

Act means the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW, as amended from time to time.

Allocated Interests mean the allocation of Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formula set forth in Section 5.3 and as specified in Schedule B.

Articles mean the articles of incorporation for the Association.

Assessment means all sums chargeable by the Association against a Unit, including: (a) general and special Assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorney fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

Association means the owners association identified in Section 10.1.

Board means the board of directors of the Association.

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

Building means each Building which contains Units in the Condominium. In all phases, there are 17 Buildings.

Common Elements mean all portions of the Condominium other than the Units and are comprised primarily of: (i) access features including private streets, sidewalks, curbs, streetlights and related improvements; (ii) common area lighting; (iii) common area plantings, landscaping and related irrigation; (iv) any directional or project signage; (v) utility infrastructure including any power vault and transformer, storm water detention and filtration system and related surface water drainage facilities including gutters, drains, catch basins and drain lines from their location on the Land to the point of connection to the public storm system, the sanitary sewer facilities from each Unit to the point of connection to the public sewer, fresh water lines and fire sprinklers to the point of connection to each Unit, power lines to their point of connection to the meter for each Unit, and any other utility facilities serving the Units; (vi) those portions not within the Unit boundaries of the Land and all appurtenances including beneficial easements; (vii) any integrated fire control systems which serve multiple Units; and (viii) amenities including active and passive open space and play structures. The Common Elements include Tract A (private road) and Tract B (Active and passive open space) as shown on the Map. The Common Elements include the Limited Common Elements and references herein to the Common Elements are meant to include the Limited Common Elements unless the context indicates otherwise. Owners also have the right to use those "Common Areas" defined in the Master Declaration.

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

Common Expense Liability means the liability for Common Expenses allocated to each Unit in accordance with the formula stated in Section 5.3 hereof which is stated in Schedule B hereof.

Community-Wide Standard means the standard of conduct, maintenance, or other activity imposed by this Declaration and the Master Declaration and otherwise generally prevailing throughout the Condominium. Such standard shall be established initially by Declarant and may contain both objective and subjective elements. The Community-Wide Standard may evolve over time and as the needs and demands of the Condominium change. In the event of a conflict between the Community-Wide Standard and any standard of conduct, maintenance, or other activity set forth in the Master Declaration, the provisions of the Master Declaration shall control.

Condominium means Campus Reserve, a Condominium, created under this Declaration and the Map.

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

Declarant means Lennar Northwest, Inc., a Delaware corporation, and its representatives, successors, and assigns.

Declarant Control means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board pursuant to Section 11.1.

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

Development Rights mean rights reserved for the benefit of the Declarant as specified in Article 9.

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

FHLMC means the Federal Home Loan Mortgage Corporation.

First Mortgage means a Mortgage that is in a senior, first-position lien on Unit, with priority over all other Mortgages, if any, encumbering the property, and a "First Mortgagee" is the holder of a First Mortgage. The address for purposes of delivering notices to a First Mortgagee shall be the address provided to the Association by such First Mortgagee or the Owner of the Unit which is subject to the First Mortgage and, if no address has been provided, then to the address stated in the recorded First Mortgage.

FNMA means the Federal National Mortgage Association.

Foreclosure means a forfeiture or judicial or non-judicial foreclosure of a mortgage or a deed in lieu thereof.

Identifying Number means the number of the Unit, as shown on the Map and listed in Schedule B, which identifies each Unit in the Condominium.

Land means the real property included in this Condominium described on attached Exhibit A.

Limited Common Element means a portion of the Common Elements allocated in Section 7 for the exclusive use of one or more but fewer than all Units.

Managing Agent means the person designated by the Board under Section 12.3 below.

Map means a map filed in Thurston 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, Common Elements and the Units and other information required by RCW 64.90.245.

Master Assessments mean those assessments payable by each Owner to the Master Association pursuant to the Master Declaration.

Master Association means the Meridian Campus Residential Owners Association, a Washington nonprofit corporation, which is the owners association for the Master Community.

Master Board means the board of directors of the Master Association.

Master Community means the master-planned development known as “Meridian Campus” comprised of all property subjected to the Master Declaration.

Master Declaration means that certain Declaration of Covenants, Conditions, and Restrictions for Meridian Campus Residential Property dated April 1, 1993, recorded in Thurston County under Recording No. 9304080185, as amended by the instruments recorded in Thurston County under Recording Nos 3073462; 3150033; 3226655; 3232742; 3325010; 3325011; 3592110; 3666327; 3666330; 3666331; 3666332; 3666333; 3781698; 3781699; 3784046; 3882339; 3882340; 3882341; 3882342; 3784046; 3882342; 4112085; 4270829; 4332912; 4387416; 4397612, and the Sixteenth Supplemental Declaration recorded under Thurston County Recording Number 4427672, which added the Land to the Master Community.

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

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

Notice and Opportunity to be Heard means the procedure described in Section 12.5 below.

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

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

Special Declarant Rights mean those rights reserved for the benefit of the Declarant as specified in Article 9.

Specially Allocated Expense means any expense of the Association, including allocations to reserves, allocated to some or all the Owners on a basis other than the Common Expense Liability as required by this Declaration.

Transition Date means the date upon which the period of Declarant Control terminates as determined in Section 11.2 below.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 5.1 and shown on the Map.

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

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

Article 2. CONSTRUCTION AND VALIDITY OF DECLARATION

This Declaration and the Act provide the framework by which the Condominium is created and operated. This Declaration and Map are recorded in Thurston County, Washington, to create the Condominium. If there is a conflict between the provisions of this Declaration and the Act, the Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, this Declaration shall prevail except to the extent this Declaration is inconsistent with the Act. If there is a conflict between this Declaration and the Master Declaration, the Master Declaration shall control. The creation of the Condominium shall not be impaired, and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration, the Map, or any amendment thereto to comply with the Act. The Condominium is a "Neighborhood" within the Master Community, as defined in Section 1.21 of the Master Declaration. As a Neighborhood within the Master Community, the Units within the Condominium are subject to certain covenants, conditions and restrictions stated in the Master Declaration.

Article 3. NAME OF CONDOMINIUM

The name of the Condominium created by this Declaration and the Map is Campus Reserve, a Condominium.

Article 4. DESCRIPTION OF LAND

The real property included in the Condominium and submitted to the Act is described in Schedule A.

Article 5. DESCRIPTION OF UNITS; ALLOCATED INTERESTS

Section 5.1 Number and Identification of Units and Buildings. The Condominium has thirty-nine (39) Units created in a single phase upon the recording of this Declaration. The Units are in seven townhome-style buildings. Buildings 1 through 4 have six Units each and Buildings 5 through 7 have five Units each. The Identifying Number of each Unit is set forth in Schedule B. The Map shows the locations of the buildings and the boundaries of the Units. The Unit boundaries are airspace corresponding to those planes in space shown on the Map. The upper and lower boundaries of the Units are the limits of fee ownership. Similarly, the planes forming the side boundaries for each Unit are intended to enclose all improvements for the home and yards. A Unit does not include any of the Common Elements described in Article 6 or shown on the Map 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.

Section 5.2 Unit Data. Exhibit B omits the as-built floor area, floor levels, and number of bathrooms, bedrooms and built-in fireplaces for the home constructed or to be constructed within each Unit because the Units are airspace. The area stated for each Unit is measured by Declarant's surveyor at ground level to the airspace boundaries shown on the Map. Declarant may amend Schedule B upon Declarant's sole signature to provide or correct such information with respect to each completed Unit.

Section 5.3 Allocated Interests. Schedule B sets forth the Allocated Interests of each of the Units in the Condominium for the purposes of Common Expense Liability, interest in the Common Elements, and voting. The formula for calculating the Allocated Interests is: equally among all Units, calculated by dividing the number of Units into 100, and carrying the result out to two decimal places, and rounding by .01 as necessary to cause the sum of the Allocated Interests to equal 100.00.

Article 6. COMMON ELEMENTS

Section 6.1 Description. The Common Elements are all portions of the Condominium other than the Units and are described in more detail in the definition of “Common Elements” in Section 1.1 hereof. The Common Elements include the Limited Common Elements and references herein to the Common Elements are meant to include the Limited Common Elements unless the context indicates otherwise.

Section 6.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of ingress and egress over the Common Elements for access to his or her Unit and for utilities serving the Unit. An Owner’s right of access to the Unit and for utilities serving the Unit cannot be suspended by the Board for violations of the governing documents or nonpayment of Assessments. An Owner may extend the right to use the Common Elements such Owner’s agents, tenants, family members, invitees, and licensees. The Common Elements are appurtenant to the Unit and pass with title to the Unit. The right to use the Common Elements shall be governed by the provisions of the Act, this Declaration, the Bylaws, and the rules and regulations of the Association. An Owner’s right of access to the Unit and utilities serving the Unit cannot be suspended by the Board for violations of this Declaration, the Master Declaration, or nonpayment of Assessments.

Section 6.3 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association of the Owners having at least 80% of the votes in the Association, including 80% of the votes excluding votes held by the Declarant or an affiliate of Declarant (as defined in the Act). All unit owners of units to which any Limited Common Element is allocated must agree to convey that Limited Common Element or subject it to a security interest. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

Article 7. LIMITED COMMON ELEMENTS.

Section 7.1 Description. The Limited Common Elements, which are reserved for the use of designated Units to the exclusion of the other Units, consist of the following:

7.1.1 Entry, Exteriors, Etc. Any entry walkway, porch, exterior lighting, deck, private courtyard, or similar amenity designed to serve a single Unit as shown on the Map is a Limited Common Element assigned to that Unit. The boundaries of such Limited Common Elements are defined as the edges of the concrete, framing, fencing or other building materials comprising or enclosing such spaces. The general locations of those boundaries are shown on the Map.

7.1.2 Mechanical Systems. Any mechanical, electrical and plumbing systems that exclusively serve a Unit including: meters and meter boxes; irrigation systems; storm and sanitary sewer lines and related facilities; plumbing lines, hoses and fixtures; electrical conduit and service panels; water heaters; and fans and other heating, cooling, or ventilation equipment. That portion of those mechanical systems located outside of a Unit are Limited Common Elements and are maintained by the Association. Any such mechanical systems located inside the Unit are part of such Unit and are maintained by the Owner of such Unit.

Section 7.2 Use of Limited Common Elements. Each Owner shall have the exclusive right to use the Limited Common Elements allocated or assigned solely to the Owner's Unit. An Owner may extend the right to use the Limited Common Elements such Owner’s agents, tenants, family members, invitees, and licensees. The Board may adopt rules and regulations governing the use of the Limited Common Elements.

Article 8. PERMITTED USES; MAINTENANCE OF UNITS; CONVEYANCES

Section 8.1 Restrictions on Use. The Units in the Condominium are intended for and restricted to use as single-family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, including use as a home office not involving use by nonresident

employees or regular visits by customers or clients. Timesharing of any Unit, as defined in RCW 64.36, is prohibited. The Units shall not be used for growing, processing, selling or distributing cannabis. Additional restrictions on use including architectural controls, obligations for maintenance, and requirements applicable to the conveyance of a Unit are stated in the Master Declaration and in rules adopted by the Master Association pursuant to Section 5.2 of the Master Declaration.

Section 8.2 Use of Garages. Garages are intended to be used principally for parking motor vehicles and may not be converted to living space without the approval of the Board. Parking on other portions of the Common Elements, including the access drives, is prohibited, except in spaces designated for parking. Garage doors are to remain closed when the garage is not in active use. No commercial-type trucks, campers, trailers, motorhomes or boats shall be parked or permitted to remain on the private access drives or the designated parking spaces. No motor vehicles, inoperative for reasons of mechanical failure, shall be parked or stored on the private access drives or designated parking spaces for more than 72 hours. The Association may direct that any vehicle or other thing improperly parked or kept on the Common Elements be removed at the risk and cost of the owner thereof.

Section 8.3 Leases. Any lease or rental agreement must provide that its terms shall be subject in all respects to the Master Declaration, this Declaration, the Bylaws, and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. All leases and rental agreements shall be in writing and shall be for an initial term of not less than thirty (30) days. Leases of only a portion of a Unit are prohibited. Copies of all leases and rental agreements shall be delivered to the Association upon request. If any lessee or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association or the Master Association, 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 lessee or occupant of the Unit and the Owner thereof to forthwith cease such violations. 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 from the Board 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 attorney fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Section 14. Other than as stated in this Section and the Master Declaration, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

Section 8.4 Maintenance.

8.4.1 Association's Responsibility. The Association is responsible for maintenance, repair, and replacement of the Common Elements including the Areas of Common Responsibility but excluding regular maintenance obligations which the Association may have delegated to the Owners. The Association may make any such delegation by decision of the Board and notice to the affected Owners without the requirement of recording an amendment to this Declaration or the Rules and Regulations. Maintenance obligations also include any obligations imposed on the Land by way of restrictive covenants and maintenance agreements (including the Master Declaration), and any obligations imposed by the applicable land use or permitting authority to the extent the same relate to the Common Elements, whether recorded or not (the "Maintenance Covenants"). The Association shall comply with the Maintenance Covenants to the extent they relate to the Areas of Common Responsibility and the Owners shall comply with the Maintenance Covenants to the extent they relate to such Owner's Unit. If Declarant or its affiliate has posted a bond with the permitting authority to ensure compliance with any of the Maintenance Covenants, then (i) the Association must retain a professional management company until all such bonds are released, and (ii) Declarant retains the right to enter the Common Elements and Units for the purpose of and to the extent necessary in performing any of the Maintenance Covenants that are not being performed by the Association or Owners, as applicable. The Association shall reimburse Declarant upon demand for any costs incurred in connection with performing any Maintenance Covenant and any costs incurred by Declarant or its affiliate relating to bonds posted in connection with

any Maintenance Covenant together with interest at 12 percent per annum and any attorneys' fees incurred by Declarant in collecting amounts owed to Declarant under this Section.

8.4.2 Homes. Each Owner shall be responsible for all maintenance, repair, replacement and rebuilding of such Owner's home including the Exterior Elements (defined in Section 8.4.3 hereof) and the sanitary side sewer, equipment, appliances, and appurtenances relating to the home including the furnace, water heater, sinks, faucets, valves, electrical fixtures, switches, receptacles, plumbing lines, hoses, fans, ducts, wiring, and conduit. This maintenance obligation requires that the home and appurtenances be kept in a clean and sanitary condition, free of rodents and pests, and in good order, condition, repair and appearance in accordance with the Maintenance Standards and Community-Wide Standard. The Board may modify the Maintenance Standard provided any changes shall be in accordance with industry standards and consistent with the Community-Wide Standard. The Board shall immediately inform Declarant of any changes in the Maintenance Standards applicable to the Exterior Elements made prior to the expiration of the period stated in RCW 64.90.680 for bringing warranty claims against Declarant, or prior to the final resolution of any warranty claims against Declarant (the "Warranty Period"). 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 the Maintenance Standards. At any time and from time to time during the Warranty Period, Declarant shall have the right to enter the Condominium and cause to be performed an inspection by an independent, qualified engineer, architect or qualified building inspector as defined in RCW 64.55.010(8), to ascertain the physical condition of the Common Elements and the Exterior Elements. The scope of the inspections may include whether the regular scheduled maintenance has been performed, and to ascertain the condition of the Exterior Elements. Notwithstanding the foregoing, the Board shall replace the roofs for each of the homes at the end of their useful life and when damaged by casualty and Owners shall remain responsible for all other maintenance and repairs to the roofs.

8.4.3 Exterior Elements. Each home is in a multi-unit Building whereby homes share a continuous foundation, exterior walls, exterior siding and roof structure. "Exterior Elements" are defined as the roofs, exterior siding, exterior trims, exterior doors, exterior windows, exterior light fixtures, exterior paint for each duplex building, and any shared sanitary or storm drain serving a Building. Prior to performing any maintenance, repair or modification of the Exterior Elements, the Owner proposing such activity shall confer with and reach agreement with the Owner of the other homes within the Building regarding the scope and schedule for completion of the proposed activity and the allocation of its cost. This duty to coordinate with the other Owners applies even when the work involving the Exterior Elements is required by the Association. Owners are encouraged to establish reserves for capital repairs and replacements including those involving the Exterior Elements. If the Owners of homes in a building cannot reach agreement regarding work on an Exterior Element, then either of those Owners may refer the matter to the Association for resolution. If an Owner of a home is not willing or able perform its obligations under any agreement reached with the other Owners of homes in the building or is not willing or able to comply with a determination of the Association, then the other Owners or the Association may perform those obligations and the Association shall assess the non-performing Owners for the resulting costs. Note that the Association and not the Owners is responsible for the replacement of the roofs at the end of their useful life and, pursuant to Section 19, the Association is responsible for the replacement of those improvements insured by the Association when damaged by casualty.

8.4.4 Maintenance Yards, Fences and Retaining Walls. Each Owner shall keep any fence, rockery, or retaining wall bordering such Owner's yard, and catch basins installed in their driveways, patios or yards in a neat and clean condition and perform all maintenance and repairs necessary to keep them in good condition and repair in accordance with the Maintenance Standards and Community-Wide Standard. Each Owner shall also maintain all landscaping in his or her private yard, including fertilizing, re-planting, weed control and all other aspects of landscaping care and maintenance. Owners shall not allow landscaping within their yards to die or deteriorate. Any fence, rockery, or retaining wall which divides the yards for two Units shall be jointly maintained by the Owners of those Units. The Board shall decide any disputes between two Owners regarding joint maintenance obligations. The Board may, after Notice and Opportunity to be Heard, and without any obligation to do so, perform any work which an Owner has failed to perform and assess the offending Owner for the cost of that work as a Specially Allocated Expense. Notwithstanding the foregoing, the Association shall have the right, at its option, to contract with a third

party to perform any of the maintenance obligations imposed on the Owners in this Section 8.4. For example, the Association may engage a third party to maintain the landscaping in front and side yards of the Units.

8.4.5 Limited Common Elements. Each Owner is required to maintain in good operating condition those Limited Common Elements that serve such Owner's home including: (i) Any mechanical, electrical and plumbing systems that exclusively serve a Unit including: meters and meter boxes; irrigation systems; storm and sanitary sewer lines and related facilities; plumbing lines, hoses and fixtures; electrical conduit and service panels; water heaters; and fans and other heating, cooling, or ventilation equipment; and (iv) Any entry walkway, porch, exterior lighting, deck, private courtyard, or similar amenity designed to serve a single Unit.

8.4.6 Failure to Maintain. The Association may, as a Common Expense, provide for the inspection of any Unit to confirm that maintenance and repairs are being performed as required by this Section 8.4. The Association shall provide at least three (3) days' notice to the Owner of the Unit and to any occupant of the Unit known to the Association. The notice shall describe the scope of the inspection and a reasonable time when the inspection will occur. The Association shall inform any Owner of a failure to perform work required by this Section 8.4 including the scope of the required work and a reasonable deadline by which the work must be performed. Absent an emergency, the deadline for performing the work shall not be less than thirty (30) days after the delivery of the notice. If the Owner fails to perform the work by the stated deadline, then the Association shall have the right to enter upon the Unit and perform the work. If there is an emergency, the Association may immediately perform any work necessary to alleviate the emergency and shall only be required to provide the Owner the best notice possible under the circumstances. An emergency exists when the condition of a Unit poses a substantial risk of personal injury or significant property damage to others. All entry by the Association pursuant to this Section shall be made with as little inconvenience to affected Owners and occupants as practicable considering the circumstances. The Association shall assess the Owner of the Unit where work is performed by the Association under this Section for the cost of the work as a Specially Allocated Expense. The Association shall have all remedies for collection of the Specially Allocated Expense as provided in this Declaration for Assessments generally.

Section 8.5 Exterior Appearance and Modifications. The Board is responsible for ensuring that the Units and Limited Common Elements maintain a uniform appearance which is compatible with the Community-Wide Standard. Accordingly, Owners shall not modify any portion of their Units or Limited Common Elements which are visible to other Owners, including changing paint color, building materials, window or door glass or screens, adding or changing any deck or patio, enclosing any porch, or installing solar panels, satellite dishes, radio or television antennae, air conditioners, or other equipment (each, a "Modification"), without the prior written approval of the Board. Owners may also need the approval of the Master Association pursuant to Section 10 of the Master Declaration. An Owner may make any improvements or alterations to the Owner's Unit that do not change the exterior appearance provided they do not affect the structural integrity, acoustical properties, plumbing, mechanical or electrical systems for the Unit or any other Unit; any other changes shall constitute a Modification which requires the Board's approval pursuant to this Section. An Owner desiring to make a Modification governed by this Section shall furnish the Board such information concerning the Modification as the Board may specify. The Board shall have sixty (60) days after receipt of the information within which to approve or disapprove the Modification. The failure of the Board to act within that period will be deemed its approval thereof. 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 Board may establish reasonable hours and conditions for performance of work within Units. Owners must also obtain all approvals required by the Master Declaration including approval of the Master Board's Architectural Review Committee pursuant to Section 5.6 of the Master Declaration.

Section 8.6 Signs and Holiday Decorations. Without the approval of the Board, no signs shall be displayed to public view on any Unit provided, that the Board of Directors shall, by appropriate rule: (i) 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; (ii) allow the display of the "flag of the United States" as defined in RCW 64.90.501(1) in an appropriate manner, time and place; and (iii) allow signs regarding candidates of public or Association office, or ballot issues, in an appropriate manner, time, place, size and number. This Section shall not apply to the Association or Declarant. Outside holiday decorations shall be taken down within two weeks after the holiday.

Section 8.7 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Unit, Limited Common Element or Common Element, except that an Owner may keep not more than three domesticated dogs or cats in limited combination (e.g., three cats, two dogs and one cat, or one dog and two cats, but no more than two dogs total) and a reasonable number of other usual household pets such as fish (hereinafter referred to as “pets”) in a Unit subject to rules and regulations adopted by the Board. No pets or other animals whatsoever will be kept or bred for commercial purposes. Pets are required to be kept inside the Owner’s Unit. No pet will be allowed to run free. Pets may be walked on the Common Elements of the Condominium if they are on a leash; otherwise, pets are not permitted on the Common Elements. Pet owners shall be responsible for all droppings and the removal thereof. Furthermore, pets shall not be permitted to interfere with the reasonable comfort, privacy or safety of the Condominium residents. The Board, after Notice and Opportunity to be Heard, may prohibit specified breeds of animals and may require the removal of any pet which the Board finds is disturbing other Owners unreasonably, and the Board may exercise this authority for specific pets even though other pets are permitted to remain.

Section 8.8 Quiet Enjoyment. No Owner shall permit anything to be done or kept in the Owner’s Unit or Common Elements which would interfere with the right of quiet enjoyment of the other residents of the Condominium.

Section 8.9 Trash and Outside Storage. Each Owner shall maintain a clean and safe workplace during the construction of improvements within such Owner’s Unit and shall not store materials on adjacent Units or the Common Elements without the permission of the Owner of the adjacent Unit or the Board regarding the Common Elements. No trash, construction debris or waste, plant or grass clippings, or other debris of any kind, or hazardous waste shall be dumped, deposited or placed on any Unit or the Common Elements. No Owner may block the Common Element roads or otherwise interfere with the rights of other Owners to access to and from their Units. Each Owner shall be responsible for removing all trash or garbage from the Owner’s Unit and placing it in proper receptacles on garbage pick-up day. Each Owner is responsible to separately contract and pay for trash and garbage removal. Refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, and similar materials shall not be permitted under any circumstances within any Unit or Limited Common Element other than in the private garage for such Unit or other properly screened area approved by the Association and designed for such use. Garbage or recycling dumpsters, cans, and other receptacles shall be kept in a place which is not visible from the street, except as may be necessary for removal on garbage pick-up day. All garbage receptacles shall be returned to the private garage or other approved screened area by the end of the garbage pick-up day. Owners may not use their decks for storage of personal items. Owners may only have on their decks patio furniture, potted plants with drip pans sufficient to protect the deck surface and barbecue grills.

Section 8.10 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element or Common Element, and nothing shall be done therein that may be or become an annoyance or nuisance to other Owners.

Section 8.11 Fences and Antennas. Owners shall not install any fencing or remove fencing installed by Declarant. The Board may regulate the size, location and screening of any antenna, satellite dish or similar equipment (referred to herein as an “antenna”) which an Owner may have the right to install on the Owner’s Limited Common Elements or within the Owner’s Unit pursuant to the provisions of 47 C.F.R. § 1.4000 as it now exists or is hereafter amended or replaced, provided such regulation or screening does not adversely affect reception or unreasonably increase cost. Any Owner wishing to install an antenna visible by any other Owner shall obtain approval in writing from the Board before installing it. An Owner may install Solar Panels only with the Board’s approval in each instance. The Board may restrict the solar panels by visibility, require shields, and require the Owner to indemnify or reimburse the Association or its members for loss or damage caused by the installation, maintenance, or use of a solar energy panel. Solar Panels may only be installed by a licensed and bonded contractor approved by the Board. If the provisions of this Section conflict with any applicable federal, state or local law, ordinance, rule or regulation, the terms of such law, ordinance, rule or regulations shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law.

Section 8.12 Utilities. All utility connections and service lines to each Unit shall be installed underground or through the Buildings including electric service, irrigation piping, water service, gas service, sewer, cable TV, and telephone cable, in accordance with accepted construction and utility standards. The cost of installation and usage of all utilities shall be borne solely by the applicable Owner. The storm water system shall be maintained by the Association as provided in Section 8.4 above.

Section 8.13 Hazardous Substances. Each Owner shall not permit any Hazardous Substance to be generated, processed, stored, transported, handled, or disposed of on, under, in or through the Owner's Unit, Limited Common Element or Common Elements other than normal household waste used and disposed of in accordance with all applicable laws. Each Owner shall indemnify, defend, and hold harmless the other Owner or Owners, the Association, and the Master Association from all fines, suits, procedures, claims, and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or Limited Common Element by the Owner, tenants, or invitees of the Unit. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste, or material which is or becomes regulated under any federal, state, or local statute, ordinance, rule, regulation, or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste, or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*), or under any local or state rule or regulation. Without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, and/or genetic abnormalities.

Section 8.14 Conveyance by Owners; Proof of Insurance; Notice Required. The right of an Owner to convey or sell a Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Unit being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. The Board shall notify the purchaser of any pending litigation or arbitration in which the Association is a party. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. At the time of closing, the new Unit Owner shall notify the Association of the date of the conveyance and the Owner's name and address and provide the Association with proof of all insurance required of the Owner under Section 18.7. At the time of the first conveyance of each Unit, every mortgage, lien, or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien, or other encumbrance.

Section 8.15 Limitations on Rules and Regulations. The Association may adopt reasonable rules and regulations which are not inconsistent with this Declaration subject to the following:

Similar Treatment. Similarly situated Owners shall be treated similarly.

Displays. The rights of Owners to display religious and holiday signs, symbols and other decorations inside structures on their Units of the kinds normally displayed in homes located in single-family residential neighborhoods shall not be abridged, except that such shall be consistent with local city or county ordinances, and the Association may adopt time, place and manner restrictions with respect to any displays (including those outside of a Unit) visible from outside the Unit. No rules and regulations shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria and local city or county ordinances shall apply).

Household Composition. No rules and regulations shall interfere with the freedom of Owners to determine the composition of their households.

Activities within Units. No rules and regulations shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, offensive or strong odor, that create unsightly conditions visible outside the Unit that create an unreasonable source of annoyance, or that involve illegal conduct.

Household Occupations. No rules and regulations may interfere with the rights of an Owner or occupant residing in a Unit to conduct business activities within the Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the outside of the Unit (ii) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the Board's sole discretion; (iii) any goods, material or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept or stored inside any building on any Unit and that they not be visible from the exterior of the home, and (iv) it is as otherwise allowed by applicable law. Nothing in this Section shall permit (1) the use of a Unit for a purpose which violates law, regulations, rules or applicable zoning codes or (2) activities that cause a significant increase in neighborhood traffic, or (3) modification of the exterior of the Unit. The Board may, from time to time promulgate rules restricting the activities located in the Condominium pursuant to the authority granted to the Association under this Declaration, the Bylaws and the Act.

Allocation of Burdens and Benefits. No rules and regulations shall alter the allocation of financial burdens among the various Units or rights to use the Common Elements to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Elements available, from adopting general applicable rules and regulations for use of Common Elements, or from denying use privileges to those who abuse the Common Elements or violate the governing documents for the Condominium. This provision does not affect the right to increase the Assessments.

Alienation. The Association may not impose any fee on the transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that transfer. The Association may regulate the leasing or rental of Units.

Abridging Existing Rights. No rules and regulations shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such rules and regulations and which complied with all rules and regulations previously in force. This dispensation shall apply only for the duration of such Owner's ownership of such personal property, and this right shall not run with title to any Unit.

Reasonable Rights to Develop. No rules and regulations or action by the Association or Board shall unreasonably impede Declarant's right to develop the Condominium.

Section 8.16 Certificate of Compliance. Any Owner may request that the Association issue a certificate confirming whether there are any known violations of this Declaration or the rules and regulations by the Owner or occupant of his or her Unit including the use restrictions stated in this Article 8. The Association shall issue the certificate within sixty (60) days after receipt of a written request and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate unless that condition was disclosed in the certificate.

Article 9. DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 9.1 Reserved Rights. All the Land described on Schedule A is subject to development rights and special declarant rights reserved to Declarant in this Declaration, including Declarant's right to do the following:

9.1.1 Incorporate a portion of the Common Elements into 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.

9.1.2 Convert Common Elements into Limited Common Elements, such as parking spaces, 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.

9.1.3 Subdivide or combine Units owned by Declarant or an affiliate of Declarant.

9.1.4 Convert all or a portion of a Unit into a Common Element.

9.1.5 Complete, maintain, repair and replace those improvements for the Condominium shown on the Map. 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 9.3.6 below, the date Declarant's warranty obligations expire for all Units and Common Elements, and the date any warranty claims asserted against Declarant are resolved to Declarant's satisfaction.

9.1.6 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. This right shall terminate upon the earlier of the period stated in Section 9.4 below and the date Declarant has sold all Units owned by Declarant including all Units which Declarant may add to the Condominium.

9.1.7 Exercise all development rights reserved to Declarant under this Declaration.

9.1.8 Appoint or remove any officer or director of the Association and the right to veto or approve any proposed action of the Association until the Owner-Elected Board of Directors is constituted pursuant to Section 7.4 above.

9.1.9 Attend meetings of the Owners and, except during an executive session, the Board.

9.1.10 Have access to the records of the Association to the same extent as an Owner.

Section 9.2 Right to Use Common Elements. In addition to those reserved rights in Section 9.1, Declarant reserves 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.

Section 9.3 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 this Declaration and comply with RCW 64.90.250. Such amendment shall require only Declarant's signature. Except as otherwise provided in this Declaration, all Development Rights and Special Declarant Rights shall expire ten (10) years

after the recording of this Declaration; provided, that Declarant may voluntarily terminate such rights at any time by recording an amendment to this 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 9.4 Transfer. The rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded in Thurston County. The rights and liabilities of the parties involved in such a transfer, and of all persons who succeed to any Development Right or Special Declarant Right, are set out in RCW 64.90.425.

Article 10. OWNERS ASSOCIATION

Section 10.1 Form of Association. The Owners of Units shall constitute an owners' association to be known as Campus Reserve Condominium Association. The Association shall be organized as a nonprofit corporation, no later than the date the first Unit in the Condominium is conveyed. The number of Board members and qualifications and procedures for election to the Board shall be provided in the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Act, this Declaration, and the Bylaws. Each director on the Board has one vote and the Board shall act by the vote of an absolute majority of the directors.

Section 10.2 Bylaws. The Board will adopt Bylaws to supplement this Declaration, provide for the administration of the Association and the property, and for other purposes not inconsistent with the Act or this Declaration.

Section 10.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit, provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 10.4 Powers of the Association. 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 13 below. The Board's powers and authority, and certain limitations thereon, include the following:

10.4.1 Adopt and amend the Bylaws and the rules and regulations for the Condominium;

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

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

10.4.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Condominium; provided, however, that the approval of Owners holding at least 67% of the votes in the Association cast at a special meeting held for that purpose

and not by consent in lieu of a meeting shall be required before the Association may institute, commence or intervene in any litigation or administrative proceeding, including arbitration, other than litigation or other proceedings against Owners for collection of delinquent Assessments or for enforcement of this Declaration or rules and regulations of the Association; but Owner approval shall not be required for settlement of such litigation or administrative proceedings;

10.4.5 Make contracts and incur liabilities;

10.4.6 Regulate the use, maintenance, repair, replacement, and modification of the Units and any Limited Common Element;

10.4.7 Provide for the maintenance, repair, replacement and modification of the Common Elements;

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

10.4.9 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Common Elements, provided that the beneficial interest in any property acquired by the Association pursuant to this Section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged, or otherwise dealt with as the Board shall determine;

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

10.4.11 Dedicate streets within the Condominium for public use; dedicate utilities to the authority having jurisdiction, provided that such dedication shall have been approved by Owners holding a majority of the votes in the Association;

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

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

10.4.14 Impose and collect charges for late payment of Assessments as further provided in Section 13.5, and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association;

10.4.15 Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates required by RCW 64.90.640, and statements of unpaid Assessments;

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

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

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

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

10.4.20 Exercise any other powers necessary and proper for the governance and operation of the Association; and

10.4.21 Perform any obligations delegated to it by the Master Association including collecting from the Owners those assessments payable to the Master Association pursuant to Section 6.11 of the Master Declaration.

Section 10.5 Limitations on Board's Authority.

10.5.1 Master Declaration. The Association and each Owner are subject to the Master Declaration and all powers and authority of the Association are subject to the Master Declaration.

10.5.2 Spending Limit. 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 percent (50%) of the total votes in the Association; 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 total votes in the Association. This limitation does not apply to the maintenance, repair or replacement of improvements to the extent reserves have been collected for the cost of replacement, or to the rebuilding of improvements following damage by casualty which is covered by Article 19 below.

10.5.3 Borrowing Secured by Future Assessments. The Board may not obtain any financing secured by an assignment of the Association's right to receive future income from Assessments or otherwise, without first having that financing ratified by the Owners in accordance with RCW 64.90.405(4).

10.5.4 Adoption or Amendment of Rules. The Board must, before adopting, amending, or repealing any rule, give all Owners notice of its intention to adopt, amend, or repeal a rule and provide the text of the rule or the proposed change, and the date on which the Board will act on the proposed rule or amendment after considering comments from Owners. Following adoption, amendment, or repeal of a rule, the Board must give notice to the Owners of its action and provide a copy of any new or revised rule. The Board may adopt rules to establish and enforce construction and design criteria and aesthetic standards. If the Board elects to do so, then it must adopt procedures for enforcement of those standards and for approval of construction applications, including a reasonable time within which the Board or any Architectural Committee must act after an application is submitted and the consequences of its failure to act. All rules must be reasonable and must be applied on a uniform, nondiscriminatory basis. All rules must comply with those regulatory limitations stated in RCW 64.90.510. In interpreting those regulatory limitations, the Board shall be given the maximum authority and discretion allowed thereunder to limit signs, solar panels, and other displays that are visible to the public or other Owners.

Section 10.6 Financial Statements and Records. The Association must establish and maintain its accounts and records in a manner that will enable it to credit assessments for Common Expenses and specially allocated expenses, including allocations to reserves, and other income to the Association, and to charge expenditures, to the account of the appropriate Units in accordance with this Declaration. To assure that the Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association must be reconciled at least annually unless the Board determines that a reconciliation would not result in a material savings to any Owner. Any surplus funds of the Association remaining after the payment of or provision for Common Expenses and any prepayment of reserves must be paid annually to the Owners in proportion to their Common Expense Liabilities or credited to them to reduce their future Common Expense assessments. The Association shall prepare or cause to be prepared, at least annually, a financial statement of the Association in accordance with accrual-based accounting principles. The annual

financial statement shall be audited annually by a certified public accountant who is not a member of the Board or an Owner; provided, however, if the annual assessments are less than \$50,000, then the Owners may waive the audit each year by a vote of a majority of the total votes in the Association which are not allocated to Units owned by the Declarant. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. The Association shall also retain those records described in RCW64.90.495.

Section 10.7 Inspection of Condominium Documents, Books, and Records. The Association shall make available for examination and copying by Owners, Mortgagees and their authorized representatives, all records the Association is required to maintain pursuant to RCW 64.90.495 including current copies of this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, and other books, records, and financial statements of the Association. "Available" shall mean available for examination and copying during reasonable business hours or at a mutually convenient time and location at the offices of the Association or its Manager. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies and for supervising the inspection.

Article 11. DECLARANT CONTROL PERIOD

Section 11.1 Declarant Control Until Transition Date. Until the Transition Date, the Declarant shall have the right to appoint and remove all members of the Board, provided that (a) not later than 60 days after conveyance of 25% of the Units that may be created to Owners other than the Declarant, at least one member and not less than 25% of the members of the Board must be elected by Owners other than the Declarant and (b) not later than 60 days after conveyance of 50% of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners other than the Declarant.

Section 11.2 Transition Date. Declarant Control of the Association shall terminate on the Transition Date. The Transition Date shall be no later than the earlier of (a) 60 days after conveyance of 75% of the Units that may be created to Owners other than the Declarant, (b) two years after the last conveyance of a Unit except to a dealer, (c) two years after the last exercise of a Development Right to create Units, or (d) the date on which the Declarant records an amendment to this Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board. If the Declarant voluntarily surrenders control pursuant to (d) above, the Declarant may require that for the duration of the period of Declarant Control, specified actions of the Association or the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Section 11.3 Audit of Records upon Transfer. Within sixty days after the Transition Date, the Board shall retain the services of a certified public accountant to audit the records of the Association as of the Transition Date in accordance with generally accepted auditing standards unless the Owners, other than the Declarant, to which a majority of the votes are allocated elect to waive the audit. The cost of the audit must be a Common Expense. The accountant performing the audit must examine supporting documents and records, including the cash disbursements and related paid invoices, to determine if expenditures were for Association purposes and the billings, cash receipts, and related records to determine if the Declarant was charged for and paid the proper amount of Assessments. A complete copy of the audit report shall be provided to Declarant at the same time it is provided to the Board.

Article 12. THE BOARD

Section 12.1 Selection of the Board and Officers. Prior to the Transition Date, election or appointment of members of the Board shall be governed by Article 11. Within thirty (30) days after the Transition Date, the Owners shall elect a Board, a majority of whom must be Owners. The number of Board members and their terms of services shall be specified in the Bylaws. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The members of the Board and officers shall take office upon election. Removal of Board members, and their terms of service shall be as provided in the Bylaws.

Section 12.2 Powers of the Board; Adoption of Budget. Except as provided in this Declaration, the Bylaws or the Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Act, Declaration, or the Bylaws.

Section 12.3 Managing Agent. The Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (a) for cause, on 30 days' written notice or (b) without cause, on not more than 90 days' written notice. Upon the vote of a majority of all Eligible Mortgagees, the Association shall be required to establish professional management for the Condominium.

Section 12.4 Limitations on Board Authority. The Board shall not act on behalf of the Association to amend this Declaration in any manner that requires the vote or approval of the Owners pursuant to Section 21.2, to terminate the Condominium pursuant to Section 22.1, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

Section 12.5 Right to Notice and Opportunity to be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants, or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time, and place of the hearing, which shall be not less than five days from the date notice is delivered 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 of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same way notice of the meeting was given.

Article 13. BUDGET AND ASSESSMENTS

Section 13.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 13.2 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 Specially Allocated Expenses of the Association to be paid during the year and shall consider any surplus or deficit carried over from the preceding year and any expected income to the Association. The budget must include the projected income of the Association by category, the projected Common Expenses and those specially allocated expenses that are subject to being budgeted, both by category, the amount of the assessments per Unit and the date the assessments are due, the current amount of regular assessments budgeted for contribution to the reserve account, a statement of whether the Association has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study, and the current deficiency or surplus in reserve funding expressed on a per Unit basis. The Budget does not include those Assessments that each Owner is required to pay directly to the Master Association which include the "Base Assessment" and may include Special Assessments, Specific Assessments or Neighborhood Assessments described in Sections 7.2, 7.4, 7.5 and 7.6 of the Master Declaration; the Master Association bills each Owner directly for those Assessments.

Section 13.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Condominium after the Transition Date, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days

after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year, then the budget shall not take effect unless ratified by the Owner in accordance with this Section.

Section 13.4 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessment, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget is subject to ratification pursuant to Section 13.3 above.

Section 13.5 Assessments for Common Expenses. The sums required by the Association for Common Expenses, as reflected by the annual budget and any supplemental budgets, shall be divided into monthly installments to be paid over the period covered by the budget or supplemental budget. Each Owner shall also pay all assessments due to the Master Association for such Owner's Unit except to the extent the Association contracts with the Master Association for such collection services as contemplated by Section 6.11 of the Master Declaration. The Common Expense Assessment for each Unit is determined by first determining the amount of any Specially Allocated Expenses for such Unit as provided in Section 13.6 hereof, and then multiplying the remaining expenses by the Common Expense Liability for that Unit. Assessments may be rounded to the nearest dollar Assessments begin accruing for all Units upon the conveyance by the Declarant of the first Unit, provided that the Declarant may delay the commencement of Assessments and pay all actual Common Expenses (but 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 require Owners of those Units which have been conveyed to reimburse Declarant for any separately metered utility costs billed to Declarant or the Association and Declarant shall be entitled to offset those actual expenses by any income from the operation of the Common Elements. To the extent that any Common Expense is caused by the misconduct of an Owner or tenant of any Unit, the Association may assess the expense against that Unit.

Section 13.6 Specially Allocated Expenses. Specially Allocated Expenses are those expenses which the Association 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 any expenses benefiting fewer than all the Units to those Units benefited in proportion to the benefit received. For example, if the Association performs work on a building, the Association shall specially allocate the resulting costs to the Units in that building in accordance with the relative Allocated Interests of each Unit. In determining whether a Specially Allocated Expense is practicable, the Association shall consider the extent to which certain Units benefit more than other Units regarding the expenses involved in each case, whether it is possible to separately contract for the applicable service, and the amount of the liability or expense involved. In addition, the Board will allocate any expense resulting from the willful misconduct or gross negligence of an Owner, including any expense incurred by the Board under Section 8.4.3.4 hereof, to the offending Owner. The Board shall have discretion to not make any Specially Allocated Expenses and, instead, treat the expense as a Common Expense, if the Board determines that the administrative burden is disproportionate to the differential achieved by the Specially Allocated Expense. The Association may impose deposit requirements, late charges, billing procedures, and other similar measures regarding Specially Allocated Expenses as the Association may determine is appropriate in its reasonable discretion.

Section 13.7 Contribution to Initial Working Capital and Reserves. In connection with the closing of the sale of the first Unit and of the sale of each additional Unit, the initial purchaser shall pay to the Association as a nonrefundable contribution to an initial working capital and reserve fund an amount equal to two months of Assessments which amount shall not be considered as an advance payment of regular Assessments. The Declarant shall not use any of the working capital and reserve fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits prior to the Transition Date.

Section 13.8 Special Assessments. For those expenses which cannot reasonably be calculated and paid on a regular basis, the Board may levy a special Assessment for such expenses against the Units. To the extent that

any 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 against the Unit as a Specially Allocated Expense.

Section 13.9 Creation of Reserves; Assessments. The Board shall create reserve accounts for anticipated expenses for repairs, replacements, and improvements which will occur in the future to accumulate sufficient funds to pay such expenses when they occur. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 13.10 Notice of Assessments. The Board shall notify each Owner in writing of the amount of the general and special Assessments to be paid for the Owner's Unit and shall furnish copies of all budgets and the Common Expense Liability allocations which apply to the Unit, on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested.

Section 13.11 Payment of Assessments. General Assessments shall be due on or before the first day of the month in which each general Assessment is due. Each Owner shall pay or cause to be paid all Assessments against the Unit for the period determined by the Board to the treasurer or designated agent of the Association. Any Assessments not paid within a grace period established by the Board shall be delinquent and subject to late charges, interest charges, and collection procedures as provided in Section 14.6 below.

Section 13.12 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 13.13 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year. The Assessment amounts established for the preceding year shall continue until new Assessments amounts are established.

Section 13.14 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. In addition, the Board shall furnish resale certificates to the extent required by RCW 64.90.640, and shall provide such other information as may be reasonably requested by an Owner or its Mortgagee including an estoppel certificate confirming the identity of the Owner, its voting representative, amount and status of payment of Assessments, any significant anticipated expenses which are not reflected in the budget or for which adequate reserves are not maintained, a summary of any pending or threatened litigation, whether the Owner or its Occupants and Invitees are in compliance with this Declaration and any rules and regulations adopted by the Board, and any other information reasonably requested. The estoppel certificate shall be based on the actual knowledge of the Directors then serving on the Board and a reasonable review of the books and records available to them.

Section 13.15 Recalculation of Assessments. If the Common Expense Liabilities for the Units are reallocated (e.g., due to the addition of Units in a subsequent phase), then all general and special Assessments not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

Article 14. LIEN AND COLLECTION OF ASSESSMENTS

Section 14.1 Assessments are a Lien; Priority. Unpaid Assessments shall be the separate, joint and several personal debts of 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 Association has a statutory lien on each Unit for any unpaid assessment against that Unit from the time such assessment is due. The Association's lien has priority over all other liens and encumbrances on a

Unit except for: (i) liens and encumbrances recorded before this Declaration is recorded; (ii) mortgages and other security interests recorded before the due date of the unpaid assessment except as provided below in this Section; (iii) liens for real estate taxes and other state or local governmental assessments or changes against the Unit; and (iv) liens imposed under the Master Declaration. If the Association gives the holder of those security interests described in (ii) of this Section not less than 60 day prior written notice of delinquent assessments that complies with RCW 64.90.485(3)(a)(iii), then the Association's lien shall have priority over such security interests for those Common Expense assessments, including special assessments, but excluding any amounts for capital improvements, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Association's lien or such security interest, together with costs of foreclosure and attorneys' fees to the extent allowed by RCW 64.90.485. This limited lien priority over such security interests shall not be available if the Association forecloses its lien non-judicially. A Mortgagee of a Unit that obtains possession through a mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Unit free of any claims for the share of assessments by the Association chargeable to the Unit which became due before such possession, but will be liable for the assessments and other authorized expenses accruing after such possession.

Section 14.2 Lien May be Foreclosed; Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure. Except for the limited Assessment priority stated in item (b) of Section 14.1 hereof, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 14.3 Assessments are Personal Obligation. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges provided in this Article, shall be the personal obligation of the Owner of the Unit when the Assessment is made. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 14.4 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

Section 14.5 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 14.6 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. In the absence of another established non-usurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 14.7 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 14.8 Security Deposit. 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 twelve (12) 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.

Section 14.9 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 Specially Allocated Expense or special Assessments in calculating the accelerated balance.

Section 14.10 Collections from Tenants. The Association may collect directly from any tenant of a Unit the 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 regarding 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 received and shall not release the Association's lien against the Unit for any remaining delinquency.

Section 14.11 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Article 15. ENFORCEMENT OF DECLARATION, BYLAWS, AND RULES AND REGULATIONS

Section 15.1 Rights of Action. Each Owner, the Board, and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due, damages, and for injunctive relief, or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 15.2 Failure of Board to Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board. This Article also extends to the Declarant.

Article 16. TORT AND CONTRACT LIABILITY

Section 16.1 Declarant Liability. Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Condominium which the Declarant has the responsibility to maintain. Otherwise, an action alleging a wrong done by the Association must be brought against the Association and not against any Owner or any officer or director of the Association. If the wrong by the Association occurred during any period of Declarant Control and the Association gives the Declarant reasonable notice of and an opportunity to defend against the action, the Declarant who then controlled the Association is liable to the Association or to any Owner (a) for all tort losses not covered by insurance suffered by the Association or that Owner and (b) for all costs which the Association would not have incurred but for a breach of contract, other wrongful act, or omission by the Association. If the Declarant does not defend the action and is determined to be liable to the Association under this Section, the Declarant is also liable for all litigation expenses, including reasonable attorney fees, incurred by the Association in such defense. Any statute of limitations affecting the Association's right of action under this Section is tolled until the period of Declarant Control terminates. An Owner is not precluded from bringing an action contemplated by this Section because he or she is an Owner or a member or officer of the Association.

Section 16.2 Limitation of Liability for Utility Failure, etc. Except to the extent covered by insurance obtained by the Board, the Association, the Board, the Managing Agent, the Declarant, the Master Association, and the Master Board shall not be liable for: the failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 16.3 No Personal Liability. So long as a Board member, Master Board member, Association committee member, Association officer, the Declarant, or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided that this Section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

Article 17. INDEMNIFICATION

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

Article 18. INSURANCE

Section 18.1 General Requirements. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance, (b) commercial general liability insurance, (c) fidelity 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 all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgagees.

Section 18.2 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 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 the Units, whether installed by the Declarant, Owners, or their tenants, with an "Agreed Amount" or equivalent endorsement. Each Owner shall promptly inform the Board in writing of any betterment or improvement intended as a permanent part of its Unit which cost more than \$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: "Campus Reserve Condominium Association, 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 18.9.10 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 Thurston County, Washington, which appropriately names FNMA, FHLMC, FHA, or VA, so long as any of them are Mortgagees or Owners of Units.

Section 18.3 Commercial General Liability Insurance. The liability insurance policy shall insure the Board, Association, Owners, Declarant, and Manager. The policy will cover all 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.

Section 18.4 Fidelity Insurance. 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.

Section 18.5 Other insurance. The Board of Directors may obtain other insurance it deems advisable.

Section 18.6 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.

Section 18.7 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 which is known generally as an "HO6 policy." Provided, however, no Owner shall 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 the Owners, will realize under any insurance policy which the Board of Directors may have in force on the Condominium. 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.

Section 18.8 Insurance Proceeds. 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 19. 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.

Section 18.9 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:

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

18.9.2 The policy shall not provide for contribution by or Assessment against Mortgagees or become a lien on the Community superior to the lien of a First Mortgage;

18.9.3 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.

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

18.9.5 A waiver of subrogation by the insurer for all claims against the Association, the Owner of any Condominium 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.

18.9.6 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.

18.9.7 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.

18.9.8 The standard mortgagee clause included with the Association's property insurance policy shall: (a) Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Unit in their respective order of preference, whether or not named therein; (b) Provide that such insurance as to the interest of any such Mortgagee shall not be invalidated by any act or neglect of the Board or any persons under any of them; (c) Waive any provision invalidating such mortgage clause by reason of the failure of any such Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that such Mortgagee pay any premium thereon, and any contribution clause; and (d) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

18.9.9 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.

18.9.10 Each Owner appoints the Association or any insurance trustee appointed pursuant to Section 19.4.3 below, as attorney-in-fact for the purpose of purchasing and maintaining the insurance provided for under this Section 18, 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.

Article 19. DAMAGE OR DESTRUCTION; RECONSTRUCTION

Section 19.1 Initial Board of Directors' Determinations. 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:

19.1.1 Extent of Damages. The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.

19.1.2 Estimates. 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.

19.1.3 Insurance Proceeds. 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.

19.1.4 Deductible. The amount of the deductible to be paid by an Owner with respect to damage or loss within the Owner's Unit.

19.1.5 Reserves. The available reserves or other Association funds, although the Board is not required to use any reserves or other Association funds.

19.1.6 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.

19.1.7 Recommendation. The Board of Directors' recommendation whether or not such damage or destruction should be repaired or restored.

Section 19.2 Notice of Damage or Destruction. 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 19.1. 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 19.1 and give the notice required under this Section 19.2.

Section 19.3 Definitions:

19.3.1 Restoration. As used in this Article 19, 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.

19.3.2 Emergency Work. As used in this Article 19, 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.

Section 19.4 Restoration by Board of Directors.

19.4.1 Board of Directors Shall Restore. Unless prior to the commencement of repair and restoration work (other than emergency work referred to in Section 19.3.2) (1) the Owners shall have decided not to repair and reconstruct in accordance with the provisions of either Section 19.5.3 or 19.6.3, (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 64.90.290, 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 19.1.6 shall be a Common Expense collected from the Owners as a Special Assessment.

19.4.2 Authority to Contract. 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.

19.4.3 Insurance Trustee. 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 Article 19. Any such insurance trustee shall have the exclusive authority to negotiate losses under any policy providing such property or liability insurance.

Section 19.5 Limited Damage; Assessment under \$5,000. If the amount of the estimated Assessment determined under Section 19.1.6 does not exceed Five Thousand Dollars (\$5,000) for any one Unit then the provisions of this Section 19.5 shall apply:

19.5.1 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 19.2 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 19.2 above, or the expiration of the sixty (60) day period for notice described in Section 19.2, whichever is less, may call a special Owners' meeting to consider such repair and restoration work. Any meeting held pursuant to this Section 19.5.1 shall be called by written notice and shall be convened not less than fourteen (14) nor more than fifty (50) days after the date of the notice of meeting.

19.5.2 No Restoration Work Prior to Meeting. Except for emergency work, no repair and restoration work shall be commenced until after the expiration of the notice period set forth in Section 19.5.1 and until after the conclusion of said special meeting if such meeting is called within said notice period.

19.5.3 Vote required not to Rebuild. 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 held by 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 19.4.1 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 19.5 shall be deemed a unanimous decision to undertake such work.

Section 19.6 Major Damage; Assessment over \$5,000. If the amount of the estimated Assessment determined under Section 19.1.6 exceeds Five Thousand Dollars (\$5,000) for any one Unit, then the provisions of this Section 19.6 shall apply:

19.6.1 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 19.2 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 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 19.6 shall be called by written notice and shall be convened not less than fourteen (14) nor more than fifty (50) days from the date of the notice of meeting.

19.6.2 No Restoration Work Prior to Meeting. Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special Owners' meeting required under Section 19.6.1.

19.6.3 Vote Required Not to Rebuild. The affirmative vote of Owners having at least eighty percent (80%) of the votes held by all Owners, 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 19.4 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 19.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision to undertake such repair and restoration work.

Section 19.7 Decision not to Restore; Disposition. In the event of a decision under either Sections 19.5.3 or 19.6.3 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 64.90.290, 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:

19.7.1 Repair of Common Elements. 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.

19.7.2 Distribution to Owners of Damaged Units. 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.

19.7.3 Remaining Proceeds. 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.

19.7.4 Reallocation of Interests; Amendment. 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. The Board of Directors shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations.

Section 19.8 Property Damage/Loss. Any property damage or loss, including amounts within the standard deductible, shall be addressed as provided in this Section.

19.8.1 Misconduct. If the property damage or loss was caused by the willful misconduct or gross negligence of an Owner or such Owner's tenant, guest, invitee, or occupant, then the Association may assess such property damage or loss against such Owner's Unit after notice and an opportunity to be heard as a Specially Allocated Expense even if such property damage or loss is covered by insurance.

19.8.2 Negligence. If the property damage or loss was caused by the negligence of an Owner or such Owner's tenant, guest, invitee, or occupant, then the Association may assess such property damage or loss against such Owner's Unit after notice and an opportunity to be heard as a Specially Allocated Expense to the extent of the Association's deductible and any expenses not covered under the Association's policy.

19.8.3 Damage to a Unit. Any property damage or loss that is not assessed to a Unit as a Specially Allocated Expense under Sections 19.8.1 or 19.9.2 hereof and is not covered by the Association's property insurance policy, including amounts within the deductible, shall be assessed to the Owner of the damaged Unit, excluding losses resulting from earthquake or other losses that have higher than standard deductibles (such high deductible losses are Common Expenses of the Association except as provided in Sections 19.8.1 or 19.9.2 hereof). If property damage or loss involves both a Unit and the Common Elements, then the uninsured portion of such damage or loss (e.g., the amount within the deductible), shall be apportioned between the Owner and Association based on the

relative damage or loss to the Unit and assigned Limited Common Elements (Owner's share) and the other Common Elements (Association's share).

Section 19.9 Owner's Rights. Nothing in this Section prevents an Owner from pursuing a recovery for damages or losses assessed to such Owner under this Section against any Owner or other person who may be responsible for such damages or losses under general legal principles. This Section is for the sole benefit of Owners and the Association and shall not affect any waiver of subrogation rights.

Article 20. EASEMENTS

Section 20.1 General. 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 constructed in the buildings, or as they may shift due to settling or repair or reconstruction.

Section 20.2 Association Functions. 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. For example, the Association shall have the right to access each Unit from time to time as may reasonably be necessary for 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 for any emergency situations, but any access shall be done in a reasonable manner to minimize in disturbance to any Occupants, with prior written notices except in emergencies.

Section 20.3 Owner Access. There is hereby reserved to each Owner, or their duly authorized contractors, an easement over the Common Elements and adjacent Units as are necessary for making repairs to those Limited Common Element systems serving such Owner's Unit including utility lines and broadband services which may run through the Common Elements or through the adjacent Units in a Building. All access by such Owner through the Common Elements shall be coordinated in advance with the Association and all access by such Owner through adjacent Units shall be coordinated in advance with the Owners of such adjacent Units and all work shall be done in a reasonable manner to minimize disturbance to any Occupants except in emergencies. Notwithstanding the foregoing, these easement rights may only be exercised by such Owner if the Association has delegated to such Owner the right and responsibility to maintain, repair or replace such Limited Common Elements.

Section 20.4 Encroachments. To the extent not provided by the definition of Unit in this Declaration and in the Act, each Unit and any Limited Common Element and all Common Elements are hereby declared to have an easement over all adjoining Units and any Limited Common Element and the Common Elements for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units, any Limited Common Element and Common Elements so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment, provided, however, that in no event shall a valid easement for encroachment be created in favor of a Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

Section 20.5 Utility Easements. Declarant reserves the right to: (i) grant, modify or relocate easements benefiting any company or municipality providing utility services to the Condominium or any Units including easements for the installation, construction, maintenance, repair, and reconstruction of all utilities serving the Condominium or Units, including gas, water, sanitary sewer, storm sewer, electricity, and broadband services; (ii) grant easements to neighboring properties to convey storm water over, under or across the Condominium; or (iii) grant easements or convey that portion of the Common Elements which is not necessary for the habitability of any Unit, including for right of way purposes, as necessary to satisfy conditions for the permits and approvals for the completion of the Condominium. In addition, each Unit is burdened and benefitted by easements for all utilities Declarant may

install to serve the homes constructed within the Units (e.g., ducts, conduit, wiring, cabling, plumbing, etc., running through the attics or floor joists of the Units for gas, electricity, broadband services, and storm and sanitary sewer facilities.

Article 21. AMENDMENT OF DECLARATION MAP, ARTICLES, OR BYLAWS

Section 21.1 Procedures. Except in cases of amendments that may be executed by the Declarant as provided in this Declaration or in the Act, amendments to this Declaration, the Map, the Articles, and the Bylaws must be approved by vote or agreement of the Owners, as specified in this Article. An Owner may propose amendments to this Declaration or the Map, the Articles, or the Bylaws to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice must be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including Eligible Mortgagees) entitled to receive notices. Upon the adoption of an amendment and the obtaining of any necessary consents of Eligible Mortgagees as provided below, amendment to this Declaration or the Map will become effective when it is recorded or filed in the real property records in the counties in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to this Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

Section 21.2 Consent Required. Except in connection with the exercise of Development Rights by the Declarant, the percentages of consent of Owners and mortgagees required for adoption of amendments to this Declaration, the Map, the Articles, and the Bylaws are as follows:

21.2.1 All amendments to this Declaration must be approved by Owners holding 67 percent (67%) of the total voting power in the Association except: (i) for those amendments which may be executed by Declarant only as provided in this Declaration or in the Act; (ii) those amendments which may be executed by certain Owners as provided in the Act; and (iii) those amendments that require a greater voting percentage pursuant to RCW 64.90.285.

21.2.2 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 67 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 this 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.

21.2.3 Notwithstanding the notice procedures stated in the Bylaws, written notice of any special or annual meeting of the Association where the Owners will be requested to vote on a material amendment to this Declaration or approve an extraordinary action of the Association as defined in Section 21.2.2 hereof 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.

21.2.4 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 21.2.2 hereof) occurring during a period of Declarant Control must be approved by the VA.

21.2.5 An Eligible Mortgagee who receives a written request to consent to an amendment who does not deliver or post to the requesting party a negative response within sixty (60) days shall be deemed to have consented to such request.

21.2.6 At any time FHLMC holds, insures, or guarantees a Mortgage, amendments of a material adverse nature to first-lien Mortgagees must be approved by Mortgagees that represent at least 51% of the Unit votes (one vote is counted for each first-lien mortgage on a Unit).

Section 21.3 Limitations on Amendments. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in this Declaration without the consent of the Declarant and any mortgagee of record with a security interest in the Development Rights or Special Declarant Right or in any real property subject thereto, excluding Mortgagees of Units owned by persons other than the Declarant.

Section 21.4 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. To the extent allowed by RCW 64.90.285, 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 Owners, may at any time file an amendment to this Declaration or the Bylaws, Rules and Regulations, or Map to conform them to the requirements and guidelines of those lending institutions.

Section 21.5 Corrective Amendments by Declarant. Upon thirty-day advance notice to the Owners, Declarant may, without a vote of the Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to the this Declaration, the Map, or other governing documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the governing documents with respect to an objectively verifiable fact including, without limitation, recalculating the Allocated Interests (including votes and Common Expense Liability), within five (5) years after the recordation or adoption of the governing document containing or creating the mistake, inconsistency, error, or ambiguity. Any such amendment or supplement may not materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred. By way of example but not limitation, Declarant's intent

regarding this Declaration, the Map, and other governing documents is that they fully comply with all requirements of the Act and any ordinances or codes of the City of Issaquah or other governmental or quasi-governmental entity with authority over the Community and, as a result, Declarant shall have the authority to record an amendment under this Section to make any changes required by the City or such other entity.

Article 22. TERMINATION OF CONDOMINIUM

Section 22.1 Action Required. The Condominium may be terminated only by agreement of Owners of Units to which at least 80% of the votes in the Association are allocated and in accordance with the Act. Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons must be approved by Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages held by Mortgagees.

Section 22.2 Act Governs. The provisions of the Act relating to termination of a condominium contained in RCW 64.90.290, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the disposition of the real property in the Condominium and the distribution of proceeds from the sale of that real property.

Article 23. NOTICES

Section 23.1 Form and Delivery of 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 comply with RCW 64.90.515, which is restated in Section 1 of Article X of the Bylaws.

Section 23.2 Notices to Certain Mortgagees. The Board shall send to each Eligible Mortgagee and First Mortgagee timely written notice of (a) any proposed amendment of this Declaration or Map effecting a change in (i) the boundaries of any Unit, (ii) the exclusive easement rights, if any, appertaining to any Unit, (iii) the interest in the Common Elements or the liability for Common Expenses of any Unit, (iv) the number of votes in the Association allocated to any Unit, or (v) the purposes to which a Unit or the Common Elements are restricted; (b) any proposed termination of condominium status, transfer of any part of the Common Elements, or termination of professional management of the Condominium; (c) any condemnation loss or casualty loss that affects the Common Elements and results in a loss of more than 10 percent of the annual budget of the Association or that affects any Unit on which an Eligible Mortgagee has a first mortgage; (d) any delinquency which has continued for 60 days in the payment of Assessments or charges owed by the Owner of the Unit covered by such Mortgage; (e) any lapse, cancellation, or material modification of any insurance policy maintained by the Association pursuant to Section 18.1; or (f) any proposed action that would require the consent of a specified percentage of Eligible Mortgagees pursuant to Section 21.2.1 or 22.1. 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 21.2.1 above and, during the period of Declarant control, Declarant shall provide a copy of all amendments to the VA.

Article 24. SEVERABILITY

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

Article 25. EFFECTIVE DATE

This Declaration shall take effect upon recording.

Article 26. ASSIGNMENT BY DECLARANT

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

Article 27. REFERENCE TO MAP

The Map was filed with the Department of Records and Elections in Thurston County, Washington immediately prior to this Declaration under the Auditor's File No. stated on the first page above.

IN WITNESS WHEREOF, Declarant publishes this Declaration as of _____, 2022.

LENNAR NORTHWEST, INC., a Delaware corporation

By: _____
Jason Hancock, Authorized Agent

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this day personally appeared before me JASON HANCOCK, who I know to be, or have satisfactory evidence that he is the Authorized Agent of LENNAR NORTHWEST, INC., a Delaware corporation, who, under oath, stated that he 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.

Dated this ____ day of _____, 2022.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington

Residing at _____

My appointment expires _____

SCHEDULE A

CAMPUS RESERVE, A CONDOMINIUM

Description of Land in Condominium

LOT 80 OF CAMPUS RESERVE, AS RECORDED JANUARY 26, 2015 UNDER AUDITOR'S FILE NO. 4427673;
IN THURSTON COUNTY, WASHINGTON.

SCHEDULE B
CAMPUS RESERVE CONDOMINIUM

Units Data, Allocated Interests

I. 39 Units in Buildings 1 through 7.¹

Building	Unit	Unit Area	Allocated Interests
1	101	1325	2.56
1	102	1060	2.56
1	103	848	2.56
1	104	848	2.56
1	105	1076	2.56
1	106	1562	2.56
2	201	1262	2.56
2	202	1009	2.56
2	203	807	2.56
2	204	807	2.56
2	205	1009	2.56
2	206	1262	2.56
3	301	1262	2.56
3	302	1009	2.56
3	303	807	2.56
3	304	807	2.56
3	305	1009	2.56
3	306	1262	2.56
4	401	1444	2.56
4	402	1117	2.56
4	403	872	2.56
4	404	862	2.56
4	405	1074	2.56
4	406	1593	2.57
5	501	1239	2.57
5	502	799	2.57
5	503	999	2.57
5	504	800	2.57
5	505	1339	2.57
6	601	1288	2.57
6	602	824	2.57
6	603	1030	2.57
6	604	824	2.57

¹ The areas of the Units shown in this Part II for all phases are based solely on the measurements of Declarant's architect and are not than "as-built" areas determined by Declarant's surveyor for completed Units. Pursuant to Section 5.3 of the Declaration, the Allocated Interests are determined based on these areas calculated by Declarant's architect rather than the as-built areas determined by Declarant's surveyor. Each Purchaser is responsible for verifying the area of his or her Unit.

Building	Unit	Unit Area	Allocated Interests
6	605	1287	2.57
7	701	1287	2.57
7	702	832	2.57
7	703	1125	2.57
7	704	1018	2.57
7	705	1575	2.57
Totals		42259	100.00

III. Number of Units and Floor Levels.

The number of Units included in the Condominium is thirty-nine (39). The number of Units which Declarant has reserved the right to add to the Condominium in subsequent phases is none. All Units are three-level townhome-style homes, each with a one-car or a two-car garage on the lowest level.

IV. Heating.

All Units have gas forced-air furnaces.

V. Parking and Storage.

Each Unit has an enclosed garage with space to park two cars except the following Units that have a one-car garage: 103, 104, 203, 204, 303, 304, 403, 404, 502, 504, 602, 604, 702, and 704. This results in a total of sixty-four (64) enclosed parking spaces. There are 12 uncovered parking spaces on Tract B as shown on the Map. There is no separate Limited Common Element storage outside of the Units and their garages.

VI. Recreational Facilities and Moorage.

The Condominium includes active and passive open areas including play structures on Tract B. No moorage slips are included in the Condominium.