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<p>DOCUMENTS TITLE(S): CONDOMINIUM DECLARATION FOR CANYON RIVER RANCH, A CONDOMINIUM</p>
<p>REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: NONE</p>
<p>GRANTOR(S): (DECLARANT) Canyon River Ranch LLC, a Washington limited liability company</p>
<p>GRANTEE(S): (PROJECT NAME) Canyon River Ranch, a Condominium</p>
<p>LEGAL DESCRIPTION (SECTION, TOWNSHIP, RANGE) Portion S 1/2 of SW 1/4, Section 28, Township 16 North, Range 19 East, W.M. <input type="checkbox"/> Additional legal is on Exhibit A of the document</p>
<p>ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER 16-19-28000-0014 <input type="checkbox"/></p>



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**CONDOMINIUM DECLARATION
FOR
CANYON RIVER RANCH
A CONDOMINIUM**

NOTICE TO RECORDER'S OFFICE

AS REQUIRED BY RCW CHAPTER 64.34, AT THE TIME OF RECORDING OF THIS DECLARATION INSERT IN SECTION 21.6 THE CROSS-REFERENCE RECORDING DATA OF THE SURVEY MAP AND PLANS RECORDED IN CONNECTION HEREWITH.



**CONDOMINIUM DECLARATION
FOR
CANYON RIVER RANCH
A CONDOMINIUM**

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EXHIBIT B Unit Data, Allocated Interests

EXHIBIT C Time Share Provisions



**CONDOMINIUM DECLARATION
FOR
CANYON RIVER RANCH. A CONDOMINIUM**

Pursuant to the Act defined in Section 1.8.1 and for the purpose of submitting the Property hereinafter described to the provisions of said Act, the undersigned, being sole owner of said Property, make the following Declaration. By acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any Unit in the Condominium created by this Declaration, it is agreed that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, and reservations effecting a common plan for the Condominium development mutually beneficial to all of the described Units, and that the covenants, conditions, restrictions, reservations and plan are binding upon the entire Condominium and upon each such Unit as a parcel of realty, and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Condominium or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments and regardless of any subsequent forfeitures, foreclosures, or sales of Units under security instruments.

The name of this Condominium is Canyon River Ranch, a Condominium.

**ARTICLE 1
INTERPRETATION**

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Condominium under the provisions of Washington law. It is intended and covenanted also that, insofar as it affects this Declaration and Condominium, the provisions of the Act under which this Declaration is operative, shall be liberally construed to effectuate the intent of this Declaration insofar as reasonably possible.

1.2 Consistent with Act. The terms used herein are intended to have the same meaning given in the Act unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

1.3 Covenant Running With Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent Owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, supplementing and interpreting the Act, and operating independently of the Act should the Act be, in any respect, inapplicable.

1.4 Percentage of Owners or Mortgagees. For purposes of determining the percentage of Owners or Mortgagees, or percentage of voting power for, approving a proposed decision or course of action in cases where an Owner owns, or a Mortgagee holds Mortgages on, more than one Unit, such Owner shall be deemed a separate Owner for each such Unit so owned and such Mortgagee shall be deemed a separate Mortgagee for each such first Mortgage so held.



1.5 Declarant Is Original Owner. Declarant is the original Owner of all Units and Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Units are recorded.

1.6 Captions and Exhibits. Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein and attached hereto shall be deemed incorporated herein by reference as though fully set forth where such reference is made.

1.7 Inflationary Increase in Dollar Limits. Any dollar amounts specified in this Declaration in connection with any proposed action or decision of the Board or Association may, in the discretion of the Board, be adjusted proportionately by the change in the consumer price index for the City of Seattle, Washington for All Urban Consumers, prepared by the United States Department of Labor for the base period, January 1 of the calendar year following the year in which the Declaration is recorded, to adjust for any changes in the value of the dollar.

1.8 Definitions.

1.8.1 "The Act" means the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW Chapter 64.34) as amended.

1.8.2 "Additional Property" means the property so described in Exhibit A and shown on the Survey Map and Plans, which the Declarant reserves the right to add to the Condominium pursuant to Article 22.

1.8.3 "Allocated Interests" means those undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit more particularly provided for in Article 7 and as shown in Exhibit B.

1.8.4 "Allocation Unit" means the numeric value assigned to each Unit in Article 7 pursuant to which the Allocated Interests of the Units are determined.

1.8.5 "Articles" means the Articles of Incorporation of the Association.

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

1.8.7 "Association" means all of the Owners acting as a group in accordance with the Bylaws and with this Declaration as it is duly recorded and as they may be lawfully amended, which Association is more particularly provided for in Article 8.

1.8.8 "Board" means the board of directors of the Association provided for in Section 9.3

1.8.9 "Books and Records of the Association" shall be given the broadest possible meaning and shall include, without limitation, exception or qualification, the following:

- (a) Declaration, Survey Map and Plans, Articles, Bylaws and Rules and Regulations and all amendments thereto;
- (b) minute books, including all minutes of all Owner, Board or committee meetings relating to the Condominium, including all reports, documents, communications or written instruments attached thereto or referenced therein;
- (c) all financial records, including without limitation canceled checks, bank statements, and financial statements of the Association and source documents from the time of incorporation of the Association through the current date;
- (d) all reports, documents, communications or written instruments pertaining to the personal property of the Association or the Condominium;
- (e) all reports, documents, communications, written instruments, plans, and specifications pertaining to the construction, remodeling, maintenance, repair, replacement or condition of the Condominium;
- (f) all insurance policies or copies thereof for the Condominium and Association;
- (g) copies of any certificates of occupancy that may have been issued for the Condominium;
- (h) any other permits or notices issued by governmental bodies applicable to the Condominium in force or issued;
- (i) all written warranties that are still in effect for the Condominium, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the Declarant, contractor, subcontractors, suppliers, and manufacturers, together with all owner's manuals or instructions furnished with respect to installed equipment or building systems;
- (j) a roster of Owners, officers and directors of the Association and Eligible Mortgagees and their addresses and telephone numbers, if known;
- (k) any leases of the Common Elements or areas and other leases to which the Association is a party; any employment, service, consultation, professional or other contracts in which the Association, Board or Officer is one of the contracting parties, or in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge, or which in any way relate to the Condominium;
- (l) all reports, documents, communications or written instruments pertaining to any litigation or other legal or mediation/arbitration proceeding to which the Association or the Board is a party, or which may relate to or affect the Condominium; and

(m) all other all reports, documents, communications or written instruments in any way relating to or affecting the Association, Board, Owners or the Condominium.

1.8.10 "Bylaws" shall mean the bylaws of the Association.

1.8.11 "Cabin" means the Unit Structure constructed by the Owner of a Cabin Site Unit within the Owner's Unit.

1.8.12 "Cabin Site Unit" means each Unit so designated in Exhibit B and shown on the Survey Map and Plans.

1.8.13 "Common Elements" means all portions of the Condominium other than the Units.

1.8.14 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.8.15 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to Article 7.

1.8.16 "Condominium" means the condominium created by this Declaration and related Survey Map and Plans pursuant to the Act.

1.8.17 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

1.8.18 "County" means Kittitas County, Washington.

1.8.19 "Declarant" means Canyon River Ranch LLC, a Washington limited liability company, and it successors and assigns.

1.8.20 "Declarant Control" means the right of the Declarant or persons designated by the Declarant to appoint and remove Association officers and Board members, or to veto or approve a proposed action of the Board or Association; provided in no event shall exercising the voting rights allocated to a Unit or Units owned by the Declarant or Declarant's affiliates be deemed "Declarant Control."

1.8.21 "Declaration" means this Declaration and any amendments thereto.

1.8.22 "Development Rights" means the rights of the Declarant, as provided in this Declaration, to: (a) add real property and improvements to the Condominium; (b) create Units, Common Elements, or Limited Common Elements within the real property included or added to the Condominium; (c) subdivide Units; (d) withdraw property from the Condominium; and (e) allocate and reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant.

1.8.23 “Dispose” or “Disposition” means a voluntary transfer or conveyance to a purchaser of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

1.8.24 “Eligible Mortgagee” means a mortgagee of a Unit or the Mortgagee of the Condominium 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.

1.8.25 “Fly Shop” means the two story structure that the Declarant reserves the Development Right to construct within the Fly Shop Unit consisting of a fly shop, café and apartment.

1.8.26 “Fly Shop Unit” means the Unit so designated in Exhibit B and shown on the Survey Map and Plans.

1.8.27 “Foreclosure” means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage or a deed in lieu thereof.

1.8.28 “Identifying Number” means the designation of each Unit in the Condominium.

1.8.29 “Limited Common Element” means a portion of the Common Elements allocated by this Declaration for the exclusive use of one or more but fewer than all of the Units.

1.8.30 “Lodge” means the two story structure that the Declarant reserves the Development Right to construct within the Lodge Site Unit, consisting of ten suites (Lodge Suites) and amenities intended for the exclusive use of the Owners of the Lodge Suites or Lodge Suites and Cabin Site Units.

1.8.31 “Lodge Site Unit” means the Unit so designated in Exhibit B and shown on the Survey Map and Plans, which the Declarant reserves the right to subdivide into Lodge Suite and Limited Common Elements for Lodge Suites and Cabin Site Units, as provided in Section 22.2.

1.8.32 “Lodge Suite” means any of the ten units intended for separate occupancy as Time Share Units created within the Unit Structure constructed within the Lodge Site Unit upon the exercise of the Declarant’s Development Right to construct the Lodge and subdivide the Lodge Site Unit.

1.8.33 “Manager” means the person retained by the Board to perform such management and administrative functions and duties with respect to the Condominium as are delegated to such person and as are provided in a written agreement between such person and the Association.

1.8.34 “Mortgage” means a mortgage or deed of trust that creates a lien against a Unit and also means a real estate contract for the sale of a Unit.

1.8.35 "Mortgagee" means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit created by mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit. A Mortgagee of the Condominium and a Mortgagee of a Unit are included within the definition of Mortgagee.

1.8.36 "Mortgagee of a Unit" means the holder of a Mortgage on a Unit. Unless the context requires otherwise, the term "Mortgagee of a Unit" shall also include the Mortgagee of the Condominium.

1.8.37 "Mortgagee of the Condominium" means the holder of a Mortgage on the Property, which Mortgage was either: recorded prior to the recordation of this Declaration; or was recorded against all Units after the recordation of this Declaration but prior to the recorded conveyance of any Unit. The term "Mortgagee of the Condominium" does not include a Mortgagee of a Unit.

1.8.38 "Notice and Opportunity to be Heard" means the procedure described in Article 10 of this Declaration.

1.8.39 "Owner" or "Unit Owner" means the Declarant or other person who owns a Unit, but does not include a person who has an interest in a Unit solely as security for an obligation; or is merely Renting or Leasing a Unit. "Owner" or "Unit Owner" means the vendee, not the vendor, of a Unit sold under a real estate contract.

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

1.8.41 "Property" or "Real Property" means the fee simple interest in the land described in Exhibit A, including buildings, structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land, as it may be amended upon the addition of the Additional Property to the Condominium or the withdrawal of the Withdrawable Property from the Condominium.

1.8.42 "Purchaser" means any person, other than Declarant, who by means of a Disposition acquires a legal or equitable interest in a Unit other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the Unit, or (b) as security for an obligation.

1.8.43 "Renting or Leasing" a Unit means the granting of a right to use or occupy a Unit for a specified term or indefinite term in exchange for the payment of rent; but shall not include ownership of Time Share Units or joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

1.8.44 "Residential Purposes" means use for dwelling or recreational purposes, or both.

1.8.45 “Rules and Regulations” means the Rules and Regulations, if any, adopted by the Association as provided in Article 10.

1.8.46 “Special Declarant Rights” means rights, if expressly reserved in this Declaration for the benefit of Declarant to:

- (a) complete improvements indicated on Survey Maps and Plans;
- (b) exercise any Development Right provided in Section 22.2 or elsewhere in this Declaration;
- (c) maintain sales offices, management offices, signs advertising the Condominium, and models under Section 22.1.2;
- (d) use easements through the Common Elements for the purpose of making improvements within the Condominium or within property that may be added to the Condominium;

1.8.47 “Survey Map and Plans” means the survey map and the plans recorded simultaneously with this Declaration and any amendments, corrections, and addenda thereto subsequently recorded.

1.8.48 “Time Share Program” means the time share program for the Lodge Suite Units, as described in Exhibit C.

1.8.49 “Time Share Interest” or “TSI” means each undivided interest as tenants in common in a Time Share Unit, as described in the Time Share Program.

1.8.50 “Time Share Unit” or “TSU” means each Lodge Suite Unit included in the Time Share Program.

1.8.51 “Unit” means a portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to Article 4, and shall also include each Time Share Unit after they have been created within the Lodge Site Unit.

1.8.52 “Unit Structure” means the improvements located or to be located within a Unit.

1.8.53 “Withdrawable Property” means the portion of the Property so described in Exhibit A and shown on the Survey Map and Plans, which the Declarant reserves the right to withdraw from the Condominium pursuant to Article 22.

1.9 Construction and Validity.

1.9.1 All provisions of the Declaration and Bylaws are severable.

1.9.2 The rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws or Rules and Regulations.

1.9.3 In the event of a conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails except to the extent the Declaration is inconsistent with the Act.

1.9.4 The creation of this Condominium shall not be impaired and title to the Unit and Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of the Declaration or Survey Map and Plans or any amendment thereto to comply with the Act.

1.9.5 If the Declaration or Bylaws now or hereafter provide that any officers or directors of the Association must be Unit Owners, then notwithstanding the definition in Section 1.8.39, Unit Owner in such context shall, unless the Declaration or Bylaws otherwise provide, be deemed to include any director, officer, employee, partner, member or trustee of any person who is a Unit Owner.

ARTICLE 2 DESCRIPTION OF REAL PROPERTY

The Property included in the Condominium is described in Exhibit A attached hereto, as it may be amended upon the addition of the Additional Property to the Condominium or the withdrawal of the Withdrawable Property from the Condominium pursuant to Article 22.

ARTICLE 3 DESCRIPTION OF UNITS

3.1 Description of Units. Exhibit B attached hereto sets forth the following:

- (a) Number of Units. The number of Units that the Declarant has created and reserves the right to create.
- (b) Unit Number. The Identifying Number of each Unit created by the Declaration.
- (c) Unit Area. The approximate square footage of each Unit.
- (d) Unit Data. Because each Unit is an envelope of defined space that does not have a Unit Structure on the recording date of this Declaration, Exhibit B does not include: number of bathrooms, bedrooms and fireplaces within a Unit or the building levels on which the Unit is located. Upon the completion of a Unit Structure within a Unit, the Declarant or the Board shall record an amendment to Exhibit B providing such information with respect to that Unit.

3.2 Access to Common Ways and Public Streets. Each Unit has direct access to Common Element or Limited Common Element walkways and/or driveways, and thence to the public streets.



ARTICLE 4
BOUNDARIES

4.1 Unit Boundaries. The boundaries for the Cabin Site Units, Lodge Suite and Fly Shop Unit shall consist of an envelope of space, as shown on the Survey Map and Plans. Each of these Units will include the Unit Structure and improvements or fixtures, if any, constructed within the Unit; provided that upon construction of the Lodge within the Lodge Site Unit and creation of Lodge Suites, the boundaries for the Lodge Suites will be the perimeter wall, floors and ceilings of those Units, including within the Unit all wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof. All spaces, interior partitions, fixtures, betterments and improvements within the boundaries of each Lodge Suite installed by the Declarant or by an Owner and intended to be a permanent part of the Unit, other than Common Elements described in Article 5, are a part of the Unit.

4.2 Monuments as Boundaries. Any physical boundaries of a Unit or Unit Structure constructed in substantial accordance with the Survey Map and Plans thereof become its boundaries rather than the metes and bounds shown on the Survey Map and Plans.

4.3 Relocation of Boundaries; Adjoining Units. Subject to the provisions of the Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to the Declaration upon application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words or conveyance between them, and is recorded in the name of the grantor and the grantee. The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and Identifying Numbers.

ARTICLE 5
COMMON ELEMENTS

The Common Elements consist of all portions of the Condominium except the Units, including, without limitation, the following:

- (a) The Property described in Exhibit A, as it may be amended, and all improvements thereto that are not within a Unit.
- (b) Installations of utility services such as: power, light, gas, water, sewer, trash removal and in general all apparatus and installations for common use, except plumbing, electrical and similar fixtures located within a Unit for the exclusive use of that Unit.
- (c) The grounds, driveways, parking areas and walkways.
- (d) With respect to the Lodge Suites, the Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other feature which lies

partially within and partially outside the designated boundaries of a Lodge Suite which serves more than one Unit or any portion of the Common Elements in the Lodge.

(e) All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

ARTICLE 6
LIMITED COMMON ELEMENTS

6.1 Limited Common Elements. The Limited Common Elements are the portion of the Common Elements that are allocated for the exclusive use of one or more but fewer than all of the Unit Owners, as described in Exhibit A attached hereto or shown on the Survey Map and Plans.

6.2 Common to Limited Common, Etc. Owners of Units to which at least 67% of the votes in the Association are allocated, including the Owner of the Unit to which the Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Common Element or a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and Survey Map and Plans; provided, however, this Section shall not apply with respect to any such reallocation or incorporation made as a result of the exercise of any Special Declarant Rights or Development Rights by the Declarant.

ARTICLE 7
ALLOCATED INTERESTS

7.1 In General. The Allocated Interests of each Unit (that is, the undivided interest in the Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit) are set forth in this Article 7 and in Exhibit B attached hereto (as such Exhibit may be amended pursuant to this Declaration). The Allocated Interest appertaining to each Unit cannot be changed except as provided in this Declaration. The Allocated Interest and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the Unit to which that Interest is allocated is void.

7.2 Unit Types. The method for determining Allocated Interests will take into account the different types of Units in the Condominium: (a) the Cabin Site Units, (b) the Lodge Site Unit, (c) the Lodge Suites and the Time Share Interests (after subdivision of the Lodge Site Unit) and the (d) Fly Shop Unit.

7.3 Voting/Common Elements Allocated Interest. This Section describes the method of allocation among each of these Unit types. The Allocated Interests of each Unit in the Common Elements and the votes in the Association allocated to each Unit are as follows:

- (a) Each Cabin Site Unit will have one Allocation Unit.

(b) The Lodge Site Unit will have ten Allocation Units until the Lodge is constructed and Lodge Suites created.

(c) After construction of the Lodge, each Lodge Suite shall have one Allocation Interest, with each Time Share Interest within the Lodge Suite having a one-sixth Allocation Interest.

(d) The Fly Shop Unit will have one Allocation Unit.

(e) Each Unit will have a fraction (percentage) of the Allocated Interests equal to the number of Allocation Units allocated to that Unit divided by the total number of Allocation Units allocated to all Units.

(f) Thus, assuming there were nine Cabin Site Units, one Lodge Site Unit (or ten Lodge Suites) and one Fly Shop Unit, then a Cabin Site Unit fraction (percentage) would be 1/20 (5%) or 9/20 for all Cabin Site Units (45%); the Lodge Site Unit fraction would be 10/20 (or 50%) (or 1/20 (5%) for each Lodge Suite); and the Fly Shop Unit fraction would be 1/20 (5%).

7.4 Common Expense Allocated Interest - In General. The Allocated Interest of Unit in Common Expenses will be determined in accordance with the remainder of the provisions of this Article 7.

7.5 General Allocation Factors. To the full extent reasonably practicable, the following factors will be used in allocating Common Expenses among Units:

7.5.1 Common Elements and General Association Expenses. Unless otherwise provided below, all expenses of the Association relating to the Common Elements, other than the Limited Common Elements, and the costs of administration of the Association shall be allocated among the Units in proportion to their respective Allocated Interests.

7.5.2 Limited Common Elements. Unless otherwise provided below, any Common Expense associated with the operation, maintenance, repair, or replacement of a Limited Common Element shall be assessed to the Owner or Owners of the Units to which that Limited Common Element is allocated in proportion to their respective Allocated Interests.

7.5.3 Only Some Units Benefited. Any Common Expense or portion thereof benefiting fewer than all of the Units, as determined by the Board, shall be assessed exclusively against the Units benefited in proportion to their respective Allocated Interests.

7.5.4 Insurance Costs. The costs of insurance shall be assessed among the Units in proportion to risk.

7.5.5 Utility Costs. The costs of utilities shall be assessed in proportion to usage, to the extent that can reasonably be determined by the Board or Manager or in proportion to their Allocated Interests if a reasonable determination of usage cannot be determined.

7.6 Cabin Site Unit - Expenses. The Owner of each Cabin Site Unit will be responsible for all costs of construction, maintenance, operation, insurance, repair, improvement, reconstruction or replacement of the Cabin (Unit Structure) constructed within the Owner's Cabin Site Unit.

7.7 Lodge Site Unit and Lodge Suites - Expenses. The Declarant will be responsible for all costs of construction of the Lodge (Unit Structure) constructed within Lodge Site Unit. After construction of the Lodge and creation of Lodge Suites, the costs of operation, maintenance, insurance, repair, improvement, reconstruction or replacement of Lodge shall be allocated among the Owners of the Lodge Suites and Cabin Site Units as follows:

7.7.1 Lodge. Portions of the first and lower levels of the Lodge will be accessible by the Owners of all Cabin Site Units and Lodge Suites for their shared use as Limited Common Elements allocated to those Units. The costs relating to the Cabin/Lodge Limited Common Elements, as described below, will be deemed to 50% of the cost or operation, maintenance, repair and replacement of the Lodge, excluding any costs billed or paid directed by the Owners of Lodge Suites, shall be allocated 50% to the Owners of the Cabins and 50% to the Owners of the Lodge Suites.

(a) Any telephones in the Cabin/Lodge Limited Common Elements (local calls only). Long distance will be by calling card.

(b) Water, septic, and electrical for the Lodge.

(c) Gas and propane for the Lodge.

(d) Operation, cleaning, maintenance, repair and replacement of the Lodge, including interior and exterior painting, roof, heating and air conditioning, fire/life safety system, including reasonable reserves for replacement thereof.

(e) Insurance for the Lodge, including all improvements, fixtures, equipment, furniture and furnishings in the Cabin/Lodge Limited Common Elements and Units.

Assuming there were nine Cabin Site Units and ten Lodge Suites, then each Cabin Site Unit or Lodge Suite fraction (percentage) of Lodge costs, as described above, would be 1/19 (or 5.3%) or 9/19 (or 47.4%) for all Cabin Site Units and 10/19 (or 52.6%) for all Lodge Suites.

7.7.2 Lodge Suites. All costs of operation, maintenance, repair and replacement of the improvements and the standard furnishings, equipment, appliances and personal property, as originally installed by the Declarant or as approved by the Board shall be allocated to the Owners of the Lodge Suites in proportion to their Allocated Interests.

7.8 Fly Shop Unit - Expenses. The Owner of Fly Shop Unit will be directly responsible for payment of all costs of construction, operation, maintenance, insurance, repair, improvement, reconstruction or replacement of the Fly Shop, being the Unit Structure constructed within the Fly Shop Unit and any Limited Common Elements allocated thereto. In addition, the Declarant shall be responsible for all costs associated with the existing fly shop, including its removal upon completion of construction of the Fly Shop.

7.9 Certain Unit Expenses. The following costs relating to the Units are allocated in the following manner:

7.9.1 Water. Water for the Condominium is provided by a common well. Water usage will be metered by the Association for irrigation, the Fly Shop and the Cabins/Lodge. The cost of water actual usage of water by Unit multiplied by the then-current billing rate (\$/ccf). The rate will be determined by the Board annually as the amount required to recover the costs of operation, maintenance, repair and replacement of the water system, including appropriate reserves.

7.9.2 Septic. An estimated usage based on the water usage, multiplied by the then-current septic rate. The rate will be determined annually by the Board as the amount required to recover the costs of operation, maintenance, repairs and replacement, including appropriate reserves.

7.9.3 Trash/Garbage. The Fly Shop Unit shall be responsible for the disposal of trash and garbage generated by the Use of that Unit and its Limited Common Elements. The cost of trash or garbage removal for the Cabins and Lodge Suites will be allocated to the Owners of those Units with completed Unit Structures. The Owner of each Cabin Site Unit shall be responsible for removal construction debris, trash or garbage generated by the construction of a Cabin within the Unit. The Declarant shall be responsible for removal construction debris, trash or garbage generated by the construction of the Lodge or Fly Shop and the Limited Common Elements allocated thereto.

7.9.4 Internet. Each Unit will be billed for their connection to Association's high-speed internet service based on the Association's cost of providing that service.

7.9.5 Pest Control and Testing/Inspections. The cost of pest control, testing and inspection relating to the Common Elements shall be a Common Expense allocated all Unit Owners. The cost of pest control, testing and inspection relating to the Cabins and Fly Shop shall be borne by or allocated to the respective Owners of the Cabins and Fly Shop. The cost of pest control, testing and inspection relating to the Lodge shall be allocated to the Owners of the Cabin Site Units and Lodge Suites as provided in Section 7.7.

7.9.6 Garages for Certain Cabin Site Units. The Owners of Cabin Site Units 1 - 6 shall be assessed a pro-rata share of the costs for maintenance, repair, maintenance and replacement of the Limited Common Element garages allocated to those Units.

7.9.7 Driveways, Landscaping, Security Gate, Swimming Pool/Spa and Lodge Amenities. Costs of operation, maintenance, cleaning, repair and replacement of the following items shall be allocated among the Owners of the Cabin Site Units and the Lodge Suite (or Lodge Suites) in proportion their respective Allocated Interests:

(a) The Limited Common Element driveway, parking areas and security gate (if any) for the Lodge and Cabin Site Units 1 – 6.

(b) The swimming pool/spa and landscaping within the Limited Common Element areas allocated to the Lodge Suites and Cabin Site Units.

- (c) One-half (50%) of the costs of the Lodge, as provided in Section 7.7.

7.10 Common Elements. As noted above, Common Expenses include those that are associated with the Common Elements and are therefore allocated to all Unit Owners in accordance with their respective Allocated Interests. Common Expenses include the following:

- (a) Water for irrigation.
- (b) Electricity for signage and landscape/path lighting.
- (c) Site sweeping clean-up.
- (d) Pest control, testing and inspections.

7.11 Vineyard Overlook. The vineyard overlook building is to be a modest structure situated on the hillside above the vineyard. Oriented toward the canyon, the overlook will provide unobstructed views of the vineyard, river, and canyon and hills beyond. The Common Expenses for the Vineyard Overlook, to be allocated to all Unit Owners as provided below, are expected to be as follows.

- (a) Water, septic, and electrical.
- (b) Propane for a small gas-fired fireplace, if included.
- (c) Cleaning.
- (d) Repair and maintenance.
- (e) Insurance.

After construction, the costs relating to the Vineyard Overlook shall be allocated to all Unit Owners in accordance with their respective Allocated Interests.

7.12 Vineyard. The initial cost for the land, grading, installation of all vines, irrigation systems, fencing, and the trellis structure for the vineyard is the responsibility of Declarant. The Unit Owners will be responsible for the future repairs, maintenance, and reserves only. The Common Expenses for the vineyard are expected to be as follows:

- (a) Water for irrigation.
- (b) Propane for bird control/heat pots.
- (c) Testing soils and grapes.
- (d) Site maintenance (mowing, pruning, spraying, etc.).
- (e) Insurance.
- (f) Harvesting and winemaking.

After installation of the vineyard, the costs relating to the vineyard shall be allocated to the Owners in accordance with their respective Allocated Interests. The grapes are an asset of the Association.

7.13 Management Costs. The overall cost for managing Canyon River Ranch will be allocated based on the anticipated use/demands of management time by the Unit Owners. With a significant portion of time required for attending to the Owners of Lodge Suites and their reservation requirements, the Lodge Suite will pay a greater proportion of Common Expenses for management than with respect to other Common Expenses.

- (a) Each Cabin Site Unit shall have one Management Allocation Unit.
- (b) The Lodge Site Unit shall have ten Management Allocation Units until completion of the Lodge and creation of the Lodge Suites.
- (c) Upon construction of the Lodge and creation of the Lodge Suites, each Lodge Suite shall have six Management Allocation Units.
- (d) The Fly Shop Unit shall have one Management Allocation Unit.

Each Unit will pay a fraction of the Management Common Expenses equal to that Unit's Management Allocation Unit divided by the total number of Management Allocation Units allocated to all Units. Assuming there were nine Cabin Site Units, ten Lodge Suites and one Fly Shop Unit, each Cabin Site Unit fraction (percentage) would be 1/70 (1.4%) or 9/70 for all Cabin Site Units (12.9%), the Lodge Suite Unit fraction (percentage) would be 6/70 (8.57%) or 60/70 (or 85.7%) for all Lodge Suites, and the Fly Shop Unit fraction (percentage) would be 1/70 (1.4%).

7.14 Miscellaneous Costs. In the event of a Common Expense for which one of the preceding allocation formulas does not appear applicable, the expense shall be allocated to all Owners in accordance their respective Allocated Interests.

7.15 Future Development Allocated Interests. In the event Declarant exercises Special Declarant and Development Rights to add additional Units to the Condominium, the Allocated Interests of existing and additional Units shall be reallocated among the Unit on the basis of the allocation formulas set forth in this Article 7.

ARTICLE 8 OWNER'S ASSOCIATION

8.1 Form of Association. The Association shall be organized as a non-profit corporation under the laws of the State of Washington and shall be known as the Canyon River Ranch Owners Association.

8.2 Membership.

8.2.1 Qualification. Each Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned; provided,

that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association.

8.2.2 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

8.3 Voting.

8.3.1 Number of Votes. The total voting power of all Owners shall be equal to the total of votes allocated to all Units in accordance with their Allocated Interests.

8.3.2 Multiple Owners. If only one of the multiple Owners of a Unit is present at a meeting of the Association, the Owner is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

8.3.3 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance.

8.3.4 Association Owned Units. No votes allocated to a Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to Units owned by the Association shall be disregarded.

8.3.5 Pledged Votes. If an Owner is in default under a first Mortgage on the Unit for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Unit Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner or Owners have otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor, will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge

has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, if any.

8.4 Meetings, Notices and Quorums.

8.4.1 Meetings. A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board, or by Unit Owners having twenty percent of the votes in the Association. Not less than ten nor more than sixty days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda to be voted on by the members, including the general nature of any proposed amendment to the Declaration or Bylaws, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer.

8.4.2 Quorums.

(a) A quorum is present throughout any meeting of the Association if the Owners of Units to which at least 40 percent of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.

(b) A quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent of the votes on the Board are present at the beginning of the meeting.

8.5 Bylaws of Association.

8.5.1 Adoption of Bylaws. Bylaws (and amendments thereto) for the administration of the Association and the Property, and for other purposes not inconsistent with the Act or with the intent of this Declaration shall be adopted by the Association upon concurrence of those voting Owners holding a majority of the total voting power. Amendments to the Bylaws may be adopted at any regular or special meeting. Declarant may adopt initial Bylaws.

8.5.2 Bylaws Provisions. The Bylaws may contain supplementary, not inconsistent, provisions regarding the operation and administration of the Condominium.

ARTICLE 9
MANAGEMENT OF CONDOMINIUM

9.1 Administration of the Condominium. The Unit Owners covenant and agree that the administration of the Condominium shall be in accordance with the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association which are incorporated herein by reference and made a part hereof.

9.2 Election and Removal of Board and Officers.

9.2.1 Election By Owners, In General. The Unit Owners (including Declarant and any Affiliate of Declarant to the extent Units are owned by Declarant or any such Affiliate) shall elect a Board of at least three members, at least a majority of whom must be Unit Owners. The Board shall elect the officers. Such members of the Board and officers shall take office upon election.

9.2.2 Election By Owners, Other Than Declarant.

(a) The affairs of the Association shall initially be governed by a Board composed of at least one (1) but not more than three (3) members as determined by Declarant.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board may be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent of the members of the Board may be elected by Unit Owners other than the Declarant.

(c) Commencing with the first Association meeting at which the Unit Owners are to elect the entire Board (other than a meeting held when Declarant still owned all of the Units), and the Board shall be composed of three (3) Members (not including a Board member designated by Declarant): one (1) to be elected by the Cabin Unit Owners; one (1) to be elected by the Lodge Suite Owner or Lodge Suite Owners; and one (1) to be elected by the Fly Shop Unit Owner.

9.2.3 Taking Office; Officers. The Board shall elect the officers of the Association. Such members of the Board and officers shall take office upon election.

9.2.4 Removal. The Unit Owners, by a two-thirds vote of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board with or without cause.

9.3 Management by Board.

9.3.1 On Behalf of Association. Except as otherwise provided in the Declaration, the Bylaws, this Section 9.3, or the Act, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise ordinary and reasonable care.

9.3.2 Not on Behalf of Association. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Section 20.1, to terminate the Condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board pursuant to Section 9.2 but the Board may fill vacancies in its membership for the unexpired portion of any term.

9.3.3 Budget Approval. Within thirty days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Units 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 Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

9.4 Authority of the Association.

9.4.1 The Association acting by and through the Board, or a Manager appointed by the Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of this Declaration and of the Bylaws and shall have all powers and authority permitted to the Association under the Act and this Declaration, including without limitation:

- (a) Adopt and amend Bylaws and the Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Unit Owners;
- (c) Hire and discharge or contract with a Manager and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium; provided, however, that the approval of Owners holding at least 67% of the votes in the Association 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;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements and Limited Common Elements; provided that no modification to the Limited Common Element area adjacent to a Cabin Unit without the consent of the Owner thereof;
- (g) Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;
- (h) Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium; provided that:

(i) If the estimated cost of any separate property acquisition or addition or improvement to the Common Elements (but not Limited Common Elements) exceeds \$10,000, the approval of the Owners holding a majority of the votes in the Association shall be required;

(ii) If the estimated cost of any separate property acquisition or addition or improvement to a Limited Common Element exceeds \$10,000, the approval of the Owners holding a majority of the votes in the Association allocated to the Owners to which the Limited Common Element is allocated shall be required and the cost thereof shall be allocated to those Owners in proportion to their Allocated Interests;

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

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

(k) Impose and collect reasonable fees relating to conveyance or change in occupancy of the Units, such as move-in/move-out fees and transfer fees;

(l) Impose and collect charges for late payment of assessments 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 the Declaration or 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 the Declaration, Bylaws, and Rules and Regulations of the Association;

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

(n) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

(o) Assign its right to future income, including the right to receive common expense assessments;

(p) Provide the following utility services to the Units and assess the cost thereof in accordance with usage: water, sewer, garbage removal and internet;

(q) Exercise any other powers conferred by the Declaration or Bylaws;

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

(s) Exercise any other powers necessary and proper for the governance and operation of the Association;



(t) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Elements, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Element or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair; and

(u) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Units responsible to the extent of their responsibility.

9.4.2 The Association and its agents or employees, may enter any Unit or Limited Common Element when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board paid for as a Common Expense if the entry was due to an emergency, or for the purpose of maintenance or repairs to Common Elements or Limited Common Elements where the repairs were undertaken by or under the direction or authority of the Board; provided, if the repairs or maintenance were necessitated by or for the Unit entered or its Owners, or requested by its Owners, the costs thereof shall be specially charged to such Unit. In furtherance of the foregoing, the Board (or its designated agent) shall have the right at all times to possess such keys and/or lock combinations as are necessary to gain immediate access to Units (other than Cabin Site Units) and Limited Common Elements.

9.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in Section 9.6.1, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that the Owner of a Unit may remove said Unit and the Allocated Interest in the Common Elements appurtenant to such Unit from the lien of such assessment by payment of the Unit's pro rata share of the borrowing. Subsequent to any such payment, discharge, or satisfaction, the Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Unit and the Allocated Interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.

9.6 Association Records and Funds.

9.6.1 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All Books and Records of the Association shall be made reasonably available (at all reasonable hours of weekdays or under other reasonable circumstances)) for examination and copying by Declarant, and any Owner, Mortgagee, insurer and guarantor of any Mortgage on any Unit, or their agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The financial statements of the Condominium shall be audited at least annually by an independent certified public accountant unless waived annually by Owners (other than the Declarant) of Units to which sixty percent of the votes are allocated, excluding the votes allocated to Units owned by the Declarant.

9.6.2 Fund Commingling. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other Association, nor with the funds of any Manager of the Association or any other person responsible for the custody of such funds. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the Association.

9.7 Association as Trustee. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers. A third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

9.8 Common Elements, Conveyance, Encumbrance.

9.8.1 In General. Except as provided in Article 22 with respect to the exercise by Declarant of its right to withdraw the Withdrawable Property from the Condominium, portions of the Common Elements which are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association only if the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant or an Affiliate of Declarant, agree to that action; but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing are an asset of the Association.

9.8.2 Agreement. An agreement under this section to convey Common Elements or subject them to a security interest must be evidenced by the execution of an



agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the county in the Condominium is situated and is effective only upon recording.

9.8.3 Conditions Precedent. The Association, on behalf of the Unit Owners, may contract to convey Common Elements or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Section 9.8. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

9.8.4 Void Transactions. Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this section or pursuant to Article 22, is void.

9.8.5 Support Right. A conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of access and support.

9.8.6 Prior Encumbrances. A conveyance or encumbrance of Common Elements pursuant to this section shall not affect the priority or validity of preexisting encumbrances either on Units (and their Allocated Interest in Common Elements) or on Common Elements.

9.9 Governmentally Required Maintenance, etc. Any insurance, maintenance, repair, replacement, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi-governmental entity or agency), and regardless of whether such requirement is now or hereafter established, and whether imposed in connection with a building permit or other governmental approval or requirement, and whether involving land within public rights of way or subject to ownership or exclusive use of one Owner, shall be the sole and exclusive responsibility of the Association (not the Declarant) and any cost incurred in connection therewith shall be a Common Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include: maintenance of any grass-lined swales and proper disposal of clippings; maintenance of wetland plantings; replacement of wetland and landscape plantings that die during any required maintenance period; maintenance of storm sewer and retention systems.

9.10 Maintenance, Repair, Inspection and Warranty Procedure. The Association shall defend, indemnify and hold Declarant harmless from any expense or claim arising from or relating to any Association's failure to promptly and properly maintain, repair or inspect the Condominium (or any part thereof), or the Association's failure to promptly and properly make a claim (or comply with dispute resolution procedures) under any warranty obtained or issued by Declarant. Declarant shall not be liable under any express or implied warranty (including without limitation the Washington Condominium Act implied warranties) for loss or damage which the Association or Owners have not taken timely action to minimize, or which is caused or made worse by a failure to properly and promptly maintain, repair, or inspect (including without limitation failure to fully comply with any inspection, monitoring, maintenance or repair

checklist, manual or recommendation provided by Declarant (or a contractor, subcontractor or manufacturer) to the Association or Owners.

9.11 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 manner in which notice of the meeting was given.

ARTICLE 10
REGULATION OF USES

10.1 Permitted Uses.

10.1.1 Cabin Site Units. Each Cabin Site Unit shall be used only for construction of a Cabin and for resort recreational purposes as permitted under applicable laws and the permits issued by the County. The Cabins are not intended to be used as a primary residence and may not be occupied continuously by the Owner or any tenant for more than 90 consecutive days.

10.1.2 Lodge Site Unit. The Lodge Site Unit shall be used for construction of the Lodge by the Declarant pursuant Development Rights reserved in this Declaration.

10.1.3 Lodge Suites. The Lodge Suites, if created by the Declarant, are intended for resort recreational purposes on a time share basis as described in Exhibit C. The Lodge Suites are not intended to be used as a primary residence and may not be occupied continuously by the Owner or any tenant for more than 30 consecutive days.

10.1.4 Fly Shop Unit. After construction of the Fly Shop within the Fly Shop Unit, the Fly Shop Unit, and its Limited Common Elements shall be used for commercial purposes (which may include, but are not limited to, a fly shop, convenience store, an apartment) on an ownership, rental, lease or invitee basis in accordance all applicable laws and the permits issued by the County. Until completion of construction of the Fly Shop within the Fly Shop Unit, the Declarant may operate the existing fly shop within the Limited Common Elements allocated to the Fly Shop Unit.

10.2 Parking Restrictions. The driveways within the Condominium (unless otherwise marked) are designated as fire lanes, to be clear for emergency access at all times. Each Cabin Sites Unit shall either have an assigned Limited Common Element garage or a garage within the Cabin. No vehicle shall be parked on any driveway that extends into the driveways of the Condominium or otherwise inhibits vehicular or pedestrian traffic thereon. Inoperable or

unlicensed vehicles are not allowed to be stored in the Condominium. Commercial-type vehicles, campers, trailers, motorhomes, or boats are prohibited from parking on any driveway or common parking space; but may be parked within designated areas of the Fly Shop Unit' Limited Common Element. The Association may direct that any vehicle or other thing improperly parked or kept in a driveway, common parking space, or on private roads or sidewalks be removed at the risk and cost of owner thereof.

10.3 Common Elements. Each Owner: shall have the right to use the Common Elements in common with all other Owners. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the Rules and Regulations of the Association. The right to use the Common Element private roads includes the right to use such roads to access adjoining public roads. Common drives, walks, corridors, stairways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

10.4 Construction and Exterior Alteration of Cabins.
The Cabin and any other improvements to be constructed, erected, placed within a Cabin Site Unit and any exterior alterations thereto must be approved by the Board or an Architectural Control Committee (the Board or Architectural Review Committee, the "ARC") composed of three or more representatives appointed by the Board; provided, that until completed Cabins have been constructed on all of the Cabin Site Units, the Declarant may act as the ARC for the purposes of approving initial construction of Cabins and/or alteration thereof under this Article. Complete plans and specifications of the proposed Cabin or exterior alterations together with detailed site plan showing the proposed location of the same on the particular building site, any proposed grading and other data requested by the ARC shall be submitted to the ARC before construction or alteration is begun. Construction or alteration shall not be started until written approval thereof is given by the ARC.

10.4.1 The ARC (or Declarant acting as the ARC) shall adopt and may amend design guidelines for the Cabins (the "Cabin Design Book").

10.4.2 The ARC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the exterior design with proposed or existing Cabins, the Lodge and the Fly Shop and the Cabin Design Book. Depending upon the proposal, the plans may require additional review by engineers, architects or other design professionals, the cost of which may be assessed to the Owner. The ARC may recommend changes to the plans that would enhance the likelihood of approval.

10.4.3 All plans and specifications submitted for approval by the ARC must be submitted at least 60 days prior to the proposed construction or exterior alteration starting date. The ARC may require the Owner to pay an application fee in addition to reimbursing the Association for the cost of additional reviews by engineers, architects or other design professionals.

10.4.4 The maximum height of any Cabin shall be established by the ARC as part of plan approval and shall be given in writing together with the approval. The maximum height shall be no higher than that permitted under the County's zoning or land use regulations.

10.4.5 The ARC may require that all plans or specifications be prepared by an architect or a competent house designer approved by the ARC. Three complete sets of the plans and specifications shall in each case be delivered to and permanently left with the ARC. All Cabins shall be erected or constructed, and all exterior alterations made, by a licensed contractor, house builder or other person or entity approved by the ARC. The ARC shall have the right to refuse to approve any design, plan, material or color for the Cabin or alteration that is not suitable or desirable, in the ARC's opinion, and such refusal may be based entirely on aesthetic or other factors.

10.4.6 In evaluating any design, the ARC may consider the suitability of the proposed Cabin or exterior alteration thereof, the material of which it is to be built, the exterior color scheme, the site upon which the Cabin is proposed to be built, the harmony thereof with the surroundings and the other Cabins, Lodge and Fly Shop (whether existing or proposed), the Cabin Design Book, and any and all other factors which, in the ARC's opinion, shall affect the desirability or suitability of such proposed Cabin or exterior alteration.

10.4.7 No Cabin shall be constructed unless it complies with the County's zoning and land use regulations and applicable building codes. The ARC may require that the Owner furnish the ARC with evidence that all necessary permits have been obtained from the County for any work on a Cabin for which ARC approval is required under this Section prior to commencement of the work.

10.4.8 Owners shall complete construction of Cabins within six months after commencement of construction; provided that the ARC may, for good cause, extend the construction period.

10.5 Maintenance of Units and Limited Common Elements. The following provisions govern the maintenance responsibility for the Cabins, Lodge and Fly Shop:

10.5.1 Cabins. The Owners of the Cabins shall be responsible for keeping the interior and exterior of the Owner's Cabin and its improvements, equipment, appliances, and appurtenances in good order, condition and repair. Each Owner shall be responsible for the construction, alteration, maintenance, insurance, repair, improvement and replacement of the Owner's Cabin and any improvements, plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which may be in or serve exclusively the Cabin.

10.5.2 Lodge. The Declarant, at its sole expense, has the right, but not the obligation, to construct the Lodge within the Lodge Site Unit and to subdivide the Lodge Site Unit into ten Lodge Suites and Limited Common Elements for Cabin Site Units and Lodge Suites as provided in Article 22 and elsewhere in this Declaration. After construction, the Association shall be responsible for the operation, maintenance, insurance, repair, improvement and replacement of the Lodge and the Lodge Suites, including the furniture and

furnishings therein, and the Limited Common Elements allocated thereto, with costs allocated as provided in Section 7.7.

10.5.3 Fly Shop. The Declarant, at its sole expense, has the right but not the obligation, to construct the Fly Shop within the Fly Shop Unit and other improvements within the Limited Common Elements allocated to the Fly Shop Unit. After construction of the Fly Shop and additional improvements within the Limited Common Elements, the Owner of the Fly Shop Unit shall be responsible for the operation, maintenance, insurance, repair, improvement and replacement of the Fly Shop and its Limited Common Elements. The Owner of the Fly Shop Unit may construct additional buildings and other improvements within the Limited Common Elements allocated to the Fly Shop Unit as it deems necessary or desirable for the operation the business or businesses being conducted or to be conducted therein; provided that such buildings or other improvement are in conformance with the County's zoning or land use regulations and any permits necessary therefor have been issued.

10.6 Effect on Insurance. Nothing shall be done or kept in any Unit or in the Common or Limited Common Element which will increase the rate of insurance on the Common Elements or Units without the prior written consent of the Board. No Owner and/or Purchaser shall permit anything to be done or kept in his Unit or in the Common or Limited Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Elements, or which would be in violation of any laws.

10.7 Signs. No sign of any kind shall be displayed to the public view on or from any Cabin or Lodge Suite or any Limited Common Element allocated thereto; provided, that the Board may permit temporary placement of a sign in a space designated by the Board indicating that a Unit is for sale or lease. The Owner of the Fly Shop Unit may have such signs on the Fly Shop or Limited Common Elements allocated to that Unit as it deems appropriate; provided the signs are in conformance with any County's regulations therefor. This Section shall not apply to Declarant or Declarant's agents in exercising any Special Declarant Right reserved by Declarant under this Declaration.

10.8 Pets.

10.8.1 Pets are not permitted in the Lodge. Domestic household pets, such as dogs and cats, may be kept in the Cabins or the Fly Shop; provided, that the keeping of pets therein shall be subject to such reasonable Rules and Regulations as the Board may from time to time adopt. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain. Animals which are generally perceived as being dangerous (such as pit bull dogs) are prohibited.

10.8.2 Domestic Pets will not be allowed on any Common Elements (or Limited Common Elements allocated for the use of more than one Unit) unless they are on a leash or otherwise under the direct control of a person. At all times the Common Elements and Limited Common Elements shall be free of any pet debris, including food and feces

matter. No livestock, poultry, rabbits or other animals whatsoever are permitted in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose.

10.9 Offensive Activity.

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

10.9.2 All occupants shall avoid making noises, and using musical instruments, radios, and amplifiers in such manner as may disturb other occupants. Owner shall also control their pets so that they do not disturb other occupants.

10.9.3 No garments, rugs or other objects shall be hung from the windows or facades, lanais of the project or otherwise displayed in public view. No rugs or other objects shall be dusted or shaken from the windows, lanais or doors of any Unit or cleaned by beating or sweeping on any walkways, patios, entries or other exterior part of the project.

10.9.4 No refuse, garbage or trash of any kind shall be thrown, placed or kept on any Common Element outside of the disposal facilities provided for such purposes.

10.9.5 Every Unit Owner and occupant shall at all times keep his Unit in a strictly clean and sanitary condition, free of rodents and pests, and observe and perform all laws, ordinances, Rules and Regulations, including kennel laws and animal control laws.

10.10 Excavations; Subsurface Rights. No excavation or drilling for mineral, ore, stone, gravel, petroleum or earth shall be made within the Condominium.

10.11 Common Element Alterations. After installation of initial landscaping and construction of initial structures and other improvements within the Common Elements or Limited Common Element allocated to the Owners of the Cabin Site Units and/or Lodge Suites, nothing shall be altered or constructed in, or (except for an Owner's personal property) removed from, the Common Element without the approval of the Board.

10.12 House Rules. The Board or the Association membership is empowered to pass, amend and revoke detailed, reasonable administrative Rules and Regulations, or "House Rules," necessary or convenient from time to time to insure compliance with the general guidelines of this Article. Such House Rules shall be binding on all Unit Owners, lessees, guests and invitees upon adoption by the Board or Association.

10.13 Tenants. If any tenant or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the Rules and Regulations and if the Board determines that such violations have been repeated and 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 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 the Declaration.

10.14 Maintenance of View. Trees and vegetation planted in the Common Elements shall be pruned by the Association in a manner to preserve as much view as possible from each of the Units, subject to any regulations or restrictions imposed by governmental regulation or covenant.

10.15 Timesharing. Timesharing of Lodge Suites and Cabin Site Units is permitted; provided that there may not be more than four Time Share Interests in a Cabin Site Unit and not more than six Time Share Interests in a Lodge Suite Unit. This Section may not be amended without the approval of Declarant so long as the Declarant owns a Unit, has the right to create a Unit or right to subdivide the Lodge Site Unit.

10.16 Fireplaces. All fireplaces must comply with the most stringent of the Federal, State or local laws in effect at the time the fireplace is installed.

10.17 Utilities. All utility connections and service lines to each Unit shall be installed underground, including electric service, irrigation piping, water service, gas service, sewer, cable TV, and telephone cable, in accordance with accepted construction and utility standards.

10.18 Hazardous Substances. Owners 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 Elements or Common Elements. Each Owner shall indemnify, defend, and hold harmless the other Owners and the 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 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.

10.19 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 manner in which notice of the meeting was given.

ARTICLE 11
COMMON EXPENSES AND ASSESSMENTS

11.1 Estimated Expenses.

11.1.1 Within sixty (60) days prior to the beginning of each calendar year, or such other fiscal year as the Board may adopt, the Board: shall estimate the Common Expenses and any special charges for particular Units to be paid during such year and shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations as well as for repair or replacement of those portions of the Condominium for which the Association is responsible under this Declaration; and shall take into account any expected income and any surplus available from the prior year's operating fund.

11.1.2 If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment, which shall be assessed to the Owners according to Section 11.4. Similarly, if the sum estimated and budgeted, and being collected and/or already collected, at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.

11.1.3 Within 30 days after adoption of any proposed budget for the Condominium after the initial budget, 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 Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. The initial budget for the Association shall be adopted by the Declarant.

11.2 Payment by Owners. Each Owner shall be obligated to pay its share of Common Expenses and special charges made pursuant to this Article to the treasurer for the Association in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board shall designate. No Owner may exempt himself from liability for payment of assessments for any reason, including waiver of use or enjoyment of any of the Common Elements or abandonment of the Owner's Unit.



11.3 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence Assessments. Until the Association commences Assessments, the Declarant shall pay all Common Expenses. After any Assessment has been made by the Association, Assessments must be made against all Units, based on the Association’s budget; provided that until the Lodge has been constructed, the Declarant may levy assessments based on the actual expenses of the Association.

11.4 Allocated Liability. All Common Expenses must be assessed against all the Units in accordance with the allocations set forth in Article 7.

11.5 Reconciliation of Assessment to Actual Income and Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it to credit Assessments for Common Expenses, including allocations to reserves, and income of the Association to the account of the appropriate Units and make its expenditures from the appropriate accounts, all in accordance with the Allocated Interests of the Units as provided in Article 7. In order that the Unit Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually, unless the Board determines that a reconciliation would not result in a material savings to any Unit Owner; and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners of the Units who paid the surplus (or owe the deficit).

11.6 Assessments for Judgment. Assessments to pay a judgment against the Association pursuant to RCW 64.34.368(1) may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their Allocated Interests at the time the judgment was entered.

11.7 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Unit Owner or the Owner’s tenant or guest, the Association shall assess that expense against the Owner’s Unit.

11.8 Reallocation. If the Allocated Interests are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Allocated Interests.

11.9 Lien For Assessments.

11.9.1 Lien. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due.

11.9.2 Priority. A lien under Section 11.9 shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of the Declaration; (b) a Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Unit.

11.9.3 Mortgage Priority. Except as provided in Sections 11.9.4 and 11.9.5, the lien shall also be prior to the Mortgages described in Section 12.12.2(b) to the extent of

Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association pursuant to Section 11.1, which would have become due during the six months immediately preceding the date of the sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, the date of a trustee's sale in a non-judicial foreclosure by a Mortgagee, or the date of recording of the Declaration of forfeiture in a proceeding by the vendor under a real estate contract.

11.9.4 Mortgagee Notice. The priority of the Association's lien against Units encumbered by a Mortgage held by an Eligible Mortgagee or by a Mortgagee which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to three months if and to the extent that the lien priority under Section 11.9.3 includes delinquencies which relate to a period after such holder becomes an Eligible Mortgagee or has given such request for notice and before the Association gives the holder a written notice of the delinquency. This Section does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

11.9.5 Recording as Notice. Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessment under this section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this Section in the real property records of any county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to in Section 11.9.3.

11.9.6 Limitation on Action. 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.

11.9.7 Foreclosure. The lien arising under Section 11.9 may be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. 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 an Association from taking a deed in lieu of foreclosure.

11.9.8 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental units in this type of Condominium, rent the Unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this section, and a receiver shall

not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

11.9.9 Mortgagee Liability. Except as provided in Section 11.9.3., the holder of a Mortgage or other Purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for 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 Unit 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 as provided in this Section.

11.9.10 Lien Survives Sale. The lien arising under Section 11.9 shall not be affected by the sale or transfer of the subject Unit except in the event of sale through foreclosure, as provided in Section 11.9.9.

11.10 Owner 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 (or to which the same are assessed as of the time the Assessment is due; provided that in the case of Lodge Suites, . In a voluntary conveyance the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter 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 waiving the lien securing such sums.

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

11.12 Attorney's Fees. The prevailing party 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 prevailing party shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

11.13 Assessment Certificate. The Association, upon written request, shall furnish to a Unit Owner or a Mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit. The statement shall be furnished within fifteen days after receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

11.14 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular Unit remains delinquent for more than sixty (60) days, the



Board may, upon fifteen (15) days' written notice to the Owner of such Unit, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly Assessments and special charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Unit.

11.15 Delinquent Assessment Deposit; Working Capital.

11.15.1 Delinquent Assessment Deposit.

(a) A Unit Owner may be required by the Board or by the Manager, from time to time, to make and maintain a deposit not less than one month nor in excess of three months estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate fund, be credited to the Unit owned by such Owner, and be for the purpose of establishing a reserve for delinquent Assessments.

(b) Resort may be had thereto at any time when such Owner is ten days or more delinquent in paying his monthly or other Assessments and charges. Said deposits shall not be considered as advance payments of regular Assessments. In the event the Board should draw upon said deposit as a result of a Unit Owner's delinquency in payment of any Assessments, said Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by this Declaration and by law.

(c) Upon the sale of a Unit, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Unit pursuant to this or any other Section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Unit, and the Unit Purchaser shall succeed to the benefit thereof, and the Unit seller shall be responsible for obtaining from the Purchaser appropriate compensation therefor.

11.15.2 Working Capital Contribution. The first Purchaser of any Unit shall pay to the Association, in addition to other amounts due, an amount equal to three of monthly Assessments as a contribution to the Association's working capital (or prorate share thereof for purchasers of Time Share Units). Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction of the Condominium, to pay Declarant's contributions to Association reserves or to make up any deficits in the budget of the Association. Upon the election of the first Board by Unit Owners other than Declarant, Declarant shall pay to the Association as a working capital contribution an amount equal to three months of monthly Assessments for each of the Units then owned by Declarant and shall be entitled to be reimbursed the amount so paid as each such Unit is conveyed.

ARTICLE 12
INSURANCE

12.1 In General. Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available:

12.1.1 Property insurance for all portions of the Condominium for which the Association is responsible for maintenance, repair or replacement under this Declaration, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies. The deductible for any loss relating the portion of the Lodge or Lodge Suites for which the Association is responsible for maintenance, repair or replacement shall be allocated to the Owners of the Cabins and/or Lodges Suites as provided in Section 7.7.

12.1.2 Liability insurance for the Board, the Association, the Owners, the Declarant, and the Managing Agent, and covering all of the Common Elements and Limited Common Elements (but not the Limited Common Elements allocated to the Fly Shop Unit) and the Lodge Suites (Time Share Units) 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 projects of similar construction, location and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence and \$2,000,000 general aggregate.

12.1.3 Workmen's compensation insurance to the extent required by applicable laws.

12.1.4 Fidelity bonds naming the members of the Board, the Manager and its employees and such other persons as may be designated by the Board as principals and the Association as obligee, in at least an amount equal to three months aggregate Assessments for all Units plus reserves, in the custody of the Association or Manager at any given time during the term of each bond. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression.

12.1.5 Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

12.1.6 Such other insurance (including directors and officers liability) as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting reasonable the insurance and fidelity bond requirements for condominium projects established by Mortgagees.

12.2 Coverage Not Available. If the insurance described in Section 12.1 is not reasonable available, or is modified, canceled, or not renewed, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to

all Unit Owners, to each Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. The Association in any event may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

12.3 Required Provisions. Insurance policies carried pursuant to this Article shall:

12.3.1 Provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

12.3.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;

12.3.3 Provide that no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy; and

12.3.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right of set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee;

12.3.5 Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law;

12.3.6 Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and

12.3.7 Contain, if available, an agreed amount and Inflation Guard Endorsement.

12.4 Claims Adjustment. Any loss covered by the property insurance obtained by the Association under this Article must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. Subject to the provisions of Article 13, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Unit Owners and lienholders are not entitled to

receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated.

12.5 Owner's Additional Insurance. Insurance issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

12.6 Certificate. An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or holder of a Mortgage. 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 nonrenewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

12.7 Notification on Sale of Unit. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners under Article 12 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

ARTICLE 13
DAMAGE OR DESTRUCTION; RECONSTRUCTION

13.1 Definitions; Significant Damage; Repair; Emergency Work.

13.1.1 As used in this Article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property which the Board is responsible to maintain or repair: (a) for which funds are not available in the maintenance and repair or contingency budget of the Association to make timely repairs; and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the Property or any significant portion of the Property for its intended purpose.

13.1.2 As used in this Article, the term "Repair" means to repair, reconstruct, rebuild or restore the Building or improvements which suffered Significant Damage to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental Rules and Regulations or available means of construction may be made.

13.1.3 As used in this Article, the term "Emergency Work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the Property.

13.2 Initial Board Determinations. In the event of Significant Damage to any part of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the

date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the Board deems advisable:

13.2.1 The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby.

13.2.2 A reasonably reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor.

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

13.2.4 The amount, if any, that the estimated cost of Repair exceeds the anticipated insurance proceeds therefor and the amount of Assessment to each Unit if such excess was paid as a Common Expense and specially assessed against all the Units in proportion to their Allocated Interest in the Common Elements.

13.2.5 The Board's recommendation as to whether such Significant Damage should be Repaired.

13.3 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, provide each Owner, and each first Mortgagee with a written notice summarizing the initial Board determination made under Section 13.2. If the Board fails to do so within said thirty (30) days, then any Owner or Mortgagee may make the determination required under Section 13.2 and give the notice required under this Section.

13.4 General Provisions.

13.4.1 Duty to Restore. Any portion of the Condominium for which insurance is required under this Article which is Significantly Damaged shall be Repaired promptly by the Association unless: (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be Repaired, vote not to Repair. Even if the Significant Damage is not to be Repaired, the Board shall still have authority to perform Emergency Work. The cost of Repair in excess of insurance proceeds and reserves is a Common Expense.

13.4.2 Damage not Restored. If all or any portion of the damaged portions of the Condominium are not Repaired (regardless of whether such damage is Significant): (a) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units and Limited Common Elements which are not Repaired 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, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Unit Owners

or lienholders, as their interests may appear, in proportion to the Common Element interests of all the Units.

13.4.3 Reallocation. If the Unit Owners vote not to Repair any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 15, and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

13.4.4 Restoration by Board. If the damage (regardless of whether such damage is Significant) is to be repaired pursuant to Section 13.4, then:

13.4.5 Contract and Contractors. The Board shall have the authority, on behalf of the Association, 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, by means of insurance proceeds and sufficient Assessments, has provision for the cost thereof. The Board may further authorize the insurance carrier to proceed with Repair upon satisfaction of the Board that such work will be appropriately carried out.

13.4.6 Insurance Trustee. The Board 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 adjust and settle any claim for a loss in excess of Fifty Thousand Dollars (\$50,000), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

13.4.7 Decision to Terminate. In the event of a decision to terminate the Condominium and not to Repair and Restore damage and destruction, the Board may nevertheless expend such of the insurance proceeds and funds of the Association as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged or destroyed buildings and clearing, filling and grading the real property), and the remaining funds, if any, and Property shall thereafter be held and distributed as provided in RCW 64.34.268.

13.5 Restoration of Cabins and Fly Shop. In the event of damage or destruction by fire or other casualty to any Cabin or the Fly Shop Unit, the decision whether or not to rebuild is the Owner's. If the Owner decides not to rebuild, the Owner shall remove all debris and leave the site in an orderly condition.

ARTICLE 14 CONDEMNATION

14.1 In General. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Unit Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the

Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this section is thereafter a Common Element.

14.2 Partial Unit Condemnation. Except as provided in Section 14.1, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit, and (b) the portion of the Allocated Interests divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced allocated interests.

14.3 Common Element Condemnation. If part of the Common Elements is acquired by condemnation the portion of the award attributable to the Common Elements taken shall be paid to the Owners based on their respective interests in the Common Elements. Any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

14.4 Recording of Judgment. The court judgment shall be recorded in every county in which any portion of the Condominium is located.

14.5 Association to Represent Owners. The Association shall represent the Unit Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Condominium, and any condemnation proceeds shall be payable to the Association for the benefit of the Owners of affected Units and their Mortgagees. Should the Association not act on the Owners' behalf in a condemnation process, the affected Owners may individually or jointly act on their own behalf.

ARTICLE 15 COMPLIANCE WITH DECLARATION

15.1 Enforcement. Each Owner shall comply strictly with the provisions of this Declaration, the Bylaws and administrative Rules and Regulations passed hereunder, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to this Declaration, the Bylaws and administrative Rules and Regulations. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Owners), or by the aggrieved Owner on his own against the party (including an Owner or the Association) failing to comply. In the event of a dispute between the Declarant and the Association (or the Board or any Owner), each party shall be solely responsible for payment of all legal fees incurred by that party, regardless of the nature of the dispute or who may be the prevailing party.

15.2 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of this Declaration or the Bylaws, to exercise any

right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such right or option and such right or option shall remain in full force and effect. The receipt by the Board of any assessment from an Owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision in such documents shall be deemed to have been made unless expressed in writing and signed by the Board.

ARTICLE 16
LIMITATION OF LIABILITY

16.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to Article 12, neither the Association nor the Board nor the Manager shall be liable for: any 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, noise, smoke, water, rain (or other liquid), dust or sand which may leak or flow from outside or from any parts of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; 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.

16.2 No Personal Liability. So long as a Board member, Association committee member, or Association officer has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person and such person's evaluation of such information, no such person (and no Association manager acting pursuant to the directions of the Board) shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence, including any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity. Without limiting the generality of the foregoing, the term "discretionary decisions" shall include evaluating and deciding whether or not to act in response to reports, investigations or recommendations received by such person, and shall include deciding whether or not to commence, defend, continue, or settle lawsuits or arbitration/mediation or other legal proceedings involving the Association or Condominium (or any part thereof). Provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 13.

16.3 Indemnification of Board Members. Each Board member or Association committee member, or Association officer, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful or intentional misconduct, a knowing violation of the law in the performance of his duties and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property or services to which said person is not legally entitled.

Provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The Association and each Owner shall defend, indemnify and hold Declarant harmless from any claim, expense or liability based on the failure of the Association or such Owner to comply with applicable duties and obligations under: the Declaration, Association Articles or Bylaws, or Association Rules and Regulations; or under any warranty obtained or issued by Declarant; or under applicable law.

ARTICLE 17
MORTGAGEE PROTECTION

17.1 Abandonment of Condominium Status. Except when acting pursuant to the provisions of the Act involving damage, destruction, or condemnation, the Association shall not: without prior the approval of Owners holding 80% of the votes in the Association and 67% of Eligible Mortgagees, seek by act or omission to: abandon or terminate the condominium status of the project; or abandon, encumber, sell or transfer any of the Common Elements.

17.2 Partitions and Subdivision. The Association shall not combine nor subdivide any Unit or the appurtenant Limited Common Elements, nor abandon, partition, subdivide, encumber or sell any Common Elements, or accept any proposal so to do, without the prior written approval of Owners holding 67% of the votes in the Association, 51% of Eligible Mortgagees and the Owners and Mortgagees of the Units being combined or subdivided. The Declarant has the Development Right to subdivide the Lodge Site Unit, as provided Article 22 and elsewhere in this Declaration.

17.3 Change in Percentages. Except for amendments to the Declaration by the Declarant in connection with the exercise of its Special Declarant Rights and Development Rights reserved in this Declaration, the Association shall not make any Material Amendment (as defined in Section 20.7) to this Declaration or Bylaws (including changes in the percentages of interest in the Common Elements) without the prior written approval of 51% of Eligible Mortgagees and approval of Owners holding 67% of the votes in the Association, and without unanimous approval of the Mortgagee(s) and Owner(s) of the Unit(s) for which the percentage(s) would be changed.

17.4 Copies of Notices. A Mortgagee of a Unit (and any insurer or guarantor of such Mortgage) shall be entitled to receive timely written notice: (a) that the Owner/Mortgagor of the Unit has for more than sixty (60) days failed to meet any obligation under the Condominium documents; (b) of all meetings of the Association and be permitted to designate a representative to attend all such meetings; (c) of any condemnation loss or casualty loss affecting a material portion of the Property or the Unit on which it holds a Mortgage; (d) of any lapse, cancellation or material modification of insurance policies or fidelity bonds maintained by the Association; and (e) of any proposed action that requires the consent of a specified percentage of Mortgagees. To be entitled to receive notices under this Section 17.4, the Mortgagee (or Mortgage insurer or guarantor) must send a written request to the Association stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guaranties) the Mortgage.



17.5 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied Mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such Mortgage. Any provision of this Declaration conferring rights upon Mortgagees which is inconsistent with any other provision of said Declaration or the Bylaws shall control over such other inconsistent provisions.

17.6 Insurance.

17.6.1 Board Duties. With respect to a first Mortgage of a Unit, the Board shall:

(a) Cause any insurance carrier to include in the insurance policy a standard mortgage clause, naming any mortgagee who makes written request to the Board to be so named;

(b) Furnish any such Mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the Unit on which such Mortgagee has a lien;

(c) Require any insurance carrier to give the Board and any and all insured (including such Mortgagees) at least thirty (30) days' written notice before canceling, reducing the coverage or limits, or otherwise substantially modifying any insurance with respect to the Property on which the Mortgagee has a lien (including cancellation for a premium non-payment);

(d) Not make any settlement of any insurance claims for loss or damage to any such Unit, Common or Limited Common Element exceeding Five Thousand Dollars (\$5,000) without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of Article 13;

(e) Give such Mortgagee written notice of any loss or taking affecting Common Elements, if such loss or taking exceeds Ten Thousand Dollars (\$10,000);

(f) Give such Mortgagee written notice of any loss, damage or taking affecting any Unit or Limited Common Elements in which it has an interest, if such loss, damage or taking exceeds One Thousand Dollars (\$1,000);

17.6.2 Additional Policy Provisions. In addition, the insurance policy acquired shall:

(a) Provide that any reference to a Mortgagee in such policy shall mean and include any holders of Mortgages of any Unit or Unit lease, in their respective order and preference, whether or not named therein;

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



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

17.7 Inspection of Books. Declarant (and Declarant’s agents), Owners, Mortgagees, insurers and guarantors of any Mortgage on any Unit shall be entitled: to inspect and copy at all reasonable hours of weekdays (or under other reasonable circumstances) all of the Books and Records of the Association (as defined in Section 1.8.9), within a reasonable time following request; and, upon written request of any holder, insurer or guarantor of a first Mortgage at no cost to the party so requesting (or if this project contains fewer than fifty (50) Units, upon the written request of the holders of fifty-one percent (51%) or more of first Mortgages at their expense if an audited statement is not otherwise available), to receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association.

ARTICLE 18
EASEMENTS

18.1 General. It is intended that in addition to rights under the Act, each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for: all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan; and for the maintenance, repair and replacement of all improvements within each Unit. Each Unit as it is constructed is granted an easement (to which each other Unit and all Common and Limited Common Element is subject) for the location and maintenance of all the original equipment and facilities and utilities for such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

18.2 Utility, Etc., Easements. The Board, on behalf of the Association and all members thereof, shall have authority to grant utility, road and similar easements, licenses and permits under, through or over the Common Elements, which easements the Board determines are reasonably necessary to the ongoing development and operation of the Property.

18.3 Association Functions. There is hereby reserved to the Association, or their duly authorized agents and representatives, such easements and rights of access over, across, under or into the Condominium (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Association as are set forth, provided for or authorized in this Declaration.

18.4 Declarant Functions. There is hereby reserved to the Declarant (and its duly authorized agents, employees, contractors and representatives, such easements and rights of access over, across, under or into the Condominium (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Declarant as are set forth, provided for or authorized in: this Declaration; Survey Map and Plans; Articles, Bylaws, or Association Rules; building or other governmental permits or approvals; and

Purchase and Sale Agreement between Declarant and a Unit Purchaser; any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law.

18.5 Encroachments. Each Unit and all Common and Limited Common Element is hereby declared to have an easement over all adjoining Units and Common and Limited Common Element, for the purpose of accommodating any encroachment due to engineering errors, or errors in original construction, reconstruction, repair of any portion of the Condominium, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Unit or Common or Limited Common Element is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Elements shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit. The provisions of this Section 18.5 are intended to supplement Article 4 and RCW 64.32.252 and, in the event of any conflict, the provisions of Article 4 and RCW 64.34.252 shall control.

18.6 Easement for Fly Shop Unit. The Owner of the Fly Shop shall have an easement to use the driveway and road to the north of the Lodge Site Unit and Cabin Site Units 1, 2 and 3 for access to the Yakima River in connection with the operation of its business or businesses conducted with the Fly Shop Unit or its Limited Common Elements.

ARTICLE 19
PROCEDURES FOR SUBDIVIDING OR COMBINING

19.1 Procedure. Except for the Declarant's right to subdivide the Lodge Site Unit into Lodge Suites and Time Share Units as provided in Section 22.2 and elsewhere in this Declaration, the Units may not be subdivided or combined except as provided in this Article.

19.1.1 Owner Proposal. Any Owner of any Unit or Units may propose any subdividing or combining of any Unit or Units, and appurtenant Common Elements or Limited Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to this Declaration, the Survey Map and Plans covering such subdividing or combining, to the Board, which shall then notify all other Unit Owners of the requested subdivision or combination.

19.1.2 Owner/Mortgagee Approval. Upon written approval of such proposal by sixty-seven percent (67%) of the Owners and sixty-seven percent (67%) of the Eligible Mortgagees, and of all Eligible Mortgagee(s) and Owner(s) of the Unit(s) to be combined or subdivided, the Owner(s) making the proposal may proceed according to such plans and specifications; provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for

the protection of other Units or Common Elements or reasonable deadlines for completion of the work be inserted in the contracts for the work.

19.1.3 Survey Map and Plans. The changes in the Survey Map, if any, and the changes in the Plans and Declaration shall be placed of record as amendments to the Survey Map, Plans, and Declaration of Condominium in accordance with the provisions of Article 20.

19.1.4 Allocated Interests. The Allocated Interests formerly allocated to the subdivided Unit shall be reallocated to the new Units in any reasonable and equitable manner prescribed by that Owner of the subdivided Unit. The Allocated Interests of the new Unit resulting from a combination of Units shall be the aggregate of the Allocated Interests formerly allocated to the Units being combined.

ARTICLE 20
AMENDMENT OF DECLARATION, SURVEY MAP, PLANS

20.1 In General. Except in cases of amendments that may be executed by a Declarant (in the exercise of any Special Declarant Right or Development Right under Article 22), the Association (in connection with Sections 4.3 or 6.2, Article 20 or Article 22, or termination of the Condominium), or certain Unit Owners (in connection with Sections 4.3 or 6.2, or Article 20, or termination of the Condominium), and except as limited by Section 20.6, the Declaration and the Survey Maps and Plans may be amended only by vote or agreement of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

20.2 Challenge to Validity. 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.

20.3 Recording. Every amendment to the Declaration must be recorded in every county in which any portion of the Condominium is located, and is effective only upon recording. An amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. All amendments adding Units shall contain a cross-reference by recording number to the Survey Map and Plans relating to the added Units and set forth all information required by RCW 64.32.216(1).

20.4 General Limitations. Except to the extent expressly permitted or required by other provisions of the Act, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and the Owners of Units to which at least ninety percent of the votes in the Association are allocated other than the Declarant.

20.5 Execution. Amendments to the Declaration required by the Act to be recorded by the Association 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.

20.6 Special Declarant Rights and Development Rights. No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right or Development Right, or any other right, power, benefit provided in the Declaration to Declarant (nor otherwise hinder the business activities or expectations of, or benefits provided hereunder to, the Declarant) without the consent of the Declarant and any Mortgagee of record (excluding Mortgagees of Units owned by persons other than the Declarant) with a security interest in the Special Declarant Right or Development Right or in any real property subject thereto.

20.7 Material Amendments. Any amendment to a provision of this Declaration establishing, providing for, governing or regulating the following (all of which shall be deemed "Material Amendments") shall require the consent of 51% of the Eligible Mortgagees: voting rights; Assessments, Assessment liens, or the priority of Assessment liens; reserves for maintenance, repair, and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the Common or Limited Common Elements, or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium; insurance or fidelity bond; leasing of Units; imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit; a decision by the Association to establish self-management when professional management had been required previously by the Condominium's documents or by an Eligible Mortgage holder; restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration; any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or any provisions that expressly benefit Mortgage holders, insurers, or guarantors. A Mortgagee who fails to respond within 30 days of a written request to approve an amendment shall be deemed to have approved the request if such request was delivered by certified or registered mail with a return receipt requested.

20.8 Map and Plans Amendment. Except as otherwise provided herein, the Survey Map and Plans may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to this Declaration adopted as provided for herein. Copies of any such proposed amendment to the Survey Map and Plans shall be made available for the examination of every Owner. Such amendment to the Survey Map and Plans shall also be effective, once properly adopted, upon recordation in the appropriate county office in conjunction with the Declaration amendment.

ARTICLE 21
MISCELLANEOUS

21.1 Notices for All Purposes.

21.1.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered twenty-four (24) hours after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board, in writing, for the purpose of service of such

notice, or to the most recent address known to the Board. Notice to the Owner or Owners of any Unit shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until the Board has been constituted and thereafter shall be given to the President or Secretary of the Board.

21.1.2 Mortgagee Notice. Upon written request therefor, and for a period specified in such notice, the Mortgagee of any Unit shall be entitled to be sent a copy of any notice respecting the Unit covered by his security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

21.1.3 Mortgagee's Acceptance. A Mortgagee who receives a written request to consent to an action for which Mortgagee consent is required under this Declaration who does not deliver or post to the requesting party a negative response within 60 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested, and first class mail.

21.1.4 Priority of Mortgage. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said Mortgage.

21.1.5 Acceptance Upon First Conveyance. The Declarant shall not consummate the conveyance of title of such Unit until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements, in accordance with the Act, for partial release of Units with their appurtenant Limited Common Elements and Allocated Interest in Common Elements from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the Condominium status of the Units remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Units have been made; provided, that, except as to the Units (and their Allocated Interests in Common Elements) so released, said Mortgage shall remain in full effect as to the entire Property.

21.2 Severability. The provisions hereof shall be deemed independent and severable, and the validity or partial invalidity or enforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof if the remainder complies with the Act or as covenants effect the common plan.

21.3 Conveyances; Notice Required. The right of a Unit Owner to sell, transfer, or otherwise convey the 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 sell a Unit shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Unit to be sold; the name and address of the Purchaser, of the closing agent, and of the title insurance company insuring the Purchaser's interest; and the estimated closing date. The Board shall have the right to notify the Purchaser, the title insurance



company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Unit, whether or not such information is requested. It is understood, however, that a violation of this Section shall not invalidate a sale, transfer or other conveyance of a Unit which is otherwise valid under applicable law.

21.4 Transfer of Declarant's Powers. It is understood that Declarant, at any time in the exercise of its sole discretion, may sell, assign, transfer, encumber, or otherwise convey to any person, upon such terms and conditions as Declarant may determine, all of Declarant's rights, powers, privileges and authority arising hereunder by virtue of Declarant's capacity as Declarant (which rights, powers, privileges and authority are in addition to those arising from Declarant's ownership of one or more Units and include Development Rights and Special Declarant Rights).

21.5 Effective Date. This Declaration shall take effect upon recording.

21.6 Reference to Survey Map and Plans. The Survey Map and Plans of the Condominium referred to herein filed with the Auditor of Kittitas Washington, simultaneously with the recording of this Declaration under File No. 200706190005 in Volume I of Condominiums, pages 186 through 190.

ARTICLE 22
SPECIAL DECLARANT RIGHTS
DEVELOPMENT RIGHTS

22.1 Special Declarant Rights. As more particularly provided in this Article, Declarant, for itself and any successor Declarant, has reserved the following Special Declarant Rights:

22.1.1 Completion of Improvements. Declarant, its agents, employees, contractors and representatives shall have the right to complete, repair, replace or correct improvements and otherwise perform work as set forth, provided for or authorized in this Declaration; the Survey Map and Plans; building or other governmental permits or approvals; and purchase and sale agreement between Declarant and any purchaser of a Unit; any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law. This Special Declarant Right shall continue so long as any right, duty or obligation of the Declarant continues under any express or implied warranty, agreement or law.

22.1.2 Sales Facilities of Declarant. Declarant, its agents, employees and contractors shall be permitted to establish and maintain in any Unit still owned by Declarant and in any of the Common Elements (other than Limited Common Elements assigned to individual Units not owned by Declarant), such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Units and appurtenant interests, including but not limited to: business offices; management offices; sales offices; construction offices; storage areas; signs; model units; and parking areas for all agents, employees, contractors, prospective tenants or purchasers of Declarant. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; provided, that

the maintenance and use of such facilities shall not unreasonably interfere with a Unit Owner's use and enjoyment of: the Unit and appurtenant Limited Common Elements; and those portions of the Common Elements reasonably necessary to use and enjoy such Unit and Limited Common Elements.

22.1.3 Exercise of Development Rights. Declarant shall have the right to exercise Development Rights provided in this Declaration and the Act.

22.1.4 Termination of Declarant Rights. Except as otherwise provided in this Declaration, the foregoing Special Declarant Rights shall continue so long as Declarant is completing improvements which are within or may be added to this Condominium, or Declarant owns any Units, or any Development Rights remain in effect; provided, that Declarant may voluntarily terminate any or all of such Rights at any time by recording an amendment to the Declaration, which amendment specifies which Right is thereby terminated.

22.2 Development Rights. As more particularly provided in this Article and elsewhere in this Declaration, Declarant, for itself and any successor Declarant, reserves the Development Rights (but not the obligation) to (a) construct the Lodge within the Lodge Site Unit, subdivide that Unit into ten Lodge Suites and further subdivide each Lodge Suite into six Time Share Interests; (b) construct Limited Common Elements for the Lodge Suites and Cabin Site Units, as described in this Declaration and/or shown on the Survey Map and Plans; (c) construct the Fly Shop within the Fly Shop Unit and improvements within the Limited Common Elements allocated to the Fly Shop Unit, including but not limited to those shown on the Survey Map and Plans; (d) add the Additional Property to the Condominium and to create up to six Cabin Site Units, Limited Common Elements and Common Elements on that property; and (e) withdraw the Withdrawable Property from the Condominium. The Declarant is the Owner of any Units thereby created. Development Rights may be reserved within any real property added to the Condominium if the amendment adding that real property includes all matters required by the Act.

22.2.1 Amendment to Declaration and Survey Map and Plans. In connection with the exercise of such Development Rights, Declarant shall execute and record an amendment to the Declaration and file an amended Survey Map and Plans reflecting any necessary changes to those documents, including but not limited to, listing and showing each new Unit created; reallocating the Allocated Interests among all Units; describing and showing any property added to the Condominium or the remaining property in the Condominium after the withdrawal of the Withdrawable Property; describing or showing any Common Elements and/or any Limited Common Elements created thereby.

22.2.2 Withdrawing and Conveying Withdrawable Property. In order to withdraw the Withdrawable Property from the Condominium, the Declarant shall (a) executing a deed with respect to the Withdrawable Property, which deed may be to itself or to any other person; (b) recording a notice of withdrawal signed only by the Declarant which described the land being withdrawn; (c) recording an amendment to Schedule A describing the land remaining in the Condominium; and (d) recording an amendment to the Survey Map and Plans showing the Property remaining in the Condominium. In connection with such withdrawal, the Declarant reserves the right to execute, if necessary and on behalf of the Unit

Owners and the Association, any applications to governmental agencies or other documents or instruments necessary to establish the Withdrawable Property, or such portion thereof that the Declarant desires to withdraw, as a legal lot and to withdraw it from the Condominium. In addition, the Association is authorized to execute such applications or other documents or instruments on behalf of the Unit Owners. In connection with the withdrawal and conveyance of the Withdrawable Property, the Declarant shall be entitled to all income received therefrom.

22.2.3 Completion. Declarant shall complete subsequent phases in accordance with the plans and specifications prepared from time to time by or for Declarant and as approved from time to time by governmental authorities having jurisdiction thereof. Completion of subsequent phases will be pursued by Declarant as expeditiously as reasonably possible, subject to delays for reasons (including, but not limited to, financing availability, labor disputes, material shortages, and acts of God) reasonably beyond the control of Declarant. All improvements in subsequent phases shall be substantially completed before such phase is incorporated into the Condominium by amendment as provided above.

22.2.4 Allocated Interests. The Allocated Interests for Phase 1 are calculated with respect to the Units within Phase 1. At such time as additional phases are made effective by the filing of an amendment to the Declaration, the Allocated Interests thereafter effective for all Units in Phase 1 and those added in each subsequent phase shall be reallocated as provided in Exhibit B attached hereto or in accordance with the formulas provided in Article 7.

22.2.5 Assessments Based on Allocated Interests for Phases. All Assessments for the various phases shall utilize and be based on the Allocated Interests stated for that phase until assessments the subsequent phase are commenced. Declarant or the Board shall, upon the commencement of Assessments for a subsequent phase, recompute the budget and Assessment schedule and impose the revised Assessments.

22.2.6 Easements for Phased Development.

(a) In addition to the general easements reserved by statute and by reference in other sections of this Declaration, there is reserved a non-exclusive easement in favor of Declarant (and Declarant's heirs, successors, assigns and purchasers) over and across the land in the Condominium (as that may be amended upon the addition of the Additional Property to the Condominium) for ingress and egress and over and across easements, roadways, and utility lines specified or established in and for completed phases, and the right to connect thereto is reserved.

(b) The easements reserved under this Section shall entitle the Declarant (and Declarant's heirs, successors, assigns), for development of each successive phase of the Condominium, or for development and utilization of the lands to have been included in any phase if such lands are utilized for other purposes under the powers reserved to Declarant: to tie into water, sewer, storm sewer, electrical, gas, telephone or other utility lines of all varieties; to connect with roadways or utility systems developed and emplaced in the completed phases of the Condominium; and, to the extent as Owners and occupants within the Condominium, utilize any recreational facilities developed in completed phases of the Condominium.

(c) Declarant shall bear the cost of tie-ins to said utilities and roads and will not connect with said utilities in a manner that impairs or significantly reduces the quality of the utility service to the land or Units in the Condominium.

22.2.7 Liens Arising in Connection with Phases. At the time the amendment incorporating a subsequent phase into the Condominium is made, no lien arising in connection with the Declarant's ownership of, and construction of improvements upon, the subsequent phase land will adversely affect the rights of existing Unit Owners or the priority of first Mortgages on Units in the existing Condominium property. All taxes, assessments, mechanics liens, and other charges affecting a subsequent phase will be paid or otherwise satisfactorily provided for by the Declarant.

22.2.8 Limitation of Declarant's Rights. Declarant's Development Rights shall terminate on the earlier of ten years after the date of recording this Declaration or upon the recording of an amendment to the Declaration executed by the Declarant specifying the Development Right Declarant no longer wishes to reserve the right to exercise.

22.2.9 Boundaries of Units and Limited Common Elements. Declarant shall have the right to establish, expand, contract or otherwise modify the boundaries of any Unit or Limited Common Element allocated to a Unit; provided, the prior consent will be required from the Owner of the Unit and the Owner of any other Unit that would be adversely affected in a material way.

22.3 Liability for Damage. The Declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the Condominium, of any portion of the Condominium damaged by the exercise of rights reserved by Declarant pursuant to or created by this Declaration or the Act.

22.4 Declarant's Easements. Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights or Development Rights, whether arising under the Act or reserved in the Declaration.

ARTICLE 23
DISPUTE RESOLUTION

23.1 Policy - Mediation. The parties hope there will be no disputes arising out of their relationship. To that end, each commits to cooperate in good faith and to deal fairly in performing its duties under this Declaration in order to accomplish their mutual objectives and avoid disputes. But if a dispute arises, the parties agree to resolve all disputes by the following alternate dispute resolution process: (a) the parties will seek a fair and prompt negotiated resolution, but if this is not successful, (b) all disputes shall be resolved by binding arbitration, provided that during this process, (c) at the request of either party made not later than forty-five (45) days after the initial arbitration demand, the parties will attempt to resolve any dispute by nonbinding mediation (but without delaying the arbitration hearing date). The parties confirm that by agreeing to this alternate dispute resolution process, they intend to give up their right to have any dispute decided in court by a judge or jury.



23.2 Binding Arbitration. Any claim between or among any party subject to this Declaration (including without limitation, the Declarant, Association Board or officers, Unit Owners, or their employees or agents) arising out of or relating to this Declaration, a Unit or Units, the Condominium or the Association shall be determined by Arbitration in the county in which the Condominium is located commenced in accordance with RCW 7.04.060; provided, that the total award by a single arbitrator (as opposed to a majority of the arbitrators) shall not exceed \$50,000, including interest, attorneys' fees and costs. If any party demands a total award greater than \$50,000, there shall be three (3) neutral arbitrators. If the parties cannot agree on the identity of the arbitrator(s) within ten (10) days of the arbitration demand, the arbitrator(s) shall be selected by the administrator of the American Arbitration Association (AAA) office in Seattle from its Large, Complex Case Panel (or have similar professional credentials). Each arbitrator shall be an attorney with at least fifteen (15) years' experience in commercial or real estate law and shall reside in the county in which the Condominium is located. Whether a claim is covered by the Article shall be determined by the arbitrator(s). All statutes of limitations which would otherwise be applicable shall apply to any arbitration proceeding hereunder.

23.3 Hearing - Law - Appeal Limited. The arbitrator(s) shall take such steps as may be necessary to hold a private hearing within ninety (90) days of the initial demand for arbitration and to conclude the hearing within three (3) days; and the arbitrator(s) written decision shall be made not later than fourteen (14) calendar days after the hearing. The parties have included these time limits in order to expedite the proceeding, but they are not jurisdictional, and the arbitrator(s) may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. The written decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator(s) shall apply applicable substantive law. Absent fraud, collusion or willful misconduct by an arbitrator, the award and decision shall be final, and the judgment may be entered in any court having jurisdiction thereof. The arbitrator(s) may award injunctive relief or any other remedy available from a judge, including without limitation joinder of parties or consolidation of this arbitration with any other involving common issues of law or fact or which may promote judicial economy; but shall not have the power to award punitive or exemplary damages; or to award attorneys' fees and costs to the prevailing party. The decision and award of the arbitrator(s) need not be unanimous; rather, the decision and award of two arbitrators shall be final. Provided, if at the time dispute resolution procedures are to commence hereunder, the law of Washington prohibits a waiver of judicial enforcement or prohibits binding arbitration, then the parties agree to otherwise fully comply with the provisions hereof, and agree that any party may seek judicial review of the Formal Decision.

This Declaration is executed by Declarant as of this 15th day of June, 2007.

CANYON RIVER RANCH LLC, a Washington
limited liability company

By _____

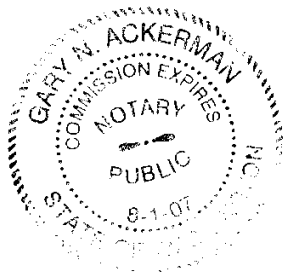
Richard T. Leider, its Manager



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Richard T. Leider is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Manager CANYON RIVER RANCH LLC, a Washington limited liability company, to be the free and voluntary act of such parties for the uses and purposes mentioned in this instrument.

DATED: June 15, 2007.



Gary N. Ackerman

(Signature of Notary)

GARY N. ACKERMAN

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at Seattle

My appointment expires Aug 1, 2007

CANYON RIVER RANCH CONDOMINIUM
EXHIBIT A
TO THE DECLARATION

1. Description of Real Property included in Condominium:

THE SOUTH HALF (S ½) OF THE SOUTHWEST QUARTER (SW ¼), SECTION 28, TOWNSHIP 16 NORTH, RANGE 19 EAST W.M., IN KITTITAS COUNTY, WASHINGTON.

EXCEPT EASEMENT GRANTED BY THE HIGHWAY SERVICE CORPORATION OF THE STATE OF WASHINGTON, DATED JULY 21, 1931, FILED FOR RECORD SEPTEMBER 5, 1931, AND RECORDED IN BOOK 49 OF DEEDS, PAGE 540, GRANTING A RIGHT-OF-WAY OVER A STRIP OF LAND 100 FEET WIDE, BEING 50 FEET ON EACH SIDE OF CENTERLINE OF SAID ROAD AS SURVEYED OVER AND ACROSS SAID PREMISES;

EXCEPT A RIGHT-OF-WAY 400 FEET IN WIDTH RESERVED BY THE NORTHERN PACIFIC RAILWAY COMPANY OVER AND ACROSS A PORTION OF THE ABOVE—DESCRIBED PREMISES;

EXCEPT THE NORTH 200 FEET THEREOF.

TOGETHER WITH ALL WATER RIGHTS AND IRRIGATION DITCHES APPURTENANT THERETO.

SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHT OF WAY APPARENT OR OF RECORD.

2. Description of Additional Property, property that may be added to the Condominium:

THE NORTH 200 FEET OF THE SOUTH HALF (S 1/2) OF THE SOUTHWEST QUARTER (SW 1/4), SECTION 28, TOWNSHIP 16 NORTH, RANGE 19 EAST W.M., IN KITTITAS COUNTY, WASHINGTON.

TOGETHER WITH THE SOUTH 25 FEET OF THE NORTH HALF (N ½) OF THE SOUTHWEST QUARTER (SW ¼), SECTION 28, TOWNSHIP 16 NORTH, RANGE 19 EAST W.M., IN KITTITAS COUNTY, WASHINGTON.

EXCEPT EASEMENT GRANTED BY THE HIGHWAY SERVICE CORPORATION OF THE STATE OF WASHINGTON, DATED JULY 21, 1931, FILED FOR RECORD SEPTEMBER 5, 1931, AND RECORDED IN BOOK 49 OF DEEDS, PAGE 540, GRANTING A RIGHT-OF-WAY OVER A STRIP OF LAND 100 FEET WIDE, BEING 50 FEET ON EACH SIDE OF CENTERLINE OF SAID ROAD AS SURVEYED OVER AND ACROSS SAID PREMISES;

EXCEPT A RIGHT-OF-WAY 400 FEET IN WIDTH RESERVED BY THE NORTHERN PACIFIC RAILWAY COMPANY OVER AND ACROSS A PORTION OF THE ABOVE-DESCRIBED PREMISES;

TOGETHER WITH ALL WATER RIGHTS AND IRRIGATION DITCHES APPURTENANT THERETO.

SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHT OF WAY APPARENT OR OF RECORD.

3. Description of Withdrawable Property, property that may be withdrawn from the Condominium:

THAT PORTION OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 28, TOWNSHIP 16 NORTH, RANGE 19 EAST, W.M., IN KITTITAS COUNTY, WASHINGTON LYING SOUTHWESTERLY OF THE NORTHERN PACIFIC RAILWAY COMPANY RIGHT-OF-WAY;

EXCEPT THE NORTH 200.00 FEET THEREOF;

TOGETHER WITH ALL WATER RIGHTS AND IRRIGATION DITCHES APPURTENANT THERETO;

SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHT OF WAY APPARENT OR OF RECORD.

4. Description of the Real Property to which any Development Right or Special Declarant Right applies:

See Paragraphs 1, 2 and 3 above.

5. Parking:

- a. Uncovered To be provided by amendment
- b. Covered To be provided by amendment
- c. Enclosed Six garages will be constructed in approximately the areas shown on the Survey Map and Plans. They have numbers corresponding to the Cabin Site Units to which they are assigned.



EXHIBIT B

CANYON RIVER RANCH

Unit Data; Allocated Interests

Unit	Level	Data	Unit Area	Allocated Interest
Cabin Site 1	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 2	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 3	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 4	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 5	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 6	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 7	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 8	Ground	^{1/}	2,000	1/20 (5%)
Cabin Site 9	Ground	^{1/}	2,000	1/20 (5%)
Lodge Site ^{2/}	Ground ^{2/}	^{2/}	11,675 ^{2/}	10/20 (50%) ^{2/}
Fly Shop	Ground	N/A	5,248	1/20 (5%)
Total				20/20 (100%)

^{1/}To be furnished by amendment after construction of Cabins and Lodge.

^{2/} Subject to change upon construction of Lodge and subdivision into Lodge Suites and Time Share Interests

CANYON RIVER RANCH CONDOMINIUM

DECLARATION

EXHIBIT C

ADDITIONAL TIMESHARE PROVISIONS

1. **In General.** The following provisions shall apply to "Time Share Units" as hereinafter defined.
2. **Designation of Time Share Units.** Until all of Declarant's Development and Special Declarant Rights provided under Article 23 shall have terminated, Declarant shall have the right to designate in the Declaration (or amendments thereto) which Lodge Suites shall constitute a Time Share Unit ("Time Share Unit" or "TSU"). Following termination of such Declarant Rights, the Owner of a Lodge Suite shall likewise have the right to designate in the Declaration (or amendments thereto) that such Unit shall constitute a TSU.
3. **Subject to Declaration, etc.** Unless otherwise expressly provided herein, all TSU's shall be subject to all of the provisions of the Declaration, Association Articles and Bylaws, and Association Rules and Regulations.
4. **Time Share Amendments.** Notwithstanding any provision of the Declaration, Articles and Bylaws to the contrary, the approval of sixty-seven percent of the voting power of all TSU's shall be required for any amendment to the Declaration, Bylaws or Association Rules and Regulations, which amendment would either: delete or otherwise modify any right, privilege or protection specially accorded to the TSUs and the Owners thereof; or, impose any new duty or obligation against the TSUs and the Owners thereof (except for such duty or obligation imposed on all Units).
5. **Time Share Interest.** Each TSU shall consist of six, equal (one-sixth), undivided tenants-in-common fee simple interests ("Time Share Interest" or "TSI") in such TSU (and such Unit's Allocated Interest in Association Common Expenses, votes and Common Elements). Each TSI in a TSU shall be identified as "1", "2", "3", "4", "5" or "6". Thus, each specific TSI in the Condominium shall be described and identified for all purposes (including without limitation conveying, encumbering, leasing or renting) as "Time Share Interest [1, 2, 3, 4, 5 or 6], Unit 10A [for example] of Canyon River Ranch Condominiums, according to the Declaration thereof, recorded under Recording No. 200706190005, records of Kittitas County, Washington".
6. **Right to Use.** The Owner of a TSI (or the guest, invitee, lessee or tenant of such Owner) shall have the exclusive right to occupy and use the TSU (or another Time Unit as provided herein) in accordance with the following provisions:
 - a. Subject to the provisions hereof, each TSI Owner shall have the right to use the TSU on an advanced reservation basis.
 - b. A reservation may be made up to six months in advance.



- c. Reservations made at least two months in advance shall be granted.
- d. Reservations made less than two months in advance will be granted based on availability.
- e. Reservations may be made for a minimum of two nights and for a maximum of seven nights.
- f. A TSI Owner may request that the reservation apply to the TSU to which the TSI relates and such request will be granted if the TSU is available; if the TSU is not available, then the reservation shall apply to another TSU that is available.
- g. An on-line reservations system will be used. The on-line calendar of TSU availability is filled in as "requested" or "granted" with the TSI Owner number. TSI Owners must go on-line to determine reservation request and grant status.
- h. All TSI Owners will have equal access and opportunity. It is anticipated that each TSI Owner will have eight weeks or 56 days of usage each calendar year.
- i. A Reservation Priority Number ("RPN") system will be used to attempt to reasonably assure that each TSI Owner has the anticipated annual usage and to avoid conflicts among TSI Owners in making reservations.
- j. Inability to use a TSU for any reason whatsoever (including without limitation weather or road conditions, or damage, destruction, maintenance, repair or cleaning of the TSU (or any portion thereof) shall not result in any alteration or any diminishment of a TSI Owner's obligations. To the extent reasonably possible, any necessary maintenance, repair or similar work shall be performed to minimize disturbing the occupants of the TSUs.
- k. Use of the TSI's and TSU's shall further be subject to and in compliance with the Rules and Regulations applicable to the TSI's and TSU's.

7. **Condition after Use.** Each TSI Owner shall be solely responsible, at such Owner's sole expense, to assure that (during and at the conclusion of a period of use) the TSU (and the contents thereof) used by such Owner remain in a clean, neat and sanitary condition.

8. **Share of Unit Expenses.**

a. Except as otherwise expressly provided herein, each TSI Owner shall be liable for promptly paying one-sixth of the Assessments levied by the Association against the TSU for each TSI owned and property taxes levied against the TSU (unless each TSI is assessed and taxed as a separate tax parcel).

b. Failure of a TSI Owner to promptly pay such Owner's obligation shall entitle the Association to exercise all of the rights, powers and remedies provided in the Declaration to the Association to collect Association Assessments, including: terminating use of the Unit by the delinquent Owner (and the guest, invitee, lessee or tenant of such Owner) during the

delinquency; and, renting the Unit during the delinquent Owner's use period and applying rental proceeds to the delinquency.

c. Each TSI Owner be solely liable for full repayment of any cost, expense or obligation incurred as a result of the intentional misconduct or gross negligence of the Owner or guest, invitee, lessee or tenant of such Owner.

v. If the TSIs are assessed and taxed as separate tax parcels, each TSI Owner shall be solely liable for the full payment of all real estate taxes owed for such TSI.

vi. No TSI Owner shall have the right to incur an expense or obligation on behalf of any other TSI Owner or to encumber any other TSI.

9. **Common Law Principals.** The undivided tenants in common interest of a TSI in the Unit shall not be subject to any right of partition, and the provisions of the Declaration shall control over any conflicting principals of common law applicable to tenancy in common interests.

10. **Right to Proceeds.** Each TSI Owner shall have the right to convey, lease, rent and mortgage the TSI so owned and be solely entitled to the income and proceeds thereof.

11. **Association Votes.** Each TSI Owner shall be entitled to vote one-sixth of the Association votes allocated to the TSU, but the Association votes of such TSI may not be further divided.

12. **Unit Consent.** Unless otherwise expressly provided, any action (for which the Declaration or Washington Condominium Act requires the consent of a Unit Owner) shall require the consent of a majority of the TSI's in the TSU.

13. **Ownership of Multiple Interests.** One Owner may own more than one TSI in one or more TSUs, and such Owner shall be deemed a separate Owner for each TSI so owned.