

DECLARATION
OF
LATITUDE 49 RESORT PARK
A CONDOMINIUM

CHICAGO TITLE INSURANCE CO.

WHATCOM COUNTY
BELLINGHAM, WA
07/07/92, 2:54 PM
REQUEST OF: /CTI
Shirley Forslof, AUDITOR
BY: LK, DEPUTY
\$89.00 D/RC
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DECLARATION
OF
LATITUDE 49 RESORT PARK
A CONDOMINIUM

THIS DECLARATION made on the 6th day of July, 1992, by Osberg Construction Company ("Declarant"), constitutes the covenants, conditions, restrictions, reservations, limitations and uses creating and establishing a condominium to be known as LATITUDE 49 RESORT PARK, A CONDOMINIUM.

RECITALS:

A. Declarant is the sole owner of the real property legally described in Exhibit A attached and in Section 2 below;

B. Declarant has undertaken to improve said real property by constructing thereon a recreational vehicle park, complete with roads, utilities, and certain amenities, to create a condominium of the real property and improvements ("Property" or "the Condominium") which consists of 76 units in Phase 1 and 75 units in Phase 2, and is expected to include an additional 167 units in future phases (all as more particularly set forth in Sections 3 and 19 hereof), for a maximum of 318 units (hereinafter called "Parcels") designated for separate ownership, to be commonly known as LATITUDE 49 RESORT PARK, A CONDOMINIUM with a street address of 4751 Birch Bay-Lynden Road, Blaine, Washington 98230;

C. Declarant has recorded simultaneously herewith, with the office of the Whatcom County Auditor survey maps and sets of plans ("Surveys") for Phases 1 and 2 of the Condominium. This Declaration shall be effective only as to Phases 1 and 2 and the portions of the Property described as Phases 1 and 2 on recording. If additional Phases are added to the Condominium, Declarant will file an amendment to said Survey and to this Declaration in accordance with the provisions of Sections 3 and 19 hereof;

D. Declarant desires and intends to sell and/or lease Parcels in the Condominium and to provide for the common ownership by the owners of such Parcels of those portions of the Condominium which are designated to be held in common; and

E. By recording this Declaration and the Surveys Declarant desires to submit the Property, together with all appurtenances thereto, to the provisions of the Washington Condominium Act, Chapter 64.34 of the Revised Code of Washington, as the same may, from time to time, be amended ("the Act");

NOW, THEREFORE, Declarant hereby publishes and declares the Property shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, restrictions, reservations, uses, limitations and obligations, all of which are declared to be and by acceptance of deeds and/or assignments of interests thereunder are

agreed and deemed to be in furtherance of and to effect a common plan for the Property. Said covenants, conditions, restrictions, reservations, limitations and obligations shall run with the Property and the individual Parcels, shall be a burden and benefit upon the Property and the Parcels, and shall be binding upon any person acquiring or owning any interest in the Parcels and the Property, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. DEFINITIONS AND INTERPRETATIONS

1.1 Interpretation Consistent with Act.

Words used herein shall have the definitions given such words in the Act, in the foregoing recitals and hereinafter unless the context thereof indicates otherwise or as may otherwise be excepted herein.

1.2 Plural, Singular, Gender.

The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires.

1.3 Captions and Exhibits, etc.

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

1.4 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 the laws of the State of Washington as the same may now exist or hereafter be amended. The provisions of the Act as the same may now exist or hereafter be amended under which this Declaration is operative shall be liberally construed to effectuate the intent of the Declaration. All provisions of this Declaration and the Bylaws (defined below) are severable. In the event of a conflict between the provisions of this Declaration and the Bylaws, this Declaration shall prevail, except to the extent it may be inconsistent with the Act. The creation of the Condominium shall not be impaired and title to a Parcel and its Allocated Interest in the Common Elements (defined below) shall not be rendered unmarketable or otherwise affected by an insignificant failure of this Declaration or the Survey or any amendment hereto or thereto to comply with the Act.

1.5 Covenants Running with Property.

It is intended that this Declaration shall be operative as covenants running with the Property or equitable servitudes supplementing and interpreting the Act and operating independently of the Act should the Act be, in any respect, inapplicable. In the event that a court of competent jurisdiction determines that this Declaration does not satisfy the requirements of the Act for any reason and that the provisions of this Declaration are not applicable as covenants running with the Property or equitable servitudes, the Owners of Parcels shall be tenants in common of said Property and have as their respective "Allocated Interests" in the Property the fractions or percentages of ownership provided in Section 6 hereof.

1.6 Definitions.

In this Declaration, unless specifically provided otherwise or unless the context requires otherwise (capitalized terms within any term defined herein also being defined herein):

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

1.6.2 "Affiliate of Declarant" means any person who controls, is controlled by, or is under common control with Declarant. A person "controls" Declarant if the person: (a) is a general partner, officer, director, or employer of Declarant; (b) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in Declarant; (c) controls in any manner the election of a majority of the directors of Declarant; or (d) has contributed more than twenty percent of the capital of Declarant. A person "is controlled by" Declarant if Declarant: (i) is a general partner, officer, director, or employer of the person; (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the person; (iii) controls in any manner the election of a majority of the directors of the person; or (iv) has contributed more than twenty percent of the capital of the person. Control does not exist if the powers described in this Section are held solely as security for an obligation and are not exercised.

1.6.3 "Allocated Interests" means the individual interest in the Common Elements, Common Expenses Liability, and votes in the Association allocated to each Parcel as more particularly provided for in Section 6 and Exhibit C of this Declaration.

1.6.4 "Articles" means the Articles of Incorporation of LATITUDE 49 OWNER'S ASSOCIATION, as such Articles may be amended from time to time.

1.6.5 "Assessment" means all sums chargeable by the Association against a Parcel, 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 reimbursable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

1.6.6 "Association" means LATITUDE 49 OWNER'S ASSOCIATION, to be a Washington nonprofit corporation organized under the Act, its successors and assigns as more particularly provided for in Section 7 of this Declaration.

1.6.7 "Board" means the Board of Directors of LATITUDE 49 OWNER'S ASSOCIATION, the body with primary authority to manage the affairs of the Condominium. The term "Board" also means such persons or committees duly authorized by the Board of LATITUDE 49 OWNER'S ASSOCIATION, to act on its behalf.

1.6.8 "Bylaws" means the Bylaws of LATITUDE 49 OWNER'S ASSOCIATION, as such Bylaws may be amended from time to time.

1.6.9 "Common Elements" means all portions of the Condominium other than the Parcels.

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

1.6.11 "Common Expenses Liability" means liability for Common Expenses allocated to each Parcel pursuant to Section 10 of this Declaration.

1.6.12 "Condominium" means the Property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the Owners of those portions, as created by this Declaration and related Survey Map and Plans pursuant to the Act.

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

1.6.14 "Dealer" means a person who owns or has the right to acquire either six or more Parcels in the Condominium or fifty percent (50%) or more of the Parcels in the Condominium.

1.6.15 "Declarant" means Osberg Construction Company, a Washington corporation, its successors and assigns.

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1.6.16 "Declarant Control" means the right of Declarant or persons designated by Declarant to appoint and remove officers and members of the Board or to veto or approve a proposed action of the Board or Association pursuant to Section 8 hereof.

1.6.17 "Declaration" means this document, as it now exists and as it may later be amended from time to time as recorded in the office of the Auditor of Whatcom County, Washington.

1.6.18 "Development Rights" means any right or combination of rights reserved by Declarant herein to (a) add real property or improvements to the Condominium; (b) create or alter Parcels, Common Elements or Limited Common Elements within real property included or added to the Condominium, (c) subdivide Parcels or convert Parcels into Common Elements; (d) withdraw real property from the Condominium; or (e) reallocate Limited Common Elements with respect to Parcels which have not been conveyed by the Declarant.

1.6.19 "Dispose" or "Disposition" means a voluntary transfer or Conveyance to a Purchaser or lessee of any legal or equitable interest in a Parcel, but does not include the transfer or release of a security interest.

1.6.20 "Eligible Mortgagee" means the holder of a Mortgage on a Parcel that has filed with the secretary of the Association a written request for copies of notices of any action by the Association that requires consent of mortgagees.

1.6.21 "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage or deed in lieu thereof.

1.6.22 "Identifying Number" means the designation of each Parcel in the Condominium.

1.6.23 "Limited Common Element" means any portion of the Common Elements allocated by this Declaration or by operation of the Act for the exclusive use of one or more but fewer than all of the Parcels.

1.6.24 "Manager" means the person or entity retained by the Board to perform such management and administrative functions and duties for the Condominium as delegated to such person or entity by the Association in writing.

1.6.25 "Member" means a member of the LATITUDE 49 OWNER'S ASSOCIATION.

1.6.26 "Mortgage" means a mortgage, or deed of trust that creates a lien against a Parcel, or a real estate contract for the sale of a Parcel.

1.6.27 "Owner" means the owner of record, whether one (1) or more persons or entities, of fee simple title to any Parcel which is a part of the Property, and contract buyers or vendees of a Parcel (unless otherwise provided under Section 7), but excluding those having interests in a Parcel merely as security for the performance of an obligation.

1.6.28 "Parcel" means a "Unit" as defined in the Act, which is an envelope of space, the horizontal boundaries of which represent the extension upward and downward of the side surface boundaries of a tract of land depicted on the Survey Map and Plans and the vertical boundaries of which are shown by the subsurface and above surface elevations shown on the Survey Map and Plans, to be used for the siting of a Recreational Vehicle and appurtenances as hereinafter described.

1.6.29 "Person" means a natural person, corporation, partnership, limited partnership, trustee, governmental subdivision or agency or other legal entity.

1.6.30 "Pet Area" means those Parcels where certain pets may be kept pursuant to Section 9.10. The Pet Area is limited to Parcels 128 through 151 of Phase 1 and Parcels 1 through 23 of Phase 2, and if all additional Phases are added to the Condominium, Parcels 152 through 173 and Parcels 294 through 318. The Pet Area may be changed at the discretion of the Board from time to time by adoption of rules or by amendments to this Declaration.

1.6.31 "Property" and "Real Property" mean "real property" as defined in the Act and includes the real property described Exhibit A hereof, including any fee, leasehold, or other estate or interest in, over, or under land, including structures, fixtures and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a Conveyance of land although not described in the contract of sale or instrument of Conveyance. "Property and Real Property" include land, with or without upper or lower boundaries, and spaces that may be filled with air or water.

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

1.6.33 "Recreational Vehicle" as used herein shall mean a commercially manufactured Park Model Recreational Vehicle (as defined by the Washington Department of Licensing), motor home or travel trailer, of such exterior material and design, as approved by the Board and/or Declarant, used principally to provide temporary living quarters for recreational or seasonal use and not exceeding forty (40) feet in length, nor more than twelve

(12) feet in width when deployed on a Parcel, exclusive of eaves and overhangs.

1.6.34 "Residential Purposes" means use for seasonal dwelling and related recreational purposes.

1.6.35 "Special Declarant Rights" means any rights reserved for the benefit of Declarant in this Declaration to: (a) complete improvements indicated on the Survey recorded with this Declaration; (b) exercise any Development Rights; (c) maintain sales offices, management offices, signs advertising the Condominium, and models; (d) use easements through the Common Elements for the purpose of making improvements within the Condominium or within Property which may be added to the Condominium; (e) make the Condominium part of a larger condominium or development; (f) make the Condominium subject to a master association; or (g) appoint or remove any officer of the Association or any master association or any Member of the Board or to veto or approve a proposed action of the Board of the Association during any period of Declarant Control.

1.6.36 "Survey" means the Survey Map and Plans of Latitude 49 Resort Park, A Condominium recorded on July 7, 1992, 1991, under Auditor's File No. 20707208 Vol. 13 Page 5 through , in the office of the Auditor of Whatcom County, Washington, and any amendments, replacements or substitutions.

2. DESCRIPTION OF PROPERTY AND ACCESS

2.1 Property.

The portion of the Property hereby submitted to the Act and/or this Declaration is described in Exhibit A attached as "Phases 1 and 2". The interest of the Declarant in all the Property described in Exhibit A is a fee simple interest.

2.2 Access.

Each Parcel has direct access to a Common Element roadway and by way of said roadway, to a public street known as Birch Bay-Lynden Road.

3. DEVELOPMENT RIGHTS/DEVELOPMENT IN PHASES

3.1 Right to Phase.

This Condominium will be developed and established in more than one (1) phase. This Declaration provides a description of: the Property within all phases; the Common Elements and Limited Common Elements for all phases; and the Parcels in all phases. The Survey, filed simultaneously herewith, depicts (certified with respect to boundaries of the Parcels in Phases 1 and 2), the following: a survey of the surface of the Property in all Phases; the location of the Phase 1 and Phase 2

Parcels and Common Elements; and the plans of the Phase 1 and Phase 2 Parcels, showing as to each Parcel in Phase 1 and Phase 2 the vertical and horizontal boundaries, the location of all such Parcels, and the number and dimensions of all such Parcels. The provisions regarding Phases 1 and 2 shall be effective immediately to establish Phases 1 and 2 (including the Phase 1 and Phase 2 Property and all Parcels, and other improvements constructed thereon) as a Condominium under the Act subject to the right of Declarant to withdraw or alter setback lines of Parcels or Common Elements within the Condominium or to provide additional buffers at the boundary lines of the Condominium Property if required by judicial or governmental orders or rulings. The provisions regarding subsequent phases shall not be effective to establish subsequent phases (including the Property and all Parcels and other improvements constructed thereon) as a part of the Condominium under the Act until the requirements of Section 3.2 and Section 19 are met. The maximum number of Parcels which may be added in subsequent phases is set forth in Recital B and in Exhibit C. Declarant reserves the right to reduce the total number of Parcels in subsequent phases. The Survey Map and Plans as relates to subsequent phases is not final as to number, location, boundaries or size of Parcels.

3.2 Declaration and Survey Amendments.

For each subsequent phase following Phase 1 and Phase 2, the Declarant shall execute and record an amendment to this Declaration stating that said subsequent phase (including the subsequent phase land, and all Parcels, and other improvements thereon) is established as a part of the Condominium under the Act. From and after the recording of said amendment, all of the Property within Phases 1 and 2 and within subsequent phases for which such an amendment has been recorded, together with all Parcels, and other improvements constructed thereon, shall constitute a single Condominium pursuant to the Act and the provisions of this Declaration. In conjunction with said amendment to the Declaration, an updated or revised Survey, or both, shall be filed and if the Survey previously filed affects or describes said subsequent phases but lacks required detail, certification or other matters required under the Act shall also be filed. The Declarant is the Owner of any Parcels thereby created. The amendment to the Declaration shall assign an Identifying Number to each new Parcel among all Parcels. The amendment must describe each new Parcel and any Common Elements and any Limited Elements thereby created, and in the case of Limited Common Elements, designate the Parcel created to which each is allocated, and reallocate the Allocated Interests among all Parcels to the extent required by RCW 64.34.228. 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 RCW 64.34.216 or 64.34.220, as the case may be, and the Survey includes all matters required by RCW 64.34.232. This provision does not extend the time limit on the exercise of Development Rights imposed by this Declaration.

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3.3 Common Elements.

All Common Elements for each phase will be utilized by Owners of the next succeeding phase as it is established, and the additional Owners will, after the effective date of the subsequent phase, also share in the expenses of such Common Elements. Owners in a prior phase will utilize the Common Elements for the subsequent phases and also share in the expense thereof. Declarant reserves the right to alter and or reduce certain Common and Limited Common Elements within the Condominium if necessary to comply with judicial or governmental orders or rulings.

3.4 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 and by the lender or lenders financing the construction of subsequent phases. Parcel size and the quality of construction of Common Element improvements within subsequent phases will be reasonably consistent with prior phases. 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 for subsequent phases shall be substantially completed before such phase is incorporated into the Condominium.

3.5 Allocated Interests.

The Allocated Interests for Phases 1 and 2 are calculated with respect to the Parcels within Phases 1 and 2. At such time as additional phases are made effective by the filing of the above-described Declaration Amendment by Declarant, the Allocated Interests thereafter effective for all Parcels will be based on the ratio of each Parcel to the total number of Parcels then in the Condominium, as more particularly set forth in Exhibit C.

3.6 Assessments Based on Allocated Interests.

All Assessments shall be based on the Allocated Interests. The Declarant or Board may upon the activation of any phase recompute the budget and the Assessments, and impose revised Assessments.

3.7 Easements for Phased Development and Alteration of Site.

(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 Phase 1 and Phase 2 Property (and across the land described in Exhibit A, as hereafter amended, for any subsequently

completed phase) 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 make alterations to the roads, utility lines or setbacks and to connect either completed subsequent phases, or otherwise develop portions of the Property for other purposes if not completed as a Condominium phase.

(b) The easements reserved under this Section, shall entitle the Declarant (and Declarant's heirs, successors, assigns), to make changes within the Condominium as required by governmental or judicial orders or rulings, to develop of each successive phase of the Condominium, or develop and utilize the lands 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 alter and/or connect with roadways or utility systems developed and in place in the completed phases of the Condominium; and to 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 Property described in Exhibit A as Phases 1 and 2 and for the Property in a subsequently completed phase; provided, that if said tie-ins cause an increase in the cost of delivering affected utility services to Phases 1 and 2 and for Property in any subsequently completed phase, that cost shall be borne by the Declarant.

(d) Any Property which is not developed as a subsequent phase of the Condominium and which utilizes and benefits from the utilities, roadway easements and recreational facilities reserved to Declarant hereunder, shall pursuant to an irrevocable covenant running with the land be obligated to pay a pro rata share (based on relative number of living units or Parcels as applicable) of the costs of subsequent repairs, maintenance and operation of the same.

(e) Declarant (and Declarant's heirs, successors and assigns) shall have a non-exclusive easement to construct and maintain (at any time and at Declarant's sole cost and expense and in the exercise of Declarant's sole discretion and at such locations within Phases 1 and 2 and within any subsequently completed phases of the Condominium as Declarant may determine) such signs as Declarant may deem necessary for the identification of the name, location and direction, and for the sale or renting, of buildings, units and Parcels regardless of whether such buildings, units or Parcels are located on Property which is within a subsequent phase of the Condominium or on Property which the Declarant under powers reserved hereunder has elected not to develop as a phase of the Condominium.

3.8 Liens Arising in Connection with Phases.

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

3.9 Exclusion of Subsequent Phases.

If all or any of the subsequent phases are not completed and the amendment(s) provided for in this Section is not recorded, then Declarant at any time may elect not to incorporate all or some of such subsequent phases into the Condominium and elect not to record the amendments provided for in this Section. To effectuate the foregoing, Declarant, upon its sole signature and without further consent of any of the other Owners being required, may file any documents necessary to clarify the Property within such subsequent phases, is not subject to this Declaration. If Declarant exercises its right not to incorporate or subject such subsequent phases to the provisions of this Declaration, then: the phases in fact completed shall thereafter continue to constitute a complete, fully operational Condominium; Property within the subsequent phases (and improvements thereon) may be used for any other lawful purpose in Declarant's discretion including without limitation a separate condominium or campground; and the easements provided for in this Declaration shall continue for the benefit of Property within such subsequent phases and Declarant's (and its heirs, successors and assigns) in its development and use of such subsequent phase Property.

3.10 Limitation of Declarant's Rights.

(a) Declarant has created 151 Parcels in Phases 1 and 2 of the Condominium and reserves the right to create 167 more Parcels. The total project (if all phases are completed) shall include Condominium Parcels not exceeding 318 in number.

(b) Notwithstanding any other provisions of this Declaration, Declarant's right to add phases by amendments under this Section shall expire seven (7) years after initial Declaration recording.

3.11 Order of Exercise of Development Rights.

(a) Any Development Right may be exercised with respect to different portions of the Property at different times;

(b) No assurances are made as to final boundaries of such portions or as to the order in which those portions may be subject to the exercise of each Development Right; and

(c) Even though a Development Right is exercised in any portion of the Property subject to that right, that right need not be exercised in all or in any other portion of the remainder of that Property.

3.12 Exercise of Development Right.

To exercise any Development Right reserved in this Declaration, Declarant shall prepare, execute, and record an amendment to the Declaration under Section 3.2 and comply with RCW 64.34.232.

3.13 Termination of Development Rights.

Except as may otherwise be provided in this Declaration, the foregoing Development Rights shall continue so long as Declarant owns one or more Parcels in the Condominium; provided, 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.

3.14 Liability for Damage.

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 herein reserved by Declarant or created by this Declaration or the Act.

3.15 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 this Declaration.

4. IDENTIFYING NUMBER AND DESCRIPTION OF PARCEL BOUNDARIES

The identifying number of each Parcel is shown on Exhibit B attached. The boundaries of each Parcel are defined in Section 1.6.28 of this Declaration and delineated on the Survey. The minimum approximate square footage of each Parcel is 2500 square feet. Each Parcel is located on ground level. Each Parcel includes the air space and improvements encompassed therein.

5. DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS AND USES THEREOF

5.1 The Common Elements include:

5.1.1 Common Element Roadways.

Common Element roadways and driving areas within the Property which provide access to Parcels, Recreational and Open Space Tracts and any parking not within a Parcel;

5.1.2 Storm Drainage.

Storm drains, detention ponds and appurtenances within the Property;

5.1.3 Recreation Tract.

Tract A as shown on the Survey, and all improvements now or hereafter located thereon. Declarant reserves as a Development Right, the right to construct a clubhouse, laundry/restroom and office building and appurtenant amenities, e.g. swimming pool, tennis courts, other recreational facilities and landscaping on Tract A;

5.1.4 Open Space Tracts.

Tracts B, C, D, E, F, G and H as shown on the Survey including landscaping; and

5.1.5 Gates.

Entrance gates and gate houses; and

5.1.6 Utilities.

Subject to the ownership of utility companies utility lines and connections including without limitation, water, sewer, telephone, electrical, cable television and gas.

5.2 The Limited Common Elements include:

Any portion of any ducts, wire, conduits or other fixtures or Common Elements located outside the boundaries of a Parcel pathway designated to serve a single Parcel, 20 foot wide driveways to service Parcels 64 and 87, and any fixture designated as a Limited Common Element on the Survey.

5.3 Owner's Easements of Enjoyment.

Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and pass with title to every Parcel. Such right and

covenant of enjoyment shall be subject to reasonable rules and regulations adopted by the Board, which may include, but shall not be limited to:

5.3.1 Admission Fee, Etc.

The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated on the Common Elements;

5.3.2 Suspension of Voting and Use Rights.

The right of the Association to suspend the voting rights and recreational facility use of an Owner for any period during which any Assessments against that Owner's Parcel remain unpaid, and for a period not to exceed sixty (60) days, for any infraction of the Association's rules and regulations;

5.3.3 Guests.

The right of the Association to limit the number of guests of an Owner that may use the Common Elements at a given time;

5.3.4 Others.

Other rights of the Association as set forth in this Declaration or in the Act.

5.4 Delegation of Use.

In accordance with the Bylaws, and as restricted by this Declaration, any Owner may delegate his/her right of enjoyment in and to the Common Elements to the Owner's family members, tenants, contract purchasers, guests and invitees, subject to any limitations adopted by the Association or the Board.

5.5 Easement for Utilities.

The Board is authorized to grant such additional licenses, easements and rights of way for utilities and services as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Common Elements, or for the health, safety, convenience and welfare of the Owners.

6. ALLOCATED INTERESTS IN THE COMMON ELEMENTS

The Allocated Interests of each Parcel in the Common Elements and for all purposes, including voting, Assessments and ownership, shall be the fraction resulting from the numerator of one Parcel and a denominator of the number of Parcels then submitted to the Condominium. The calculation of Allocated Interests after combining Parcels shall be governed by Section 20 and shall not affect the total of Allocated Interests in the

Condominium. The ownership interests shall not be altered by variations in selling prices.

7. OWNERS' ASSOCIATION

7.1 Form of Association.

The Association shall administer the Condominium and shall be a nonprofit, incorporated association formed or to be formed under the provisions of this Declaration and the Act. The Association may use the name "Latitude 49 Owners Association", or such other name as may from time to time be selected by the Board of Directors.

7.2 Membership.

7.2.1 Qualification.

Each Owner (including Declarant) shall be a Member of the Association and shall be entitled to one membership for each Parcel owned; provided, if a Parcel has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as may hereafter be provided, and shall be the voting Owner unless otherwise specified in the contract of sale. Ownership of a Parcel shall be the sole qualification for membership in the Association and membership shall consist exclusively of Parcel Owners.

7.2.2 Transfer of Membership.

The Association membership of each Owner (including Declarant) shall be appurtenant to the Parcel giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon transfer of title to said Parcel. Any other transfer shall be void. Any Disposition of an Owner's interest in a Parcel shall operate automatically to transfer the membership in the Association to the new Owner thereof.

7.3 Voting.

7.3.1 Number of Votes.

The total voting power of all Owners (including Owners of all Parcels now or hereafter submitted to the Condominium) at all times shall be equal to the total number of Parcels in the Condominium. The total number of votes available to Owners shall be one vote per Parcel owned (equal to the Allocated Interests in the Common Elements pertaining to such Parcel as such Allocated Interests may be adjusted from time to time in accordance with Sections 3, 6, 19 and 20).

7.3.2 Voting Owner.

There shall be one (1) voting representative of each Parcel. Declarant shall be the voting representative with respect to any Parcels owned by Declarant. The voting representative shall be designated by the Owner or Owners of each Parcel by written notice to the Board and need not be an Owner. The designation shall be revocable at any time by written notice to the Board from a party having an ownership interest in a Parcel or by written or actual notice to the Board of the death or judicially declared incompetence of any party with an ownership interest. The power of designation and revocation may be exercised by the administrator or guardian and/or Owner of a Parcel. Where no designation is made, or where a designation has been made and revoked and no new designation made, if only one of the multiple Owners is present at a meeting, that Owner is entitled to cast the vote allocated to that Parcel; if multiple Owners are present and one of them casts the vote allocated to that Parcel without prompt protest to the person presiding at the meeting by any other Owner of that Parcel, the vote shall be valid.

7.3.3 Joint Owner Disputes.

The vote for a Parcel must be cast as a single vote. Fractional votes shall not be allowed. If joint Owners are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If more than one vote is cast for a particular Parcel, none of said votes shall be counted and said votes shall be deemed void.

7.3.4 Pledged Votes.

If an Owner is in default under a first Mortgage on a Parcel for a period of ninety (90) or more consecutive days, the Mortgagee shall automatically be authorized to elect at any time thereafter to vote on behalf of the Owner on all issues upon which the Owner has pledged the mortgagee his or her right to vote. If the Board has been notified in writing of any such pledge to a mortgagee or if an Owner has otherwise pledged his/her vote regarding special matters to a mortgagee under a duly recorded Mortgage or to a vendor under a duly recorded real estate contract, only the vote of such mortgagee or vendee will be recognized as to those special matters. Amendments to this Section shall only be effective upon the written consent of the voting Owners and their respective mortgagees, deed of trust beneficiaries, and vendors, if any.

7.4 Meetings, Audits, Notices of Meetings, Quorum.

7.4.1 Annual Meetings, Special Meetings.

There shall be an annual meeting of the Owners in the first quarter of each year (or such other date as the

Board by resolution or the Association may designate) at such reasonable place and time as may be designated by written notice of the Board mailed or delivered to the Owners not less than ten (10) days nor more than sixty (60) days prior to the date fixed for said meeting. Special meetings of the Owners may be called at any time for the purpose of considering matters for which rules and regulations adopted pursuant hereto require the approval of all or some of the Owners or for any other reasonable purpose. Such meetings shall be called by written notice of the President of the Association upon the decision by the President or upon written request by Owners having at least fifty percent (50%) of the total votes. Said notice shall be delivered not less than ten (10) days nor more than sixty (60) days prior to the date fixed for said meeting as provided in Section 21.3 of this Declaration. The notice for any meeting shall specify the date, 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 this Declaration or Bylaws, changes in the previously approved budget that result in a change of Assessment obligation, and any proposal to remove a director or officer of the Association.

7.4.2 Quorum.

The presence in person or proxy at the beginning of any Association meeting of Owners or their agents having twenty-five percent (25%) or more of the total votes of the Association shall constitute a quorum.

7.4.3 Proxy Votes.

Votes allocated to a Parcel may be cast pursuant to a proxy duly executed by the Parcel Owner, provided such proxy is in writing, signed by the Owner and filed with the Board of the Association prior to the date of the meeting in which such vote is cast. The Association shall also honor any proxies given by an Owner to a mortgagee in a Mortgage: PROVIDED, HOWEVER, the mortgagee shall have first delivered a copy of said Mortgage to the Association. If a Parcel is owned by more than one person, any Owner of the Parcel may vote or register protest to the casting of votes by the other Owners of the Parcel through a duly executed proxy. A Parcel Owner may not revoke a proxy 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 is purported to be revocable without notice. A proxy terminates eleven (11) months after the date of its issuance unless otherwise stated in the proxy.

7.4.4 Audit.

At the annual meeting, there shall be presented an audit (or review if authorized by the Association) of the Common Expenses for the preceding calendar year (or fiscal year, if adopted by resolution of the Board or the Association) and the allocation thereof to each Owner and the estimated Common

Expenses for the coming calendar year (or fiscal year, if adopted by resolution of the Board of the Association). The Board at any time, or by written request of Owners having at least fifty percent (50%) of the total allocated votes in the Association, may require an audit (or review if authorized by the Association) of the Association and management books be presented at a special meeting. An Owner may, at his/her own cost and expense, at any time make or cause an audit or review to be made of the books of the Board and Association.

7.4.5 Budget.

The Board shall submit a budget summary to the Owners and review the budget at a meeting of Owners within thirty (30) days of its adoption. The budget shall be deemed ratified, even if no quorum is present at the meeting, unless a majority of the voting power dissents or the Board fails to provide for the required Owner's review of the budget summary.

7.4.6 Surplus Funds.

Any Surplus Funds of the Association after payment of or provision for Common Expenses and any prepayment of reserves shall, in the discretion of the Board, either be paid to the Parcel Owners in proportion to the Common Expense Liabilities or credited in reduction of their future Common Expense Assessments.

7.5 Bylaws of Association.

7.5.1 Adoption of Bylaws.

Declarant shall adopt the initial Bylaws to provide for administration of the Condominium and organization of the Association consistent with this Declaration and the Act. To the extent required by the Act, the provisions of this Declaration, as applicable, shall be incorporated into the Bylaws. The initial Bylaws may be amended by Declarant acting alone at any time prior to the election of the first elected Board of Directors. Thereafter said Bylaws may be amended by sixty percent (60%) of the allocated votes at a meeting of the Association duly held for that purpose. Notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days, but not more than sixty (60) days prior to such meeting.

7.5.2 Bylaws Provisions.

The Bylaws shall include applicable provisions of this Declaration and may contain supplementary, not inconsistent, provisions regarding operation of the Condominium and administration of the Property. The Bylaws shall provide for:

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(a) The number, qualifications, powers, duties, terms of office, and manner of electing and removing the Board Members and officers and filling vacancies;

(b) Election by the Board of such officers of the Association as the Bylaws specify;

(c) Which, if any, of its powers the Board or officers may delegate to other persons or to a managing agent;

(d) Which of the Association officers may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; and

(e) The method of amending the Bylaws.

Subject to the provisions of this Declaration, the Bylaws may provide for any other matters the Association deems necessary and appropriate. Notwithstanding any other provisions contained in the Act or this Declaration, for purposes of appointing or electing officers or directors of the Association, the term "Owner" shall be deemed to include any director, officer, partner in, or trustee of any person, who is, either alone or in conjunction with another person or persons, an Owner. Any officer or director of the Association who would not be eligible to serve as such if he or she were not a director, officer, partner in, or trustee of such a person shall be disqualified from continuing in office if he or she ceases to have any such affiliation with that person, or if that person would have been disqualified from continuing in such office as a natural person.

7.6 Association Records.

The Association shall keep financial records sufficiently detailed to enable the Association to comply with the resale certificate requirements of the Act. All financial and other records of the Association, including but not limited to checks, bank records and invoices are the property of the Association but shall be made reasonably available for examination and copying by the manager of the Association, by any Owner or the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association which shall be audited by a certified public accountant unless the audit is waived by Owners having sixty (60%) percent of the allocated votes in the Association. Association funds shall be kept in accounts in the Association's name and shall not be commingled and checks expending reserve funds of the Association must be signed by two officers or directors of the Association.

8. MANAGEMENT OF CONDOMINIUM

8.1 Management by Declarant.

8.1.1 Declarant Control Period.

Declarant shall control the Association until the earlier of (a) sixty (60) days after Conveyance of seventy-five percent (75%) of the Parcels which may be created to Owners other than Declarant; (b) two years after last Conveyance or transfer of a Parcel by Declarant except as security for a debt; (c) two (2) years after the last exercise of Development Rights to add new Parcels to the Condominium; or (d) the date on which Declarant records an amendment to the Declaration voluntarily surrendering its right to appoint and remove Board officers and members. During the Declarant Control period, Declarant may surrender the right to appoint officers and members of the Board, provided however, Declarant may require, by provisions in such recorded instrument, for the duration of the Declarant Control period, that specified actions of the Association or Board be approved by Declarant before becoming effective. To carry out this provision, Declarant may, from and after the date of recording hereof, adopt and enforce Bylaws and reasonable rules and regulations for the Association, may give notice and call meetings, determine, assess, collect, receive and expend assessments and Association funds, hire a manager or other employees or service agencies as required, purchase supplies and equipment and determine maintenance and other policies, contract for required services, property and insurance, have the exclusive right to contract for all goods and services, set up and constitute Association books and accounts, and generally exercise all powers necessary to carry out the provisions of this Declaration and itself or through a managing agent manage the Condominium development. Acceptance of an interest in the Parcels described in this Declaration evidences acceptance of this management authority in Declarant for the initial period of condominium operation indicated and in carrying out the same, Declarant is entitled to the benefits of all powers, indemnities and protections provided in this Declaration for the Board.

8.1.2 Transfer of Control.

Declarant shall transfer control of the Association in accordance with RCW Section 64.34.312.

8.2 Management by Board.

8.2.1 Composition.

Prior to the termination of the period of Declarant control, Declarant or a person appointed by Declarant may appoint and remove officers and members of the Board. However, not later than sixty (60) days after Conveyance of twenty-five (25%) percent of the Parcels which may be created to Owners other than

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Declarant, at least one Member and not less than twenty-five (25%) percent of the Members of the Board must be elected by Owners other than Declarant. Not later than sixty (60) days after Conveyance of fifty (50%) percent of the Parcels which may be created to Owners other than Declarant, not less than thirty-three and one-third (33.33%) percent of the Members of the Board must be elected by Owners other than Declarant.

8.2.2 Election.

Within thirty (30) days after termination of the period of Declarant Control, the Owners shall elect a Board of at least three Members, a majority of whom must be Owners. The Board shall elect the officers. The Board and officers shall take office upon election. At each annual meeting, subject to the provisions of Section 8.1 and 8.2.1 hereof, the Owners shall elect directors to replace those whose terms have expired: PROVIDED, HOWEVER, the first Board elected hereunder may be elected at a special meeting duly called by Declarant and shall serve until the first annual meeting. Nomination of a slate of candidates for the first elected Board may be made by Declarant. Nominations of a slate of candidates for subsequent Boards may be made by a nominating committee composed of three (3) or more Owners who are not Board members, selected by the Board. Additional nominations may only be made by a petition signed by at least fifty (50) Owners.

8.2.3 Term.

The term of the Board appointed by Declarant shall be determined by Declarant. The terms of office of the first elected Board shall be three (3) or less years and shall be staggered. The first elected Board shall determine which of the directors shall have lesser terms than three (3) years. All subsequent members of the Board shall be elected for a term of three (3) years or such lesser term as may from time to time be provided by the Bylaws. The members of the Board shall serve until their respective successors are elected or until their death, resignation or removal; PROVIDED, HOWEVER, that if any member ceases to be an Owner (including the special definition of Owner in Section 7.5.2), that person's membership on the Board shall thereupon terminate. In the event of a vacancy occasioned by any cause other than removal, the remaining Board Members may select a replacement Board Member who shall serve until the next annual meeting or until any special meeting called to elect a new Board Member.

8.2.4 Removal.

Any Board Member may be removed from membership on the Board by the Owners, with or without cause, and a successor elected for the unexpired term, by a two thirds (2/3) vote of the voting power in the Association present and entitled to vote at any meeting of the Owners at which a quorum is present.

Notwithstanding the foregoing, any Members of the Board appointed by Declarant may be removed and replaced solely by Declarant, and during the period of Declarant Control any Member of the Board elected by the Owners other than Declarant may be removed only by a two-thirds (2/3) vote of such Owners.

8.2.5 Proceedings.

A quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting. The decision of a majority of those present shall be the act of the Board. From its membership, subject to Section 8.1 hereof, the Board shall elect a President of the Board and the Association who shall preside over both its meetings and those of the Owners. The Board shall additionally elect a Vice President, Secretary and a Treasurer. The latter two offices may be combined and the manager or managing agent may perform the function of these offices under the direction of the Association officers if the Board so directs. Meetings of the Board may be called, held and conducted in accordance with this Declaration and such Bylaws and regulations as the Board may adopt. The Board may also act without a meeting by unanimous written consent of its members as evidenced by their signatures upon any minutes or resolutions of the Board.

8.3 Authority of the Board.

The Association through the Board of Directors shall enforce the provisions of this Declaration and the Bylaws for the benefit of the Condominium and the Owners and shall have all of the powers and authority permitted to the Association under the Act and this Declaration.

8.3.1 Delineation of Authority.

Such authority should include but may not be limited to authority to do the following:

- (a) Adopt, amend and enforce Bylaws, rules and regulations.
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Owners.
- (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors.
- (d) Engage in litigation proceedings in the Association's name on behalf of itself or two or more Owners on matters affecting the Condominium.

(e) Make contracts and incur Common Expense Liabilities.

(f) Regulate the use, maintenance, repair, replacement and modification of Common Elements.

(g) Improve the Common Elements.

(h) Acquire, hold, convey, and encumber real and personal property subject to the provisions of RCW 64.34.348.

(i) Grant easements, leases, increases and concessions over and through the Common Elements and petition for and consent to vacation of streets and alleys adjacent to the Condominium.

(j) Charge fees for use of Common Elements and Limited Common Elements (except those described in Section 5.2 hereof) and for services provided to Owners.

(k) Impose and collect charges for late payment of Assessments pursuant to RCW 64.34.425, after ten (10) days notice and opportunity for hearing before the Board or other persons designated by the Board, in accordance with the Bylaws and rules of the Association, and levy reasonable fines in accordance with a previously established schedule adopted by the Board and given to the Owners for violations of the Declaration, Bylaws and/or rules of the Association.

(l) Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates and statements of assessments.

(m) Provide for indemnification of officers of the Board and purchase directors and officers liability insurance.

(n) Exercise any other power conferred by the Declaration or the Bylaws or exercisable by any other non-profit corporation not inconsistent herewith, and any other power necessary and proper for the governance and operation of the Association and the Condominium.

8.3.2 Common Expense Liabilities.

Among the Common Expense Liabilities which may be incurred and paid out of the Common Expenses fund hereafter provided for are:

(a) Water, sewer, garbage collection, electrical, telephone (except personal telephone), gas, metered washers and dryers, master or cable TV systems, and any other necessary utility service as required for the Common Elements.

(b) Policies of insurance or bonds as the same are more fully required herein or in the Bylaws.

(c) Services of persons or firms for the operation of the Common Elements whether employed directly by the Board, Declarant or managing agent or furnished by the managing agent, or, during the period of Declarant Control. If Declarant elects to provide management services for the Condominium during the period of Declarant Control, Declarant shall be compensated for said services at the prevailing rate for such services in the Blaine, Washington area.

(d) Legal and accounting services for the administration of the Common Elements, the enforcement of this Declaration, or such other matters as may be reasonably or necessarily required for or to protect the Association or the Common Elements.

(e) Painting, maintenance, repair, landscaping and gardening work for the Common Elements, and furnishing and equipping the Common Elements as determined by the Board.

(f) Any other materials, supplies, labor, services, maintenance, repairs, alterations, insurance, taxes or assessments which the Board is required to secure by law or which in its opinion is necessary or proper for the operation and/or safety of the Common Elements or for the enforcement of this Declaration, and/or to comply with any applicable requirements of the County of Whatcom and/or any other governmental entity, provided that if for any reason such are provided or done for particular Parcels or their Owners, the cost thereof shall be specially assessed to the Owners of such Parcels.

(g) Maintenance or repair of any Parcel or its appurtenances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium if the Owner(s) of said Parcel(s) have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered and opportunity given to be heard, by the Board or its designated representative. The Board shall levy a special Assessment against the Parcel of such Owner(s) for the cost of such maintenance or repair.

(h) Any amount necessary to discharge any lien, encumbrance or assessment 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.

(i) Payment of all Common Expense Liabilities out of the Assessments paid by Owners or by such other means as may be permitted by this Declaration, the Bylaws, the Act or any other laws of the State of Washington.

(j) Purchase of tangible and intangible personal property for the benefit of the Owners, in the name of the Association. The beneficial interest in such property shall be owned by the Owners in the same proportion as their respective interests in the Common Elements, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Owner and the Association as the Board may direct.

8.3.3 Limitations on Expenditures.

The Board shall not, in any event acquire real property or personal property valued in excess of Five Thousand Dollars (\$15,000) by lease or purchase or acquire and pay out of the Common Expenses fund for alterations, capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of the sum of Ten Thousand Dollars (\$10,000), without first obtaining the affirmative vote of Owners holding a majority of the allocated votes present or represented at a meeting called for such purpose, or if no such meeting is held, then the written consent of voting Owners having a majority of the allocated votes; PROVIDED, HOWEVER, any expenditure or contract for alterations, capital additions or improvements in excess of the sum of Fifty Thousand Dollars (\$50,000) must be approved by Owners having not less than sixty percent (60%) of all allocated votes of the Association.

8.3.4 Entry to Parcels.

The Board and its agents or employees may enter any Parcel 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 out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by or is the responsibility of the Owner of the Parcel entered, in which case the cost shall be specially assessed to the Parcel entered) or for the purpose of maintenance, or repairs to Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance is requested or necessitated by the Owner of the Parcel entered, the costs thereof shall be specially assessed to such Parcel. Nothing herein contained shall be construed as granting the Association any right to enter any Recreational Vehicle or other structures located on a Parcel without the Owners consent.

8.3.5 Power of Attorney.

Each Owner by the act of becoming an owner of a Parcel shall irrevocably appoint the Association as such Owner's attorney in fact, with full power of substitution to take such action as may be reasonably necessary to properly perform the duties of the Association and Board hereunder, including but not limited to, the duties to maintain, repair and improve the Condominium or Property, to deal with Parcels or the Owners thereof upon damage, destruction, condemnation or a taking (subject to the provisions of Section 13) and to secure insurance proceeds.

8.3.6 Standard of Care.

In exercising power and authority, those Board members appointed by Declarant shall be held to be standard of care of a fiduciary to the Owners and those Board Members elected by the Owners shall be held to a standard of ordinary and reasonable care.

9. USE AND OCCUPANCY RESTRICTIONS

9.1 Limitation on Uses and Occupancy.

Each Parcel is restricted by the provisions set forth in the Declaration of Covenants, Conditions and Restrictions for Latitude 49 Resort Park recorded May 13, 1991 under Whatcom County Recording No. 910513141, Volume 194, Pages 210 through 217 inclusive of Official Records of Whatcom County and is further restricted to the following:

9.1.1 Residence.

Seasonal or recreational residential use by the parking and occupancy of one Park Model Recreational Vehicle; or the parking and occupancy of one motor-home or travel trailer on certain Parcels in an area or areas to be designated by Declarant or by resolution of the Board of Directors of the Association from time to time.

9.1.2 Parking.

The parking of no more than two licensed motor vehicles. Notwithstanding the foregoing, Owners who have guests intending to stay in a motor home, trailer, or other form of recreational vehicle, may secure written permission from the Board of Directors or its authorized representative, for said guests to park said vehicle upon the Parcel owned by said Owner for a period of up to two (2) weeks. Said privilege shall only exist after written permission has been obtained from the Board or its authorized representative and may not be exercised more often than once in any three-month period;

9.1.3 Other Structures and Improvements.

The placement of only such other structures and improvements as are herein permitted; and

9.1.4 Period of Occupancy.

Occupancy for no more than one hundred eighty days during any one year time period or such longer period as may be allowed by Whatcom County.

9.2 Permissible Additions.

Subject to approval of the Board as to location, design, materials and finish, and further subject to the limitation that the "footprint" of impervious surfaces on any one Parcel may not exceed 1,250 square feet including the Recreational Vehicle, a Parcel may contain in addition to the Recreational Vehicle:

9.2.1 Storage.

One storage shed of no more than one hundred (100) square feet of floor space and no higher than eight (8) feet, constructed of materials and color compatible with the Recreational Vehicle which may be located upon the Parcel;

9.2.2 Decks, Etc.

A deck or porch, whether uncovered or covered by a roof or semi-permanent cover and whether open-sided, ~~fully enclosed or partially enclosed~~, attached or adjacent to the Recreational Vehicle, provided it is not longer nor higher than the Recreational Vehicle and is not more than eight (8) feet in width, except that an extension in width of up to an additional four (4) feet may be allowed by special permission of the Board;

9.2.3 Carport.

A carport to accommodate one or two vehicles provided it is not higher than the Recreational Vehicle at any point, is not higher than ten (10) feet at the lowest point and is walled on no more than one side;

9.2.4 Awning.

An awning adjacent to the Recreational Vehicle, whether free-standing or attached to the Recreational Vehicle, provided it is not longer nor higher than the Recreational Vehicle and is not more than eight (8) feet in width, except that an extension in width of up to an additional four (4) feet may be allowed by special permission of the Board;

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9.2.5 Trellis, Planter, Etc.

A trellis, planter box or stub wall constructed around the patio or area covered by an awning, provided it does not exceed thirty-two (32) inches in height;

9.2.6 Fence.

Fences of an approved design not to exceed five (5) feet in height, located not closer than ten (10) feet to any roadside Parcel line and constructed so as not to impede access from the road to electric and gas meters; and

9.2.7 Driveways. A driveway of an approved design, not to exceed eighteen (18) feet in width may be constructed on a Parcel, provided there shall be only one driveway entrance per Parcel. There shall be no driveway through any Parcel. For any Parcel bordering on both a cul de sac and a Common Element roadway or street, the driveway should be constructed to border on the cul de sac where practicable; and CONCRETE OR

9.2.8 Miscellaneous.

Tables, benches, chairs, fireplaces and grills.

9.3 Approval.

Prior to placing a Recreational Vehicle, storage shed, deck, porch, carport, awning, trellis, planter box, stub wall, fence or other permitted item upon a Parcel, certification must be obtained from the Board or its designated representative that said item will be in conformance with this Declaration and the reasonable rules and design restrictions of the Association. The Board may approve, or designate an agent to approve, reasonable variances from the provisions of this Section 9. Where a building permit or other governmental permit is also required, such shall be obtained by Owners from the governmental agency or agencies having appropriate jurisdiction and evidence thereof provided the Association.

9.4 Setbacks.

Recreational Vehicles, storage sheds and any other structure, whether permanent or semi-permanent, shall be located on Parcels in compliance with all governmental setback requirements and rules of the Board. In no event is any structure other than a fence, planter box, trellis or stub wall to be located within three (3) feet of the rear of a Parcel, ten (10) feet of the roadside boundary of a Parcel (Parcels may have more than one roadside boundary) or two and one-half (2.5) feet of the side of a Parcel except that side yard setback shall be five (5) feet from the common boundaries of Parcels 22 and 23, 25 and 27, 30 and 31, 36 and 39, 40 and 48, 41 and 42, 52 and 53, 56 and 57, 59 and 60, 64

and 65, 74 and 75, 78 and 79, 81 and 82, 87 and 88, 92 and 93, 101 and 102, 106 and 107, 112 and 115, 120 and 122, 124 and 126, 150 and 151.

9.5 Minor Guest Restrictions.

Guests under age 21 must be registered with the Association.

9.6 No Tents.

No tents or sheds may be used at any time as a residence in the Condominium.

9.7 Business or Offensive Activities.

No noxious, offensive, immoral or illegal trade or activity may be performed upon any Parcel or in the Common Elements, nor shall anything be done within the Condominium which may be or become an annoyance or nuisance to the neighborhood, or detract from the appearance of the neighborhood. No part of the Property shall be used for business, professional, commercial, religious, or institutional purposes, except for the activities of the Association in furtherance of its powers and purposes and sales activities of Declarant. Nothing shall be done to or within a Parcel or Recreational Vehicle which will increase the rate of insurance on the Common Elements or other Parcels. Each Parcel and Recreational Vehicle shall be kept in a reasonably sanitary condition, free of offensive odors and insect infestation. No rubbish or debris of any kind shall be placed or permitted to accumulate upon a Parcel or in a Recreational Vehicle or adjacent to any Parcel and no odors or insect infestation shall be permitted to arise or escape therefrom, so as to render the Property or any such Parcel or portion thereof unsanitary, unsightly, offensive or detrimental to the Property or other Parcels in the vicinity thereof or to occupants. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on the Property.

9.8 Signs.

No billboard or sign (other than a name and address sign meeting written rules and regulations of the Board) of any nature whatsoever shall be displayed or placed upon any Parcel, or on the outside of any Recreational Vehicle, or in any window, or in or on a vehicle parked on the Property. "For Sale" and "For Lease" signs are specifically prohibited from being placed on any Parcel. The Property is declared to be a community free from solicitation or other commercial advertising. No signs shall be permitted on any of the Common Elements without the prior written consent of the Board.

9.9 Outside Lighting.

Except as may be installed by the Declarant, no spotlights, floodlights or similar type high intensity lighting shall be placed or utilized upon any Parcel which in any way allows light to be reflected on any other Parcel, or on the improvements thereon, or upon the Common Elements, or any part thereof, without the prior written authorization of the Board. Other types of low intensity lighting which do not disturb the Owners or other occupants of the Property shall be allowed.

9.10 Animals.

No animals, other than a reasonable number of generally recognized house or yard pet animals, shall be maintained on any Parcel and then only if kept as pets and not for breeding or commercial purposes. No animal shall be allowed to make an unreasonable amount of noise (as determined by the Board) or otherwise become a nuisance. The Board shall, upon written request by any Member, conclusively determine, in its sole discretion, whether for purposes of this Section, a particular animal is a generally recognized pet, or a nuisance, or whether the number of animals on any such Property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein. All pets must be kept on a leash or otherwise confined when not within the Recreational Vehicle on a Parcel. The Owner of a Parcel on which a pet resides shall be responsible for immediate clean up of all fecal material created by their pet or be subject to assessment of a suitable "pet clean up fee" as determined by the Board. Pets are only allowed in "Pet Areas" as designated in Section 1.6.30.

9.11 Regulation of Parking.

All permitted vehicles must be parked on a Parcel or in such areas designated by the Board in writing by its rules and regulations. Except as varied by written rules adopted by the Board:

9.11.1 Streets.

No vehicles shall be parked on any Common Element roadway within the Condominium at any time, except for emergency or delivery vehicles temporarily there; and

9.11.2 Common Parking Spaces.

Parking spaces in Common Elements throughout the Property are exclusively for the Owners' guests and their invitees using the recreational facilities and are not to be used for storage, overnight parking, or any similar use. The Association shall have the authority to operate, manage and use such parking spaces for and on behalf of all Owners.

9.12 Windows.

No reflective materials, including, but not limited to, aluminum foil, reflective screens or glass, mirrors or similar type items, shall be permitted on any Parcel or Recreational Vehicle so as to be visible from outside the Recreational Vehicle, except as permitted by the Board.

9.13 Laundry Facilities.

Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any portion of the Property. No washing machines or dryers shall be kept or maintained on any Parcel, except within a Recreational Vehicle, without prior written approval of the Board. If approved by the Board (or its designee) and proper governmental permits are obtained, washers and dryers may be operated in storage sheds.

9.14 Mineral Exploration.

No portion of Property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

9.15 Boats, Bicycles, Trash and Incidentals.

All boats, bicycles, equipment, boxes, woodpiles, storage piles, and other similar items shall be kept so as to conceal them from view of neighboring property and the Common Element roadways and streets. Rubbish, trash and garbage shall not be burned nor allowed to accumulate on any Parcel or on the Property. No incinerators shall be permitted on the Property. All trash, rubbish, and household garbage shall be stored in secure containers. Pickup and disposal shall be the responsibility of the Owner(s) of each Parcel.

9.16 Noisy Equipment.

Except for emergencies, no equipment which gives off disturbing sounds or loud noises, including, but not limited to, radios, stereos, televisions, phonographs, lawn mowers, power hedge clippers, power chain saws, mopeds, motorcycles and other similar noisy equipment, shall be operated on any part of the Property except in a reasonable and non-offensive manner.

9.17 Rentals and Timeshare.

No portion of the Property, except an entire Parcel, may be rented, and then only to a maximum of two (2) adults for Residential Purposes, for a continuous period of at least thirty (30) days (unless rented by the Association or Declarant), and pursuant to a written lease.

9.17.1 Lease Provisions.

All leases shall contain a provision in which the tenant agrees to submit to the terms and conditions of this Declaration, the Articles, the Bylaws and the rules and regulations adopted by the Board as though such tenant were an Owner. Each Owner shall cause the tenant, occupant or persons living with the Owner or with the tenant, to comply with this Declaration, the Articles, the Bylaws and the rules and regulations adopted by the Board, and the Owner shall be responsible and liable for all violations and losses caused by the Owner's tenants and occupants, tenants and visitors, notwithstanding the fact that the tenants and occupants of the Parcel should also be fully liable for the violations.

9.17.2 Right of Association Against Tenants.

In the event that a tenant, occupant or persons living with the tenant violates a provision of the Declaration, the Articles, the Bylaws or rules and regulations adopted by the Board, the Association shall have the power to bring an action or suit against the tenant to recover sums due for damages or for injunctive relief, or for any other remedy available at law or equity. The Association's costs in so doing, including, but not limited to, reasonable attorney's fees, together with interest as provided in Section 10.7, shall be reimbursed by the tenant to the Association and shall constitute a lien on the applicable Parcel which may be enforced in the manner described in Section 10.7.

9.17.3 Right to Restrict Use of Recreational Facilities.

The Board shall also have the power to suspend the right of the tenant, occupant or person living with the tenant to use the recreational facilities in the Common Elements for any violation by the tenant, occupant or person living with the tenant, of any obligation and/or responsibility imposed under this Declaration, the Articles, the Bylaws or the rules and regulations adopted by the Board. No suspension of the right of a tenant, occupant or person living with the tenant to use the recreational facilities on the Common Elements may be for a period longer than sixty (60) days (except that the foregoing limitation shall not affect or prevent termination of the applicable lease if permitted by the terms of the lease or otherwise by applicable law).

9.17.4 Rental Service.

The Declarant, or upon its transfer of Declarant Control as provided in Section 8.1.2, and the Act, the Association, may provide a rental and collection service for a fee. All rentals for a term of less than thirty (30) days must be handled through the Declarant or Association. The provisions of

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this Section 9.17.4 shall not apply to rental of Common Elements by the Association.

9.17.5 Timeshare.

Timesharing of a Parcel is prohibited. Owners shall not participate in the loaning, renting, leasing or other form of compensated or contractual "sharing" arrangement with third parties (except as specifically provided herein). The joint ownership of a Parcel shall not be deemed a timeshare under this provision.

9.18 Obstruction of Common Elements.

There shall be no obstruction of the Common Elements, nor shall anything be left or stored in or on the Common Elements except by or with permission of the Association.

9.19 Exterior Exposure.

No Owner shall cause or permit anything to be hung or displayed on the outside of doors or placed on the outside walls of a Recreational Vehicle, and no sign shall be affixed to or placed upon the exterior walls of a Recreational Vehicle or any other structure located on a Parcel, and no sign shall be affixed to or placed upon the exterior walls or roof of any part thereof, without the prior written consent of the Board. No evaporative coolers, ventilation fans or solar panels may be placed on any roof of a Recreational Vehicle or elsewhere on a Parcel so as to be visible from view of neighboring property, Common Element roadways or streets without the prior written consent of the Board. Factory built outdoor heating or air-conditioning units of a type approved by the Association may be placed on a slab adjacent to the Recreational Vehicle.

9.20 Laundry and Rubbish in Common Elements.

No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

9.21 Alteration of Common Elements.

Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board.

9.22 Propane Tanks.

Only propane tanks utilized in connection with barbecue grills, motor vehicles and Recreational Vehicles as attached by the manufacturer of same shall be permitted on any Parcel. The use and storage of propane tanks must be in compliance

with applicable rules of the Board, applicable laws, rules and governmental regulations.

9.23 Antennas.

No antenna or dish type antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any portion of any Parcel whether attached to a building or structure or otherwise, unless and except as approved in writing by the Board.

9.24 Rules and Regulations.

The Board or the Association is empowered to pass, amend and revoke such additional rules and regulations (or "House Rules") as it may, from time to time, deem necessary or convenient to ensure compliance with the general guidelines of this Section 9, the other provisions of this Declaration, Bylaws and other rules and regulations adopted by the Association. Violation of any such additional rules and regulations, if any, provided in writing to any Owner shall subject any Owner to an action by the Association as provided in Section 14.

9.25 Reservation of Special Declarant Rights.

Notwithstanding anything contained herein to the contrary, none of the use restrictions contained in this Section 9, nor any other restriction contained in this Declaration, shall be construed or deemed to limit or prohibit any act of the Declarant or its employees, agents and subcontractors, or parties designated by any of them, in connection with the exercise of any Special Declarant Rights as defined and described in Section 1.6.35 or elsewhere in this Declaration. By way of illustration and not limiting the generality of the foregoing, the Declarant shall have the right to place "For Sale" or "For Rent" signs on any unsold or unoccupied Parcels or Recreational Vehicles, and to place such other signs on the Property as Declarant may determine in its discretion to be useful in selling unsold Parcels or Recreational Vehicles, and the Declarant may occupy or give any person permission to occupy Parcels or the Common Area for sales and clerical activities, and for the purpose of maintaining model Recreational Vehicles, for display, promotion and the like. Further, the Declarant shall have the right to use the clubhouse or other building at the Property as a sales office without paying rent.

10. COMMON EXPENSES AND ASSESSMENTS

10.1 Definition of Common Expenses.

Common Expenses include those expenses defined in the Act or this Declaration incurred by the Association (or the Declarant or the Declarant's managing agent acting on behalf of the

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Association during the period of Declarant Control) in the operation, management, administration, maintenance, and repair of the Condominium pursuant to the terms of this Declaration or as may be otherwise required or permitted by the Bylaws.

10.2 Covenant for Assessments.

The Declarant, for each Parcel within the Property, hereby covenants, and each Owner of any Parcel by acceptance of a deed therefor, whether or not it is expressed in such deed, is deemed to covenant, and agree, for the Owner and the Owner's heirs, personal representatives, successors and assigns, that each and every Parcel within the Property shall be subject to an Assessment which the Owner of each Parcel agrees to pay to the Association. Each Parcel's Assessment shall consist of:

10.2.1 Individual Assessments.

Any individual Assessment applicable to the Parcel pursuant to Section 10.11 hereof or other provisions of the Declaration;

10.2.2 Regular Assessments.

A pro rata share of the regular Assessment set forth in Section 10.8 hereof; and

10.2.3 Special Assessments.

A pro rata share of any special Assessment as set forth herein.

The pro rata share of the Common Expense Liability of each Parcel shall be equal to its Allocated Interests as the same may change from time to time.

10.3 Commencement Date and Collection.

Common Expense Assessments provided for in this Declaration shall commence as to all Parcels on such date as determined by the Association based on a budget adopted by the Association. Until such time Declarant shall pay all Common Expenses. Further Declarant shall pay any expenses related to any portion of the Property with respect to which Declarant has reserved Development Rights. The Association shall fix the amount of each Parcel's regular Assessment on an annual basis based on the budget approved by the Association and at least thirty (30) days in advance of each annual Assessment period. The first regular Assessment period shall be adjusted according to the number of months remaining in the Association's fiscal year. The Assessments may be collected on a monthly basis, or on such other, less frequent basis as the Board may determine. Written notice of the amount of annual Assessments, the due dates of installment payments on such Assessments, and the address for remittance, shall be sent

to each Owner. The Association shall, upon request, and for a reasonable clerical charge, furnish a certificate of the Association setting forth whether the Assessments on a Parcel have been paid and the current status of the Assessments against the Parcel. The certificate so issued shall be binding upon the Association.

10.4 Creation of Lien and Personal Obligations.

The Association has a lien on each Parcel for any unpaid installment of an Assessment levied against a Parcel from the time such payment is due.

A Lien under this section shall be prior to all other liens and encumbrances on a Parcel except: (i) liens and encumbrances recorded before the recording of this Declaration; (ii) a Mortgage on the Parcel recorded before the date on which the Assessment sought to be enforced became delinquent; and (iii) liens for real property taxes and other governmental assessments or charges against the Parcel. A lien under this section is not subject to the provision of RCW 6.13.

(a) Except as provided in Sections 10.4(b) and 10.4(c) of this Section 10.4, the lien shall also be prior to the Mortgages described in Section 10.4(ii) above to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association which would have become due during the six months immediately preceding the date of a 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 nonjudicial 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.

(b) The priority of the Association's lien against a Parcel 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 10.4(a) of this Section includes delinquencies which relate to a period after such holder becomes an Eligible Mortgagee or has given such notice and before the Association gives the holder a written notice of the delinquency. This shall not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

(c) If the Association forecloses its lien nonjudicially pursuant to RCW 61.24 as provided by Section 10.6, the Association shall not be entitled to the lien priority provided for under Section 10.4(a) of this Section.

10.5 Perfecting of Lien.

Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments 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 Whatcom County, Washington. Such recording shall not constitute the written notice of a mortgage referred to in Section 10.4.

10.6 Limitations on Action and Enforcement.

10.6.1 Three Year Limitation.

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.

10.6.2 Judicial/Nonjudicial Enforcement.

A lien for unpaid Assessments may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12. The lien arising under this section may be enforced nonjudicially in the manner set forth in RCW 16.24 for nonjudicial foreclosure of deeds of trust. In furtherance thereof, Declarant hereby grants the Parcels in trust to Chicago Title Insurance, its successors and assigns as a trustee to secure the obligations of the Owners to the Association for the payment of Assessments, with power of sale, and represents the Parcels are not used principally for agricultural or farming purposes. The power of sale granted herein is operative in the case of a default in the obligation to pay Assessments. The Association or its authorized representative shall have the power to purchase the Parcel 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 10.6 shall prohibit the Association from taking a deed in lieu of Foreclosure.

10.6.3 Receiver.

From the time of commencement of an action by the Association to Foreclose a lien for nonpayment of delinquent Assessments against a Parcel 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 Parcel as and when due including without limitation the rental due with respect to any Recreational Vehicle or other structures located on the Parcel. If the rental is not paid, the receiver may obtain possession of the Parcel, refurnish it for rental up to a reasonable standard for

rental Parcels or Parcels in this type of condominium, rent the Parcel 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 Parcel, 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 Parcel.

10.7 Liability of Mortgagees and Purchasers.

10.7.1 Limitation on Liability.

Except as provided in Section 10.4 above, the holder of a mortgage or other purchaser of a Parcel who obtains the right of possession of the Parcel 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 Parcel Owners, including such mortgagee or other purchaser of the Parcel. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Parcel prior to the date of such sale as provided in this Section.

10.7.2 Joint and Several Liability.

In addition to constituting a lien on the Parcel, each Assessment shall be the joint and several obligation of the Owner or Owners of the Parcel to which the same are assessed as of the time the Assessment is due. In a voluntary Conveyance the grantee of a Parcel shall be jointly and severally liable with the grantor for all 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.

10.7.3 Late Charges/Interest.

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 at the maximum rate permitted under RCW 19.52.020 commencing on the date on which the Assessments became delinquent.

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10.10.1 Limited Common Elements.

Any Common Elements associated with the operation, maintenance, repair, or replacement of a Limited Common Element shall be paid by the Owner of or assessed equally against the Parcels to which the Limited Common Element is assigned;

10.10.2 Parcels Benefitted.

Any Common Expense or portion thereof benefiting fewer than all of the Owner shall be assessed exclusively against the Parcels benefitted;

10.10.3 Insurance and Liabilities.

The costs of insurance may be assessed in proportion to usage for utilities separately metered or where other means of reasonably determining usage is available.

10.11 Individual Assessment for Maintenance and Restoration of Owner's Parcel.

10.11.1 Association's Right to Restore.

If the Owner of a Parcel fails to maintain his Parcel in a neat and clean condition, and generally in a manner satisfactory to the Board as set forth in the rules and regulations adopted pursuant to Section 9.24, the Association, through its agents, employees and/or independent contractors, shall have the right, but not the obligation, and each Owner expressly grants and assigns the Association the right (subject to prior notice as hereafter set forth), to enter upon such Owner's Parcel and to repair, maintain, rehabilitate and restore the Parcel, yard, patio, awning, shed, utility cables and connections and exterior of any Recreational Vehicle located on the Parcel, to the condition deemed satisfactory to the Board. The cost thereof shall be charged against and collected from the Owner of the Parcel, the amount thereof to be paid by the Owner within thirty (30) days from the date of an invoice sent to the Owner, and further, this amount shall be secured by and shall be subject to all provisions regarding the Assessment lien as provided in this Section 10.

10.11.2 Notice and Opportunity for Hearing.

Prior to exercising the right of restoration, the Association shall give written notice to the Owner of the Parcel specifying the necessary repairs, maintenance, rehabilitation or restoration to be undertaken, and granting the Owner thirty (30) days to accomplish the same. If, at the end of the thirty (30) day period, the work required to be performed has not been completed, or has been completed in a manner unsatisfactory to the Board, or if, in the opinion of the Board, sufficient action has not been taken to effect same, then, the

Association shall have the right, as above set forth, to make such repairs, maintenance, rehabilitation or restoration.

10.11.3 No Entry to Recreational Vehicle.

Nothing herein contained shall be construed as granting the Association any right to enter into or inside any Recreational Vehicle located on a Parcel without the Owner's consent.

11. INSURANCE AND FIDELITY BONDS

11.1 Insurance to be Obtained by the Association.

Commencing not later than the time of the first Conveyance of a Parcel to a person other than Declarant, the Association shall maintain, to the extent reasonably available:

11.1.1 Hazard Insurance.

Property insurance on the entire Condominium, which shall include equipment, improvements, and betterments on any Parcel or Common Elements installed by the Declarant or the Owners, against all risks of direct physical loss commonly insured against including loss or damage by fire or other hazards, casualties and risks embraced within the coverage of the standard "extended coverage" policy available from time to time in the State of Washington, against all other perils customarily covered for similar types of projects (including those covered by the standard "all risk" endorsement), and against loss or damage due to vandalism and malicious mischief. Said insurance shall be in an amount equal to not less than one hundred percent (100%) of the current replacement cost at the time the insurance is purchased and at each renewal date, from time to time, of all such insurable improvements (excluding land, foundations, excavations and other items usually excluded from such property insurance coverage). The policy or policies providing such insurance shall also contain (if available at no additional cost or at such additional cost as may be determined to be reasonable by the Board), the following endorsements (or their equivalents): (i) "agreed amount" and "inflation protection" endorsements; (ii) "increased cost of construction" endorsements; (iii) "contingent liability from operation of building laws or codes" endorsement; (iv) "demolition cost" endorsement; (v) a steam boiler coverage endorsement providing not less than \$50,000 coverage for each accident at each location; and (vi) a "severability of interest" endorsement which shall preclude the insurer from denying a claim of an Owner because of the negligent acts of the Association or other Owners.

11.1.2 Liability Insurance.

Comprehensive public liability insurance including medical payments, covering all occurrences commonly insured against, including all damage, bodily injury, death and