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CONDOMINIUM DECLARATION  
NEWCOURT, A CONDOMINIUM

*Michael Smith*

CHG INTERNATIONAL, INC., a Washington corporation, referred to in this Declaration as the "Sponsor" is the owner of the property hereinafter described and submits the land described in Paragraph 1 below, together with all buildings, improvements, and structures thereon, and all easements, rights, and appurtenances belonging thereto, and all items of personalty intended for use in connection therewith (collectively referred to in this Declaration as the "Property"), to the provisions of the Horizontal Property Regimes Act of the State of Washington (RCW 64.32 et seq.) referred to herein as the "Act".

1. Description of Land

A parcel of land, located in Snohomish County, Washington, shown on that certain Condominium Survey Map and Plan (herein referred to as the "Condominium Plan"), recorded in Volume 34 of Condominiums, at pages 1 through 10 under Snohomish County Auditor's Fee No. 12345 and styled "Newcourt, A Condominium". The legal description of the land is as set forth in Exhibit "A".

2. Description of Buildings

Nine (9) separate residential buildings containing a total of One Hundred (100) condominium apartments, along with one (1) tennis court, one (1) swimming pool, and one (1) recreational/laundry building and adjoining "tot lot", have been constructed on the above-described land. All buildings are two (2) story and contain either eight (8) or twelve (12) apartment units. They are located, along with the common areas, as shown on the Condominium Plan referred to above.

The residential buildings are (and shall be) wood frame construction on concrete foundation, no basement, wood siding exterior finish, with shake roofs. There is one (1) assigned parking stall for each one and two bedroom apartment, two (2) assigned parking stalls for each three bedroom apartment, and additional parking stalls for common use. There is one (1) 1-bedroom unit in Building "C" and four (4) 1-bedroom units in Building "E", as more particularly shown in the Condominium Plan, designed to eliminate architectural barriers for the handicapped person to better adapt to the living unit.

3. Description of Apartments

The individual apartments are described as follows:

(a) There are six (6) apartment types, having various layouts, with the following particulars:

APARTMENT TYPES 1A & 1B: Entry, living room, kitchen, dining room, 1 full bath, 1 bedroom, closets, storage area, and 1 patio/deck (5 rooms containing approximately 587.88 square feet)

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APARTMENT TYPES 2A & 2B: Entry, living room, kitchen, dining room, 1 bath, 2 bedrooms, closets, storage area, and 1 patio/deck (6 rooms containing approximately 773.55 square feet)

APARTMENT TYPES 3A & 3B: Entry, living room, kitchen, dining room, 1 full bath, 1 3/4 bath, 3 bedrooms, closets, storage area, and 1 patio/deck (8 rooms containing approximately 981.17 square feet)

(b) Each apartment is more fully described on Exhibit "B" which exhibit is attached hereto and incorporated herein by reference.

(c) The location of each apartment is as shown on the Condominium Plan.

(d) Each apartment has direct access to all the common area and a common area street and other facilities inasmuch as it opens directly to the outside. The common area street leads to a public street. Therefore, each apartment has direct access to a common area and common area street leading to a public street.

(e) The boundaries of an apartment are the interior surfaces of the perimeter walls, floor, ceiling, windows and doors thereof, and the apartment includes both the portions of the building so described and the air space so encompassed. In no event shall an apartment owner be deemed to own pipes, wires, conduits, the attic crawl space, or other utility lines or commonly used space running through his apartment which are utilized for, or serve more than one apartment; and, the same shall be part of the common areas. In interpreting declarations, deeds and plans, the existing physical boundaries of the apartment as originally constructed or as reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed or depicted in the declaration, deed, or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown in the declaration, deed, or plan and those of apartments in the building.

(f) Each apartment shall, in addition, have set aside as limited common area one (1) or (2) uncovered parking stalls and a mail box for its exclusive use. The number and location of the uncovered parking stalls assigned to each unit is indicated on Exhibit "B". Designation of mail boxes shall be made at the time of an initial sale of an apartment. The parking stalls and mail box assignments shall be permanent and they may not be severed from the units but will be assigned and transferred with the units and will follow any and all conveyances of an apartment as limited common area of said apartment.

4. Description of Common Areas and Facilities.

The common areas and facilities (sometimes referred to in this Declaration as the "Common Areas") consist of the entire Property, except for the apartments as defined in 3(e) above. The Common Area includes a swimming pool, tennis court, and one (1) recreational/laundry building and adjoining "tot lot". Each apartment has its percentage interest in such common area and its percentage obligation toward the cost of maintaining such areas, such percentages are shown on Exhibit "B".

5. Description of Limited Common Areas.

Certain portions of the Common Areas are reserved for use of certain apartments to the exclusion of the other apartments and are designated in this Declaration as "Limited Common Areas". A description of the Limited Common Areas, stating to which apartments their use is reserved, is as follows:

(a) Each Apartment has set aside for its exclusive use the patio (first floor) or deck (second floor) located immediately adjacent to the living room of the apartments.

(b) Stairways and entry ways are for the exclusive use of the apartments to which they lead.

(c) Each apartment shall have set aside for its exclusive use that portion of the driveway consisting of one (1) or two (2) assigned parking stalls and each apartment shall have an assigned mailbox in a group of mailboxes near the building. When an apartment is initially purchased mailbox assignments will be made (see 3(f)).

6. Values and Percentages.

(a) The value of the Property at this time is declared to be THREE MILLION SEVEN HUNDRED TWENTY ONE THOUSAND and 00/100 (\$3,721,000.00) DOLLARS, as set forth in Exhibit "B" which is attached hereto and incorporated herein by reference.

(b) The ownership of each apartment shall include an undivided interest in the common areas. Each apartment's percentage of undivided interest in the common areas is shown on Exhibit "B" attached to this Declaration. This percentage was computed by taking as a basis the value of the apartment in relation to the value of the Property. The values shown are for purposes of the Act and do not necessarily reflect what may be the sales prices of the various apartments.

The said percentages are to be utilized for all purposes of the Act, including voting (except for amending the Declaration, when percentages of apartment owners, instead of ownership percentages, shall apply).

7. Association and By-Laws.

An owner of an apartment shall automatically be a member of "Newcourt Condominium Association" (the "Association"), a Washington non-profit corporation consisting of all of the apartment owners.

and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of each apartment. The owners of apartments covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association. The Articles of Incorporation and By-Laws provide that the affairs of the Association shall be managed by a Board of Directors. The Articles of Incorporation and By-Laws effective as of the date of this Declaration are hereby adopted as the Articles of Incorporation and By-Laws of the Association. Such Articles of Incorporation and By-Laws may be amended as therein provided.

8. Voting.

Each apartment owner (including the Sponsor, if the Sponsor shall then own one or more apartments) shall be entitled to cast the number of votes or portion thereof, equivalent to the percentage of ownership indicated in Exhibit "B" for the apartment owned by that person; provided, however, not less than sixty (60%) percent of the apartment owners (instead of ownership percentages) shall consent to any amendment of the Declaration except as otherwise provided in RCW 64.32.090(13). The total voting power of all owners shall be 100 votes and the total number of votes available to owners of any one apartment shall be equal to the percentage of undivided interests in the common area and facilities appertaining to such apartment (paragraph 6(b) above). As used in this Declaration, the term "total voting power" shall mean the total number of votes, as described above, which may be exercised hereunder at the time the vote is taken.

9. Restrictions on Use of Property.

With the exception of a lender in possession of a condominium unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, the buildings described in Paragraph 2, and each of the apartments, are intended only for residential purposes, and their use is so restricted. In addition, the Board of Directors of the Association may, from time to time, by a vote of a majority of its members, make, alter, or repeal rules and regulations covering details of the operation and use of the Property, reserving to the apartment owners the right to change or repeal such rules and regulations upon the approval of 51% of the total voting power of the Association. No such rule or regulation shall change the requirement that the apartments and Property be used only for residential purposes. Sponsor reserves the right to maintain a sales office, model unit(s), and advertising signs during the sales period of the condominium project.

Apartment owners are prohibited from leasing their units for less than 30 days, and all leases shall be in writing and the lessee shall be subject to all of the provisions of this Declaration, the Articles of Incorporation, By-Laws, and rules and regulations, and any failure by lessee to comply with the terms of such documents shall be a default under the lease. Any such lease, including the use of the limited common area parking stall(s), shall provide that it terminates upon sale of the apartment by the lessor, or upon foreclosure of an apartment by

the holder of a mortgage constituting a first lien on such apartment. No unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than an entire unit.

The Board of Directors of the Association shall have the authority to enter into a contract for professional management of the condominium. If they enter into such a contract, the maximum term shall not exceed one (1) year, and the contract shall be terminable without cause or payment of a termination fee on thirty (30) days written notice.

10. Easements.

(a) Each apartment owner shall have a nonexclusive easement for, and may use the common areas (except limited common areas) in accordance with the purpose for which they were intended, without hindering or encroaching upon the lawful right of the other apartment owners. This easement includes the right to use the swimming pool, tennis court, and recreational/laundry building. Without limitation of the foregoing, each apartment owner shall have a right of ingress to and egress from his apartment over and across the private street portion of the common area as shown on the Condominium Plan and on those lawns and private sidewalks which are part of the Common Area.

(b) The easement described above shall be appurtenant to and shall pass with the title to each apartment, subject to the following:

(i) The right of the Association to assess and collect dues and assessments as defined in Paragraph 12.

(ii) The right of the Association to suspend the right of use of the swimming pool, tennis court and recreational/laundry building and adjoining "tot lot", as provided for in Paragraph 12(e) of this Declaration.

(iii) The right of the Association to suspend right to the use of the swimming pool, tennis court and recreational/laundry building and adjoining "tot lot", for a period not to exceed 60 days for any infraction of its published rules and regulations.

(c) In the event any portion of the common area encroaches upon any apartment or any apartment encroaches upon the common area or another apartment as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

(d) The Sponsor, for himself, his successors and assigns, hereby reserves an easement over and upon the common area and the limited common area parking stall(s) for the purpose of completing the remaining residential buildings and all construction contemplated by the Plan.

11. Service of Process.

The name and address of the person to receive service of process in the cases provided for in the Act is: Laura Larsen, 4531 - 176th Street, S.W., Lynnwood, Washington, 98036. The Association may from time to time change the person to receive service of process as provided by law. Such change shall be effective when written notice of such action, signed and acknowledged by the President of the Association, is recorded in Snohomish County, Washington.

12. Assessments.

(a) Assessments for Common Expenses. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, determine the amounts necessary to meet the common expenses of the Association, and allocate and assess such common expenses among apartment owners according to their respective percentages of undivided interest in the Common Areas. The common expenses shall include:

- (i) All common expenses defined in the Act; and,
- (ii) All such other amounts as the Board of Directors may deem necessary or advisable for the lawful exercise of its powers and duties.

The Board of Directors may, but shall not be required to, return excess assessments for any year over and above actual expenses paid or incurred or apply such excess against the following year's assessment. The Board of Directors shall advise all apartment owners, promptly in writing, of the amount of the assessments payable by each of them, respectively, as determined by the Board of Directors, and shall furnish copies of each budget on which such estimates are based to all apartment owners and to their mortgagees who have requested copies of such budget.

(b) Reserves and Working Capital. There shall be established an adequate reserve fund for the periodic maintenance, repair and replacement of those common areas that must be replaced on a periodic basis, which funds shall be maintained out of regular assessments for common expenses. Additionally, a working capital fund shall be established for the initial months of the project operations equal to at least a two months' estimated common area charge for each apartment.

(c) Commencement of Assessments. The regular assessments provided for herein shall commence as to all completed apartments (apartments to which certificates of occupancy have been issued by the local governmental authorities) on the first day of the month following the first sale by Sponsor of a completed apartment.

(d) Payment of Assessments - Personal Obligation. Assessments are payable monthly in advance or at such other time or times as the Board of Directors shall determine. Each assessment, in addition to constituting a lien as provided for in the Act and this Declaration, shall also be

together with interest, costs and reasonable attorneys' fees as hereinafter provided, the personal obligation of the person who was the owner of the apartment against which the assessment is made at the time the assessment fell due.

(e) Collection of Assessments. Any assessment not paid within 30 days after the due date shall bear interest from the due date at the rate of 12% per annum. The Board of Directors may initiate an action to enforce payment of any delinquent assessment and in such event the owner liable therefor shall pay all of the costs and expenses incurred incident thereto, including a reasonable sum as attorneys' fees, all of which shall be secured by the lien provided for in the Act and herein. In addition thereto, the Board of Directors may enforce collection of delinquent assessments in any one or more of the following methods:

(i) After 10 days prior notice to the owner of intent to sever utilities for delinquent assessments, the utilities to the apartment upon which the assessment remains delinquent may be severed and disconnected in whole or in part until the assessments are paid or otherwise provided for to the satisfaction of the Board of Directors.

(ii) On 10 days prior notice to the owner, the Association may suspend the right of use of the swimming pool, tennis court and/or recreational/laundry building and adjoining "tot lot" by an owner for any period during which any assessment against his apartment remains unpaid.

(iii) An action may be commenced to foreclose the lien for assessments.

(f) Liens and Foreclosures. All sums assessed by the Association of apartment owners, but unpaid, for the share of the common expenses chargeable to any apartment, together with interest, costs and reasonable attorneys' fees, shall constitute a lien on such apartment prior to all other liens except only (1) tax liens on the apartment in favor of any assessing unit and/or special district, and (2) all sums unpaid on all mortgages of record against the apartment. Such lien may be foreclosed by suit by the Board of Directors, acting on behalf of the apartment owners, in like manner as a mortgage of real property. In any such foreclosure the apartment owner shall be required to pay a reasonable rental for the apartment, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of the Association, shall have the power to "bid in" the apartment at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment, the period of redemption shall be the minimum as established by law, after the sale. Suit to recover any judgment for any unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same.

(g) Liability of Mortgagee or Purchaser. Where the mortgagee of a mortgage of record or other purchaser of an apartment obtains possession of the apartment as the result

of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, such possessor, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such apartment which became due to such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the apartment owners, including such possessor, his successors and assigns.

(h) Conveyance - Liability of Grantor and Grantee for Unpaid Common Expenses. In a voluntary conveyance the grantee of an apartment shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his share of the common expenses up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any such grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the apartment conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount therein set forth.

(i) Capital Improvements. Anything in this Declaration to the contrary notwithstanding, the Board of Directors shall not make capital improvements to the Property having a cost of more than \$10,000.00 in the aggregate during any calendar year, other than for repairing or restoring the Property as may be provided for in this Declaration or the By-Laws, without the prior approval of owners holding 51% of the total voting power in the Association.

(j) Nonuse. No apartment owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas or by abandonment of his apartment.

13. Damage or Destruction.

In the event of damage or destruction to all or part of the Property, the insurance proceeds, if sufficient, shall be applied to repair, reconstruct or rebuild the Property in accordance with the original plans. Such repair, reconstruction or rebuilding shall be arranged for promptly by the Board of Directors.

If the insurance proceeds are insufficient, then the decision to repair, reconstruct or rebuild the Property shall be determined within 90 days of the date of damage or destruction by a vote of the apartment owners. In the event of such vote, it shall require the approval of apartment owners holding in the aggregate at least 51% of the total voting power in the Association to repair, reconstruct or rebuild the Property. Any cost of such repair, reconstruction or rebuilding, in excess of the insurance proceeds, and approved by apartment owners holding in the aggregate at least 51% of the total voting power in the Association shall constitute a common expense and the Board of Directors may assess all the apartment owners for such deficit.

Anything in this Paragraph 13 to the contrary notwithstanding, any owner of an apartment which has been damaged or destroyed shall have the right to repair, reconstruct or rebuild his apartment, together with that portion of the Common Area immediately surrounding his apartment, without a vote of the Association, so long as he obtains the written consent of the Board of Directors within 90 days from the date of damage or destruction and causes the work to be performed in a manner satisfactory to the Board. Such consent shall not be unreasonably withheld; provided, however, that the owner must make arrangements, satisfactory to the Board of Directors, for payment by the owner of that portion of the costs of repair, reconstruction or rebuilding not covered by insurance proceeds, which insurance proceeds shall be made available for the work if consent is given by the Board.

#### 14. Insurance

The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage insuring the property and covering the interests of the Association, the Board of Directors and all apartment owners and their mortgagees, as their interests may appear, in the amount of 100% of replacement cost of the buildings and other improvements, including an "agreed amount" or "inflation guard" endorsement; each of which policies shall contain a standard mortgagee clause in favor of each mortgagee of an apartment which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Association; (2) public liability insurance in such amounts and with such coverage as the Board of Directors shall from time to time determine, but not less than One Million Dollars flat rate for each single accident or occurrence for bodily injury, or property damage, such coverage to include water damage liability, and covering each member of the Board of Directors, and each apartment owner and with cross liability endorsement to cover liabilities of the apartment owners as a group to an apartment owner; and (3) such other insurance as the Board of Directors may determine. In addition, the directors are required to obtain fidelity bonds as indicated herein. All such policies shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Board of Directors, as Trustees, for the purpose of repairing or rebuilding the damaged or destroyed property in conformance with the original plans and specifications; provided, however, that insurance proceeds not used for the purpose of repairing or rebuilding the Property shall be paid to the apartment owners and mortgagees as their interests may appear, and provided further, however, that any mortgagee of any of the apartments may require that insurance proceeds be disbursed to or through the Board of Directors only as reconstruction progresses in the manner normally followed by construction lenders in disbursing construction loans to their borrowers.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any reduction or pro-rata liability of the insurer as a result of any insurance carried by apartment owners or of invalidity arising from any acts of the insured or any apartment owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the in-

sureties, including all mortgagees of apartments. Each apartment owner and mortgagee shall be furnished with a copy of the master policy.

All of the insurance policies described in the coverage as set forth herein shall be reviewed at least annually by the Board of Directors; and the Board of Directors shall request of the agent or insurance carrier annual or more frequent updating evaluations to insure that the fire insurance policies continuously reflect full replacement cost and the liability policies provide for adequate liability coverage.

All insurance policies shall be written by companies rated as follows, or better: financial rating BBB+; management rating A.

Apartment owners may additionally carry insurance for their own benefit insuring their carpeting, wallcoverings, fixtures, furniture, furnishings and other personal property; provided, that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any apartment owner.

Notwithstanding the foregoing, or any other provisions contained in this Declaration, the Board of Directors shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation, so long as any of said organizations is a mortgagee or owner of a condominium within the project, except to the extent such coverage is not available or has been waived in writing by the said organization.

15. Subdividing and/or Combining.

An apartment or apartments, Common Areas, or Limited Common Areas, may be subdivided and/or combined only by amendment of this Declaration and the Condominium Plan. In addition, the partition or subdivision of an apartment requires the express written consent of the Owner and Mortgagee of that apartment, or if common or limited common areas, 75% of the effected first mortgagees.

16. Maintenance and Repair.

Each owner, at his own expense, shall perform promptly all cleaning, maintenance, repair and replacement work:

(a) Within his own apartment, which, if omitted, would affect the Common Area.

(b) On both the interior and exterior of all doors, windows, and screens bounding his apartment.

(c) Within the patio or deck assigned to the apartment.

The Association shall have the irrevocable right, to be exercised by the Board of Directors and its agents, to have access to each apartment and limited common area from time to time, during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Areas therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Areas or to another apartment or apartments, or to do any cleaning, maintenance, repair and replacement work which the owner is required to do but has failed or refused to do.

No apartment owner shall make any structural addition, alteration, or improvement in or to his apartment, without the prior written consent thereof of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by an apartment owner for approval of a proposed structural addition, alteration, or improvement in such apartment owner's apartment, within 30 days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any department of Snohomish County or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any apartment shall be executed by the Board of Directors only without, however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to apartments owned by the Sponsor until such apartments have been initially sold by the Sponsor.

In the event of partial condemnation which does not result in any apartment becoming unlivable, the proceeds shall be used:

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In the event of partial condemnation which does result in some but not all of the apartments becoming unlivable, the condominium documents shall be amended to reflect any required elimination of apartments, and the condemnation proceeds shall be used:

(a) for payment to apartment owners and their mortgagees eliminated in the revised documents, to the extent value of the entire unit was an element of the condemnation award.

(b) To restoration of the remaining common area.

(c) For payment to apartment owners and their mortgagees, specially damaged by the condemnation but which remain in the condominium, which damages were an element of the condemnation award.

(d) The balance shall be distributed prorata to the remaining apartment owners and their mortgagees in proportion to their percentage interest in the common area.

In the event that the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The condemnation award shall be apportioned among the owners in proportion to the respective undivided interest in the common area; provided, that if a standard different from the value of the property as a whole is employed to measure the condemnation award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principal, the Board shall as soon as practicable determine the share of the condemnation award to which each owner is entitled. After first paying out of the respective share of each owner, to the extent sufficient for the purpose, all mortgages and liens on the interest of such owner, the balance remaining in each share shall then be distributed to each owner respectively.

#### 19. Mortgagee's Protection.

As used in this Declaration: (a) "mortgage" includes any deed of trust or other security instrument; (b) "mortgagee" includes the beneficiary of a deed of trust, a secured party, or other holder of a security interest; (c) "foreclosure" includes a notice and sale proceeding pursuant to a deed of trust or sale on default under a security agreement; (d) "institutional holder" means a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency; and (e) "eligible holder" means a holder who has given the Board written notice of the existence of its mortgage.

From and after the time that a mortgagee shall give written notice to the Board of the existence of its mortgage on an apartment, the mortgagee will be entitled to timely written notice of:

(a) any proposed amendment of the condominium instruments effecting a change in (1) the boundaries of any apart-

ment: (ii) the undivided interest in the common areas appertaining to any apartment or the liability for common expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any apartment, or (iv) the purposes to which any apartment or the common areas are restricted.

(b) Any proposed termination of the condominium regime.

(c) Any condemnation or eminent domain proceeding effecting the condominium regime or any portion thereof.

(d) Any significant damage or destruction to the common areas or to the unit to which the mortgage appertains.

(e) Any default under this Declaration or the Articles of Incorporation or By-Laws which gives rise to a cause of action against the owner of an apartment subject to the mortgage of such holder or insurer, where the default has not been cured in 30 days.

The holder or insurer of a first mortgage on an apartment shall be entitled, upon request, to:

(a) inspect the books and records of the Association during normal business hours; and

(b) require the preparation of and, if preparation is required, receive an annual audited financial statement of the Association for the immediately preceding fiscal year, with such statement being furnished within 90 days following the end of such fiscal year.

(c) Receive written notice of all meetings of the Owners Association and be permitted to designate a representative to attend all such meetings.

The prior written approval of each institutional holder of a first mortgage on any of the apartments shall be required for any of the following:

(a) The abandonment or termination of the condominium project, except for abandonment or termination, if any, provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain.

(b) Any material amendment to this Declaration or to the Articles of Incorporation or By-Laws of the owners association, including, but not limited to, any amendment which would change the percentage interests of the apartment owners in the condominium project.

(c) The effectuation of any decision by the owners' association to terminate professional management and assume self-management of the condominium project (however, this shall not be deemed or construed to require professional management).

The prior written approval of eligible holders of at least 75% of the first mortgages (based on one vote for each first

mortgage owned) of the individual apartments shall be required for any of the following:

(a) Partitioning or subdividing any apartment.

(b) Any act or omission seeking to abandon, partition, subdivide, encumber, sell or transfer the common areas; provided, however, that the granting of easements for public utilities or other public purposes consistent with the intended use of the common areas shall not be deemed a transfer within the meaning of this clause.

(c) Use of hazard insurance proceeds for losses to any condominium property (whether to apartments or to common areas) for other than the repair, replacement or reconstruction of such condominium property, except as provided by statute in case of substantial loss to the apartments and/or common areas of the condominium project.

The prior written approval of eligible holders of first mortgages on apartments to which at least 51% of the total voting power of the Association appertains shall be required for any other amendment of this Declaration; provided, however, that no amendment of this Declaration shall be effectively conferred upon mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded in the public records of Snohomish County, Washington, unless the amendment shall be consented to by the holder of such mortgage in writing.

20. Survey Map and Building Plan.

Simultaneously with the recording of this Declaration there has been recorded (as shown in Paragraph 1 of this Declaration) a survey map and building plan, jointly styled "Newcourt, A Condominium", containing the information required by the Act.

21. Apartments Subject to Declaration, Articles of Incorporation, By-Laws and Rules and Regulations.

All present and future owners or occupants of apartments shall be subject to and shall comply with the provisions of this Declaration, and the Articles of Incorporation, By-Laws and rules and regulations of the Association, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into occupancy of any apartment shall constitute an agreement that the provisions of this Declaration, and the Articles of Incorporation, By-Laws and rules and regulations of the Association, as they may be amended from time to time, are accepted and ratified by such owner or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such apartment, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof. Failure to comply with this Declaration, the Articles of Incorporation, By-Laws, and rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association or by a particularly aggrieved apartment owner.

22. Availability of Documents and Records.

During normal business hours or under other reasonable circumstances, the Association shall have available for inspection by apartment owners, lenders and prospective purchasers, current copies of the Declaration, Articles of Incorporation, By-Laws, and other rules and regulations governing the operation of the condominium regime. All apartment owners shall have reasonable access to inspect the books, records and financial statements of the Association, including annual audited financial statements when such are prepared.

23. Free Transferability.

Neither this Declaration, nor the Articles of Incorporation, By-Laws, or rules or regulations of the Association shall contain a right of first refusal or similar restriction on the sale, transfer or conveyance of any apartment. It is hereby affirmatively provided that any apartment owner may transfer his or her unit free of any such restriction.

24. Amendments

The consent of all apartment owners shall be required for any amendment of this Declaration effecting a change in (i) the boundaries of any apartment; (ii) the undivided interest in the common elements appertaining to the apartment or the liability for common expenses appertaining thereto; (iii) the number of votes in the Association appertaining to the apartment; or (iv) the value of the property and of any and all of the apartments for the purposes of the Declaration or the Condominium Statute, or (v) the fundamental purpose to which any apartment or the common areas are restricted. This condominium regime may be terminated only as provided by law. For any other amendment of this Declaration, the consent of 60% of the apartment owners shall be required.

When an amendment has been approved by the owners, then the President of the Association shall forthwith cause a written instrument to be prepared, acknowledged and recorded in Snohomish County, Washington, setting forth the amendment and certifying that the amendment shall become effective. No amendment shall be effective until recorded.

25. Miscellaneous

For purposes herein, the term "apartment owner" shall have the same meaning as that set forth in the Act, provided, however, that an occupant purchasing the apartment under a real estate contract shall be deemed to be the "apartment owner" and the seller under the real estate contract shall be deemed to have a security interest in the unit.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 15<sup>th</sup> day of December, 1978.

CHG INTERNATIONAL, INC.,  
a Washington corporation

By: Clinton L. Hergert  
President

STATE OF WASHINGTON )  
COUNTY OF KING ) ss.

On this 15<sup>th</sup> day of December, 1978, before me personally appeared CLINTON L. HERGERT, known to me to be the President of the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public  
NOTARY PUBLIC in and for the State  
of Washington, Residing at  
Spokane

EXHIBIT "A"

lots 6 and 7, Block 12, ALDERWOOD MANOR NO. 2, according to the plat thereof recorded in Volume 9 of Plats, page 72, records of the Auditor of the County of Snohomish, State of Washington.

EXCEPT the South 10 feet thereof conveyed to City of Lynnwood by instrument recorded under Snohomish County Auditor's File No. 2308133.

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(NEMCOURT)

Address	Bldg. No.	Apt. No.	Parking Stall No.	Apt. Type	No. of Rooms	Approx. Square Footage	Value	Percentage Interest
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	1	A1	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	3	A3	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	5	A5	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	7	A7	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	9	A9	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	11	A11	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	2	A2	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	4	A4	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	6	A6	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	8	A8	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	10	A10	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	A	12	A12	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	1	B1	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	3	B3	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	5	B5	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	7	B7	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	2	B2	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	4	B4	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	6	B6	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	B	8	B8	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	1	C1-H	1A(H/C)	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	3	C3	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	5	C5	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	7	C7	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	9	C9	1A	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	11	C11	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	2	C2	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	4	C4	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	6	C6	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	8	C8	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	10	C10	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	C	12	C12	1B	5	587.88	\$31,950	.86%
Recreation Building	D	--	--	--	--	--	--	--

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Address	Bldg. No.	Apt. No.	Parking Stall No.	Apt. Type	No. of Rooms	Approx. Square Footage	Value	Percent Interest
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	1	E1, E1	3A	8	981.17	\$42,950	1.15%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	3	E3	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	5	E5-H	1A(H/C)	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	7	E7-H	1A(H/C)	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	9	E9-H	1A(H/C)	5	587.88	\$30,950	.83%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	11	E11-H	1A(H/C)	8	1,005.05	\$43,950	1.18%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	2	E2, E2	3B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	4	E4	2B	6	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	6	E6	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	8	E8	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	10	E10	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	E	12	E12	1B	5	587.88	\$31,950	.86%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	1	F1, F1	3A	8	981.17	\$42,950	1.15%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	3	F3	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	5	F5	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	7	F7	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	9	F9	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	11	F11, F11	3A	8	981.17	\$42,950	1.15%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	2	F2, F2	3B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	4	F4	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	6	F6	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	8	F8	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	10	F10	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	F	12	F12, F12	3B	8	1,005.05	\$43,950	1.18%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	1	G1, G1	3A	8	981.17	\$42,950	1.15%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	3	G3	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	5	G5	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	7	G7	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	9	G9	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	11	G11	2A	6	773.55	\$36,950	.99%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	2	G2, G2	3B	6	1,005.05	\$43,950	1.18%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	4	G4	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	6	G6	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	8	G8	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	10	G10	2B	6	797.43	\$37,950	1.02%
4531 - 176 St., S.W., Lynwood, Washington, 98036	G	12	G12	2B	6	797.43	\$37,950	1.02%

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Address	Bldg. No.	Apt. No.	Parking Stall No.	Apt. Type	No. of Rooms	Approx. Square Footage	Value	Percentage Interest
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	1	H1, H1	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	3	H3	2A	6	773.55	\$36,950	.99%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	5	H5	2A	6	773.55	\$36,950	.99%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	7	H7, H7	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	2	H2, H2	3R	8	1005.05	\$43,950	1.18%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	4	H4	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	6	H6	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	H	8	H8, H8	3R	8	1005.05	\$43,950	1.18%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	1	J1, J1	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	3	J3	2A	6	773.55	\$36,950	.99%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	5	J5	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	7	J7	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	9	J9	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	11	J11, J11	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	2	J2, J2	3R	8	1005.05	\$43,950	1.18%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	4	J4	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	6	J6	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	8	J8	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	10	J10	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	J	12	J12, J12	3R	8	1005.05	\$43,950	1.18%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	1	K1, K1	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	3	K3	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	5	K5	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	7	K7	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	9	K9	2A	6	773.55	\$36,950	1.00%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	11	K11, K11	3A	8	981.17	\$42,950	1.15%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	2	K2, K2	3R	8	1005.05	\$43,950	1.18%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	4	K4	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	6	K6	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	8	K8	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	10	K10	2R	6	797.43	\$37,950	1.02%
4531 - 176th St., S.W., Lynnwood, Washington, 98036	K	12	K12, K12	3R	8	1005.05	\$43,950	1.18%
TOTALS							\$3,721,000	100%

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Initial - WEH - 10/25/78

ARTICLES OF INCORPORATION  
OF  
NEWCOURT CONDOMINIUM ASSOCIATION

Clinton L. Hergert, being a natural person over the age of eighteen, for the purpose of forming a non-profit corporation under Chapter 24.03 of the Revised Code of Washington, adopts the following Articles of Incorporation:

ARTICLE I.

The name of the corporation shall be NEWCOURT CONDOMINIUM ASSOCIATION, hereinafter called the "Association".

ARTICLE II.

The period of duration of the Association shall be perpetual.

ARTICLE III.

Said corporation is organized exclusively as a homeowners association (more particularly a "condominium management association") within the meaning of Section 528 of the Internal Revenue Code of 1954 (or the corresponding provision of any future U.S. Internal Revenue law). More particularly, the corporation is organized as a condominium management association with respect to Newcourt, a Condominium, a condominium formed by Declaration under the provisions of the Horizontal Property Regimes Act of the State of Washington covering that certain property in Snohomish County, Washington, as described on Exhibit "A" attached to the Condominium Declaration of Newcourt, A Condominium.

In furtherance and not in limitation of the powers conferred by the laws of the State of Washington upon corporations organized for the foregoing purposes, the Association shall have the right to exercise all the powers and privileges and to perform all the duties and obligations of the Association as set forth in the Condominium Declaration hereinabove referred to.

ARTICLE IV.

Upon dissolution of the corporation, the assets of the corporation shall be distributed among the members of the corporation in accordance with the Declaration and the Condominium Statute.

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ARTICLE V.

The address of the initial registered office of the Association is: 200 South 333rd St., Federal Way, Washington, 98003, and the name of its initial registered agent at such address is Clinton L. Hergert.

ARTICLE VI.

The affairs of the corporation shall be managed by the Board of Directors and the Board of Directors may, from time to time, by vote of a majority of its members, make, alter or repeal By-Laws of this corporation not inconsistent with laws as such now exist or may hereafter be amended; provided, however, that the right to change or repeal actions of the Board of Directors is reserved with the members of the Association.

ARTICLE VII.

The number of Directors constituting the initial Board of Directors of the Association is three (3), and the names and addresses of the persons who are to serve as Directors until the first annual meeting of the members or until their successors are elected and qualified are:

Henry W. Griffin	200 South 333rd Street Federal Way Washington 98003
Anna Majors	200 South 333rd Street Federal Way Washington 98003
Darrel Williams	200 South 333rd Street Federal Way Washington 98003

The number, qualifications, terms of office, manner of election, time and place of meetings, and powers and duties of the Directors shall be prescribed in the By-Laws.

ARTICLE VIII.

The name and address of the sole incorporator is:  
Clinton L. Hergert, 200 South 333rd Street, Federal Way,  
Washington, 98003.

ARTICLE IX.

No part of the net earnings of the corporation shall inure (other than by acquiring, constructing or providing management, maintenance and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual.

ARTICLE X.

Each owner of an apartment in the condominium shall automatically be a member of this Association and shall remain a member until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of the apartment.


ARTICLE XI.

Each member shall be entitled to cast one (1) vote at all meetings of the members for each full 1% of interest in the common areas applicable to his apartment and one-hundredth vote for each full hundredth interest above the total full vote. The voting percentage attributable to each apartment is set forth in Exhibit "B" attached to the Condominium Declaration of Newcourt, A Condominium.

ARTICLE XII.

Amendment of these Articles shall require the consent of all of the members of the Association; provided, however, that the Board of Directors shall have the authority to appoint a new registered agent and the Directors shall be appointed as stated in the By-Laws.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Washington, I, the undersigned, constituting the sole incorporator of this corporation, have executed these Articles of Incorporation this 15th day of December, 1978.

  
Clinton L. Hergert

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STATE OF WASHINGTON )  
COUNTY OF KING ) ss.

On this day personally appeared before me CLINTON L. HERGERT,  
to me known to be the individual described in and who executed  
the within and foregoing instrument, and acknowledged that  
he signed the same as his free and voluntary act and deed,  
for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15<sup>th</sup> day of  
December, 1978.

Clinton L. Hergert  
Notary Public in and for the State  
of Washington, Residing at  
Garvey



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BY-LAWS  
OF  
NEWCOURT CONDOMINIUM ASSOCIATION

ARTICLE I

Applicability; Definitions; Location

SECTION 1. Applicability. These By-Laws are adopted for the administration of the Association and Property described in that certain Condominium Declaration (the "Declaration") recorded in Snohomish County Auditor's Fee No.

SECTION 2. Definitions. The terms used in these By-Laws shall have the same meaning as in the Declaration, unless otherwise indicated.

SECTION 3. Location. The initial office of the Association shall be located at 200 South 333rd St., Federal Way, Washington, 98003.

ARTICLE II

Board of Directors

SECTION 1. Number and Term. The affairs of the Association shall be managed by a Board of Directors. The number of Directors which shall constitute the whole Board shall be three (3). Until succeeded by the Directors elected by the apartment owners, Directors need not be apartment owners. At least one-third of the terms of the members of the Board of Directors shall expire annually. In any event, however, each Director shall hold office until such time as his successor has been elected. Provided, however, until a date two years from the date the first sale of an apartment unit closes, or until Sponsor (as defined in the Declaration) shall have closed the sales of 75% of the apartments, or until Sponsor elects to permanently relinquish its authority under this provision by written notice to all owners, whichever occurs first, Sponsor shall have the right to select all of the Directors and such Directors need not be apartment owners.

SECTION 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

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(a) Operation, care, upkeep and maintenance of the Common Areas.

(b) Determination of the common expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the Property.

(c) Collection of assessments from the apartment owners.

(d) Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common areas. The Directors shall have the authority to enter into a contract for professional management of the condominium. If they enter into such contract the maximum term shall not exceed one (1) year, and the contract shall be terminable without cause or payment of a termination fee on thirty (30) days written notice.

(e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property, subject to a right of the apartment owners to overrule the Board. Initial rules and regulations, which shall be effective until amended, are annexed hereto as Schedule A.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Obtaining of insurance for the Property.

(h) Making of repairs, additions and improvements to, or alterations of, the Property.

(i) Grant or relocate easements.

SECTION 3. Removal. Directors may be removed for cause by an affirmative vote of a majority of the apartment owners. No director other than members of the initial Board of Directors appointed by the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be an apartment owner.

SECTION 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof, by a vote of the apartments owners shall be filled by vote of a majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the

occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member and until a successor shall be elected at the next annual meeting of the apartment owners.

SECTION 5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors at least three (3) days previously thereto by written notice delivered or mailed to each director at his home address, or by telephone. If mailed, such notice shall be deemed delivered when deposited in the United States mail so addressed, with postage thereon prepaid.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) day's notice to each member of the Board of Directors, given in the manner provided for regular meetings, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner, and on like notice on the written request of at least two (2) members of the Board of Directors.

SECTION 7. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 8. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

SECTION 9. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and

the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

SECTION 10. Fidelity Bonds. The Board of Directors shall attempt to obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premium on such bonds shall constitute a common expense.

SECTION 11. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

#### ARTICLE III

##### Apartment Owners

SECTION 1. Annual Meetings. Within two (2) years following the date of conveyance of the first apartment, but not later than the date of commencement of Assessments as specified in Paragraph 12(c) of the Condominium Declaration, the Sponsor shall call the first annual meeting of apartment owners. Thereafter, annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the apartment owners, a Board of Directors in accordance with the requirements of Article II of these By-Laws. The apartment owners may also transact such other business of the Association as may properly come before them.

SECTION 2. Place of Meetings. Meetings of the apartment owners shall be held at the principal office of the Association, or at such other suitable place convenient to the apartment owners as may be designated by the Board of Directors.

SECTION 3. Special Meetings. It shall be the duty of the President to call a special meeting of the apartment owners as directed by the Board of Directors or upon petition signed by at least one-third in number of the apartment owners having been presented to the Secretary.

SECTION 4. Notice of Meetings. It shall be the duty of the Secretary to give notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each apartment owner of record, at least five (5) but not more than ten (10) days prior to such meeting.

SECTION 5. Adjournment of Meetings. If any meeting of apartment owners cannot be held because a quorum has not attended, a majority in common interest of the apartment owners who are present at such meeting, either in person or by proxy, shall adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

SECTION 6. Voting. The owner or owners of each apartment (including the sponsor, if the sponsor shall then own one or more apartments) or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an apartment owner, shall be entitled to cast the votes appurtenant to such apartment at all meetings of apartment owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating.

SECTION 7. Majority of Apartment Owners. As used in these By-Laws the term "majority of apartment owners" shall mean those apartment owners having more than 50.0% of the total authorized votes of all apartment owners present in person or by proxy and voting at any meeting of the apartment owners.

SECTION 8. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of apartment owners shall constitute a quorum at all meetings of the apartments owners.

SECTION 9. Majority Vote. The vote of a majority of apartment owners present at a meeting at which a quorum shall be present shall be binding upon all apartment owners for all purposes except where in the Declaration or these By-Laws a higher percentage vote is provided for.

#### ARTICLE IV

##### Officers

SECTION 1. Designation. The principal officers of the Association shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the

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Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. No officer need be a member of the Board of Directors.

SECTION 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors and until their successors are elected.

SECTION 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

SECTION 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the apartment owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under the Non-Profit Corporation Law of the State of Washington, including but not limited to the power to appoint committees from among the apartment owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

SECTION 6. Secretary. The Secretary shall keep the minutes of all meetings of the apartment owners and of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; and shall in general, perform all the duties incident to the office of Secretary of a corporation organized under the Non-Profit Corporation Law of the State of Washington.

SECTION 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be

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responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of Treasurer of a corporation organized under the Non-Profit Corporation Law of the State of Washington. No payment vouchers shall be paid unless and until approved by the Treasurer.

SECTION 8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by such other person or persons as may be designated by the Board of Directors.

SECTION 9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

#### ARTICLE V

##### Amendment to By-Laws

These By-Laws may be amended by a majority vote of the Board of Directors, provided however, that the amendment shall be adopted at a regular or special meeting of the Board with notice of the proposed amendment and meeting being given to all apartment owners at least five (5) days before such meeting, and that the proposed amendment also pass by a majority of apartment owners present in person or by proxy and voting at such meeting. Notice may be given by written notice, delivered personally, or mailed to each apartment owner at his or her home address, or by telephone. If mailed, such notice shall be deemed delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. The notice shall state the time, place and purpose of the meeting.

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SCHEDULE "A" TO BY-LAWS  
RULES AND REGULATIONS FOR  
NEWCOURT, A CONDOMINIUM

1. No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted on any part of the Property, nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted on any part of the Property or in any apartment therein nor shall any apartment be used or rented for transient, hotel or motel purposes. The right is reserved by the Sponsor and the Board of Directors, or its agent, to place "For Sale", "For Rent", or "For Lease" signs on any unsold or unoccupied apartments, and the right is hereby given to any mortgagee, who may become the owner of any apartment, to place such signs on any apartment owned by such mortgagee, but in no event will any sign be larger than one foot (1') by two feet (2').

2. There shall be no obstruction of the Common Areas.

3. No animals or reptiles of any kind shall be raised, bred, or kept in any apartment or the Common Areas, except that dogs, cats or other household pets, not to exceed one per apartment without the approval of the Board of Directors, may be kept in apartments, subject to the rules and regulations adopted by the Board of Directors, provided that they are not kept, bred or maintained for any commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise be permanently removed from the Property upon three (3) days' written notice from the Board of Directors. In no event shall any dog be permitted in any portion of the Common Areas, unless on a leash.

4. No noxious or offensive activity shall be carried on in any apartment, or in the Common Areas, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other apartment owners or occupants. No apartment owner shall make or permit any disturbing noises in the buildings by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other apartment owners.

5. The Homeowners Association will give the Federal Home Loan Mortgage Corporation notice (if such Corporation has, through its servicing agent asked for such notice) in writing of any loss to or taking of the common elements of the condominium project if such loss or taking exceeds \$10,000.00 or damage to a condominium unit covered by a mortgage purchased in whole or in part by FHLMC exceeds \$1,000.00.

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