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

9308031523

NOTICE TO RECORDER'S OFFICE

AS REQUIRED BY RCW CHAPTER 64.34, AT THE TIME OF RECORDING OF THIS DECLARATION INSERT IN SECTION 22.7, PAGE 32, THE CROSS-REFERENCE RECORDING DATA OF THE SURVEY MAP AND PLANS RECORDED IN CONNECTION HEREWITH.

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

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EXHIBIT B - Description of Units

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

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

The name of this Condominium is the Nautica Condominium.

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Article 1
INTERPRETATION

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

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

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

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

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

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

1.7 Inflationary Increase in Dollar Limits. Any dollar amounts specified in this Declaration in connection

with any proposed action or decision of the Board or Association may, in the discretion of the Board, be increased proportionately by the increase in the consumer price index for the city of Seattle, Washington for All Urban Consumers, prepared by the United States Department of Labor for the base period, January 1 of the calendar year following the year in which the Declaration was recorded, to adjust for any deflation in the value of the dollar.

1.8 Definitions

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

1.8.2 "Allocated Interests" means those undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit more particularly provided for in Article 8 and as shown in Exhibit C.

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

1.8.4 "Association" means all of the Owners acting as a group in accordance with the Bylaws and with this Declaration as it is duly recorded and as they may be lawfully amended, which Association is more particularly provided for in Article 9.

1.8.5 "Board" means the board of directors of the Association provided for in Section 10.3.

1.8.6 "Building" means the building or buildings containing the Units and comprising a part of the Property.

1.8.7 "Bylaws" shall mean the bylaws of the Association provided for in Article 9.

1.8.8. "Commercial Unit" shall mean the Unit or Units now or hereafter designated as such in Exhibits B and C.

1.8.9. "Commercial Limited Common Element" shall mean those portions of the Common Elements as provided in Section 7.2.

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

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

1.8.12 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to Article 8.

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

1.8.14 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract and with respect to a Unit in a leasehold condominium, a transfer by lease or assignment thereof, but shall not include a transfer solely for security.

1.8.15 "Declarant" means any person or group of persons acting in concert who (a) executed as Declarant this Declaration, or (b) reserves or succeeds to any Special Declarant Right under the Declaration.

1.8.16 "Declarant Control" means the right, if expressly reserved by this Declaration, of the Declarant or persons designated by the Declarant to appoint and remove Association officers and Board members.

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

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1.8.18 "Development Rights" means any right, if expressly reserved by the Declarant in this Declaration to: (a) add real property or improvements to the Condominium; (b) create Units, Common Elements, or Limited Common Elements within real property included or added to the Condominium; (c) subdivide Units or convert Units into Common Elements; or (d) withdraw real property from the Condominium.

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

1.8.20 "Eligible Mortgagee" means the holder of a mortgage on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

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

1.8.22 "Identifying Number" means a symbol or address that identifies only one Unit in a Condominium.

1.8.23 "Interior Surfaces" (where that phrase is used in defining the boundaries of Units or Limited Common Elements) shall not include paint, wallpaper, paneling, carpeting, tiles, finished flooring, and other such decorative or finished surface coverings. Said decorative and finished coverings, along with fixtures and other tangible personal property (including furniture, planters, mirrors, and the like) located in and used in connection with said Unit or Limited Common Element, shall be deemed a part of said Unit or Limited Common Element.

1.8.24 "Limited Common Element" means a portion of the Common Elements allocated by this Declaration (or by subsequent amendments thereto) or by operation of law for the exclusive use or one or more but fewer than all of the Units as provided in Article 7.

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

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

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

1.8.28 "Mortgagee of a Unit" means the holder of a Mortgage on a Unit, which mortgage was recorded simultaneous with or after the recordation of this Declaration. Unless the context requires otherwise, the term "Mortgagee of a Unit" shall also be deemed to include the Mortgagee of the Condominium.

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

1.8.30 "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entities.

1.8.31 "Property" or "Real Property" means any fee, leasehold or other estate or interest in, over, or under the land described in Exhibit A, including Buildings, structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Property" included parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water, and all personalty intended for use in connection therewith.

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

1.8.33 "Renting or Leasing" a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent reserved on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

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

1.8.35 "Residential Unit" shall mean the Unit or Units now or hereafter designated as such in Exhibits B and C.

1.8.36 "Residential Limited Element" shall mean those portions of the Common Elements as provided in Section 7.1.

1.8.37 "Special Declarant Rights" means rights, if expressly reserved in this Declaration for the benefit of Declarant to:

(a) complete improvements indicated on Survey Maps and Plans filed with the Declaration under RCW 64.34.232;

(b) exercise any Development Right under Section 23.2;

(c) maintain sales offices, management offices, signs advertising the Condominium, and models under Section 23.1.2;

(d) use easements through the Common Elements for the purpose of making improvements within the Condominium or within real property which may be added to the Condominium;

(e) make the Condominium part of a larger Condominium or a development under RCW 64.34.276;

(f) make the Condominium subject to a master association under RCW 64.34.276; or

(g) appoint or remove any officer of the Association or any master association or any member of the Board during any period of Declarant Control under Section 23.1.4.

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

1.8.39 "Unit" both Commercial and Residential, means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described pursuant to Article 4. "Separate ownership" includes leasing a Unit in a leasehold condominium under a lease that expires contemporaneously with any lease, the expiration or termination of which will remove the Unit from the Condominium.

1.8.40 "Unit Owner" means, subject to Section 1.9.5, a Declarant or other person who owns a Unit, but does not include a person who has an interest in a Unit solely as security for an obligation; or is merely "renting" or "leasing" a Unit as defined in Section 1.8.31. "Unit Owner" means the vendee, not the vendor, of a Unit under a real estate contract.

1.9 Construction and Validity

1.9.1 All provisions of the Declaration and Bylaws are severable.

1.9.2 The rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws, rules, or regulations adopted pursuant to RCW 64.34.304(1)(a).

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

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

1.9.5 If the Declaration or Bylaws now or hereafter provide that any officers or directors of the Association must be Unit Owners, then notwithstanding the definition contained in Section 1.8.36, the term "Unit Owner" in such context shall, unless the Declaration or Bylaws otherwise provide, 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, a Unit 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.

Article 2
DESCRIPTION OF REAL PROPERTY

The Real Property included in the Condominium is described in Exhibit A attached hereto. The interest of the Declarant in the Real Property included in the Condominium is a fee simple.

Article 3
DESCRIPTION OF UNITS

Either Exhibits B or C, or both, attached hereto set forth the following:

3.1 Number of Units. The number of Units which Declarant has created and reserves the right to create.

3.2 Unit Number. The Identifying Number of Each Unit created by the Declaration.

3.3 Unit Description. With respect to each existing Unit:

3.3.1 The approximate square footage.

3.3.2 The number of bathrooms, whole or partial.

3.3.3 The number of rooms designated primarily as bedrooms.

3.3.4 The number of built-in fireplaces.

3.3.5 The level or levels on which each Unit is located.

3.4 Access to Common Ways and Public Streets. Each Unit has direct access to Common Area stairways, lobbies, walls, parking areas and/or driveways, and all such Common Areas have direct access to public streets.

Article 4
BOUNDARIES

4.1 Unit Boundaries

4.1.1 Interior Surfaces. The Interior Surfaces of perimeter walls, floors, and ceilings are designated as boundaries of a Unit. Decorative and finished surface coverings (including pint, wallpaper, paneling, carpeting, tiles, and finished flooring) are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.

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4.1.2 Ducts, Wires, Etc. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to the Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

4.1.3 Partitions, Etc. Subject to the provisions of Section 4.1.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

4.1.4 Shutters, Etc. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

4.2 Monuments as Boundaries

The physical boundaries of a Unit constructed in substantial accordance with the original Survey Map an Plans thereof become its boundaries rather than the metes and bounds expressed in the Survey Map and Plans, regardless of settling or lateral movements of the Building or minor variances between boundaries shown on the Survey Map and Plans and those of the Building. This Section does not relieve a Declarant or any other person of liability for failure to adhere to the Survey Map and Plans.

4.3 Relocation of Boundaries; Adjoining Units

4.3.1 In General. Subject to the provisions of the Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to the Declaration upon application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines within thirty days that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit owners, contains words or conveyance between them, and is recorded in the name of the grantor and the grantee.

4.3.2 Survey Map and Plans. The Association shall obtain and record Survey Maps or Plans complying with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units and their dimensions and Identifying Numbers.

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Article 5
DESCRIPTION OF OTHER IMPROVEMENTS

Either Exhibits B or C, or both, attached hereto set forth the following:

5.1 Recreational Facilities. A description of the recreational facilities, if any, included within the Condominiums.

5.2 Parking. The number of covered, uncovered or enclosed parking spaces, if any, including those described in Section 7.1.2.

5.3 Moorage Slips. The number of moorage slips, if any.

Article 6
DESCRIPTION OF COMMON ELEMENTS

Except as otherwise specifically allocated by the provisions of Section 4.1, Article 7 or other provisions of this Declaration or amendments hereto, the Common Elements consist of all portions of the Condominium except Units and include the following:

6.1 The Real Property described in Exhibit A.

6.2 The windows, roofs, foundations, columns, girders, studding, joists, beams, supports, walls (excluding non-bearing interior partitions of Units), chimneys, and all other structural parts of the Buildings, to the boundaries of the Units as the boundaries are defined in the Section 4.1, and any replacements thereto.

6.3 Installations of central services such as: power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating; pipes, conduits, and wires; elevator shafts, tanks, pumps, motors, fans, compressors, ducts; and in general all apparatus and installations existing for common use; but excluding plumbing, electrical and similar fixtures, which fixtures are located within a Unit for the exclusive use of that Unit.

6.4 The driving areas (not allocated as Limited Common Elements by this Declaration or amendments thereto) which provide access to the Limited Common Elements for parking; and any guest parking or other parking areas (not allocated to Units as Limited Common Elements by this Declaration or amendments thereto.)

6.5 The yards, gardens, landscaped areas and walkways (not assigned as Limited Common Elements by this Declaration or amendments thereto) which surround and provide access to the Buildings or are used for recreational purposes.

6.6 Unless allocated as a Limited Common Element, the lobbies, halls and corridors not within individual Units, storage areas not allocated to Units, stairways and stairs, entrances and exits of the Building or Buildings, and (unless otherwise expressly provided in Exhibit B) the recreational facilities described in said Exhibit B.

6.7 Premises for the lodging or use of persons in charge of, or maintaining, the Property, if any.

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

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Article 7
DESCRIPTION OF LIMITED COMMON ELEMENTS

7.1 Residential Limited Common Elements. The Residential Limited Common Elements are allocated for the exclusive use of the Owner or Owners of the Residential Unit or Units to which they are allocated and, in addition to any Limited Common Elements provided by law or other provisions of the Declaration or amendments thereto, consist of:

7.1.1 Patio, Etc. The patio/yard area, deck or lanai, if any, which is adjacent to each Unit as more particularly shown on the Survey Map and Plans, the boundaries of said patio/yard area, deck or lanai being defined by the Interior Surfaces of the walls, floor, ceiling, doors, windows, ground, railings, fence or curb enclosing said patio/yard areas, deck or lanai; but if there are no such Interior Surfaces, then the boundaries as delineated on the Survey Map and Plans; but if no such boundaries are so delineated, then the perimeter edge of any patio, deck or lanai as actually constructed by Declarant.

7.1.2 Parking, Etc. Parking space (if any), and driving areas of the kind referred to in Section 6.4 (if any), which may be allocated to a Unit by this Declaration or amendments thereto and which prior to such allocation shall be more particularly shown on the Survey Map and Plans, the boundaries of said parking stall being defined by the Interior Surfaces of the walls, floor, curb and/or striping enclosing said parking space.

7.1.3 Storage (Adjacent). The storage lockers for each Unit, if any, which automatically are Limited Common Element where said storage lockers are located on the deck, lanai, patio or hallway, or other Common Element, immediately adjacent to a particular Unit and as shown on the Survey Map and Plans, the boundaries of said storage locker being defined by the Interior Surfaces of top, bottom, door and sides of said storage locker.

7.1.4 Storage (Other). The storage locker, if any, which may be allocated to a Unit by this Declaration or amendments thereto, the boundaries of said storage locker being defined by the Interior Surfaces of top, bottom, door and sides of said storage locker.

7.1.4 Lobby, Rooftop Decks. As may be more particularly depicted on the Survey Map and

Plans, the following areas shall be for the exclusive use of Residential Unit Owners: the main lobby area; and all roof top decks (subject to the right of use for Commercial Units pursuant to Exhibit B, Paragraph 8.

7.1.5 Miscellaneous. Such other Limited Common Elements, if any, as may be described in Exhibit B attached hereto.

7.2 Commercial Limited Common Elements. The Commercial Limited Common Elements are allocated for the exclusive use of the Owner or Owners of the Commercial Unit or Units to which they are allocated and, in addition to any Limited Common Elements provided by law or other provisions of the Declaration or amendments thereto, consist of:

7.2.1 Patio, Etc. The patio/yard area, deck or lanai, if any, which is adjacent to each Unit as more particularly shown on the Survey Map and Plans, the boundaries of said patio/yard area, deck or lanai being defined by the Interior Surfaces of the walls, floor, ceiling, doors, windows, ground, railings, fence or curb enclosing said patio/yard areas, deck or lanai; but if there are no such Interior Surfaces, then the boundaries as delineated on the Survey Map and Plans; but if no such boundaries are so delineated, then the perimeter edge of any patio, deck or lanai as actually constructed by Declarant.

7.2.2 Reallocation Between Units. A Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to the Declaration executed by the Owners of, and approved in writing by the Mortgagees holding Mortgages against, the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this section within thirty days unless the proposed reallocation does not comply with the Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium.

7.2.3 Common to Limited Common, Etc.. Sixty-seven percent (67%) of the Unit Owners, including the Owner of the Unit to which the Limited Common Element will be assigned or incorporated, must agree to reallocate a Common Element as a Limited Common Element or to incorporate a Limited Common Element into an existing Unit. Such reallocation or incorporation shall be reflected in an amendment to the Declaration, Survey Map, or Plans. Provided, however, this Section shall not apply with respect to any such reallocation or incorporation made as a result of the exercise of any Development Right reserved by Declarant.

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7.2.4 Parking, Etc. Parking space (if any), and driving areas of the kind referred to in Section 6.4 (if any), which may be allocated to a Unit by this Declaration or amendments thereto and which prior to such allocation shall be more particularly shown on the Survey Map and Plans, the boundaries of said parking stall being defined by the Interior Surfaces of the walls, floor, curb and/or striping enclosing said parking space.

7.2.5 Storage (Adjacent). The storage lockers for each Unit, if any, which automatically are Limited Common Element where said storage lockers are located on the deck, lanai, patio or hallway, or other Common Element, immediately adjacent to a particular Unit and as shown on the Survey Map and Plans, the boundaries of said storage locker being defined by the Interior Surfaces of top, bottom, door and sides of said storage locker.

7.2.6 Storage (Other). The storage locker, if any, which may be allocated to a Unit by this Declaration or amendments thereto, the boundaries of said storage locker being defined by the Interior Surfaces of top, bottom, door and sides of said storage locker.

7.2.7 Miscellaneous. Such other Limited Common Elements, if any, as may be described in Exhibit B attached hereto.

7.2.8 Boundary. If there is no fence, wall or other enclosure establishing the boundary of a Limited Common Element, then the boundary shall be as depicted on the Survey Map and Plans.

7.3 Transfer of Limited Common Elements

7.3.1 Renting. After Declarant's initial allocation, a Unit Owner may rent or lease the parking

space and/or storage areas allocated to that Unit to any other Unit Owner; provided, that the rental or lease term shall automatically expire on the date the lessor/Unit Owner disposes of its interest in the Unit (whether such disposition is by deed, contract, foreclosure or otherwise); and provided further, that the Board shall be notified in writing of the existence of any such rental or lease arrangement.

Article 8
ALLOCATED INTERESTS

The Allocated Interests of each Unit (that is, the undivided interest in the Common Elements, the Common Expense Liability and the votes in the Association allocated to each Unit) are set forth in Exhibit C attached hereto. Any values used to establish the percentages required by the Act do not reflect, necessarily, the amount for which a Unit will be sold, from time to time, by Declarant or others. The Allocated Interest appertaining to each Unit cannot be changed except as provided in this Declaration. The Allocated Interest and the title to the respective Units shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the title to the Unit. Except where permitted by the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the Unit to which that Interest is allocated is void.

Article 9
OWNER'S ASSOCIATION

9.1 Form of Association. The Association shall be organized as a non-profit corporation under the laws of the State of Washington and shall be known as the Nautica Condominium Owners Association.

9.2 Membership

9.2.1 Qualification. Each Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit so owned; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Unit Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Unit shall be the sole qualification for membership in the Association.

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

9.3 Voting

9.3.1 Number of Votes. The total voting power of all Owners shall be one hundred (100) votes and the total number of votes allocated to each Unit is set forth in Exhibit C hereof.

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

9.3.3 Proxies. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section expect by actual notice of revocation to the person presiding over a meeting

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of the association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven months after its date of issuance.

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

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

9.4 Meetings, Notices and Quorums

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

9.4.2 Quorums.

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

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

9.5 Bylaws of Association

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

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

Article 10
MANAGEMENT OF CONDOMINIUM

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

10.2 Election and Removal of Board and Officers.

10.2.1 Election By Owners, In General. The Unit Owners (including Declarant and any Affiliate

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

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

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

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

10.3 Management by Board.

10.3.1 On Behalf of Association. Except as otherwise provided in the Declaration, the Bylaws, Section 10.3.2 or the Act, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise ordinary and reasonable care.

10.3.2 Not on Behalf of Association. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners pursuant to Section 21.1, to terminate the Condominium pursuant to RCW 64.34.268, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board pursuant to section 10.3.2; but the Board may fill vacancies in its membership for the unexpired portion of any term.

10.3.3 Budget Approval. Within thirty days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Units to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

10.4 Authority of the Association

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

(a) Adopt and amend Bylaws, rules, and regulations;

(b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses from Unit Owners;

(c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

(d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

(e) Make contracts and incur liabilities;

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

(g) Cause additional improvements to be made as a part of the Common Elements;

(h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 10.8;

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

(j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Sections 4.1.2 and 4.1.4, and for services provided to Unit Owners;

(k) Impose and collect charges for late payment of assessments and, after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the Declaration or Bylaws or rules and regulations adopted by the Board levy reasonable fines in accordance with a previously established scheduled thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and rules and regulations of the Association;

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

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

(n) Assign its right to future income, including the right to receive common expense assessments, but only to the extent the Declaration provides;

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

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

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

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

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

10.4.2 The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Association funds a capital addition or improvement (other than for purposes of restoring, repairing or replacing portions of the Common Elements) having a total cost in excess of Five Thousand Dollars ($5,000), without first obtaining the affirmative vote of a majority of Owners at a meeting called

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for such purpose, or if no such meeting is held, then the written consent of a majority of Owners; provided that any expenditure or contract for each capital addition or improvement in excess of Twenty-Five Thousand Dollars ($25,000) must be approved by Owners having not less than sixty-seven percent (67%) of the voting power.

10.4.3 Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all of the Owners or any of them.

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

10.5 Borrowing by Association. In the discharge of its duties and the exercise of its powers as set forth in Section 10.3.1, but subject to the limitations set forth in this Declaration, the Board may borrow funds on behalf of the Association and to secure the repayment of such funds, assess each Unit (and the Owner thereof) for said Unit's pro rata share of said borrowed funds and the obligation to pay said pro rata share shall be a lien against said Unit and the undivided interest in the Common Elements appurtenant to said Unit. Provided, that the Owner of a Unit may remove said Unit and the Allocated Interest in the Common Elements appurtenant to such Unit from the lien of such assessment by payment of the Allocated Interest in Common Expense Liability attributable to such Unit. Subsequent to any such payment, discharge, or satisfaction, the Unit and the Allocated Interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the liens so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Unit and the Allocated Interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.

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10.6 Association Records and Funds

10.6.1 Records and Audits. The Association shall keep financial records sufficiently detailed to enable the Association to comply with RCW 64.34.425 in providing resale certificates. All financial and other records shall be made reasonable available for examination by any Unit Owner, the Owner's authorized agents and all Mortgagees. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. If this Condominium consists of fifty or more Units, the financial statements of the Condominium shall be audited at least annually by a certified public accountant. If this Condominium consists of fewer than fifty Units, an annual audit is also required but may be waived annually by Owners (other than the Declarant) of Units to which sixty percent of the votes are allocated, excluding the votes allocated to Units owned by the Declarant.

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

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

10.8 Common Elements, Conveyance, Encumbrance.

10.8.1 In General. Portions of the Common Elements which are not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association if the Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant or an Affiliate of Declarant, agree to that action; but all the Owners of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a security interest. Proceeds of the sale or financing are an asset of the Association.

10.8.2 Agreement. An agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Condominium is situated and is effective only upon recording.

10.8.3 Conditions Precedent. The Association, on behalf of the Unit Owners, may contract to convey Common Elements or subject them to a security interest, but the contract is not enforceable against the Association until approved pursuant to Sections 10.8.1 and 10.8.2. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

10.8.4 Void Transactions. Any purported conveyance, encumbrance, or other voluntary transfer of Common Elements, unless made pursuant to this Section, is void.

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

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

10.9 Termination of Contracts and Leases. If entered into before the Board elected by the Unit Owners pursuant to Section 10.2.2 takes office, (1) any management contract, employment contract, or lease or recreational or parking areas or facilities, (2) any other contract or lease between the Association and a Declarant or an Affiliate of a Declaration, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Unit Owners pursuant to Section 10.2.2 takes office upon not less than ninety days' notice to the other party or within such lesser notice period provided for without penalty in the contract or lease. This Section does not apply to any lease, the termination of which would terminate the Condominium or reduce its size, unless the real property subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this Section.

Article 11
USE; REGULATION OF USES; ARCHITECTURAL UNIFORMITY

11.1 Residential Units. The Residential Units shall be used: for Single Family Residential Purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling, without regard to whether the Unit Owner or occupant resides in the Unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis; for such other reasonable ancillary purposes commonly associated with residential dwellings and otherwise in compliance with the Declaration and applicable law in residential dwellings; for the common social, recreational or other reasonable uses normally incident to such purposes; and for purposes of operating the Association and managing the Condominium.

11.1.2 Commercial Units. The Commercial Unit shall be used, or an ownership, rental, lease or invitee basis for such uses and purposes and subject to such restrictions on use, as set forth in Exhibit E hereof.

11.2 Vehicle Parking Restrictions. Limited Common Element parking spaces (except fully enclosed garages) are restricted to use for parking of motor vehicles; other items and equipment may be parked or kept

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therein only subject to the rules or regulations of the Board. The Board may require removal of any vehicle (and any other equipment or item) improperly stored in parking spaces. If the same is not removed, the Board shall cause removal at the risk and expense of the Owner thereof. Use of all Limited Common Element parking areas may be regulated by the Board and is subject to the provisions of Article 7 of this Declaration. Personal property may not be stored in an enclosed garage, or such garage be used for a purpose other than parking, to an extent that would prevent parking a motor vehicle therein.

11.3 Common Drive and Walks. Common drives, walks, corridors, stairways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board.

11.4 Interior Unit Maintenance

Subject to the provisions of Section 11.14:

11.4.1 Standard of Condition. Each Unit Owner shall, at his sole expense, have the right and the duty to keep the interior of his Unit and its equipment, appliances, and appurtenances in good order, condition and repair. Each Owner shall be responsible for the construction, alteration, maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, electrical fixtures or appliances which may be in or connected with his Unit.

11.4.2 Additional Rights and Duties. Without limiting the generality of the foregoing, each Owner shall have the right, at his sole cost and expense, to construct, alter, maintain, repair, paint, paper, panel, plaster, tile, and finish: the windows; window frames; doors; door frames and trim; interior non-load bearing partitions; and the interior surfaces of the ceilings, floors, and the perimeter walls of the Unit and the surfaces of the bearing and non-bearing walls located within his Unit; and shall not permit or commit waste of his Unit or the Common Elements. Each Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls; provided that, except for hard surface flooring installed by Declarant or installed as part of the original construction of the Building, no Owner shall install hard surface flooring within a Unit except with the prior written consent of the Unit Owner below, if any. This Section shall not be construed as permitting any violation of any other provision of this Declaration or any interference with or damage to the structural integrity of the Building or interference with the use and enjoyment of the Common Elements or of the other Units or any of them, nor shall it be construed to limit the powers or obligations of the Association or Board hereunder.

11.5 Alterations of Units. Subject to the provisions of Section 11.4 a Unit Owner:

11.5.1 Non-Structural. May make any improvements or alterations to the Owner's Unit that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium;

11.5.2 Common Element. May not change the appearance of the Common Elements or the exterior appearance of a Unit without permission of the Association;

11.5.3 Adjoining Unit. After acquiring an adjoining Unit or an adjoining part of an adjoining Unit may, with approval of the Board, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this section is not a relocation of boundaries. The Board shall approve a Unit Owner's request, which request shall include the plans and specifications for the proposed removal or alteration, under this section within thirty days, unless the proposed alteration does not comply with the Act or the Declaration or impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board to act upon a request within such period shall be deemed approval thereof.

11.5.4 Board Decisions. The Board shall be allowed 30 days for decisions. All requests for additions and alterations shall be made in writing and the Board shall respond in written form. Except as otherwise provided herein, no work of any kind shall be conducted without the express written approval of the Board. This subsection 11.5.4 shall also apply to section 11.6

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11.6 Limited Common Element Maintenance. Limited Common Elements, as defined in Article 7, are for the sole and exclusive use of the Units for which they are reserved or assigned; provided, that the use, condition and appearance thereof may be regulated under provisions of the Bylaws, rules or this Declaration including the following:

11.6.1 Limited Common Element Maintenance Residential. Residential Limited Common Elements, as defined in Article 7, are for the sole and exclusive use of the Residential Units for which they are reserved or assigned; provided, that the use, condition and appearance thereof may be regulated under provisions of the Bylaws, rules or this Declaration including the following:

(a) Decisions by Board. Decisions with respect to the standard of appearance and condition of Limited Common Elements, and with respect to the necessity for, and manner of, caring for, maintaining, repairing, repainting or redecorating Limited Common Elements ("Maintenance Work" herein), shall be made by the Board.

(b) Performance of Work. Performance of such Maintenance Work shall be carried out by the Board on behalf of the Residential Owner or Owners of Residential Units to which the Residential Limited Common Element in question is assigned or reserved; provided, that by written notice, the Board may permit such Owner or Owners to perform such Maintenance Work themselves;

(c) Board Approval. Residential Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective Residential Limited Common Elements without prior written approval of the Board;

(d) Owner Pays Cost. Residential Unit Owners will be responsible for the cost of such Maintenance Work for the Residential Limited Common Elements reserved for or assigned to their Units;

(e) Multiple Owners. With respect to a Residential Limited Common Element reserved for or assigned to more than one Residential Unit for the mutual and joint use thereof, the cost of such Maintenance Work for such Limited Common Element shall be divided in equal shares among the Residential Units for which such Limited Common Element is allocated on the basis used to determine "Residential Allocated Interests Expense/Voting" in Exhibit C hereof.

(f) Cost as Special Charge. With respect to any such Maintenance Work performed by the Board, the cost thereof (or the appropriate share thereof if the Residential Limited Common Element in question has been assigned or reserved jointly to more than one Residential Unit) shall be levied as a special charge against the Residential Unit or Units (and the Owner or Owners thereof) to which such Residential Limited Common Element is assigned or reserved.

11.6.2 Commercial Limited Common Elements. Commercial Limited Common Elements as defined in Section 7.2 are for the sole and exclusive use of the Commercial Unit to which the Element is allocated; provided, the use, condition and appearance thereof may be regulated under the provisions of Exhibit E hereof, and the provisions of the Bylaws and this Declaration, including the following:

(a) Decisions by Board. Decisions with respect to the standard of appearance and condition of the Commercial Limited Common Elements, and with respect to the necessity for, and the manner of, caring for, maintaining, repairing, modifying, repainting or redecorating of the Commercial Limited Common Elements ("Maintenance Work" herein) shall be made by the Board;

(b) Performance of Work. Performance of such maintenance, repair, modifications, painting and decoration work shall be carried out by the Board on behalf of the Owner or Owners of the Commercial Unit to which the Element is allocated; provided, that by written notice, the Board may permit such Owner or Owners to perform such Maintenance Work themselves;

(c) Board Approval. Commercial Unit Owners may not, however, modify, paint, or otherwise decorate, or in any way alter their respective Residential Limited Common Elements without prior written approval of the Board;

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(d) Owner Pays Cost. The Commercial Unit Owner shall be responsible for the cost of such work for the Commercial Limited Common Element allocated to the Commercial Unit;

(e) Multiple Owners. With respect to a Commercial Limited Common Element allocated to more than one Commercial Unit, the cost of such Maintenance Work for such Commercial Limited Common Element shall be divided among the Commercial Units to which such Element is allocated on the basis used to determine "Commercial Allocated Interests Expense/Voting" in Exhibit C hereof. Interest in Common Elements appurtenant to each such Commercial Unit;

(f) Cost as Special Charge. With respect to any such Maintenance Work performed by the Board, the cost thereof (or the appropriate share thereof if the Commercial Limited Common Element in question has been assigned or reserved jointly to more than one Residential Unit) shall be levied as a special charge against the Residential Unit or Units (and the Owner or Owners thereof) to which such Limited Common Element is assigned or reserved.

11.7 Exterior Appearance. In order to preserve a uniform exterior appearance to the Building, and the Common and Limited Common Elements visible to the public, the Board shall require and provide for the painting and other decorative finish of the Building, lanais or patio/yard areas, or other Common or Limited Common Elements, and prescribe the type and color of such decorative finishes, and may prohibit, require or regulate any modification or decoration of the Building, lanais, patio/yard areas or other Common or Limited Common Elements undertaken or proposed by any Owner. This power of the Board extends to screens, doors, awnings, rails or other visible portions of each Residential Unit. The Board may also require use of a uniform color and kind of Unit window covering (including draperies, blinds, shades, etc.) visible from the exterior or from Common Elements. Notwithstanding the foregoing, but subject to the limitations set forth in this Declaration and so long as reasonably consistent with the essentially residential character of the Building, the installation, maintenance repair, modification, painting and decoration of the Commercial Units (including design and decoration), interior decorations visible from the exterior, entry and entry door shall be the responsibility of the Commercial Unit Owners (at such Owners' sole cost) and not subject to Board approval.

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11.8 Effect on Insurance. Nothing shall be done or kept in any Residential Unit or in the Common or Residential Limited Common Element which will increase the rate of insurance on the Common Elements or Residential Units without the prior written consent of the Board. Any increase in the rate of insurance on the Common Elements, or Residential Limited Common Elements or Residential Units as a result of the use of the Commercial Units shall be assessed to and paid for by the Owner or Owners of the Commercial Unit causing such increase. No Owner and/or Purchaser shall permit anything to be done or kept in his Unit or in the Common or Limited Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Elements, or which would be in violation of any laws.

11.9 Signs. No sign of any kind shall be displayed to the public view on or from any Residential Unit or Common or Residential Limited Common Element without the prior consent of the Board; provided, that the Board shall, by and subject to appropriate rule, permit temporary placement of a sign, at a space designated by the Board, indicating that a Unit is for sale or lease; and provided, that this section shall not apply to Declarant or Declarant's agents in exercising any Special Declarant Right reserved by Declarant under this Declaration. Notwithstanding the foregoing, with respect to the Commercial Units, and without the Board's prior approval, signs may be displayed to the public view: from within the Commercial Units; attached to the exterior of the entry door or on the interior wall adjacent thereto; and attached to the exterior facade of the Commercial Unit; provided, no lighted or illuminated exterior sign, and no exterior sign exceeding 3' by 10' in height and width, may be installed without the Board's prior approval; provided, all signs shall comply with the provisions of any applicable governmental laws, rules and regulations; and provided further, no such Commercial Unit sign shall interfere with the quiet and peaceful enjoyment of any Residential Unit.

11.10 Pets. Domestic household pets ("pets"), such as dogs, cats and birds, may be kept by Unit Owners; provided, that the keeping of pets shall be subject to such reasonable rules and regulations as the Board may from time to time adopt.

Pets will not be allowed on any Common Elements (or Limited Common Elements allocated for the use of more than one Unit) unless they are on a leash or being carried and are being walked to or from the Unit to a public walk or street. At all times the (Common Elements shall be free of any pet debris, including food and feces

matter. At no time is pet feces to be deposited in garbage. No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Condominium, nor may any animal be bred or used therein for any commercial purpose. Any outside facility for pets must be kept clean on a daily basis and no waste products or food be left in either the facility or on the Property.

The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain.

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

No owner shall decorate or landscape any entrance, hallways, elevator, planting area or lanai appurtenant to his Unit except in accordance with standards therefor established by the Board of directors or specific plans approved in writing by the Board of directors.

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

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

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

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

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11.12 Common Element Alterations. Nothing shall be altered or constructed in, or (except for an Owner's personal property) removed from, the Common Element except upon the written consent of the Board and after procedures required herein or by law.

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

11.14 Rental Units. The Leasing or Renting of a Unit by its Owner shall be governed by the provisions of this Section 11.14:

11.14.1 No Transient Purposes. With the exception of a lender in possession of a Unit following a default in a Mortgage, a Foreclosure proceeding or any deed or other arrangement in lieu of a Foreclosure, no Unit Owner shall be permitted to Lease his Unit for hotel or transient purposes which shall be defined as Renting for any period less than thirty (30) days. The Association may by resolution of the Board prohibit the Leasing of any Unit for a period of less than six (6) months.

11.14.2 Entire Unit. No Residential Unit Owner may Lease less than the entire Residential Unit.

11.14.3 Written Leases. All Leasing or Rental agreements shall be in writing and be subject to this Declaration and Bylaws (with a default by the tenant in complying with this Declaration and/or Bylaws constituting a default under the Lease or Rental agreement).

11.14.4 Rent to Association. If a Unit is Rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association hereunder, plus interest and costs if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner or purchaser and the Unit under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Unit or its Owner; nor in derogation of any rights which a Mortgagee of such Unit may have with respect to such rents. Other than as stated in this Section 11.14, there is no restriction on the right of any Unit Owner to Lease or otherwise Rent his Unit.

11.15 Maintenance of View. Trees and vegetation planted in the Common Elements shall be pruned by the Association in a manner to preserve as much view as possible from each of the Units.

Article 12
COMMON EXPENSES AND ASSESSMENTS

12.1 Estimated Expenses. Within sixty (60) days prior to the beginning of each calendar year, or such other fiscal year as the Board may adopt, the Board: shall estimate the charges including Common Expenses, and any special charges for particular Units to be paid during such year; shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations, as well as for maintenance, repair, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular monthly Assessments a reserve fund for replacement of those Common Elements which can reasonably be expected to require replacement or a major repair prior to the end of the useful life of the Buildings. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace, or perform such major repair, to each Common Element covered by the fund at the end of the estimated useful life of each such Common Element. The initial Board, whether appointed by Declarant or elected by Unit Owners, may at any suitable time establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any Owner's Assessment), the Board may at any time levy a further Assessment, which shall be assessed to the Owners according to Section 12.4. Similarly, if the sum estimated and budgeted, and being collected and/or already collected, at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds (in excess of current needs and required reserves) against future Assessments and/or refund such excess funds.

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

12.3 Commencement of Assessments. The Declarant in the exercise of its reasonable discretion shall determine when the Association shall commence making Assessments; provided, that in all events Assessments shall commence on a date within 60 days after the earlier of: (a) the date six (6) months after the date of first conveyance of a Unit to an owner (other than Declarant or an Affiliate of Declarant) or (b) the date on which seventy-five percent (75%) of the Units which may be created have been conveyed to Owners (other than Declarant or an Affiliate of Declarant). Until the Association makes an Assessment, the Declarant shall pay all Common Expenses. After any Assessment has been made by the Association, Assessments must be made against all Units, based on a budget adopted by the Association; provided, for a period not to exceed twelve (12) months following the date of first conveyance of a Unit to an Owner other than Declarant or an Affiliate of Declarant, the Board (whether appointed by Declarant or elected by Unit Owners) may elect not to collect monthly assessments calculated as provided in Section 12.1 and instead elect to collect and expend monthly assessments based on the actual costs of maintaining, repairing, operating and insuring the Common Areas.

12.4 Allocated Liability. Except for Assessments under Sections 12.5, 12.6, 12.7 and 12.8, all Common Expenses must be assessed against all the Units in accordance with the allocations set forth in Exhibit C. Any past due Common Expense Assessment or installment thereof bears interest at the rate established by the Association pursuant to Section 12.12.12.