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KING COUNTY, WA

CONDOMINIUM DECLARATION FOR
THE COURTYARD AT QUEEN ANNE SQUARE, A CONDOMINIUM

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51/5800

Grantor/Declarant: QAS RESIDENTIAL L.L.C., a Washington limited liability company
Additional names on pg. N/A

Grantee: CONDOMINIUM DECLARATION FOR THE COURTYARD AT
QUEEN ANNE SQUARE, A CONDOMINIUM
Additional names on pg. N/A

Legal Description: THE RESIDENTIAL UNIT OF QUEEN ANNE SQUARE, A
CONDOMINIUM, PER CONDOMINIUM DECLARATION
RECORDED UNDER KING COUNTY RECORDING NO.
19990930002421
Official legal description SAME

Assessor's Tax Parcel ID#: ~~387990-1100-00~~
~~387990-1151-08~~
701535-0010

Reference # (if applicable): N/A
Additional numbers on pg. N/A

DEPARTMENT OF ASSESSMENTS
Examined and approved this 1st day of

June, 2000

Scott Noble

Assessor

Debra Clark

Deputy Assessor

FILED FOR RECORD AT THE
REQUEST OF TRANSNATION
TITLE INSURANCE CO. AS
A MISCELLANEOUS
ACCOMMODATION ONLY

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Article 1. DEFINITIONS.

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

Allocated Interests means the allocation of Common Expense Liability, interest in Common Elements and voting for each of the Units in the Condominium determined in accordance with the formula set forth in Section 6.4 and as specified in Schedule B.

Articles means the Articles of Incorporation for the Association.

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

Association means the owners association identified in Article 13.

Board means the board of directors of the Association, as described in Article 15.

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

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

Common Expenses means expenditures made by or financial liabilities of the Association including those expenses related to the maintenance, repair and replacement of the Common Elements and the Limited Common Elements, and the following utility services provided to the Units: water, sewer and garbage removal.

Common Expense Liability means the liability for Common Expenses allocated to each Unit, as set forth in Schedule B.

Condominium means The Courtyard at Queen Anne Square, a condominium, created under the Declaration and the Survey Map and Plans.

Condominium Act means the Washington Condominium Act, codified at RCW 64.34, as it may be from time to time amended.

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

Declarant means QAS Residential L.L.C., a Washington limited liability company, and its representatives, successors, and assigns.

Declarant Control means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board pursuant to Article 14.

Declaration means this Condominium Declaration for The Courtyard at Queen Anne Square, a condominium, as it may from time to time be amended.

Development Rights means the rights of the Declarant to (a) incorporate adjacent storage areas or Common Elements into certain Units pursuant to Section 11.1, (b) convert storage areas in the garage to parking spaces, (c) convert parking spaces in the garage to storage areas, (d) convert laundry rooms to storage rooms, (e) create individual storage areas in the Common Elements, (f) exchange certain parking spaces within the garage of Queen Anne Square with the owner for of the Office Unit, and (g) assign storage areas and parking spaces to Units as Limited Common Elements pursuant to Article 9.

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

FHLMC means the Federal Home Loan Mortgage Corporation.

FNMA means the Federal National Mortgage Association.

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

HUD means the Department of Housing and Urban Development.

Identifying Number means the Unit number listed in Schedule B and shown on the Survey Map and Plans which identifies each Unit in the Condominium.

Limited Common Element means a portion of the Common Elements allocated in Article 8 for the exclusive use of one Unit.

Managing Agent means the person designated by the Board under Section 15.3.

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

Mortgagee means any holder of a mortgage on a Unit.

Notice and Opportunity to be Heard means the procedure described in Section 15.5.

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

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

Queen Anne Square means Queen Anne Square, a condominium, per Condominium Declaration recorded under King County Recorder's No. 19990930002421 and Survey Map and Plans filed in Volume 159 of Condominiums at pages 37 to 41 under King County Recorder's No. 19990930002420.

Special Declarant Rights means rights reserved for the benefit of the Declarant as specified in Article 11.

Survey Map and Plans means the survey map and plans filed simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed.

Transition Date means the date upon which the period of Declarant Control terminates as determined in Article 14.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 6.2 and shown on the Survey Map and Plans.

VA means the Veterans Administration.

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

Section 1.3 Statutory Definitions. Some of the terms defined above are also defined in the Condominium Act. The definitions in the Declaration are not intended to limit

or contradict the definitions in the Condominium Act. If there is any inconsistency or conflict, the definition in the Condominium Act will prevail.

Article 2. CONSTRUCTION AND VALIDITY OF DECLARATION.

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an insignificant failure of this Declaration or the Survey Map and Plans or any amendment thereto to comply with the Condominium Act.

Article 3. NAME OF CONDOMINIUM.

The name of the Condominium created by this Declaration and the Survey Map and Plans is The Courtyard at Queen Anne Square, a condominium.

Article 4. DESCRIPTION OF LAND.

The real property included in the Condominium is described in Schedule A.

Article 5. DESCRIPTION OF BUILDING.

The Condominium has one four-story building of wood frame construction located within the Residential Unit of Queen Anne Square. The building is located over a garage portions of which are Common Elements and Limited Common Elements of the Residential Unit of Queen Anne Square and included within the Condominium, as shown on the Survey Map and Plans for the Condominium and the Survey Map and Plans for Queen Anne Square.

Article 6. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 6.1 Number and Identification of Units. The Condominium has 75 Units. The Identifying Number of each Unit is set forth in Schedule B. The location of the Units are shown on the Survey Map and Plans.

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Section 6.2 Unit Boundaries. The boundaries of the Units are the unfinished interior surfaces of the perimeter walls, floors and ceilings of the Units, including within the Unit all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof; provided, that the Unit boundaries shall not include those Common Elements specified in Article 7. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

Section 6.3 Unit Data. Schedule B sets forth the following data for each Unit:

- 6.3.1 The approximate area;
- 6.3.2 The number of bathrooms, whole or partial;
- 6.3.3 The number of rooms designated primarily as bedrooms;
- 6.3.4 The number of fireplaces within or serving each Unit;
- 6.3.5 The level upon which each Unit is located;
- 6.3.6 The parking space or spaces, if any, assigned to each Unit;
- 6.3.7 The storage area or areas, if any, assigned to each Unit.

and

The location and configuration of each Unit are shown in the Survey Map and Plans.

Section 6.4 Allocated Interests. Schedule B sets forth the Allocated Interests of each of the Units in the Condominium for the purposes of Common Expense Liability, interest in the Common Elements and voting. The formulas for making the allocations are as follows:

Common Expense Liability	Relative area of Units
Interest in Common Elements	Relative area of Units
Voting	Equally among Units

In the event the Declaration changes the boundaries of Unit 106, 206, 306 or 406 pursuant to the exercise of a Development Right, the Declarant shall amend Schedule B to reflect the new Unit areas and Allocated Interests.

Article 7. COMMON ELEMENTS.

Section 7.1 Description. The Common Elements are all portions of the Condominium other than the Units, including all portions of the walls, floors, or ceilings which are not a part of or within the Unit boundaries provided in Section 6.2. The Common Elements also include any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit which serves more than one Unit or any portion of a Common Element.

Section 7.2 Use. Each Owner shall have the right to use the Common Elements in common with all other Owners and a right of access from the Owner's Unit across the Common Elements to the public streets. The right to use the Common Elements extends not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 7.3 Conveyance or Encumbrance of Common Elements. Portions of the Common Elements not necessary for the habitability of a Unit may be conveyed or subjected to a security interest by the Association of the Owners having at least 80% of the votes in the Association, including 80% of the votes excluding votes held by the Declarant for an affiliate of Declarant (as defined in the Condominium Act); but all of the Owners of Units to which any Limited Common Element is allocated must agree in order to cover that Limited Common Element or subject it to a security interest. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred.

Article 8. LIMITED COMMON ELEMENTS.

Section 8.1 Description. The Limited Common Elements allocated to Units are as follows:

- 8.1.1 The parking space or spaces, if any, assigned to individual Units pursuant to Section 9.1;
- 8.1.2 The storage area or areas, if any, assigned to individual Units pursuant to Section 9.1;
- 8.1.3 The patio or deck, if any, adjacent to the Unit, as shown on the Survey Map and Plans; and

8.1.4 The yard area, if any, adjacent to the Unit or patio, as shown on the Survey Map and Plans.

Section 8.2 Reallocation. A Limited Common Element may be reallocated between Units only with the approval of the Board and by an amendment to the Declaration executed by the Owners of 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 30 days, or within such other period provided by the Declaration, unless the proposed reallocation does not comply with the Condominium 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. A Common Element may be reallocated as a Limited Common Element or a Limited Common Element may be incorporated into an existing Unit with the approval of 67 percent of the Owners, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Survey Map and Plans.

Section 8.3 Use. Each Owner shall have the exclusive right to use the Limited Common Elements allocated to the Owner's Unit. The right to use the Limited Common Element extends to the Owner's agents, servants, tenant, family members, invitees and licensees.

Article 9. PARKING AND STORAGE.

Section 9.1 Assignment to Units. There are 81 parking spaces and several storage rooms or areas in the garage of Queen Anne Square which are included within the Condominium as limited common elements allocated to the Residential Unit of Queen Anne Square. The Declarant reserves the right to exchange six of the parking spaces allocated to the Residential Unit (nos. 186-191) for five parking spaces on parking level 3. In addition, there are laundry rooms and other storage areas on the residential floors of the Condominium. The Declarant reserves the Development Rights to convert the laundry rooms to storage areas, convert unassigned parking spaces in the garage to storage areas, convert unassigned storage areas in the garage to parking spaces, create separate storage areas within storage areas, and assign parking spaces and storage areas to Owners as Limited Common Elements. Parking spaces and storage areas to be assigned to Units are or will be designated by number or number and letter on the Survey Map and Plans, as it may be amended by the Declarant to show changes to parking spaces and storage areas pursuant to the exercise of Declarant's Development Rights. The number of parking spaces and storage areas available for assignment to Units as Limited Common Elements shall also be stated on Schedule B, as it may be amended by the Declarant upon the exercise of its Development Rights. Parking

spaces and storage areas shall be assigned as Limited Common Elements to Units either in Schedule B or by amendment to Schedule B signed only by the Declarant.

Section 9.2 Rental of Parking Spaces and Storage Areas. The Owner of a Unit may rent a parking space or storage area which is a Limited Common Element of that Unit to the occupant of another Unit in the Condominium, but such rental shall be subject to termination upon 30 days' notice. Rental of a parking space or storage area shall be terminated automatically and without notice upon the transfer of title of the Unit to which it is a Limited Common Element.

Article 10. PERMITTED USES; MAINTENANCE; CONVEYANCES.

Section 10.1 Residential Use; Timesharing Prohibited. The Condominium is intended for and restricted to residential use only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use, including use as a home office not involving use by nonresident employees or regular visits by customers or clients. Timesharing of Units, as defined in RCW 64.36, is prohibited

Section 10.2 Use of Parking Spaces. The parking spaces assigned as Limited Common Elements to the Units are to be used for the parking of operable passenger motor vehicles and may be used for parking trucks, trailers, or recreational vehicles, or for other purposes only to the extent expressly allowed by rules and regulations adopted by the Board. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof.

Section 10.3 Leases. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration and the Bylaws and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. The Board may adopt a rule that requires any Owner desiring to rent a Unit to have any prospective tenant (other than a relative of the Owner) screened, at the Owner's cost, by a tenant screening service designated or approved by the Board and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a lease with the prospective tenant. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences. If any lessee or occupant of a Unit violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association, and the Board determines that

such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Unit and the Owner thereof to forthwith cease such violations; and if the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Unit for any costs incurred by it in connection with such eviction, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise rent his Unit.

Section 10.4 Maintenance of Units, Common Elements, and Limited Common Elements. Except as provided below, the Association is responsible for maintenance, repair, and replacement of the Common Elements and the Limited Common Elements, and each Owner is responsible for maintenance, repair and replacement of the Owner's Unit. Each Owner shall, at the Owner's sole expense, keep the interior of the Unit and its equipment, appliances, and appurtenances in a clean and sanitary condition, free of rodents and pests, and in good order, condition, and repair and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the Unit. Each Owner shall be responsible for the maintenance, repair, or replacement of the exterior doors or the Unit and any plumbing fixtures, water heaters, fans, heating or air conditioning equipment which serve only that Unit, whether or not located in the Unit. Each Owner shall replace any broken or damaged glass or screens in the windows or doors of the Unit. Any replacement glass or screens for a Unit shall be the same as originally installed or otherwise approved in writing by the Board. The Association may, as a Common Expense, provide for the inspection of any portion of a Unit or Limited Common Element, the failure of which to maintain properly may cause damage to the Common Elements, Limited Common Elements or another Unit or cause unnecessary Common Expenses, including, but not limited to, fireplace and flue, bathtubs, sinks, toilets, hot water tank and plumbing and electrical fixtures. If the inspection discloses the need for repair or replacement, the Association may either require the responsible Owner to make the repair or replacement or to make the repair or replacement itself and allocate the cost thereof to the Owner.

Section 10.5 Exterior Appearance. In order to preserve a uniform exterior appearance of the building, the Board shall provide for the maintenance of the exterior of the building. No Owner may modify or decorate the exterior of the building, or windows, screens, doors, awnings, or other portions of any Unit visible from outside the Unit without the prior written consent of the Board or in accordance with rules or regulations of the Association. No solar panels, radio or television antennas or other appliances may be installed on the exterior of the building without the prior written consent of the Board. Except as installed by the Declarant or as may be approved by the Board, Owners shall not install any

reflective coating or other reflective materials, solar glazing or colored glazing on any window or door glass visible from outside the Units. Unless otherwise established by rule or regulation of the Board, all portions of curtains, blinds or draperies visible from outside the Units shall be white or off-white and the Unless otherwise approved by the Board, Owners shall replace the glass or screens in the windows or doors of the Units only with materials of similar color and quality to those originally installed.

Section 10.6 Effect on Insurance. Nothing shall be done or kept in any Unit or in any Common Element that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in any Common Element that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

Section 10.7 Use or Alteration of Common and Limited Common Elements. Use of the Common Elements and Limited Common Elements shall be subject to the provisions of this Declaration and the rules and regulations of the Board. Nothing shall be altered or constructed in or removed from any Common Element or Limited Common Element except upon the prior written consent of the Board.

Section 10.8 Signs. No sign of any kind shall be displayed to the public view on or from any Unit, Limited Common Element or Common Element without the prior consent of the Board. This Section shall not apply to the Declarant who may post such signs on the property as it deems necessary or appropriate for the sale of Units in the Condominium as long as the Declarant has a Unit for sale.

Section 10.9 Pets. Domesticated animals, birds and reptiles (herein referred to as "pets") may be kept in the Units subject to rules and regulations adopted by the Board. Dogs will not be allowed on the Common Elements unless they are on a leash and are being walked to or from the Unit to a public road or the garage areas. The Board may, after Notice and Opportunity to be Heard, at any time require the removal of any pet which it finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 10.10 Quiet Enjoyment; Noise. No Owner shall permit anything to be done or kept in the Owner's Unit, Limited Common Elements or Common Elements which would interfere with the right of quiet enjoyment of the other residents of the Condominium. In particular, sound system loudspeakers shall not be rigidly attached to the party wall with another Unit or to the ceilings of Units on the second, third and fourth levels of the building. The Board may adopt rules and regulations to control sound transmission between Units.

Section 10.11 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit, Limited Common Element or Common Element, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners.

Section 10.12 Conveyance by Owners; Notice Required. The right of an Owner to the Unit shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Unit being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Promptly upon the conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy under Article 21 of the name and address of the new Owner and request that the new Owner be made a named insured under such policy. At the time of the first conveyance of each Unit, every mortgage, lien or other encumbrance affecting that Unit and any other Unit or Units or real property, other than the percentage of undivided interest of that Unit in the Common Elements, shall be paid and satisfied of record, or the Unit being conveyed and its undivided interest in the Common Elements shall be released therefrom by partial release duly recorded or the purchaser of that Unit shall receive title insurance from a licensed title insurance company against such mortgage, lien or other encumbrance.

Article 11. DEVELOPMENT RIGHTS; SPECIAL DECLARANT RIGHTS.

Section 11.1 Development Rights. The Declarant reserves the Development Rights to (a) incorporate all or a portion of the Common Element storage areas adjacent to Units 106, 206, 306 and 406 shown on the Survey Map and Plans into those Units, (b) convert storage areas in the garage to parking spaces, (c) convert parking spaces in the garage to storage areas, (d) convert laundry rooms on the residential levels of the Condominium to storage rooms, (e) create individual storage areas within the storage areas, (f) exchange parking spaces 186-191 for five parking spaces on parking level 3 with the Owner of the Office Unit, and (f) assign parking spaces and storage areas to Units as Limited Common Elements pursuant to Article 9. The Declarant shall file such amendments to the Survey Map and Plans and record such amendments to the Declaration as are necessary to exercise the Development Rights. The right of Declarant to exercise the Development Rights shall terminate on the earlier of (a) the fifth anniversary of the recording of the Declaration or (b) the recording of a notice signed by the Declarant that it no longer wishes to exercise any of the Development Rights.

Section 11.2 Special Declarant Rights. The Declarant reserves the following Special Declarant Rights: (a) to complete repairs and improvements within the Condominium; (b) to maintain sales offices, management offices, signs advertising the Condominium, and models in Units which are not occupied and are for sale by the Declarant, in Units owned by the Declarant, and in the Common Elements of the Condominium; (c) to use easements through the Common Elements for the purpose of making improvements within the Condominium; and (d) to elect, appoint or remove any officer of the Association or any member of the Board during the period of Declarant Control as provided by Article 14. The rights described in this Article shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded in the county in which the Condominium is located. The rights and liabilities of the parties involved in the such a transfer and of all persons who succeed to any Special Declarant Right, are set out in RCW 64.34.316.

Article 12. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any Unit and the Limited Common Elements allocated thereto to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to another Unit. Except in cases of great emergency that preclude advance notice, the Board shall cause the Unit occupant to be given Notice and an Opportunity to be Heard as far in advance of entry as is reasonably practicable. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a special Assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 17.

Article 13. OWNERS ASSOCIATION.

Section 13.1 Form of Association. The Owners of Units shall constitute an owners association to be known as The Courtyard at Queen Anne Square Owners Association. The Association shall be organized as a nonprofit corporation, no later than the date the first Unit in the Condominium is conveyed. It will be governed by a Board, the number of members of which and their qualifications shall be specified in the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws.

Section 13.2 Bylaws. The Board will adopt Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Act or the Declaration.

Section 13.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member's Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 13.4 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

13.4.1 Adopt and amend the Bylaws;

13.4.2 Adopt and amend rules and regulations for the Condominium; provided, however, that Owners holding a majority of votes in the Association shall have the authority to amend or reject rules and regulations adopted by the Board;

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

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

13.4.5 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium; provided, however, that the approval of Owners holding 67% of the votes in the Association shall be required before the Association may institute, commence or intervene in any litigation or administrative proceeding, including arbitration, other than litigation or other proceedings against Owners for collection of delinquent Assessments or for enforcement of the Declaration or rules and regulations of the Association; and further provided that the Association shall have the exclusive right to institute or maintain litigation or administrative proceedings and to negotiate settlement of disputes involving defects in construction, reconstruction, repair or replacement of the Common Elements;

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