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DECLARATION  
AND  
COVENANTS, CONDITIONS, RESTRICTIONS & RESERVATIONS  
FOR  
HARRIS CHELAN MARINA CONDOMINIUM  
A CONDOMINIUM

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Pursuant to the Washington Condominium Act (the "Act"), R.C.W. 64.34, and the amendments thereto, for the purpose of submitting the real property hereinafter described to the provisions of the Act, the Declarant, being sole owners of said property, make the following Declaration which shall be the Declaration required under the Act. It is agreed by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use of enjoyment, respecting the Property or any Unit in the Condominium created by this Declaration, that this Declaration, together with the Survey Map and Plans referred to herein, states a common plan for the condominium development mutually beneficial to all of the described Units, and that the covenants, conditions, restrictions and reservations effect 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 property 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 property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts, or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Units under security interests.

1. DEFINITIONS.

1.1 Words Defined:

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

1.1.1. Act shall mean the Washington Condominium Act presently codified in Chapter 64.34, Revised Code of Washington, and amendments thereto.

1.1.2. Articles shall mean the articles of incorporation of the Association defined below.

1.1.3. Association shall mean the unit owners' association organized under RCW 64.36.3000 and described in Section 13 of this Declaration.

1.1.4. Board shall mean the board of directors of the Association.

1.1.5. Building/Dock shall mean a dock and a number of finger piers. For the purposes of this Declaration, the words "Building" and "Dock" are used interchangeably. Each Dock contains a number of finger piers which provide access to the Moorage Slips. The number of Moorage Slips for each Dock and their respective lengths are described on the Survey Map and Plans. Each is connected to the shore by a walkway or ramp which provides access to and form the individual finger piers.

1.1.6. Bylaws shall mean the bylaws of the Association.

1.1.7. Common Area, Common Areas and Facilities and Common Elements shall mean the common areas and facilities described in Section 5, as limited by Section 6 and shall be used interchangeably.

1.1.8. Declarant shall mean Lodge Pole Forest Products, Inc. and its successors and assigns.

1.1.9. Declaration shall mean this Declaration and Covenants, Conditions, Restrictions, and Reservations for Harris Chelan Marina, a Condominium, as it may from time to time be amended.

1.1.10. Dock - see Paragraph 1.1.5.

1.1.11. First Mortgage and First Mortgagee shall mean, respectively, (a) a recorded mortgage on a Unit that has legal priority over all other mortgages thereon, and (b) the holder of a First Mortgage.

1.1.12. Improvements shall mean all structures or improvements constructed on the Land, including, but not limited to, Docks, finger piers, longitudinal piers, sidewalks, paved parking areas, fences, gates, buildings and breakwaters.

1.1.13. Institutional Holder of a mortgage shall mean a mortgagee which is bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

1.1.14. Land shall mean the real property described in Appendix A of this Declaration.

1.1.15. Limited Common Areas shall mean those portions of the common areas as provided in Paragraph 6.

1.1.16. Managing Agent shall mean the person designated by Declarant under Paragraph 12 or by the Board under Paragraph 14.

1.1.17. Moorage Slip shall consist of one Moorage Slip lying adjacent to a floating finger pier. Each Moorage Slip shall be bounded by planes in space, which are referred to as the front wall, the rear wall, two (2) or more side walls, one (1) or more diagonal walls, the floor and ceiling. The floor and ceiling are planes in space which are parallel to each other and perpendicular to the walls of the Moorage Slip. The walls of the Moorage Slip are planes in space which are perpendicular to the ceiling and floor of the Moorage Slip. The relationships of the front, rear, side and diagonal walls are as shown on the Survey Map and Plans. The ceiling of each Moorage Slip is located seventy-five (75) feet above the ground elevation and the floor of each Moorage Slip is located at ground elevation.

1.1.18. Mortgage shall mean a recorded mortgage or deed of trust that creates a lien against a Unit and shall also mean a real estate contract for the sale of a Unit.

1.1.19. Mortgagee shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit created by a 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.

1.1.20. Person shall mean an individual, corporation, partnership, association, trustee, or other legal entity.

1.1.21. Property shall mean the Land, including, without limitation, easements, the Docks and all Improvements now or thereafter placed on the Land. For the purposes of this Declaration, the words "Condominium" and "Project" are used interchangeably with the word "Property".

1.1.22. Survey Map and Plans shall mean the survey map and the plans recorded simultaneously with this Declaration and any subsequently recorded amendments, corrections, and addenda thereto.

1.1.23. Transition Date is defined in Section 12.

1.1.24. Unit means a physical portion of the condominium designated for separate ownership, the boundaries of which are designated pursuant to RCW 64.34.216(1)(d). "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.

1.1.25. Unit Owner or Owner means a declarant or other person who owns a unit or leases a unit in a leasehold condominium under a lease that expires simultaneously with any lease, the expiration or termination of which will remove the unit from the condominium, but does not include a person who has an interest in a unit solely as security for an obligation. Such term means the vendee, not the vendor, of a unit under a real estate contract.

1.1.26. Withdrawn Lot shall mean any portion of the Land that is withdrawn from the Declaration as provided in Paragraphs 3.3.5 hereof. The boundary line of any Withdrawn Lot shall be located at the discretion of Declarant, but shall not cut through any existing Unit.

## 1.2. Form of Words:

The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

## 1.3. Statutory Definitions:

Some of the terms defined above are also defined in the Act. The definitions in this Declaration are not intended to limit or contradict the definitions in the Act. If there is any inconsistency or conflict, the definition in the Act will prevail.

## 2. THE PROJECT.

2.1. The Project. The legal description of the real property included in the condominium is set forth in attachment "A", which is incorporated herein by reference. The Project consists of the Land described in Exhibit A along with Dock B, as shown on the Survey Map and Plans. Dock B contains 19 Moorage Slips but only that portion located above the 1079 ordinary highwater mark of Lake Chelan, including Slips 1 through 16, is part of the Project. The portion of Dock B located beyond the 1079 ordinary high water mark of Lake Chelan, including Slips 17, 18 and 19 and the pump station at the end of Dock B, is not part of the Project. Declarant may also develop additional slips and other

Improvements as more fully set forth in the Survey Map and Plans and Term 3 of this Declaration.

2.2. Unit Boundaries. Initially, the project shall contain 19 units restricted to nonresidential use. The identifying number of each unit created by this declaration is units B-1 through B-19. A description of each unit, including the approximate square footage, is contained in the Survey Map and Plans recorded with this Declaration, which documents are incorporated herein by reference.

2.2.1. Moorage Slip Units. Each of the Units B-1 through B-16 consist of a Moorage Slip lying adjacent to a finger pier on Dock B. The ownership dimensions of the Moorage Slips are also identified in the Survey Map and Plans. Units B-1 through B-16 shall be owned in fee simple, absolute or qualified, together with an undivided interest in a like estate of the Common Areas.

2.2.2. Land-based Units. The boundaries of Units B-17, B-18 and B-19 are also depicted on the Survey Map and Plans. They are located on the upland portion of the project and each unit consists of a 2 foot by 2 foot area (4 square feet). Units B-17, B-18 and B-19 shall be owned in fee simple, absolute or qualified, together with an undivided interest in a like estate of the Common Areas.

### 3. RESERVATION OF RIGHTS; PHASING.

3.1. Reservation of Rights in Declarant. Declarant reserves the right to change the dimensions of any unsold Moorage Slip Unit so long as such change does not change the percentage of interest of any Owner.

3.2 First Right to Purchase Adjacent Property Not Included. The Declarant has a first right of refusal to purchase the real property adjoining the Project to the west. This property is hereafter referred to as "the Adjacent Property". The legal description of the Adjacent Property is attached hereto as attachment "B" and incorporated herein by this reference. The first right of refusal to purchase the Adjacent Property is not included in the condominium Project. Moreover, the right of first refusal does not pass to the Association when control of the Association passes from the Declarant to the Association. Instead, the Declarant has reserved the first right of refusal to itself.

### 3.3. Future Development.

3.3.1. Dock A. Declarant reserves the right to construct Dock A, which would be located along the eastern boundary of the property, as more fully depicted on the Survey Map and Plan.

The Development of Dock A would add 18 units to the condominium. The units would be moorage slip units owned in fee simple.

3.3.2 Additions to Dock B. Declarant reserves the right to develop additional finger piers on the uplake or western side of Dock B, as well as an additional finger pier for small boats, as more fully depicted on the survey map and plans, which are incorporated herein by this reference (hereafter referred to as "Additions to Dock B"). Development of these additions to Dock B would add up to 10 units to the condominium. The units would be moorage slip units owned in fee simple. These development rights would be exercised in connection with the purchase of the "Adjacent Property" legally described in Attachment "B".

3.3.3 Separate Condominium of Adjacent Property. Declarant may, but is not obligated to, develop a separate marina condominium on the Adjacent Property described in Attachment "B". This separate condominium would be entitled, through grant of easements herein, to use portions of the Project. The easements are more fully described in Section 4.7 below.

3.3.4 Improvements Need Not Be Built. The Declarant shall have no obligation to purchase the property described in Attachment "B" or to construct the improvements on the Survey Map and Plans designated as improvements which "need not be built" (Dock A and all or part of Additions to Dock B) and may elect to construct or not construct said additions or improvements. Moreover, any development right may be exercised in any order that the Declarant deems appropriate under the circumstances.

3.3.5 Undeveloped Property May Be Withdrawn. In the event Declarant elects not to construct Dock A, or for any other reason wishes to withdraw Dock A or all or part of the Additions to Dock B, notice of which shall be given to each Unit Owner, Declarant shall have the right to amend the Declaration to withdraw from the Declaration, the Survey Map and Plans, and from the provisions of the Act that portion of the Land applicable to Dock A and all or part of the Additions to Dock B. The Declarant shall have ten (10) years from the date this Declaration is recorded in which to elect to develop Dock A and the Declarant shall have ten years from the date the right of first refusal is exercised in which to elect to develop the Additions to Dock B.

3.3.5.1 Any such withdrawal shall be accomplished by filing amendments to both the Declaration and the Survey Map and Plans. In the event of withdrawal there shall be a defeasance of title from each Unit Owner with respect to the withdrawn parcel.

3.3.5.2 Any Withdrawn Property shall be granted the easements as provided by Paragraph 4 hereof.

3.3.5.3 The Declarant may later subdivide or otherwise develop any Withdrawn Property.

3.3.5.4 To further carry out the provisions of this Paragraph 3.3, each Owner and the Association shall execute such documents as may be necessary or required to accomplish the same and, in addition, each Owner hereby appoints the Declarant, or any one of them, as his attorney-in-fact to execute and file subdivision applications, conveyance documents, and such other documents as, in the reasonable opinion of Declarant, may be necessary to create and convey Withdrawn Lot(s) as the case may be.

3.3.5.5 In the event Declarant has not commenced construction of Dock A or the Additions to Dock B, within the time limits stated above, it shall be deemed automatically withdrawn as provided in Paragraph 3.3.3.

3.3.6 Development Standards. If Dock A or the Additions to Dock B are constructed, they shall be constructed to the same quality and standards as the existing Dock B and any new unit shall be subject to the same By-Laws, and rules and regulations as Dock B.

#### 4. EASEMENTS.

4.1 In General. It is intended that in addition to rights under the Act, each Unit shall have an easement in and through each other Unit and the Common and Limited Common Areas for all support elements and utility, wiring, and service elements, and for reasonable access thereto as may reasonable or necessarily be required to effectuate the purposes of this Declaration or the Act. Without limiting the generality of the foregoing, each Unit and all Common and Limited Common Areas are specifically subject to an easement for the benefit of each of the other Unit for all support elements and utility, wiring and service elements and the location and maintenance of all of the original equipment, facilities, and utilities in each such Unit. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.

4.2 Association Functions. There is hereby reserved to Declarant and the Association or their duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association as provided in the Act, this Declaration the Bylaws, and/or the Association rules and regulations.

4.3 Encroachments. Each Unit and all Common and Limited Common Areas are hereby declared to have an easement over all adjoining Units and Common and Limited Common Areas for the purpose of accommodating any encroachment, if any, due to engineering errors, errors in original construction, settlement or shifting of the Docks, vertical encroachment of masts and rigging into the Common Area above each Unit and vertical encroachment of keels into the Common Area below each Unit, encroachment as may be required to allow for the sideways motion of any moored watercraft caused by the ebb and flow of water, and from any other similar cause. There shall be valid easements for the maintenance of any such encroachments so long as they shall exist and the rights and obligations of Owners shall not be altered in any way by said encroachment, settling or shifting: PROVIDED, HOWEVER, in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event that a Unit or Common or Limited Common Area is partially or totally destroyed and is subsequently repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units and Common and Limited Common Areas shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

4.4 Easement for Ingress, Egress and Access. Each Unit Owner, and the owners of Withdrawn Property are hereby granted a nonexclusive easement over, through and across the Common Areas (excluding Limited Common Areas) and over, through and across Units B-17, B-18 and B-19 for ingress, egress, and access to the Common Areas and/or to the parking area and from the parking area to the public roads, including, with respect to the owners of a Withdrawn Property, the right to use the Common Areas and Facilities (excluding Limited Common Areas) subject to Paragraph 5.2 hereof.

4.5. Easements for Utilities. Declarant hereby reserve an easement over, across and through the Common Areas of the Property, for purposes of construction of utilities, as well as the right to tie in and utilize for the benefit of the Property, any Withdrawn Property, and the Adjacent Property, as the case may be, any water, sanitary sewer, storm sewer, electricity, gas, telephone and/or any other utility lines now or hereafter located on the Property.

4.6. Easement for Public Access. The City of Chelan has an easement for ingress and egress to the shoreline which passes over a portion of the Common Area. As part of the development of the Project, the Declarant agreed to install a park bench and to construct a 12 foot wide stairway on the easement for use by the public.



#### 4.7. Grant of Easements to and from Adjoining Properties.

##### 4.7.1. Grant of Easement to Adjacent Property.

Declarant has certain rights to purchase real property west of the Project (hereafter also referred to as the "adjacent Property"). A legal-description of this Adjacent Property is attached hereto as Attachment "B". This Declarant may, but is not obligated to, purchase this Adjacent Property. In the event of purchase of this Adjacent Property by Declarant, Declarant may, but is not obligated to, construct additional finger piers on Dock B, as more fully depicted on the survey-map and plans, and Declarant may, but is not obligated to, establish a separate condominium marina on this Adjacent Property.

4.7.1.1. Subject to the condition stated below in paragraph 4.7.1.2 regarding ownership of the Adjacent Property, an easement is hereby granted to the Adjacent Property along with any condominium developed thereon for the benefit of each Owner of such property, including unit owners of condominium units and/or occupants of a condominium units thereon, over, across and through the Common Areas of the Project, including, without limitation thereto, for purposes of ingress, egress, access, drainage, construction, utilities, and waterborne access, as well as a grant of the right to tie in and utilize any water, sanitary sewer, storm sewer, electricity, gas, telephone and/or any other utility lines now or hereafter established for the Property, (along with a corresponding duty to pay for any such utility usage) and the right to use the Common Areas and Facilities, excluding Limited Common Areas, subject to Paragraph 5.2 hereof. This easement shall not include the right to park in the parking spaces belonging to the Condominium.

4.7.1.2 This easement to the Adjacent Property shall not be effective unless and until such time that Declarant or its assigns purchases said property from the current owner or her successor in interest.

4.7.2 Lease of State-owned Aquatic Lands. Declarant may obtain a leasehold interest in certain state-owned aquatic lands located to the north of the Project. Three slips at the end of Dock B are contained on the property which would be leased (hereafter referred to as the "3 Northerly Slips"). Also the Declarant may install 8 or more buoys in the lake within the state-owned aquatic lands leased by the Declarant from the State (hereafter referred to as "the 8 Buoys"). Declarant intends to assign its rights and delegate its duties under the lease to the Condominium Association.

Recording Number of Lease: Once the lease is executed, the complete lease may be inspected at 217 East Wooden Avenue, Suite 203, Chelan, Washington 98816.

Date of Expiration: The lease is expected to be for a term of twelve years.

Legal Description of Leased Property: The legal description of the real property subject to the lease is attached hereto as Attachment "C" and incorporated herein by this reference.

Right or Obligation of Declarant or Condominium Association to Remove Improvements: The Lessor (the State) has the option to declare that all improvements contained on the leased property at the termination of the lease reverts to the State. Any improvements that the State does not elect to claim title to must be removed by Declarant or the Condominium Association, if the rights have been assigned and the duties delegated to the Association, at the termination of the lease.

Right to Renew Lease and Conditions of Renewal: There is no express right of renewal under the lease. The Declarant or the Condominium Association, if the rights have been assigned and the duties delegated to the Association, shall have an obligation to make its best efforts to renew the lease at or near the termination date of the lease. The Association is designated as the representative of the unit owners on all matters relating to the lease.

Collection of Proportionate Rents by Association: In consideration of the right to use the leased property set forth more fully in paragraph 4.7.2.1 below, each Unit Owner shall be shall be responsible for a proportionate share of the rent and other costs under the lease. Total rent and costs shall be divided by the number of units, with each unit owner paying an equal share of the rent and costs for each unit owned. In the event new units are later added to the condominium the proportionate shares will be adjusted accordingly. The rents and costs shall be collected by the Association.

4.7.2.1 Right of Use. In consideration of the Association's assumption of the obligation to pay a proportionate share of the rent and costs under the lease, the Declarant and the Association grant the Unit Owners the right to use the leased property and improvements located thereon as follows:

Unit B-17. The Unit Owner of Unit B-17 shall have the exclusive right to use the moorage slip lying adjacent to the floating finger pier on Dock B and designated as Moorage Slip 17 on the Survey Map and Plan, together with an equal and undivided right to use the finger pier with the Unit Owner of Unit B-18.

Unit B-18. The Unit Owner of Unit B-18 shall have the exclusive right to use the moorage slip lying adjacent to the floating finger pier on Dock B and designated as Moorage Slip 18 on the Survey Map and Plan, together with an equal and undivided right to use the finger pier with the Unit Owner of Unit B-17.

Unit B-19. The Unit Owner of Unit B-19 shall have the exclusive right to use the moorage slip lying adjacent to the floating finger pier on Dock B and designated as Moorage Slip 19 on the Survey Map and Plan, together with a nonexclusive right to use the finger pier adjacent thereto.

Use of the 8 Buoys. Until control of the condominium passes from the Declarant to the Association, the Declarant shall designate the Unit Owners who shall be entitled to use the 8 buoys. The Declarant shall establish rules and regulations for designating use of the eight buoys. The primary purpose of such rules and regulations shall be to provide temporary moorage for unit owners during time periods when the lake level is too low to permit reasonable use of a moorage slip. Once control of the Condominium has passed from the Declarant to the Association, the Association, through its Board of Directors, may decide if the Association should maintain or modify the rules and regulations established by the Declarant regarding the use of the 8 buoys.

All Unit Owners. All Unit Owners shall have the right to use the real property subject to the lease and all improvements contained thereon with the exception of those portions to be used exclusively by the Unit Owners of Units B-17, B-18 and B-19, and subject to the rules and regulations for the use of the 8 buoys.

4.8. Reservation of Easement for Construction. The Declarant hereby reserve an easement over, across and through all of the Common Areas of the Project for the purpose of completing any unfinished or future Units and/or Docks and/or any other improvements to the Project and for construction of improvements on Withdrawn Lots, and the Adjacent Property and for construction and/or placement of any utilities over, across, under or through any and all of the Common Areas of the Project.

5. DESCRIPTION OF COMMON AREAS AND FACILITIES; USE.

5.1 The Common Areas. The Common Areas and Facilities consist of those specified in the Act, as well as the following:

- 5.1.1. The Land; and
- 5.1.2. All Improvements; and
- 5.1.3. Access ramps; and
- 5.1.4. Foundations, columns, piling, navigational aids, beams, supports, concrete corner slabs, pile guides and all other components of the docks and ramps including the water, electrical and float connecting systems; and
- 5.1.5. Any central installations of electrical, plumbing, garbage and trash facilities or other utilities, including sewers, if any, and those portions of telephone service systems, if any, not furnished and owned by the telephone company or owned individually by the Owners insofar as these items are contained within the boundaries of the Project; and
- 5.1.6. Access roads; and
- 5.1.7. Such fences and gates as may restrict access to Common Areas; and
- 5.1.8. To the extent permitted by law or judicial decision, the waters within the confines of the Project; and
- 5.1.9. Any permits or any appurtenant rights, if any, assigned to the Association, including the right to exercise any rights to renew any such permits or rights; and
- 5.1.10. Such other physical improvements, if any, as may be constructed as part of the Project which are customary, necessary or incidental to the common use, access and enjoyment of Units or normally in common use for moorage purposes, including but not limited to the bath house; and
- 5.1.11. The parking areas; and
- 5.1.12. All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

## 5.2 Use:

- 5.2.1. Each Owner shall have the right to use the Common Areas and Facilities (except the Limited Common Areas reserved for the Units) in common with all other Owners, the Declarant, and the owner of any Withdrawn Lot. The right to use the Common Areas and Facilities shall extend not only to each Owner, but also to his agents, servants, tenants, family members, invitees, and licensees, unless such use violates Paragraph 9.1 below. The right to use the Common Areas and Facilities, including

the Limited Common Areas, shall be governed by the provisions of the Act, this Declaration, the Bylaws, and the rules and regulations of the Association. The Owners shall not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas and Facilities and no other person shall have the right to have them partitioned or divided (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas and Facilities by the Owners and occupants shall not be deemed a partition or division; a subdivision of a Limited Common Area as an incident of an authorized subdivision of a Unit pursuant to Paragraph 24 will not be deemed a violation of this provision). Withdrawals pursuant to Paragraph 3 hereof shall be excluded from the provisions of this Paragraph 5.2.

6. DESCRIPTION OF LIMITED COMMON AREAS.

6.1 Limited Common Areas. Limited Common Areas are those portions of the Common Area which are for the use and enjoyment of particular Owners to the exclusion of other Owners. Limited Common Areas consist of the finger piers adjacent to each Moorage Slip and utility service facilities for each Moorage Slip. Each finger pier is limited to use by the Owners adjacent to such finger pier. If two Owners are located adjacent to a finger pier, each Owner is entitled to the equal and undivided use and benefit of such finger pier.

6.2 Conveyance of a Unit. Conveyance of a Unit includes the exclusive rights to the Limited Common Areas appurtenant to that Unit. The Limited Common Areas may not be severed from the Property.

7. PARKING.

The twenty-five (25) uncovered parking spaces in the Condominium are shown on the Survey Map and Plans. All parking spaces shall be Common Areas and no owner shall have an exclusive right to occupy a specific parking space. Further, an owner, including his agents, tenants (or renters), family members, invitees, guests, licensees, and anyone else connected with the owner, shall not make use, at any one time, of more than one parking space per unit owned and being utilized and shall make the appropriate arrangements so that he, his agents, tenants (or renters), family members, invitees, guests, licensees, and anyone else connected with the owner, make use of only one space at any one time. This provision shall be subject to enforcement by the Board of Directors and Managing Agent.

8. RESERVED.

9. USE, REGULATION OF USES, AND ARCHITECTURAL UNIFORMITY.

9.1. Moorage Use.

The Moorage Slips shall be used solely for moorage of watercraft, and for the common social, recreation or other reasonable uses normally incident to such purposes, and also for such additional uses or purposes as are from time to time determined appropriate by the Board.

Each Moorage Slip shall be limited to the mooring of one watercraft. No watercraft shall be moored or permitted to be moored by an Owner in his Moorage Slip if such watercraft extends more than two (2) feet beyond his Moorage Slip. With respect to the northernmost slip on a dock, the boat may not extend beyond the end of the Moorage Slip.

9.2. Leases/Timesharing.

No Owner or other person shall lease, rent, or permit the use of a Moorage Slip for a period of less than seven (7) days. No lease or rental of a Moorage Slip may be of less than the entire Moorage Slip. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of this 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 shall be a default under the lease or rental agreement. All leases and rental agreements must be in writing and must include a copy of the house rules and regulations. Any leasing or rental activity must conform to all applicable local, state and federal laws.

There may be additional maintenance charges placed on owners who rent or lease their slips. These additional charges would be for additional expenses incurred as a result of leasing or renting spaces to non-owners. Any such additional charges would be levied by the Board of Directors and would apply equally to any owner renting or leasing a slip.

An Owner is not allowed to sell or assign a timeshare or timeshares in a Unit. "Timeshare" shall have the meaning specified in the timeshare act, RCW 64.36.010(11), and as amended. This provision is not intended to prohibit tenancy in common or joint tenancy.

### 9.3. Vehicle Parking.

There are a total of 25 parking spaces developed in connection with this project. Parking spaces are restricted to use for parking of operative vehicles. No trailers may be parked in the parking area. The Board may require removal of any inoperative vehicle, or any unsightly vehicle, and any other equipment or item improperly parked in the parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof.

### 9.4. Common Areas.

Except as reasonably necessary for construction, repairs and maintenance of the Property, common drives and walks and docks shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

### 9.5. Limited Common Areas.

Limited Common Areas, although the use thereof may be regulated under provisions of this Declaration or the ByLaws or rules and regulations of the Association, are for the sole and exclusive use of the Units to which they are appurtenant. Owners will be responsible for maintenance of the Limited Common Areas adjacent to their Units. Owners may not, however, modify, paint or otherwise decorate or in any way alter their respective Limited Common Areas without prior approval of the Board. Covered moorage shall not be allowed unless it is not a violation of applicable law and is approved by all Owners. Limited Common Areas shall be kept clear and shall not be used for storage.

### 9.6. Effect on Insurance.

Nothing shall be done or kept in any Unit or in the Common or Limited Common Areas which will increase the rate of insurance on the Common and Limited Common Areas or Units without the prior written consent of the board. No Owner shall permit anything to be done or kept in his Unit or in any Common or Limited Common Areas which will result in the cancellation of insurance on any Unit or any part of the Common or Limited Common Areas, or which would be in violation of any law.

### 9.7. Signs.

Except signs used by Declarant to market property, and signs used to identify Units, facilities, directional and street signs, no sign of any kind shall be displayed to the public view or from any Unit or Common or Limited Common Area without the prior consent of the Board.

#### 9.8. Pets.

No animals, which term includes livestock, domestic animals, poultry, reptiles or living creatures of any kind, shall be brought onto or kept in any Unit, in the Common Area, or in the Limited Common Area whether as pets or otherwise.

Without violating the paragraph immediately above, cats and dogs that do not exceed twenty (20) pounds may be brought to and kept on boats in the Moorage Slip belonging to the owner of the animal. This privilege does not apply to guests. The owner is responsible for clean-up of all animal waste and may be subject to a surcharge at the discretion of the Board of Directors or its designated manager for any damage of Common or Limited Common Areas caused by a pet. The Common Areas may not be used for exercising pets. The Chelan leash law will apply in all Common Areas.

Owners of cats or dogs that cause repeated damage to Common Areas, or create a nuisance to other owners because of barking or other objectionable activities, may be excluded from the Property at the discretion of the Board of Directors or its designated manager. Notice of exclusion shall be made in writing to Owner's address of record.

#### 9.9. Offensive Activity.

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

#### 9.10. Common Area Alterations.

Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board and then only after complying with all procedures required herein and by law.

#### 9.11. House Rules.

The Board or the Association membership is empowered to pass, amend and revoke detailed administrative rules and regulations, or "House Rules", necessary or convenient from time to time to insure compliance with the general guidelines of this Paragraph 9.

#### 9.12. No Overnight Stay.

No one shall be allowed to stay overnight in any Common Area, including, but not limited to, parking areas, the bath house and on docks (including any portion of a dock which is designated



as Limited Common Area). This also includes no overnight stay in tents, recreational vehicles or otherwise.

10. ENTRY FOR REPAIRS.

The Board and its agents and employees, and, until the Transition Date, the Declarant, their agents and employees, may enter any Unit and the Limited Common Areas when necessary, upon reasonable notice, in connection with any maintenance, repair or construction for which the Board is responsible, or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner of the Unit entered, in which case the cost shall be specifically assessed to the Unit entered) or for the purpose of maintenance or repairs to Common or Limited Common Areas where such work is undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the Unit entered by its Owners, the costs thereof shall be specifically assessed to such Unit.

11. SERVICE OF PROCESS.

Randall M. Johnson, whose address is 3315 So. 23rd, Suite 215, Tacoma, WA 98405, is the person upon whom process may be served as provided for in the Act. After organization of the Association, service of process for the purposes provided in the Act may also be made upon the president of the Association. The Board may at any time designate a new or different person or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then president of the Association. The Declarant may, at any time before management is transferred to the Board, change such designation by amendment to the Declaration signed and acknowledged only by Declarant.

12. ADMINISTRATION OF PROPERTY; RIGHTS RETAINED BY DECLARANT.

12.1. Transition Date.

The "Transition Date" shall be the date control of the Condominium passes from Declarant to the Association. The Transition Date shall be the earlier of: (a) sixty (60) days after the conveyance of seventy-five percent (75%) of the units which may be created to unit owners other than a Declarant, (b) two (2) years after the last conveyance or transfer of record of a unit (except as security for a debt), (c) two (2) years after any development right to add new units has been exercised, or (d) the date on which the Declarant records an amendment to this Declaration pursuant to

which the Declarant voluntarily surrenders the right to further appoint officers or members of the Board.

12.2. Declarant' Powers Until Transition Date.

Until the Transition Date, Declarant shall have the full power and authority to exercise all of the rights, duties, and functions of the board and the officers of the Association, contracting for the purchase of goods and services, buying insurance, and collecting and expending all assessments and other Association funds. Declarant shall have the power to contract with an experienced professional Managing Agent and delegate to the Managing Agent all of the powers and duties of the Board that the Board is authorized to delegate under Section 14. All such management contracts made by Declarant shall be subject to the same requirements as are set forth in Section 14 for managing contracts made by the Board. Notwithstanding, not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the units which may be created at least one member and not less than twenty-five percent (25%) of the members of the Board must be elected by unit owners other than the Declarant, and not later than sixty (60) days after the conveyance of fifty percent (50%) of such units not less than thirty-three and one-third percent (33 1/3%) of the members of the Board must be elected by unit owners other than the Declarant. The Declarant may not remove any member of the Board of directors elected by the unit owners.

12.3. Transfer of Administration.

On the Transition Date the authority and responsibility to administer and manage the Association and the Condominium, subject to this Declaration and the ByLaws, shall pass to the Association. The Association shall be governed by a Board of not fewer than three nor more than seven directors elected from among the Owners. The initial Board will have at least three directors and shall be elected by the Association within thirty days following the termination of the Declarant's control. A majority of this initial Board shall consist of unit owners.

13. ASSOCIATION OF UNIT OWNERS.

13.1. Form of Association.

The unit owners' association organized under RCW 64.34.300 shall be named the Harris Chelan Marina Condominium Association. The Association will be a nonprofit corporation formed under the laws of the State of Washington; provided, that from and after the formation of such nonprofit corporation, the rights and duties of the members and of the corporation shall continue to be governed by the provisions of the Act and of this Declaration.

13.2. Qualification for Membership.

Each Unit Owner (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned; 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. Ownership of a Unit shall be the sole qualification for membership in the Association.

13.3. Transfer of Membership.

The Association membership of each Unit 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 the Unit and then only to the transferee of title to the 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 to the new owner.

13.4. Voting.

Each Unit shall be entitled to one vote with respect to all matters pertaining to the Association. 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 vote 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.

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

13.5. Pledged Votes.

An Owner may, but shall not be obligated to, pledge his vote on all issues or on certain specific issues to a Mortgagee. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

13.6. Annual and Special Meetings.

There shall be an annual meeting of the members of the Association in the third quarter of each calendar year at such reasonable place and time as may be designated by written notice from the Board delivered to the Owners no less than thirty days before the meeting. Special meetings of the members of the Association may be called at any time by the President, a majority of the Directors, or by Owners owning twenty-five percent (25%) in the Condominium for the purpose of considering matters which require the approval of all or some of the Owners, or for any other reasonable purposes.

13.7. Quorums.

Unless the Bylaws specify a larger percentage, 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. Unless the ByLaws specify a larger percentage, a quorum is deemed present throughout any meeting of the Board of directors if persons entitled to cast fifty percent of the votes on the Board of directors are present at the beginning of the meeting.

13.8. Audits/Financial Statements/Commingling.

At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. The financial statement shall be audited annually unless there are fewer than fifty total units and the audit requirement is waived for that particular year by the 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.

The funds of an 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 an 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.

13.9. Books and Records.

The Board shall cause complete, detailed, and accurate books and records of the receipts and expenditures of the Association to be kept in a form that complies with generally accepted accounting principles. The records so required shall also be sufficient to enable the Association to comply with its duty to supply a resale certificate as required under the Act. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be reasonably available for examination by the Owners, Institutional Holders of first mortgages, and the agents or attorneys of either of them, during business hours and at any other reasonable time or times.

13.10. Articles and ByLaws.

Prior to the date that the first unit is sold in the Condominium, Declarant will adopt ByLaws to supplement this Declaration and the Articles and provide for the administration of the Association and the Property and for other purposes not inconsistent with the Act or this Declaration. The Board may amend the Articles and ByLaws from time to time until the Transition Date. After the Transition Date the ByLaws may be amended by the affirmative vote of sixty percent of the voting power at any duly called regular or special meeting of the Association.

14. AUTHORITY OF THE BOARD/REMOVAL

14.1 The Board. The Board, for the benefit of the Condominium and the Owners, shall enforce the provisions of this Declaration and of the ByLaws, shall have all powers and authority permitted to the Board under the Act and the Declaration, and shall acquire and shall pay for, out of the common expense fund hereinafter provided for, all goods and services requisite for the proper functioning of the Condominium, including, but not limited to, the following:

14.1.1. Any utility service required for the Common Areas and Facilities;

14.1.2. Charges for garbage, sewer (if any), water, and electricity shall be paid as a common expense;

14.1.3 Rent for state-owned aquatic lands, and all expenses reasonably related to use and proper functioning of those lands, including but not limited to maintenance and repair of improvements, and fulfillment of lease obligations delegated to the Association.

14.1.4. Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, and for fidelity of Association officers and other employees, as the same are more fully required hereafter and in the ByLaws;

14.1.5. The services of experienced professional persons or firms to manage the affairs of the Condominium as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Areas and Facilities, whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent. Any management agreement for the Condominium will be terminable by the Association for cause upon thirty days written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods;

14.1.6. Legal and accounting services necessary or proper for the operation of the Association affairs, administration of the Common Areas and Facilities, or the enforcement of this Declaration;

14.1.7. Painting, maintenance, repair and all landscaping and gardening work for the Common Areas and Facilities, and such furnishings and equipment for the Common Areas and Facilities as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same of the Common Areas and Facilities;

14.1.8. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessment which the Board is required to secure by law or which, in its opinion, shall be necessary or proper for the operation of the Common Areas and Facilities or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular Units, including appurtenances thereto, or their Owners, the cost thereof shall be specifically assessed to the Owner of such Unit;

14.1.9. Maintenance and repair of any Unit, its appurtenances and appliances, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Areas and Facilities or preserve the appearance and value of the Condominium, and the Owner or Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair, and in such event the Board shall levy a special assessment against the Unit for the cost of such maintenance or repair;

14.1.10. The Board also may 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 Areas and Facilities, 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 incurred by the Board by reason of such lien or liens shall be assessed against the owners and the Unit responsible to the extent of their responsibility. Any lien which the Association may have against any Owner or Unit for the payment of common expense assessments attributable to such Owner or Unit shall be subordinate to the lien or equivalent security interest of any First Mortgage on the Unit recorded prior to the date any such common expense assessments become due;

14.1.11. The Board's power hereinabove enumerated shall be limited in that the Board shall have no authority to acquire or pay for out of the maintenance fund capital additions and improvements (other than for purposes of restoring, repairing, or replacing portions of the Common Areas and Facilities) having a total cost in excess of Five Thousand Dollars (\$5,000.00) without first obtaining the affirmative vote of Owners holding a 60% majority of the voting power;

14.1.12. The Board shall have the power to accept on behalf of the Association conveyances or transfers of real property or personal property of every kind or nature and to pay the costs associated with the retention and/or maintenance of such property;

14.1.13. The Board shall have the power to dispose of by sale any common property having a value of less than One Thousand Dollars (\$1,000.00) without approval of the Owners;

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

14.1.15. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the maintenance fund. The board may delegate such powers subject to the terms hereof.

14.2 Unit Owners. Notwithstanding any provision of the Declaration or ByLaws to the contrary, 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 of Directors with or without cause, other than a member appointed by the

Declarant. The Declarant may not remove any member of the Board of Directors elected by the unit owners. Prior to the termination of the period of Declarant control, the unit owners, other than the Declarant, may remove by a two-thirds vote, any director elected by the unit owners.

15. COMMON EXPENSES; ESTABLISHMENT; ASSESSMENT.

15.1 Pro Rata Nature of Assessments.

Except where specified to the contrary, all assessments will be divided among the Units on the basis of each Unit's pro rata share of the common property. The pro-rata share of the each unit shall be determined by using a fraction, the numerator of which is one and the denominator of which is the total number of Units actually constructed in the Condominium. This includes electrical charges which shall be charged out monthly from the common meter. However, the Board of Directors, in its discretion, may begin charging each unit for electrical services based upon actual usage. It shall be in the discretion of the Board whether these charges are based upon meters or some other reasonable method of determining actual usage. Unless specifically provided to the contrary by this Declaration or the Act, no Unit or its Owner will be obligated to pay the assessment levied upon any other Unit or its Owner.

15.2 Estimated Expenses.

The Board of Directors shall have the duty of preparing an annual budget of common expenses which may include a reasonable provision for contingencies and replacement, acquisition and operating reserves, to be assessed against the Unit Owners.

15.3 Purpose

All funds collected hereunder shall be expended for the purposes designated in this Declaration. The funds collected hereunder shall be the property of the Association.

15.4 Separate Accounts.

The Board shall require that the Association maintain separate accounts for current operations, reserves, and a special separate reserve account for payment of insurance. Each month the Board shall first deposit to the insurance reserve account that portion of the common expense assessment necessary to pay at least one-twelfth of the total cost of all of the insurance policies insuring the Condominium and such insurance reserve account shall be held separately and inviolate until utilized for payment of insurance premiums. Thereafter, the remainder of the common expenses collected may be utilized for payment of other expenses or deposited or credited to other accounts.