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DECLARATION OF PACIFIC AVENUE CONDOMINIUM

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CONDOMINIUM

Pacific Avenue Condominium, a limited partnership, acting by and through its General Partners, Richard D. Hoyt and Robert L. Dudra, whose principal address is P.O. Box 877, Ocean Shores, Washington 98569, hereby declares the hereinafter described property, together with the building and improvements to be erected thereon, to be a condominium property, and it is hereby submitted to, and shall be subject to, the provisions of the Horizontal Property Regimes Act of the State of Washington (RCW Chapter 64.32), and as they may be hereafter amended or supplemented by subsequent legislation. The hereinafter described property shall be subject to the uses, proposes, restrictions, covenants, and administrative authority as hereinset forth.

RECITALS

The developer, under this Declaration, intends to develop the real property legally described below into 6 condominium living units which are to be sold, occupied and used as fulltime residential and timeshare units.

NOW, THEREFORE, the Developer hereby makes the following Declaration with respect to the relationships, rights, remedies, duties and obligations as to the property, between and among the owners, Developer, Association, Board, lessees, invitees, successors, vendees and assigns, and the issues and questions relating thereto shall be resolved by referring to the terms of this Declaration, the By-Laws, and the Articles of Incorporation of the Pacific Avenue Condominium Owners' Association, and to the provisions of the Horizontal Property Regimes Act, RCW Ch. 64.32 of the Revised Code of Washington (Ch. 156, Law of 1963) as amended by Ch. 11, Laws First Executive Session of 1965.

Section 1. Definitions

All terms used in this Declaration shall have the following meanings and applications unless specifically indicated to the contrary.

1.1 Terms used in this Declaration which are defined in the Horizontal Property Regimes Act of the State of Washington (RCW 64.32 the "Act") shall have the same meaning as in the Act unless expressly provided otherwise below.

1.2 Project means the property hereby submitted to the Act by this Declaration. Project shall also mean all subsequent phases if and when constructed in accordance with this Declaration.

1.3 Declarant and Developer mean Pacific Avenue Condominium, a Washington Limited Partnership, whose general partners are Richard D. Hoyt and Robert L. Dudra.

1.4 Unit shall have the same meaning as "apartment" as defined in the Act.

1.4.1 Timeshare Unit or TSU means a unit owned by multiple owners in percentage interests as tenants in common. Each TSU consists of 10 timeshare periods and together with the maintenance periods (Sec. 1.6), constitutes one (1) full year of use for each TSU;

1.4.2 Timeshare Period or TSP means one week (or seven full days), out of every ten weeks, less the last six (6) hours for maintenance and clean-up at the end of each occupancy. The owners of TSP shall have the right to possession of their unit during their TSP owned;

1.4.3 TSP Occupancy and check-in and check-out time shall be set by management. The cleaning times shall be set by management. The clean-up period shall not exceed six (6) hours and may be reduced in specific instances by management, whenever possible, to accommodate the needs of a TSU;

1.4.4 Residential Unit or RU means a unit which is wholly owned by one owner who has the right to exclusive possession of the specific unit purchased.

1.5 Owner and Owners mean every individual corporation, partnership, tenant in common, trustee, association, or other legal entity that is an owner of a fee interest (title) or a contract vendee of a TSU (excluding contract vendors, lessees, licensees and occupants).

1.5.1 Timeshare Owner or TSO means fee (title) owner of a TSP;

1.5.2 Residential Owner or RO means a fee (title) owner of RU.

1.6 Maintenance Period is a period of time reserved by the Association for cleaning, refurbishing and maintenance of TSUs. This period shall be for fourteen (14) days per year. The time reserved for the maintenance period is established in Section 11.5. Any portion of the maintenance period not used by the Association shall be considered as Bonus Time as set forth in Section 11.6. The maintenance period shall also include a six (6) hour clean-up period on the last day of each occupancy.

1.7 Documents mean the Act, this Declaration, the By-Laws (attached as Exhibit B), rules adopted by the Board of Directors, and all amendments thereto, and the Articles of Incorporation of the Pacific Avenue Condominium Owners' Association, a Washington non-profit corporation, and as may be amended.

1.8 Association means the Pacific Avenue Condominium Owners' Association to which all owners in the Project automatically become members upon the purchase of a unit. The Association shall have all the powers granted to it by the Documents and shall operate through its Board of Directors (the "Board").

1.9 Percentage of Interest shall mean the percentage of undivided interest in common areas and facilities appertaining to each owner's interest in the TSU or RU (as set forth in Exhibit A) for all purposes except establishing the assessments for the timeshare budget. Multiple owners of TSU or RU, such as husband and wife, shall nominate and appoint one of the owners to vote their full percentage of interest in the TSP or RU.

1.10 Timeshare Budget Percentages of Interest are to be determined by the formula set forth in Section 15.1.6, and shall only be used to establish the amount of the timeshare budget to be charged against each TSO.

1.11 Majority Vote, unless otherwise specified, shall mean fifty-one percent (51%) or more of the votes (based upon the owners' percentage of interest) cast by the owners at an Association meeting at which a quorum, as defined in the By-Laws, is present. Votes may be cast in person, by proxy, or by a written sealed ballot delivered to the Association's Secretary or his designee prior to commencement of an Association meeting. Unless otherwise specifically required by the Documents, a majority vote shall be required to approve or disapprove all issues and propositions put before the Association.

1.12 Lienholder or Mortgagee shall mean and include any holder of lien mortgage, deed of trust, or contract for the Project, TSP or a RU.

1.13 Common Areas mean common areas and facilities as defined in the Act, together with all personal (including unit furnishings and appliances) and real property of the Project which has been submitted or is hereafter submitted under the Act, this Declaration, or any amendment hereto, or is purchased on behalf of or by the Association as a common area.

## Section 2. Purpose, Use and Authority

### 2.1 Property Use.

The property shall be used for residential and recreational timeshare uses and for related purposes.

### 2.2 Developer's Interest.

The Developer desires to establish a common scheme and plan for the use, occupancy, enjoyment, cleaning, repair, maintenance, restoration, remodeling and improvement of the units, and for the payment of other expenses pertaining thereto and declares that each TSU or RU is and shall be held, hypothecated, encumbered, leased, rented, used, occupied, and improved, subject to the following limitations, restriction, conditions of the Documents, all of which are declared to be in furtherance of a plan established for the purpose of maintaining the value, desirability, and enjoyment of the Project.

## Section 3. Legal Description of Project

### 3.1 Legal Description.

The land which is submitted under this Declaration to the Act is legally described as follows:

LOT 20, block 1, OCEAN SHORES, DIVISION 19, AS PER  
PLAT RECORDED IN VOLUME 9 OF PLATS, PAGE 121, RECORDS  
OF GRAYS HARBOR COUNTY, WASHINGTON.

The property is further described on the surveyor's map as described in Section 4.

## Section 4. Surveyor's Map and Plans

A survey map and set of plans showing the surface of the land as submitted to the provisions of the Act under Grays Harbor Auditor's File No. 851030029, Volume 2 of Condominiums, page 11 through 12, are by reference incorporated as part hereof as though herein set forth in full. Said map and set of plans show the locations of the buildings constructed thereon. The layout of the units, the unit numbers, the vertical and horizontal boundaries, the dimensions of the units, and the common areas.

## Section 5. Description of Building Units

### 5.1 Buildings.

The buildings in the condominium will be principally of wood frame construction on concrete foundations.

### 5.2 Building Identification, Number of Units, Location.

The location of the building and units are set forth on the survey map and plans filed simultaneously with this Declaration. The building has three floors. Each floor consists of one level apartments with each floor containing two (2) units. There is no basement.

### 5.3 Unit Type and Description

Each of the six (6) units are two-bedroom/two-bath with identical floor plans. Units are further described on Exhibit A (attached) and the survey map and plans filed simultaneously herewith.

### 5.4 Percentage of Interest

The percentage of interest in the common areas and facilities, as required by the Act and appertaining to each TSP and RU, is as set forth in Exhibit A under unit descriptions and percentages of interest.

### 5.5 Access to the Public Highway

Access to the public highway from each unit is over the common areas of the Project to Ocean Shores Boulevard, a public road.

## Section 6. Description of the Common Areas

### 6.1 Common Areas

The common areas and facilities are those set forth in the Act such as the land, roofs, exteriors of the units, walls, foundations, common stairways, whirlpool spa rooms, driveways, parking and storage, and which are controlled by the Association.

### 6.2 Personal Property and Furnishings

The personal property and furnishings in all TSUs shall be comparable and equal. The association shall maintain, repair and replace said personal property, the cost of which shall be assessed to the TSUs only. The Association shall have the right to move said personal property between TSUs as it deems advisable, so long as all TSUs are fully furnished and equipped at all times.

### 6.3 Recreational Facilities and Amenities

#### 6.3.1 Whirlpool Spa Rooms

RO and TSO use as provided in Section 6.6.

#### 6.3.2 Ocean Shores Community Club

The Ocean Shores Community Club (the "Club") provides the residents of the City of Ocean Shores with recreational facilities such as swimming pools, playgrounds, tennis courts and a clubhouse. All owners will automatically be members of the Club and the cost of membership shall be included in the Association's budget and assessed to each owner as common expenses in accordance with Section 15 and 17 of this Declaration.

#### 6.4 Acquisition of Additional Common Areas

Subject to Section 18 and if the Board, after the development stages, unanimously determines that acquisition of additional common land would benefit the Project, the Board may execute an earnest money agreement to purchase additional property. Said earnest money agreement must be subject to the approval of the Association. In each instance the purchase price and all of its terms, together with the proposed amendment to this Declaration, which submits any such property under the Act of the Project as common areas, must be approved by a vote of at least sixty percent (60%) of the total percentage of interests as cast in person, by proxy, or by written ballot, at a meeting duly called for that purpose, after giving notice as required by this Declaration are complied with, except as provided in Section 18 hereof. All property acquired under this section shall be conveyed as follows: "To all Unit owners of Pacific Avenue Condominium, a Condominium, each as to their respective percentage of interest in the common areas and facilities as set forth in the Declaration of Condominiums recorded under Grays Harbor County Recording No. \_\_\_\_\_ (and amendments if applicable)." Immediately following the closing of any such transaction, the Association shall cause amendments to the Declaration to be executed by the President and Secretary on behalf of the Association and filed with the appropriate county authorities.

#### 6.5 Developer's Right to Improve Common Areas

The Developer shall at all times during the development stage have the right to improve the common areas and add recreational facilities subject only to the approval of all government authorities having jurisdiction over the matter.

#### 6.6 Use of the Recreational Facilities and Amenities

Use of the Recreational facilities and amenities is subject to the rules and regulations now established, or as may be established, by the Association of Ocean Shores Community.

### Section 7. Management

#### 7.1 Off-site Professional Management

At the discretion of the Board, the Project may be managed by a paid professional management firm, as further defined in and subject to Section 15.1.3 (Guidelines for Preparation of the Budget). The management firm may delegate the duties of collecting assessments, paying common expenses, hiring and firing employees, on-site management, and advising the Board and Association, together with any other duties required by the Board, and which are not inconsistent with the provisions of the documents.

#### 7.2 Management During the Development Stage

Management of the Project shall be performed and controlled by the Developer during all development stages. Following completion the Developer shall relinquish control and management to the owners of all units and common areas subject to the provisions of Article III, Section 3 of the By-Laws (Exhibit B.)

#### 7.3 Manager's Contract

Except as provided in Section 7.2 above, the Board shall not enter into any agreement providing for professional management or on-site management services for a term in excess of three years. Further, all such agreements shall provide that the Board may terminate an agreement for any reason on ninety (90) days notice.

## Section 8. Encroachments upon Common Areas

In the event a portion of the common elements encroaches upon any unit, or any unit encroaches upon the common elements as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the condominium, an easement for the encroachment and for maintenance of it shall exist so long as the encroachment exists.

## Section 9. Description of Limited Common Areas and Facilities

Limited common areas shall consist of all decks attached to the respective units. All limited common areas are reserved for the sole use of the owner or owners of the unit to which they are appurtenant and shall be maintained and repaired by the Association.

## Section 10. Percentage of Interest

### 10.1 Percentage of Interest

The percentage of interest for each TSU or RU is set forth in Exhibit A.

### 10.2 RU Formula

The formula for establishing the percentage of interest for each RU is as follows: Determine what percentage of the square footage of a unit is to the total square footage of all units of the Project. Then, multiply the total dollar value of the Project by the unit square footage percentage, which will determine the dollar value of each unit. The units' square footage percentage shall also be the percentage of interest of the RU in the common areas and facilities as required by the Act. For purposes of determining the percentage of interest of all units, the total value shall be \$1,000,000.00.

### 10.3 TSP Formula

The formula for determining a TSP percentage of interest shall be arrived at by dividing its RU percentage of interest by 10 (which represents the total number of TSP in each unit). Each TSP owner shall have a 1/10th fractional interest in a unit for each TSP owned as a tenant in common with all other TSP's in the same unit.

### 10.4 Restrictive Use Values

The values for each TSP and RU as set forth in this Declaration are not intended to be determinative of the given value of any TSP and RU at any time, but are values established to determine the percentage of interest appertaining to each TSP and RU as required by the Act.

## Section 11. Timesharing

### 11.1 General

For each timeshare interest owned, a TSO or authorized party shall have the exclusive right to possession of a unit described in owners deed for one week every ten weeks each calendar year. The right to possession is non-cumulative from year to year. Subject to the rights of other owners during such periods, a TSO shall have the right to use and enjoy the common areas of the Project other than his TSU, and to use and enjoy the rights and easements appurtenant to the Project. No owner shall at any time occupy any unit or exercise any other rights of ownership in respect of the Project other than the rights provided to him in this Declaration.

## 11.2 Creation of a TSU and a RU

The Developer or owner shall convert a RU unit to a TSU automatically upon the closing of a first sale, conveyance, or transfer of a TSU to a purchaser. A RU is created when the Developer conveys a whole unit to a RO. At the time of the first conveyance of a TSP, the RO shall furnish and equip the unit in accordance with the standards and quality of furnishings and equipment as established by the then existing TSUs in the Project. Further, the RO must obtain approval of the Board to the effect that the unit is so furnished and equipped at the time of the conversion and the owner shall convey as common area ownership said personal property to the Association by a bill of sale. Converting RO's, prior to promoting, advertising or offering their unit for sale as a TSU, shall register the unit(s) under the Time Share Act of the State of Washington and comply with all laws pertinent to the sale of time share condominium units.

## 11.3 Legal Description

Each TSP shall be legally described and designated as TSP. in TSU. Said periods shall be designated as "A", "B", "C", "D", "E", "F", "G", "H", "I", "J", respectively. Each TSO shall have the exclusive right of possession and occupancy on a like rotating basis as long as a given individual owns a TSP. An initial schedule, as herein provided, is allotted hereto and marked Exhibit E.

## 11.4 Occupancy

A TSO may utilize his TSU in segments of one day or more at a time during his five week TSP, or as otherwise provided by the rules. Occupancy shall be denied any TSO whose Association assessments or security deposit required by Section 21 are delinquent. Check-in and check-out times shall be established by the board. A TSO shall have the right to show, for purposes of resale, the unit which he owns during the time that such unit is vacant or during the maintenance period.

## 11.5 Maintenance Period

The maintenance period shall begin on the third Friday in January and continue for fourteen (14) days per year unless the Association reserves another time or times. This Maintenance period shall not be subject to assessments and shall be considered as part of the common areas.

## 11.6 Bonus Time

It is anticipated that from time to time the full maintenance period will not be utilized by the Association, and any unused time shall be used as the Association so directs.

## 11.7 Rules

The Board of Directors shall have broad powers to adopt rules that will facilitate the TSO's. The Board shall, as soon as possible, advise all TSO's by mailing a copy of all rules adopted or amendments that pertain to this section.

## 11.8 Limitations on Owners

The owners of the Project shall be limited in their use of the TSU's and the common areas as follows:

### 11.8.1 Pets

No pets or animals shall be allowed on the Project;

#### 11.8.2 Restrictions

All owners must strictly conform to, and his interest shall be bound by, the restrictions, covenants, conditions, limitations and duties as set forth in the Documents for the mutual benefit of all owners;

#### 11.8.3 Occupants

The maximum number of occupants using a TSU at any given time shall be restricted to the bed space available in said TSU, or as the Board shall otherwise approve;

#### 11.8.4 Modifications

TSOs are restricted from modifying, remodeling, redecorating, removing or changing the furnishings or decor of a TSU;

#### 11.8.5 Disturbances

Owners shall refrain from unreasonably disturbing the peace, enjoyment or tranquility of other owners using the premises;

#### 11.8.6 Minimum Conveyance

No TSO shall convey or transfer a timeshare interest that is less than a TSP;

#### 11.8.7 Timely Vacating

Any TSO who fails to vacate a TSU by check-out time (or other time that has the prior approval of the management) shall be subject to an assessment of \$25.00 for each hour, or portion thereof, that the unit is held over the prescribed time;

#### 11.8.8 Time Allotted

A TSO shall not occupy a TSU in excess of the time allotted for each TSP owned;

#### 11.8.9 Upkeep

Each TSO shall keep the unit in good condition and repair during his use periods and leave the unit in a good and sanitary condition upon vacating. The furnishings shall be kept in good condition and repair by the occupants during the TSO's use periods, and shall not be removed from the unit. An inventory of furnishings shall be conducted upon check-out at the end of each use period, and missing and damaged items shall be charged to the owner of such use period, even though the unit is occupied by guests of the TSO or other parties pursuant to any exchange or other arrangement. However, the TSO will not be personally responsible respecting use arranged through a recognized time exchange service company as authorized by the Association. Payment of damaged or missing furnishings during a TSO's use period shall be due immediately and subject to lien against the TSO's interest and provisions of Section 19, below;

#### 11.8.10 Common Area Use

The association, through its Board of Directors, shall promulgate rules and regulations for the use of common areas, which may be amended from time to time by the Association. Such rules and regulations shall be available to all owners and other persons having an interest in the Project and shall be posted at conspicuous places in the common areas. The owners covenant and agree to be bound by all such rules and regulations, and such persons shall obey the same and be responsible for obedience thereto by their families, guests, invitees, lessees and servants;



#### 11.8.11 Owners' Real Estate Taxes

Grays Harbor County officials are authorized to bill real estate taxes to TSOs and ROs directly for their respective percentages of interest, in accordance with RCW 64.32.190 and Exhibit "A";

#### 11.8.12

TSOs who for any reason do not use their full TSP during a given year shall forfeit the unused portion, and it shall not be accumulated from year to year.

### Section 12. Limitations on Tenancy in Common TSU

All TSOs for themselves and for and on behalf of their respective heirs, successors and assigns, hereby acknowledges and agree:

#### 12.1 Binding Restrictions

That this Declaration, together with the survey map and plans, sets forth covenants, conditions, restrictions and reservations effecting a common plan for the condominium development mutually beneficial to all of the described TSU's, and that the covenants, conditions, restrictions, reservations and plans are binding upon the Association, each of the TSUs located herein, and all of the rights, appurtenant thereto, and upon all the TSOs, their possessors, heirs, personal representatives, successors and assigns, through all successive transfers of all of any TSUs, or any security interest therein.

#### 12.2 All Inclusive

That, without limiting the generality of the foregoing, all rights with respect to the possession, use, enjoyment, management or disposition of a TSU which a TSO might otherwise have (including but not limited to, any common law or statutory right to jointly use, possess or manage commonly owned property, or to seek a partition right would be inconsistent with any of the provisions of this Declaration, are hereby unconditionally and irrevocably waived.

#### 12.3 Waiver of Rights

That, without limiting the generality of the foregoing, all rights with respect to the use, possession, enjoyment management or disposition of a TSU might otherwise have (including but not limited to, any common law or statutory right to jointly use, possess or manage commonly owned property, or to seek a partition by division in kind, or sale of the whole), and which right would be inconsistent with any of the provisions of this Declaration, are hereby unconditionally and irrevocably waived.

#### 12.4 Inconsistent Acts

That no TSO, nor anyone dealing for or on behalf of such TSO, or through or in connection with any interest of such TSO, has any right to take any action which would be inconsistent or interfere with any other TSO's right with respect to the use, possession, enjoyment, management or disposition of the Project, or any other TSO's.

### Section 13. Manner of Conveying TSUs

In order to convey, encumber or dispose of a TSU or a RU, the grantor must execute and deliver to the grantee a statutory warranty deed conveying fee simple title and the appropriate undivided percentage interest. The deed conveying said interest shall contain a statement substantially as set forth in either Exhibit C or D, as appropriate, and which must be recorded in the Auditor's records of Grays Harbor County, Washington.

#### Section 14. Common Expenses

Subject to Section 15 (Budgets), the common expenses shall include all costs, expenditures and expenses incurred in maintaining, operating, replacing, refurbishing, rebuilding and improving the Project for the benefit of the owners as provided in Section 2. Common expenses include:

##### 14.1 Association Sums

All sums lawfully incurred for the owners by the Association.

##### 14.2 Specific Expenses

Expenses of administration, maintenance, repair or replacement of the TSU common areas, limited common areas, and facilities, including, but not limited to, reserves, taxes and insurance premiums.

##### 14.3 Agreed Expenses

Expenses agreed upon as common by the Association.

##### 14.4 Declared Expenses

Expenses declared common expenses by the provisions of the Documents.

#### Section 15. Budgets

##### 15.1 Common Expenses Budget

In the event all of the owners are comprised of TSOs or ROs only, the Board shall prepare and propose one (1) budget to cover all common expenses. Otherwise, each TSO and RO shall be assessed in accordance with the percentage of interest pertaining to his TSU or RU. Except as stated, the Board shall prepare and approve two (2) budgets and a timeshare budget as follows:

###### 15.1.1 Basic Budget

The basic budget shall include all common expenses incurred by the Association that would normally be incurred if the Project and all units were used solely for full-time condominium residential use;

###### 15.1.2 Timeshare Budget

The timeshare budget shall consist of all common expenses not provided for in the basic budget and which expenses or portion thereof are applicable to and benefit only the TSOs;

###### 15.1.3 Guidelines for Preparation of the Budgets

In preparing the budgets, the Board must retain the expertise and advice of a professional property management consultant. The budget shall consist of a detailed itemization of common expenses to be incurred by the Association. In determining the allocation of the expenses between TSOs and ROs, the Board shall determine the number of TSO users as compared with RO users; and, the use and benefit of each line item on the budget to be derived by the TSOs as compared with the ROs. Upon making such evaluation the Board shall allocate to the basic budget and the timeshare budget, respectively, the portion of the common expenses that is fair and reasonable under all the circumstances to each group of owners;

#### 15.1.4 Arbitration of Budget Disputes

Subject to Article III, Three (3), of the By-Laws and in the event of a dispute arising over the allocation of a budget expense or expenses, and upon the demand for arbitration of any five (5) owners made at an annual meeting, the President of the Association shall appoint a board of arbitration consisting of five (5) members, to-wit: two (2) members from the Board of Directors; a paid professional property management consultant; one (1) TSO and one (1) RO. After a thorough review of the matter, the arbitrators shall make a decision by majority rule. Said decision shall be a final determination of the matter and be binding upon the owners and the Association;

#### 15.1.5 Sole Responsibility

The assessment based upon the timeshare budget shall be paid by TSOs only and the assessments based upon the basic budget shall be paid by all owners;

#### 15.1.6 Timeshare Budget Percentage of Interest

The formula for establishing a TSP budget percentage of interest is arrived at by determining what percentage the dollar value of a TSP (per Exhibit A) is to the total dollar value of all TSPs in existence at the time the assessments are levied. This timeshare budget percentage of interest shall be used for determining the assessments for the timeshare budget;

#### 15.1.7 Periodic Assessments

All owners shall be assessed and pay their portion of the basic budget, by regular periodic assessments as determined by the Board in accordance with each owner's percentage of interest as set forth in Exhibit "A" and Section 15.1.6.

#### 15.2 Reserves

It shall be the duty of the Developer or the Association to at all times maintain adequate reserve funds for; the maintenance, repair and replacement of the common elements in the units, the furnishings, appliances and fixtures located in the TSU's, and refurbishing the TSUs.

### Section 16. TSU Personal Property

Personal property (including fixtures, appliances and furnishings) of all TSUs shall be purchased and paid for by the Developer or RO prior to the closing of the first sale of a TSU from a RO, and said property shall become a part of the common areas. The expense for purchase, maintenance and replacement of the TSU's interior and personalty shall be charged and assessed by the Association in accordance with Section 15 (Budgets). Personalty refers to all TSU decorations, furnishings, appliances and equipment. Any damage caused by any TSO (other than normal wear and tear) shall be assessed against said TSO; and, it shall be said TSO's personal responsibility to pay for the replacement and repair of said damaged personal property or TSU, which shall be collectable in accordance with Section 19.

### Section 17. Monthly Assessments

#### 17.1 Payment

Owners are obligated to pay the Association assessments imposed on them by the Board to meet all common expenses of the property, including operation, maintenance and reserves. The assessments shall be made in accordance with Section 15 (Budgets). The Board shall determine on a date to be set by it when the assessments shall be due and payable.

## 17.2 Assessments During the Conversion of a RU to a TSU

While converting a RU to TSU, the converting owner or Developer shall continue to pay the RU assessment for all unsold units until the amount of the RU assessment is more than that which would be assessed if the unsold TSUs were assessed as TSUs. At this time the unsold TSUs shall be assessed with all other TSUs. In the event that a RO or the Developer rents a unit during the period of converting a unit to a TSU, the owner shall pay a sum equivalent to a TSP assessment or portion thereof for each day the unit is rented. For example, if the TSO annual assessment is \$420.00, the owner would pay to the Association \$12.00 for each day the unit is rented. Provided, however, the Developer shall not be charged this rental charge during the development stage nor at any time that the Developer allows a unit to be occupied by prospective purchasers as part of any promotional sales program.

## 17.3 Audit

At each annual meeting the Board shall provide the Association membership with an independent audit of the Association's financial affairs as required by the Act (RCW 64.32.170). In addition, it shall provide and present to the membership the proposed budgets for the coming year in accordance with Section 15 (Budgets). Nothing herein shall prevent the Board from increasing or decreasing the assessments between annual meetings at any time as is reasonably necessary to maintain adequate sums for maintenance, operation and reserves for the Project, except for the limitations of Section 18 (Special Assessments).

## Section 18. Special Assessments

If at any time it may become advisable for the Board to purchase additional real or personal property or for unexpected emergencies and expenses, the Board may levy special budget assessments for their payment; but, these special assessments shall not exceed a total of Twenty Thousand Dollars (\$20,000.00) per year without approval of sixty percent (60%) of the owners obtained at a special Association meeting. In the event of an emergency which requires immediate repairs for the continued operation or protection of the Project, the above limitations on special assessments shall not apply and the Board may assess the owners the amount necessary to protect the Project. Expenses subject to a special assessment are those which are not-recurring on a regular basis, such as expenditures for capital improvements, acquisition of new facilities or equipment, deficits by reasons of damage not fully covered by insurance proceeds, and similar expenses.

## Section 19. Collection of Assessments

The Board, in addition to the powers granted to it by the Act, shall have authority to invoke one (1) or more of the following powers:

### 19.1 Security Deposits

If an owner is delinquent thirty (30) days or more in paying an assessment, the Board of Directors, in its discretion, may require such TSO to make a security deposit, in addition to his monthly assessment, in an amount not in excess of the sum of one (1) year assessments in the case of TSU, and three (3) month assessment in the case of a RU. Security deposits may be collected in the same manner as other assessments.

### 19.2 Sixty-day Delinquency

In the event any RO is sixty (60) days or more delinquent in paying any assessment or fails to put up any required security deposits within ten (10) days, in accordance with the preceding paragraph, the Board in its absolute discretion may cut off electrical, water and other services over which the Association has control.

### 19.3 Foreclosure of Assessment Lien, Attorney's Fees and Costs

The Association shall have a lien on each TSP for all unpaid and delinquent assessments levied in accordance with the Documents, and the Association may record the lien with the appropriate county official. In any action to foreclose a lien in accordance with RCW 64.32.200 (2) on any suit for non-payment of delinquent assessments, any judgement in favor of the Association rendered therein shall include a sum for all attorney's fees, costs and expenses incurred in preparation for, or in prosecution of, said actions, in addition to taxable costs permitted by law. In addition, the Association may sue to recover for any unpaid common expenses, damages, and injunctive relief for breach of the provisions of the documents, together with said court costs and attorney's fees. Such suit shall be maintainable without foreclosing or waiving the lien securing the delinquency.

### 19.4 Delinquency Charges

General and special assessments shall be due within 30 days following the billing thereof. Any general or special assessment that remains unpaid for over ten (10) days from the due date thereof shall have added to it the greater of interest at the rate of twelve percent (12%) per annum from the due date until paid, or twenty-five dollars (\$25.00).

### 19.5 Rental During Foreclosure

From time of commencement of any action to foreclose a lien against any TSP or RU for non-payment of delinquent assessments, the TSO or RO shall pay the Association a reasonable rental value for such TSP or RU, with such value to be fixed by the Board of Directors of the Association. In any such foreclosure action, the Association shall be entitled to appoint a receiver to collect the monies due.

### 19.6 Purchaser Liability

All purchasers of a TSU or RU shall be liable, along with the selling owner, for all unpaid assessments incurred up to the date of closing. Prospective purchasers and lienholders may request and obtain from management a statement in writing as to the amount of any assessments due by any owner at any given time, and the Association shall be bound by those written statements.

### 19.7 Right to Refuse Use

The management shall refuse any TSO the right to its occupancy if at the time the owner is delinquent in the payment of any assessments due under the Documents.

## Section 20. Utilities

Water, sewer and power are provided to the property and the Project by a public utility district.

## Section 21. Utility Charges

All charges and assessments for water, light, sewer, and cable T.V. shall be paid by the Association for the TSU's, and each owner will be assessed in accordance with their respective percentage of interest.

## Section 22. By-Laws and Administration

### 22.1 Adoption of By-Laws

The Declarant, as the original owner of all the Units, contemporaneously with recording of this Declaration, shall adopt the By-Laws, a copy of which is attached hereto as Exhibit "B" and by this reference made a part hereof, for the management and administration of the property and the units.

### 22.2 Developer Approval

Unless otherwise provided for in this Declaration and the By-Laws, and until the expiration of all development stages, the By-Laws shall not be amended without the approval of the Developer.

### 22.3 Board of Directors

The By-Laws shall provide for the election of a board of Directors, which shall have broad powers and duties to administer and govern the business affairs of the Association.

### 22.4 Directors

The Board of Directors shall consist of five (5) to thirteen (13) members as determined by the By-Laws; and, the directors are to be elected in accordance with said By-Laws at the annual meeting of the Association. Each director shall hold office until his successor is elected.

### 22.5 Project Management Agent

The Board may employ a professional manager. The Board or manager shall employ and contract with an off-site property management agent who shall be authorized to perform managerial and administrative duties of the Project. The Board shall determine the necessity for, and the amount of, any bond to be required of the managing agents. The manager's contract shall provide for cancellation by the Association on ninety (90) day written notice to the manager. The duties of the manager shall be to supervise the cleaning, maintenance, overseeing the Project and the units, enforcing the rules and regulations of the Association, and all other duties delegated by the Board or the property management firm.

### 22.6 Project Manager

The Developer may, in its sole discretion, act as the Project manager during the development stages; provided that a professional independent property management firm is retained to make an annual management report to the owners as provided in Section 15.

### 22.7 Access to Building

The Association and such persons as may be engaged by the Association for maintenance purposes shall have the right of access to the exteriors of the building at any time, and to the interiors of the TSUs at any time during the maintenance period or vacancies; but it shall not have the right to enter a RU without permission of the owner at any time, except in case of an emergency. The Association shall establish committees and shall engage a manager, secretaries, auditors, legal counsel and other employees or consultants as may be reasonably necessary for the discharge of its duties hereunder. The expenses of the committees, the salaries of a manager and other employees, and the fees of consultants and professional advisors shall be established by the Board and paid for by the Association. The Board shall be authorized to incur all expenses necessary or incident to the conduct or carrying on of its powers and duties.

## 22.8 Indemnification of Board

The Association shall indemnify every director and officer, and their heirs, executors, administrators and assigns, against all loss, costs, and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of their being or having been a director or officer of the Association, but except as to matters wherein they shall be finally adjudged in such action, suit or proceeding to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which a director or officer may be entitled.

## Section 23. Special Meeting of the Association

Subject to the By-Laws, a special meeting of the Association may be called by a majority of the Board of Directors. The owners may demand a special Association meeting by writing to the Board, requesting the meeting, and stating the purpose thereof. If such demand is signed by the lesser of twenty-five (25) owners or ten percent (10) of the ownership, the Board shall proceed to call the meeting in accordance with this Declaration or the By-Laws.

## Section 24. Authority and Duties of the Board

Unless contrary to the Act or the Documents, the Board shall have full authority and the duty to determine, establish and administer all policies, rules and regulations governing the uses, purposes and maintenance of the Project; and to establish budgets, levy assessments, and govern the business affairs of the Association. Said authorities and duties shall include, but are not limited to:

### 24.1 Limited Activities

Limiting the type of activities in the common areas which adversely affect the overall use and enjoyment of the owners.

### 24.2 Rules and Regulations

Establishing all house rules and regulations pertaining to the use of the common areas within the Project, and the units if such use may adversely affect other owners.

### 24.3 Leasing or Purchasing

Leasing or Purchasing for cash or on terms, on behalf of and in the name of the Association, all personal property and fixtures for refurbishing and equipping the common areas, and the TSUs.

### 24.4 Fixtures and Personal Property

Repairing, maintaining and replacing fixtures and personal property in the common areas, limited common areas, and the TSUs.

### 24.5 Personnel

The employment or dismissal of personnel, including the managing agent and contracting for professional services as necessary for the efficient management, maintenance and operation of the Project.

### 24.6 Lienholder

Keep a list of all first lienholders of records, and give all notices to said lienholders at the same time and in the same manner as required of the Board for the owners. Said lienholders shall have the right to inspect records of the Association at reasonable times.

#### 24.7 Audits

Audits shall be provided yearly as set forth in the Act (RCW 64.32.170).

#### 24.8 Leases

Enter into management and recreational lease agreements.

### Section 25. Trading Networks

#### 25.1 Authorization

The Board of Directors is authorized to enter into and terminate agreements with organizations enabling owners to trade their TSPs with owners of time periods at other timeshare condominiums.

#### 25.2 Cancellation Right

The Board of Directors may cancel the Association's membership with a trading network, provided the Board gives one year's notice to all owners of its intent to cancel the then existing agreement, and has secured an agreement with another trading network to provide similar exchange services to the owners. In the event the Board takes the action herein provided, it must first have said action ratified by the membership of the Association at the next annual meeting, or a special meeting called for that purpose.

#### 25.3 Developer Not Liable

The Developer and the trading network must be independent and separate entities, and the Developer shall not be responsible for the promises or obligations incurred by the trading network.

### Section 26. Insurance

#### 26.1 Insurance Coverage

The Board shall purchase and maintain a "Condominium Association Special Policy" or like policy providing the same broad coverage and all optional coverage under the "Special Policy" in accordance with the standard form SP-6-2.

#### 26.2 Board Requirements

The Board shall:

##### 26.2.1 Full Replacement Cost

Insure that all buildings are covered for their full replacement cost. The Board shall retain a professional appraiser to determine the replacement value of the Project, and shall have the evaluation updated every three years. The Association shall advise the insurance company of all substantial improvements made during the interim between appraisals. The policy will provide for naming all mortgage holders with the necessary loss payable clauses as required by Section 31 (Mortgagee Protection), and shall give notice as provided in said section;

##### 26.2.2 Public Liability Policy

Purchase and maintain a public liability policy with limits of no less than five hundred thousand dollar (\$500,000.00) combined single limit, together with a one million dollar (\$1,000,000.00) umbrella policy. Umbrella limits may be increased at the Board's discretion;



### 26.2.3 Worker's Compensation Insurance

Obtain Worker's Compensation Insurance to the extent required by applicable laws;

### 26.2.4 Insurance for the Board

Have the right to, but is not required to, purchase and carry at all times liability insurance insuring against all claims, damages or liability arising from errors or omissions by the members of the Board in the administration of the Association business;

### 26.2.5 Other Insurance Coverage

Obtain such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty and liability insurance requirements for condominium projects established by the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, and the Government National Mortgage Association, so long as either is a mortgagee or owner of a unit within the Project, except to the extent such coverage is not available or has been waived in writing by said entities;

### 26.3 Notice by Insurance Carriers

All insurance carriers shall give all mortgagees ten (10) days notice prior to the cancellation of any insurance policy. This provision is subject to the mortgagee giving notice in accordance with Section 31.2.

### 26.4 Personal Coverage

Each TSO shall provide for his own personal property coverage.

### 26.5 Insurance Claims and Proceeds

The President of the Association shall appoint three of its members as a committee to negotiate and adjust all insurance claims. The committee shall retain a professional insurance adjuster to assist it in adjusting any claim that is estimated to be in excess of one hundred thousand dollars (\$100,000.00). The Board shall approve any compromise or settlement and upon such approval the settlement shall be binding upon the Association and all owners. The Board is hereby authorized, through its President and Secretary, to execute on behalf of the Association and the owners and consummate any agreed settlement.

### 26.6 Procurement and Renewal of Insurance

Three bids will be obtained from insurance carriers who have a "Best Insurance Reports" rating of A+ and are licensed to do business in the State of Washington. All bids will be based on one set of specifications, using the highest deductibles agreed upon by the Board.

### 26.7 Additional Provisions

The Board shall exercise its reasonable best efforts to obtain insurance policies containing the following provisions:

#### 26.7.1 No Setoff Right

Provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of setoff, counterclaims, apportionment, proration, or contribution by reason of any other insurance obtained by or for any owner or any mortgagee;

26.7.2 Relieve from Liability

Contain no provision relieving the insurer from liability for loss because of any act or neglect that is not within the control of the Association, or because of any failure of the Association to comply with any warrant or condition regarding any portion of the premises over which the Association has no control;

26.7.3 Waiver of Subrogation

Contain a waiver of subrogation by the insurer as to any and all claims against the Association, an owner, or his respective agents, employees or tenants, and of any defense based upon co-insurance, or upon invalidity arising from the acts of the insured;

26.7.4 Restoration Right

Provide that, despite any insurance policy provision giving the insurer the right to restore property in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Board, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law, or this Declaration.

Section 27. Damage or Destruction, Reconstruction

27.1 Initial Board Determinations

In the event of damage or destruction to any part of the Project, the Board shall, within twenty (20) days after the date of damage or destruction, make the following determinations with respect thereto, employing such advice as the Board deems advisable:

27.1.1 Damage Inventory

The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby;

27.1.2 Bids

A reasonably reliable estimate of the cost to repair and restore the damage or destruction, which estimate, if reasonably practicable, shall be based upon two or more firm bids obtained from responsible contractors;

27.1.3 Insurance Proceeds

The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer;

27.1.4 Cost of Restoration

The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance;

27.1.5 Repair or Restoration

The Board's recommendation as to whether such damage or destruction should be repaired and restored, partially restored, or sold.

27.2 Notice of Damage or Destruction

The Board shall, within thirty (30) days after the date of damage or destruction, provide each owner and each mortgagee with a written notice summarizing the Board initial determination. If the Board fails to do so within said thirty (30) days, any owner or mortgagee may make the determination required above and give the notice required under this subsection.

### 27.3 Emergency Work

As used in this Section, the term "emergency work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements, or to reasonably protect the owners from liability for the condition of the Project.

### 27.4 Association Meeting

#### 27.4.1 Call Meeting

In the event damage or destruction to all or part of the Project is to an extent that the interests of the owners might best be served by selling or otherwise disposing of the Project, the Board shall call a meeting of the Association with written notice to all owners and mortgagees stating the purpose thereof. Such notice is to be by first-class mail and not less than thirty (30) days in advance of the meeting nor later than sixty (60) days from the date of occurrence of such damage or destruction. Notice of the meeting to owners and mortgagees shall state that the meeting is called to determine whether or not to sell or remove the property from the provisions of the Act (RCW 64.32.230), and shall comply with Section 36 and 37 of this Declaration. In the event one hundred percent (100%) of the owners and mortgagees unanimously determine to sell the Project and remove the property from the provisions of the Act, the Board shall have the authority to so proceed;

#### 27.4.2 Special Meeting

If the Board shall fail to call such meeting and if twenty-five (25) owners and mortgagees disagree with the Board's findings to repair the Project, said owners and mortgagees, within the lesser of fifteen (15) days of receipt of the notice given by the Board above, or after forty (40) days expiration from said damage, may call a special owner's meeting to consider the Board's recommendation and to vote whether to repair or to sell the project. Any meeting called under this subsection shall be convened not less than ten (10) nor more than twenty (20) days after the date of such notice of meeting;

#### 27.3.4 Notice

Except for emergency work which the Board shall perform, no repair or restoration work shall be commenced until the expiration of the notice period set forth above and after the conclusion of any special meeting called within the required period to consider such repairs or restoration work;

### 27.5 Reconstruction

In the event the decision is to repair the Project, the insurance proceeds shall be applied toward the reconstruction of the building or buildings. Reconstruction, as used in this paragraph, means restoring the building or buildings to substantially the same condition which existed prior to the fire, casualty or other disaster, with each unit and common area having substantially the same vertical and horizontal boundaries as before. Modifications to conform to the then applicable governmental rules and regulations shall be made. Such reconstruction shall be accomplished by the Board, which shall have the authority to employ an architect, advertise for bids, and let contracts to contractors and others as required to effect the reconstruction. The Board may also authorize the insurance company to proceed with the reconstruction.

#### 27.5.1 Insufficient Funds

If the insurance proceeds are insufficient to repair or reconstruct the building or buildings, the damage shall nevertheless, be promptly repaired and restored by the Board, utilizing available insurance funds, and all owners shall be liable in accordance with their percentage of interest (Exhibit A) for assessments for any deficiency as common expense;

#### 27.5.2 Distribution of Proceeds

In the event of a decision not to rebuild, the Board may nevertheless expend such of the insurance proceeds or other funds as may be necessary to remove the remains of a building and place the site in the condition required by applicable government rules or regulations, or in such condition as the Board may determine is necessary to reasonably protect the owners from liability from the conditions of the site, and the funds shall thereafter be held and distributed as provided by statute. In case of conflict between this Section and RCW 64.32.150 and 64.32.200, the Act prevails. In the event that any insurance, sale, condemnation, or any other proceeds shall become payable to the Developer, TSO, or RO, these sums shall be applied first to mortgagee's liens of record in accordance with their priorities, and the balance shall be payable to the owner. The portion payable to each owner shall be in accordance with the owner's undivided percentage of interest in the unit.

### Section 28. Condemnation

#### 28.1 Consequences of Condemnation

If at any time or times during the continuance of the condominium ownership pursuant to the Declaration, all or any part of the property shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu of or in advance thereof, the provisions of this Section shall apply.

#### 28.2 Proceeds

All compensation, damages and other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association.

#### 28.3 Complete Taking

In the event that the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in accordance thereof, the condominium ownership pursuant thereto shall terminate, and the Condemnation Award shall be apportioned among the owners in proportion to their respective interests. On the basis of the foregoing, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled, after paying out of the respective interest of such owner. The balance remaining in each share shall then be distributed to each owner respectively.

#### 28.4 Partial Taking

In the event that less than the entire property is taken, condemned or sold, or otherwise disposed of in lieu of or in avoidance of condemnation, the condominium ownership hereunder shall not terminate. All owners shall be entitled to a share of the Condemnation Award as determined in the following manner.

##### 28.4.1 Allocation

As soon as practicable the Board shall reasonably and in good faith allocate the Condemnation Award between compensation, damages, or other proceeds;

##### 28.4.2 Apportionment

The Board shall apportion the amounts so allocated to the taking of or injury to the common areas, which in turn shall be apportioned among owners in proportion to their respective undivided interests in the common areas;

##### 28.4.3 Severance

The total amount allocated to severance damages shall be apportioned to those units which were not taken or condemned;

##### 28.4.4 Taking or Injury

The respective amounts allocated to the taking of or injury to a particular unit shall be apportioned as the Board determines to be equitable in the circumstances;

##### 28.4.5 Consequential Damages

The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable in the circumstances;

##### 28.4.6 Established Allocation

If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable, and does not change any owner's percentage of interest;

##### 28.4.7 Distribution

Distribution of apportioned proceeds shall be made to the respective owners and their respective mortgagees in the manner provided in Subsection 28.3 above.

#### 28.5 Reconstruction and Repair

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 27; provided that the Board may retain and apply such portion of each owner's share of the Condemnation Award as is necessary to discharge said owner's liability for any special assessment arising from the operation of said Section 27.

### Section 29. Subdividing or Combining of Units or Common Areas

Any owner may propose to all owners a plan for subdividing or combining any unit or units, common areas and facilities, or limited common areas and facilities, in writing, together with all financing. The proposed subdivision or combining may proceed accordingly on receiving written consent of the Board and all first lienholders involved, and approval of the proposal by sixty percent (60%) of the Association's total percentages of interest (100% if change in the percentage of interest is involved) at a duly constituted Association meeting as herein provided. Any such subdividing or combining shall be accurately depicted on a revised survey map and set of building plans, and shall be set forth in an amended declaration, all of which shall be duly recorded promptly upon completion of said subdivision or combining; provided, however, that the Board shall have the authority to modify, subdivide, or combine any common area (or area), so long as no owner's access to his unit is thereby encroached upon. The Board shall require a performance bond to cover all costs of the proposed Project.

### Section 30. Additions, Alterations or Improvements

No RO shall make any structural addition or alteration, nor any TSO make any addition or alteration whatever to his unit, without the prior written consent of the Board, first lienholders, and all other owners of the building in which the unit is located. The Board shall have the obligation to answer any written request by an owner for approval of a proposed addition or alteration in such unit within thirty (30) days after the first regular or special meeting of the Board following such request, and failure to do so to the proposed addition or alteration. Any application to any governmental authority for a permit to make an addition or alteration in or to any unit shall be executed by the Board at its sole discretion. Any owner wishing to make any changes as herein provided must obtain a performance bond in the name of the Association to cover all costs in its sole discretion.

### Section 31. Mortgagee Protection

#### 31.1 Priority of Mortgages

Notwithstanding all other provisions hereof and as provided in the Act, the liens created under this Declaration upon any TSU or RU for assessments shall be subject to the rights of the secured party in the case of any indebtedness secured by mortgages or deeds of trust which were made in good faith and for value upon the TSU or RU. Where such mortgagee of a TSU or RU obtains title to a TSU or RU as a result of a mortgage foreclosure, deed of trust sale, or deed in lieu thereof, such possessor and his successor and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such TSU or RU which becomes due prior to such transfer, but will be liable for the common expenses and assessments accruing after such event. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the owners, including such mortgagee, his successor and assigns.

#### 31.2 Notice of Mortgagee's Interest

In order to qualify for the protections under this Section 31, all mortgagees must notify the Association in writing of their lien interest, together with the legal description to which it applies. Upon satisfaction of any lien interest, all mortgagees shall so advise the Association.

### 31.3 Change in Manager

In the event that professional management is employed by the Association, at least twenty (20) days notice of any contemplated change in the professional manager shall be given all mortgagees. The agreement with any professional manager shall permit cancellation by the Association upon the giving of ninety (90) days written notice and shall be for a term not in excess of three (3) years.

### 31.4 Abandonment of Condominium Status

Except when acting pursuant to the provisions of the Act involving damage, destruction, or condemnation, the Association shall not, without consent of all mortgagees of any TSU or RU, seek to abandon the condominium status of the Project.

### 31.5 Partitions and Subdivision

The Association and owners shall not partition or subdivide any unit or the appurtenant common and limited common elements, or accept any proposal to do so without the prior written consent of all mortgagees of the units to be changed.

### 31.6 Copies of Notices

In the event the Association gives any owner notice that such owner has failed to meet any obligation under the Documents for more than thirty (30) days, it shall also give a copy of such notice to any mortgagee of such unit.

### 31.7 Effect of Declaration Amendments

No amendment to this Declaration which adversely affects the security interest if a mortgage shall be effective to alter the rights expressly conferred upon mortgagees with respect to any unsatisfied mortgage or duly recorded deed of trust, unless the amendment shall be consented to in writing by the holders of such mortgages.

### 31.8 Insurance

Where the mortgagee of the Project, a TSU or a RU has filed a written request with the Board, the Board shall:

#### 31.8.1 Furnish Policy

Furnish the mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the Project, a TSU, or a RU on which such mortgagee has a lien;

#### 31.8.2 Notice

Require any insurance carrier to give such mortgagee at least ten (10) days written notice before cancelling any insurance with respect to such property on which mortgagee has a lien;

#### 31.8.3 No Settlement

Not make any settlement of any insurance claim for loss or damage to any unit exceeding Twenty Thousand Dollars (\$20,000.00) without the approval of such mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of the section on insurance;

#### 31.8.4 Written Notice

Give the mortgagee written notice of any loss or taking affecting common areas, if such loss or taking exceeds Twenty Thousand Dollars (\$20,000.00).

### Section 32. Mortgagee's Rights After Lienholder

#### 32.1 RU, TSU, and Project First Lienholder

First lienholder refers to the holder of the mortgage or deed of trust on a TSU or RU which was recorded simultaneously with or after the recordation of the original Declaration. First lienholder also refers to the holder of the deed of trust or mortgage on the real property which this Declaration affects and which was executed and recorded prior to the recordation of this Declaration.

#### 32.2 Obtaining

In the event the first lienholder of the Project becomes bound by this Declaration or an agreement granting one or more partial releases, forecloses its mortgage or deed of trust, and obtains possessory rights, legal title, or certificates of sale to unsold TSUs or RUs and appurtenant common areas covered by the respective deed of trust or mortgage liens, the first lienholder of the Project may succeed to and assume, to the exclusion of the owner, the powers of the owner as set forth in this Declaration.

#### 32.3 Liability of First Lienholder

In the event the first lienholder is conveyed the TSUs or RU in lieu of foreclosure, or obtains possessory rights, legal title or purchases certificate to said TSU or RU as a result of the foreclosure of the mortgage or deed of trust covering the Project, said first lienholder will be liable under Section 14, 15, and 17; provided that in no event will the first lienholder be liable for any past due assessments which accrued or became due prior to the time the first lienholder obtained possession by foreclosure or by deed in lieu of foreclosure.

### Section 33. Association, Registered Agent and Office

The name and address of the Registered Agent residing in Grays Harbor County, State of Washington, to receive service of process in cases provided for in the Act and in matters pertaining to the Project shall be the Association's management firm whose registered address is: Richard D. Hoyt, Shores Mall-Bay 5, 180 Chance A La Mer N.W., Ocean Shores, Washington 98569.

#### 34.1 Independent Provisions

The provisions hereof shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

#### 34.2 Gender; Plural

References to one gender herein shall mean and include all genders, and the singular shall include the plural unless the context requires otherwise.

#### 34.3 Declaration Prevails

If there is any inconsistency between the Act, the Declaration and By-Laws, the provisions of the Declaration shall prevail over the Declaration, and the provisions of the Declaration shall prevail over the By-Laws.



#### 34.4 Covenants

Provisions of the Documents shall be construed as covenants running with the land and every part and interest thereof, including, but not limited to, every unit and appurtenances thereto, the Developer, TSOs, RUs, lienholders, and their heirs, executors, administrators, successors, representatives and assigns, occupants of the Project, or any part thereof, or of any interest therein, shall be bound by all the provisions of the Documents.

#### 34.5 Acceptance

The Association and each owner of any part or portion of the property covered by this Declaration, and any purchaser under any deed, contract of sale, or any lessee under any lease covering any part or portion of said property, accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers of the Association and the Developer provided for in the Documents.

#### 34.6 No-Use or Abandonment

No owner may exempt himself from liability for his assessments by his failure to use and enjoy, or by the abandonment of his TSU or RU.

#### 34.7 Notices

Whenever notices are required to be sent under the Documents, the same may be delivered to the owners either personally or by first class mail, addressed to such owners at their place of residence on file with the Association from time to time. Proof of such mailing or personal delivery by the Association (or if applicable, the Management Firm), shall be by affidavit of the person mailing or personally delivering such notices. Notices to the Association shall be delivered by mail to the Secretary or President of the Association, or to any member of the Board of Directors of the Association.

Notices to the Developer shall be delivered by mail at:

Pacific Avenue Condominium  
P.O. Box 877  
Ocean Shores, WA 98569

All notices shall be deemed and considered received when mailed. Any party may change his or its mailing address by written notice to the Association or to the Management Firm. Notices required to be given the personal representative of a deceased owner, or his devisee when there is no personal representative, may be delivered either personally or by mail to such person at his or its address appearing in the records of the court wherein the estate of such deceased owner is being administered. If there is no estate being administered the deceased owner, the change of the mailing address of any person, as specified herein, shall not require an amendment to this Declaration.

#### 34.8 Developer's Rights

The Developer shall have the right while any units remain unsold to use a portion of the common areas for the purpose of aiding in the sale of units, including the right to use portions of the Project for parking for prospective purchasers and such other persons as Developer determines. The foregoing right shall mean and include the right to display and erect signs and billboards, and to store, keep and exhibit the same, and to distribute audio and visual promotional materials upon the common areas.

#### 34.9 Costs and Attorney Fees

In any proceeding arising because of an alleged default, breach, or violation by an owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be determined by the court.

#### 34.10 No Waiver of Rights

The failure of the Association or owner to enforce any right, provision, covenant or condition which may be granted by the Documents shall not constitute a waiver of the right of the Association or the owner to enforce such right, provision, covenant or condition in the future.

#### 34.11 Section Heading

The section headings in this Declaration have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

### Section 35. Amendment of the Percentage of Interest and Declaration

Subject to Section 36, any amendment altering the value of the property or percentage of interest per Exhibit A of a TSU shall require one hundred percent (100%) consent of all owners; and, unless otherwise provided, a sixty percent (60%) consent of all owners shall be required to amend this Declaration.

### Section 36. Procedure Required for Amending Declaration

#### 36.1 Amendment to Declaration

The procedures required for amending the Declaration and all other matters requiring approval of sixty percent (60%) or more of all owners are provided in this section.

#### 36.2 Sixty Percent Requirement

The provisions of this section shall apply if sixty percent (60%) or more of the total percentages of interest of all owners are required to approve any action by the Association.

#### 36.3 Notice

Notice to all owners (and first lienholders) of a meeting which pertains to any matters contained in subparagraphs 36.1 and 36.2 above shall be given in writing by first-class mail at least twenty (20) days, and not more than sixty (60) days, prior to the date of the meeting. Said notice shall contain the following:

##### 36.3.1 Requirements

Date, time and place of meeting.

##### 36.3.2 Purpose

Set forth in detail the purpose of meeting such as, but not limited to, the following: (a) in the case of an amendment to the Declaration, a copy of the proposed amendment; and (b) in the case of the purchase of additional real property, a copy of the proposed purchase agreement and the amount of any additional assessment to be levied.

36.3.3 Recommendation

Recommendation of the Board of Directors.

36.3.4 Ballot

A written ballot.

36.3.5 Proxy

A proxy form.

36.3.6 Waiver

A copy of this section and Section 37.2 (Waiver).

36.4 Voting

An owner may vote at the meeting in person, by proxy or by written ballot.

36.5 No-Voters

The vote of all owners voting in person, by proxy, or by written ballot shall be tallied in accordance with their percentage of interest when the vote is called for at the meeting. Any owner not voting as described herein shall be deemed to have cast his vote in accordance with the recommendation of the Board of Directors as set forth in the notice of the Association meeting.

36.6 Basis for Section

It is understood and agreed that because of the sixty percent (60%) majority requirement and the large number owners involved, the procedure contained in this section is necessary to resolve important matters coming before the Association, to cut down excessive costs in obtaining the necessary vote of the membership, and to further place upon each owner the affirmative duty to vote if he is in disagreement with the Board's recommendation.

36.7 Procedure

Upon the approval of any amendment by the Association, the President shall execute same and it shall be attested to by the Secretary (including a recital that the amendment was properly and duly voted on and adopted by the required number of owners as provided for in the Declaration) and the Secretary shall cause the amendment to be filed with the appropriate county officials.

Section 37. Waiver

37.1 No Waiver

No provisions contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

37.2 Waiver

All owners hereby waive all right to litigate or contest in a court of law any action of the Board or the Association unless said action is commenced within ninety (90) days after the action of the Board or the Association has taken place. But, the waiver of rights as set forth in this subparagraph shall not take place unless each owner is given a written notice of the meeting in which the action is consummated, in accordance with Section 35 above, and said notice is accompanied by a copy of this subparagraph 37.2.

EXHIBIT A

UNIT DESCRIPTION AND PERCENTAGE OF INTEREST

| <u>Unit No.</u> | <u>Floor</u> | <u>Square Feet</u>     | <u>RO Value</u>    | <u>RO % of Interest</u> | <u>TSP Value</u> | <u>TSP % of Interest</u> |
|-----------------|--------------|------------------------|--------------------|-------------------------|------------------|--------------------------|
| 1S              | 1st          | 1100                   | \$166,700          | 16.67                   | \$16,670         | 1.67                     |
| 1N              | 1st          | 1100                   | 166,700            | 16.67                   | 16,670           | 1.67                     |
| 2S              | 2nd          | 1100                   | 166,700            | 16.67                   | 16,670           | 1.67                     |
| 2N              | 2nd          | 1100                   | 166,700            | 16.67                   | 16,670           | 1.67                     |
| 3S              | 3rd          | 1100                   | 166,700            | 16.67                   | 16,670           | 1.67                     |
| 3B              | 3rd          | 1100                   | 166,700            | 16.67                   | 16,670           | 1.67                     |
| <u>6 Units</u>  |              | <u>6600<br/>Sq.Ft.</u> | <u>\$1,000,000</u> | <u>100%</u>             |                  |                          |

Notes:

- 1) All Units have two decks. The east deck is private; the west deck is limited common area.
- 2) All Units have fireplaces.
- 3) All TSUs are adequately furnished with furniture, two TVs, stereo amplifier, AM/FM tuner, tape deck, audio laser disc, VCR, dishes, kitchen utensils, bedding and towels.

IN WITNESS WHEREOF, the undersigned have executed this Amended Declaration this 1 day of November, 1985.

Pacific Avenue Condominium,  
a Washington Limited Partnership

By [Signature]  
Richard D. Hoyt  
General Partner

By [Signature]  
Robert I. Dudra  
General Partner

STATE OF WASHINGTON )  
County of Grays Harbor ) SS.

I, [Signature], a duly appointed acting and qualified notary public for said county and state do hereby certify that on this day personally appeared before me, known to be the individuals described in and who executed the within instrument, and acknowledge that signatories signed and sealed the same as a free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 1 day of November, A.D. 1985.



[Signature]  
Notary Public in and for the  
State of Washington

Residing at [Signature]  
My commission expires 10/15/87

EXHIBIT "B"

BY-LAWS OF PACIFIC AVENUE  
AND PACIFIC AVENUE NON-PROFIT CORPORATION

|   |    |
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BY-LAWS  
OF  
PACIFIC AVENUE CONDOMINIUM  
AND PACIFIC AVENUE OWNERS' ASSOCIATION  
A WASHINGTON NON-PROFIT CORPORATION

ARTICLE I.

ADOPTION AND APPLICATION OF BY-LAWS

Section 1. Declaration, Surveyor's Map, and Floor Plans.

A Declaration of Condominium, establishing Pacific Avenue Condominium, pursuant to the Horizontal Property Regimes Act of the Revised Code of Washington (Chapter 64.32), was filed in Volume \_\_\_\_\_, of pages \_\_\_\_\_ through \_\_\_\_\_, and the records of the Auditor of Grays Harbor County. A surveyor's map and set of building plans for this Condominium was recorded under Auditor's File No. 851030029, records of the Auditor of Grays Harbor County. The Articles of Incorporation were filed with the Secretary of the State of Washington on \_\_\_\_\_.

Section 2. Adoption.

- 2.1 Pacific Avenue, a Washington Limited Partnership (the "Developer"), is the Declarant, Developer and the original owner of all the units in this condominium.
- 2.2 The Developer shall constitute the Pacific Avenue Owners' Association as of the date of recording of a verified statement of a registered engineer, or a registered architect, certifying that the Surveyor's Map and set of Building Plans of this Project (as defined in Section 1.2 of the Declaration) accurately depict the layout, location and dimensions of the units, as built.
- 2.3 The Developer shall cause the Association to adopt these By-Laws as of the date of recording of said verified statement, and these By-Laws shall thereupon become effective for the management and administration of this Condominium.

Section 3. Application.

These By-Laws are applicable to the Project and the units, and to the administration, use, purposes, and occupancy of the Project. All owners of timeshare units (TSUs) and residential units (RUs), their successors, heirs, assigns, and lienholders, and any other users of this Condominium are subject to the documents (as defined in Section 1.7 of the Declaration) pertaining to the rights, obligation, uses and operation of this Condominium. The acceptance of a deed to, or conveyance of, or the entering of the premises, constitutes an acceptance of the provisions of the Documents and an agreement to comply with and be bound by them.

ARTICLE II.

DEFINITIONS

All terms used herein are defined in The Horizontal Property Regimes Act of the State of Washington (RCW Chapter 64.32) and the Declaration, shall have the same meaning as in the Act of the Declaration, and are incorporated herein and made a part hereof.

ARTICLE III.

OWNERS' ASSOCIATION

Section 1. Constitution.

Under the authority of the Act and pursuant to the Declaration, there is constituted the Pacific Avenue Association, which shall be comprised of every TSO and RO within this Project. Each TSO and RO, by his acceptance of a deed to or a conveyance of a TSU or RU, thereby agrees to and does become simultaneously a member of the Association.

Section 2. Function.

The function of the Association shall be the administration and management of the business and purposes pertaining to the operation and maintenance of this project, through their elected Board of Directors and officers, and in accordance with the Documents.



Section 3. Annual Meeting.

Within thirty (30) days after all units have been sold and paid for (or earlier at the sole option of the Developer), the Developer shall hold the first annual meeting of the unit owners, who shall be notified in writing by the Developer of the time and place of such meeting. At said meeting, the owners shall determine the time for the annual meeting of the Association, shall elect a new Board of Directors, and shall transact any other business that may properly come before the Association; provided, however that the first annual meeting referred to herein shall be held no later than one (1) year following recording of a verified statement of a registered engineer or registered architect, certifying that the Surveyor's map and Set of Building Plans of this Condominium accurately depict the layout, location, and dimensions of each unit, as built.

Section 4. Time and Place of Meeting.

Annual meetings of the Association shall be held at the Project, or at such other suitable place convenient to the owners as may be designated by the Board during the last three (3) months of each calendar year.

Section 5. Purpose of Annual Meeting.

The annual meeting shall be for the purpose of the owners' election of Directors, receiving reports from the Board as to the status of Association's business affairs, and voting on matters required by the Act, the Declaration, and these By-Laws, except as otherwise provided in the documents.

Section 6. Special Meetings.

It shall be the duty of the President to promptly call a special meeting of the Association if he is so directed by resolution of the Board, or as provided in Section 23 of the Declaration. A special meeting shall not be called until after the first meeting as provided for in Section 3 of this Article, without the approval of the Developer, who shall have the right to call a meeting at any time.

Section 7. Notice of Meetings.

Notice of all meetings shall be required as provided in Section 34.7 of the Declaration, and shall be given at least twenty (20) days, and not more than sixty (60) days, prior to the date of the meeting. If a Management Agreement, as provided for in the Declaration is in effect, the Management

Firm shall be entitled to notice of Association meetings and shall be entitled to attend the Association meetings. The Management Firm may designate such person(s) as it desires to attend such meetings on its behalf, but shall not have a vote at such meetings.

Section 8. Quorum.

Unless specifically provided otherwise, the presence of the voting members, in person or by proxy, having ten percent (10%) of the total voting power if all members of the Association shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and required quorum at such subsequent meeting shall be two-thirds (2/3) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

A majority of the votes entitled to be cast by voting members present at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon, unless a greater vote is required by the Documents.

Any objection to the actions of the voting members for want of proper notice may be remedied by ratification of said action or actions by a majority of the voting members, in accordance with the procedures set forth in Sections 36 and 37 of the Declaration. Objections may also be waived by written waiver of notice for the meeting at which said action or actions take place.

The voting members shall have the right to take any action in the absence of a meeting which they could take at any meeting by obtaining written approval of a majority, or otherwise as required by the Declaration, of all the voting members. Any action so taken shall have the same effect as though taken at a meeting of voting members.

Section 9. Order of Business.

The business of the Association shall be conducted in accordance with Roberts' Rules of Order (latest edition), and when not in conflict with the Documents, the order of business at all meetings of the owners shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of Board;
- (f) Report of committees;

- (g) Election of inspectors of election (when required);
- (h) Election of members of the board (when required);
- (i) Unfinished business; and
- (j) New business.

The President may select or retain a parliamentarian to rule on all issues raised under Roberts' Rules of Order at Association Meetings.

Section 10. Voting.

The percentage of interest votes which an owner shall cast is that percentage of interest established by the Declaration appertaining to his respective TSU or RU. In the case of multiple ownership (corp., partnership, etc.) of a TSU or RU, only one person, who is to be selected by the multiple owners, shall vote the percentage of interest. The voting member shall be designated in writing, which writing shall be effective until revoked or changed by the multiple owners. Owners' votes are to be cast at the time of the meetings as provided for in the Declaration. Written notice of designation of a proxy or written ballot shall be filed with the Secretary of the Association by the owner prior to the appointed time of a meeting.

Section 11. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum has not attended, a majority of the percentage interest of the owners who are authorized to vote at such meeting may adjourn the meeting from time to time until a quorum, as foresaid, is present.

ARTICLE IV.

BOARD OF DIRECTORS

Section 1. Qualification and Term.

- 1.1 The Developer, during the marketing stage shall contemporaneously with the adoption of these By-Laws nominate and elect five (5) persons to act as the first Board of Directors. At such time as there are ten (10) ROs and/or TSOs, the Developer shall replace two (2) of the Board members with new members whose only relationship with the Developer is the purchase of a TSU or an RU. At the next regular held meeting, two (2) non-minority directors shall be replaced and new minority directors nominated, elected and replaced by the owners who are unaffiliated with the Developer.

The Board shall have all the authority that is granted to, and the duties that are required of, the Board of Directors by the Documents.

- 1.2 The term of office of the first Board of Directors which is appointed by the Developer (and who need not be owners), or their replacements, as the case may be, shall serve until their successors have been elected and qualified as provided in Article III. At this meeting members of the board of Directors shall preside and shall be succeeded by the Board composed of five (5) members elected from among the owners, except as provided in paragraph 1.3 below. The term of office of members of the Board elected at this meeting shall be until the first annual meeting. Thenceforth, said term shall be for one (1) year, or until a successor has been elected and qualified.
- 1.3 Following the first development stage, all directors (except Developer appointed) shall be elected on a staggered basis, i.e. two (2) directors for one (1) year, two (2) directors for two (2) years and one (1) director for three (3) year terms.

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

#### Section 3. Organization Meeting.

The first meeting of the members of the Board following each annual meeting of the Association shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the Board at the meeting at which the Board shall have been elected, and no notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, provided a majority of the whole board shall be present, and the time was fixed for said meeting at the Association meeting.

#### Section 4. Meetings of the Board.

Meetings of the Board shall be held at such time and place as determined by the President, or as requested in writing (to the secretary) by three (3) members of the Board. At least four (4) meetings of the Board of Directors shall be held during a fiscal year.

- 4.1 Regular and special meetings of the Board of Directors shall be open to all members of the Association; provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by a vote of a majority of the Board of Directors.
- 4.2 The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in Executive Session to discuss and vote upon litigation matters, in which the Association is or may become involved, and other business of a similar nature. The nature of any and all business to be considered in Executive Session shall be first announced in open session.
- 4.3 If a Management Agreement is in effect, the Management Firm shall be entitled to notice of all Directors' meetings and it may designate such person(s) as it desires to attend such meetings on its behalf, but shall not have a vote at any such meeting.

#### Section 5. Removal of Members of the Board.

At any annual or special meeting of the Association, any one or more of the members of the Board who have been elected by the Association (as distinguished from those appointed by Developer) may be removed, with or without cause, by a majority vote, and a successor shall be elected to fill the vacancy created. Any member of the Board whose removal has been proposed shall be given an opportunity to be heard at the meeting; provided, however, that any Board member missing two (2) consecutive Board meetings without good cause may be removed by the Board action.

#### Section 6. Vacancies.

Vacancies on the Board caused by any reason other than the removal of a member thereof by a vote of the owners shall be filled by vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the unexpired term, or until a successor shall be elected and qualified at a special meeting called for that purpose, or at the next annual meeting of the Association. In the event of the election of a director at a meeting at which a quorum is not present, the Board shall call a meeting of the Association to be held within thirty (30) days, to either confirm the election of the directors, or to elect another director.

Section 7. Compensation.

No member of the Board shall receive compensation from the Association for acting as such unless approved by the owners at the Association meeting.

Section 8. Powers and Duties.

The Board of Directors, subject to the Declaration and these By-Laws, shall have the authority and duty to determine, establish and administer all policies, rules and regulations governing the purposes and operation of the Project and the units. The Board shall govern the business of the Association and this Project, except for such authority as by the Documents may not be delegated to the Board of Directors.

ARTICLE V.

OFFICERS

Section 1. Designation.

The principal officers of the Association shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Board may appoint such other officers as it may deem necessary. After the development stage for Phase 1, the President, Vice President, secretary and Treasurer must be members of the Board of Directors. The offices of Secretary and Treasurer may be combined in one person. Notwithstanding the foregoing, the restriction herein shall not apply while the Association is under the control of the Developer.

Section 2. Election of Officers.

Officers shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the discretion of the Board.

Section 3. Removal of Officers.

Upon the vote of a majority of the members of the entire Board, any officer may be removed, either with or without cause, and his or her successor shall be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4. President.

The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board. He or she shall have all the general powers and duties which are usually vested in the office of a president of an association, including, but not limited to: the power to sign contracts, etc.; to appoint from among the timeshare owners any committees which he or she or the Board decides is appropriate; and to assist in the conduct of the affairs of the Association.

Section 5. Vice President.

The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President are present or able to act, the Board shall appoint some other member of the Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be assigned to him or her by the Board or by the President.

Section 6. Secretary.

The Secretary, unless otherwise determined by the Board, shall keep the minutes of all meetings of the Association and of the Board. He or she shall have charge of such books and papers as the Board may direct and he or she shall have all the general powers and duties usually vested in the office of the Secretary of the Association.

Section 7. Treasurer.

The Treasurer shall have the responsibility for: Association funds and securities, for collecting assessments, keeping full and accurate Association financial records and books of account, showing all receipts and disbursements, and the preparation of all required financial statements. He or she shall have the duty to keep all monies and other valuable effects in the name of and for the credit of the Association in such depositories as may from time to time be designated by the duties which are usually vested in the Treasurer of an Association, except as said duties are delegated to others by the Board. The books are to be maintained in accordance with law and acceptable accounting practices.

Section 8. Duties of Secretary/Treasurer by Management Firm.

Some of the duties of the Treasurer and Secretary may be designated by the Board to a Management Firm employed by the Association as it determines in its sole discretion to be required. In this event, the Secretary and/or Treasurer shall be responsible for overseeing the activities of such agents.

Section 9. Vacancies.

Vacancies of any office arising from any cause may be filed by the Board at any regular or special meeting.

Section 10. Compensation of Officers.

The salaries, if any, of the officers of the Association shall be fixed by the Association at any Association meeting called for that purpose, and Section 36 and 37 of the Declaration shall apply.

ARTICLE VI.

NOTICES

Section 1. Notices to Owners.

All notices to the owners shall be sent to the address of the owner as it appears on the books of the Association and in accordance with Section 34.7 of the Declaration.

Section 2. Notices to the Board.

All notices to the Board shall be sent by registered or certified mail to the Secretary of the Board or the approved managing agent.

Section 3. Notices to the Members of the Board.

Notice of Board meetings stating the time, place and purpose thereof shall be given to each member of the Board by phone or in writing by first class mail by the Secretary or Manager at least five (5) business days, and not more than thirty (30) days, prior to the date of such meeting.

Section 4. Waiver of Notice.

Any member of the Board may at any time waive notice of any meeting of the Board. Such waiver shall be deemed equivalent to the giving of notice thereof. Attendance by a



member of the Board at any meeting of the Board shall constitute a waiver of notice by him or her of the time and place thereof. If all the members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted.

Section 5. Regularly Scheduled Meetings.

No notice need be given for regularly scheduled meetings which have been approved by all Board members.

**ARTICLE VII.**

**CONTRACTS AND AGREEMENTS**

Section 1. Contracts, Deeds, Etc.

All contracts, deeds, leases and other formal instruments and agreements shall be executed in the name of Pacific Avenue Owners' Association, by the President and Secretary, as officers of the Association, except that the Board may, in its discretion, authorize the execution of such documents by another person or persons, and any such documents or agreements shall be binding upon the Association.

Section 2. Liability of the Board of Directors.

The members of the Board shall not be liable to the owners for any mistakes of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; nor shall they be personally liable for contractual liability arising out of contracts made by the Board on behalf of the Association, unless any such contracts shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws; and, the owners shall defend, hold harmless and indemnify the members of the Board accordingly.

Section 3. Liability of Owners.

The liability of any owner arising from the conduct of business by the Association shall be limited to the proportion his or her percentage interest bears to the total liability thereunder, as provided for in the Act.

## ARTICLE VIII.

### OPERATION OF THE PROPERTY

#### Section 1. Common Expenses.

The Board shall from time to time, and at least annually, prepare a budget for the Condominium; determine the amount of the assessments required to meet the common expenses of the Condominium; and allocate and assess and collect such common expenses against the owners according to their respective percentage interest as defined in the Declaration. The common expenses shall include, among other things; the cost of all insurance premiums on all policies of insurance obtained by the Board pursuant to the Declaration and these By-Laws: expenses the Board deems proper for the operation and maintenance of the condominium property; and, following the development stage(s) an amount for working capital of the Project, for general operating reserves for long-term reserve funds for replacements and repairs, and to make up any deficit in the common expenses for any prior year, all in accordance with Section 16 of the Declaration. The Board shall advise each owner in writing of the amount of common charges payable by him and shall furnish copies of each budget annually upon request of any power.

#### Section 2. Statement of Assessments.

The Board or its nominee shall promptly provide any owner, purchaser or lienholder who make a request in writing with a written statement of unpaid common assessments on any RU or TSU, which statement shall be binding upon the Association. During the development stage, the Developer shall annually prepare for the owners an accounting of any unpaid common expenses, operating losses and deferred maintenance, and an itemization of any deferred maintenance which the Developer is responsible for under the Declaration.

#### Section 3. Depositories.

The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association or persons as may be designated by the Board of Directors.

#### Section 4. Fiscal Year.

The fiscal year for the Association shall be set by the Board of Directors and as may be required by the Internal Revenue Code of the United States of America.

ARTICLE IX.

ACCOUNTING

Section 1. Accounting of Receipts and Expenditures.

The Board shall keep detailed books of account, listing all receipts and all expenditures of the Association. In addition, an annual audit of the receipts and expenditures of the Association, certified by an independent certified public accountant, shall be rendered by the Board to each owner promptly after the end of each fiscal year.

ARTICLE X.

USE REGULATIONS

Section 1. Preface.

In order to provide for the congenial occupancy, and for the protection of values of this Condominium, the use of the property shall be subject to the following regulations.

1.1 Legal Compliance.

All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be complied with. No unlawful, immoral, improper or offensive use shall be made of the property or the units. No nuisances shall be allowed on the Project, neither shall any use or practice be allowed which is a source of annoyance or which interferes with the peaceful use of the property and the units by the owners.

1.2 Rules of Conduct.

Rules and regulations pertaining to occupancy and reservations of the units and the use of the common areas may be promulgated and amended from time to time by the Board (not inconsistent with the Documents), and they shall apply to all occupants of the property.

1.3 Abatement or Enjoining of Violations.

The violation of any rules or regulations adopted by the Board or the breach of any documents shall give the Board the right, in addition to any other rights set forth in the Documents, to enjoin, abate or remedy such breach or condition by appropriate legal action.

Any violations which are deemed by the Board of Directors to be a hazard to the health, safety or the welfare of other owners, or which may place the Association in violation of any covenant, condition or term required by or for the benefit of any governmental entity or agency may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged and assessed to the owner or owners who are in violation as an individual assessment and shall be a lien against said RU or TSU with the same force and effect as if the charge were a part of the common expenses as provided in the Declaration.

#### 1.4 Negligence or Carelessness.

Each owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, omission, neglect or carelessness, or by the act, omission, neglect or carelessness of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained, however, shall be construed so as to modify any waiver by any insurance company of its rights of subrogation. The expenses for any maintenance, repair or replacement required as provided in this section shall be charged to such owner as an individual assessment in accordance with the Documents.

When individual assessments are levied against an owner, an itemized statement of the reason for the assessment shall be included together with a notice to the owner that he has a right to present his objections to the individual assessment to the Board of Directors or a specially designated committee. Any objections on the part of the owner shall be delivered, in writing, no later than the twentieth (20) day of the month in which the assessment was levied and shall state specifically the facts upon which the objections are based and whether the objecting owner desires a hearing before the Board or is willing that the objection be determined by the Board of Directors or a specially designated committee in his absence. If a hearing before the Board or committee is requested, the same shall be held at the next meeting of the Board or committee. Failure of the objecting owner to appear in person or by a duly authorized representative shall be deemed a consent by such objecting owner that the Board hear and determine the objections in his absence. Any portion of an individual assessment which is rebilled after

objections thereto have been filed shall be conclusive evidence of the fact that the objections to that portion of the individual assessment have been overruled by the Board, and such individual assessment will be considered to be fully due and payable as of the date of such rebilling. Thereafter, such individual assessment shall be fully subject to the provisions hereof concerning the collection of all general and special assessments. Any individual assessments as to which no objections were timely filed hereunder shall be considered to be due as of the date of the first billing thereof and the provisions concerning collection of general and special assessments shall be fully applicable.

## ARTICLE XI.

### RIGHTS AND DUTIES OF OWNERS

#### Section 1. Reciprocity of Rights and Duties.

- 1.1 Each owner has the right to participate in the functions of the Association, to equal enjoyment of the social and recreational facilities, and to equitably share in the benefits appurtenant to membership in Pacific Avenue Owners' Association, subject to the terms, conditions and restrictions contained in the documents.
- 1.2 Provided, further, that each owner by his membership has reciprocal duties to each other owner, which are as follows:
  - (1) To maintain an interest in and attend the meetings of the Association;
  - (2) To occasionally perform committee service or seek a Board position for the advancement of the Association's objectives; and,
  - (3) To vote in accordance with the Documents.
- 1.3 All owners shall notify the Association within ten (10) days of any transfer, by sale or otherwise, of a RU or TSU. Said notice shall include such information and be in such form that the Association shall prescribe from time to time. The Association may send all necessary notices to the person or persons shown as owner in its records, and said notice to the contrary.

- 1.4 Owners shall give notice to the Association of every suit or other proceeding which will or may affect title to his RU or TSU or any part of the Project, and such notice is to be given within five (5) days after the owner receives notice thereof.
- 1.5 The termination of membership in the Condominium shall not relieve or release any such former owner from any liability or obligations incurred under or in any way connected with the condominium, during the period of such ownership, or impair any rights or remedies which the Association may have against such former owner arising out of or in any way connected with such ownership.

Section 2. TSO Keys.

All TSO will pick up keys to the entrance doors of their unit during their TSP at a place designated by the Board.

ARTICLE XII.

ASSOCIATION BOOKS AND RECORDS

Section 1. Availability to Members.

The Membership Register, books of account and minutes of meetings of members of the Board and of committees of the Board shall be made available or by his duly authorized representative at any reasonable time and for a purpose reasonably related to his interest as a member at the office of the Association or at such other place as the Board of Directors shall prescribe.

Section 2. Times for Inspection.

The Board of Directors of the Association shall establish reasonable rules with respect to:

- 2.1 Notice to be given to the Custodian of the records of the Association by the owner desiring to make the inspection.
- 2.2 Hours and days of the week when such an inspection may be made; and,
- 2.3 payment of the cost of reproducing documents requested by a member.

Section 3. Membership Roster.

The Secretary of the Association shall maintain a roster of the names and current addresses of all members of the Association at the Association office.

Section 4. Availability of Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make abstracts and excerpts from, and copies of, such documents and records.

ARTICLE XIII.

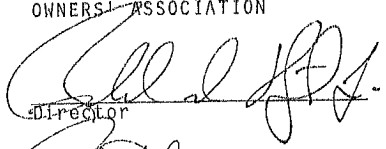
AMENDMENTS

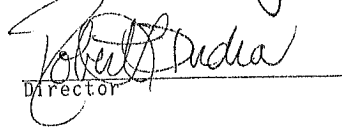
These By-Laws may be amended unless otherwise provided by the Act, Declaration or these By-Laws by a majority of owners at any annual meeting or any special meeting properly called for that purpose, and which meeting shall be held in accordance with Section 35 and 36 of the Declaration. These By-Laws may not be amended without Developer approval as long as the Developer has the right to appoint a member to the Board.

THEREFORE, we, the undersigned, being so duly appointed and authorized, do hereby ratify and adopt these By-Laws on behalf of Pacific Avenue Condominium Owners' Association.

IN WITNESS WHEREOF, the undersigned have caused these By-Laws to be executed this 31 day of Oct, 19, 85, at Ocean Shores, Washington.

PACIFIC AVENUE CONDOMINIUM  
OWNERS' ASSOCIATION

  
Director

  
Director



STATE OF WASHINGTON )  
County of Grays Harbor ) SS.

Authority for Signature

I, Jessica J. Vance, a duly appointed acting and qualified notary public for said county and state do hereby certify that on this day personally appeared before me, known to be the individuals described in and who executed the within instrument, and acknowledge that signatories signed and sealed the same as a free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 11 day of November, A.D. 1985.

Jessica J. Vance  
Notary Public in and for  
the State of Washington

Residing at 1400 1st St  
My commission expires 1/1/87



EXHIBIT A  
 PACIFIC AVENUE OWNERS ASSOCIATION  
 Ocean Shores, Washington  
 Annual Budget

|  |              |                 |
|--|--------------|-----------------|
| INCOME:                                  |              |                 |
| HOME OWNER FEES                          | \$52,800     |                 |
| EXPENDITURES:                            |              |                 |
| <u>PAYROLL</u>                           |              |                 |
| *Maintenance                             | \$ 4,476     |                 |
| *Landscape                               | <u>1,200</u> | \$ 5,676        |
| UTILITIES                                |              |                 |
| Telephone                                | \$ 1,152     |                 |
| Power                                    | 4,368        |                 |
| *Garbage                                 | 1,020        |                 |
| Water                                    | 825          |                 |
| Cable T.V.                               | <u>840</u>   | \$ 8,205        |
| MAINTENANCE                              |              |                 |
| Appliance Repair &<br>smallware replace. | \$ 400       |                 |
| Carpet Cleaning                          | 800          |                 |
| Household Linens                         | 1,500        |                 |
| *General Supplies                        | 3,600        |                 |
| Sanitary System                          | 150          |                 |
| *Laundry Cleaning                        | <u>1,200</u> | \$ 7,650        |
| GENERAL EXPENSE                          |              |                 |
| *Miscellaneous                           | \$ 1,419     |                 |
| *Insurance                               | 2,790        |                 |
| Legal & Accounting                       | 1,500        |                 |
| Management Fee                           | 9,600        |                 |
| Community Club                           | 480          |                 |
| Treats                                   | <u>1,000</u> | \$16,789        |
| RESERVES                                 |              |                 |
| Floor Covering                           | \$ 2,100     |                 |
| Furniture, T.V.,<br>Stereo               | 8,125        |                 |
| Window Covering                          | 650          |                 |
| Appliance Replace                        | 2,380        |                 |
| Roof Replace                             | 150          |                 |
| Exterior Paint                           | 200          |                 |
| Interior Paint                           | <u>875</u>   | \$14,480        |
| <br>                                     |              |                 |
| <u>TOTAL EXPENDITURE</u>                 |              | <u>\$52,800</u> |
| <br>                                     |              |                 |
| Per Quarter TSO Assessment               |              | \$ 220          |

85 21420

UTILITIES

Electric:

- PUD #1
- Average estimated kWh usage per month 11,100
- Rate charged @ .0301 with \$5.00 (ach) per unit charge
- Estimated monthly expense \$364.11

Telephone:

- Flat rate per unit \$14.00

Garbage:

- 2 yard dumpster / weekly pick-up / \$84.00 per month

Water:

- \$10.85 per unit each month for the first 300 cubic feet
- \$ 0.30 each additional 100 cubic feet thereafter
- Estimated use 600 cubic feet (4,500 gallons)
- \$11.45 per month per unit x 6 - \$68.70

Television Cable:

- Coast Communication Company
  - a. Basic rate: \$11.61 per outlet (6)
  - 70.00 per month

INVENTORY

Household Linens and Towels

- Annual Replacement: 1 set per annum
  - Linens & Pillowcases
    - 1 King @ \$56.00
    - 2 Twin @ 60.00
    - 1 Queen @ 45.00
  - Towels
    - 4 Bath towels @ \$40.00
    - 4 Hand towels @ 16.00
    - 4 Wash cloths @ 16.00
    - 4 Dish towels @ 16.00
- \$249.00 x 6 units = \$1,494.00

MANAGEMENT

Compensation for off site management includes:

- Supervision of all normal operational and maintenance functions.
- Reporting to Association Board and arranging for all major repairs.
- Collecting all maintenance fees.
- Publishing quarterly owner reports.

WEEKLY MAINTENANCE

Ten (10) man hours per week @ \$8.60 per hour including payroll taxes. (R & R maintenance person)  
Foster Rodda landscaping services as needed.

GENERAL GROUND KEEPING TO INCLUDE:

- Landscape weeding & pickup
- Parking and refuse area / pick up all debris
- Walkways / pick up debris and sweep
- Stairs/ pick up debris and sweep
- Replace exterior lights and replace as needed
- Clean exterior windows
- Check and clean whirl-bath area as needed
- Report all disorders
- Mow lawn as needed
- Fertilize and care for floral arrangements in outdoor plantings
- Wash interior windows
- Touch up interior wall paint as needed
- Re-stock firewood and supply rooms

GENERAL SUPPLIES

Toilet paper  
Light bulbs  
Hand soap  
Dish soap  
Laundry soap  
Firewood  
Misc. janitorial supplies:  
wisk, sponges, Brasso,  
napkins, garbage bags,  
mops  
filters, logs, T.V. Guides  
coffee, salt, pepper, sugar  
creamer, rug deodorizer, kleenex  
comet, matches, plastic cups  
carpet cleaner, vacuum bags  
furniture polish

MISC.

Bank Charges  
Repair Items and Parts

RESERVES

|  |          |            |
|--|----------|------------|
| FLOOR COVERING (800 yds. @ \$21.00)                          | \$16,800 |            |
| FURNITURE, T.V. & STEREO                                     | 65,000   |            |
| WINDOW COVERING<br>(expected life 8 years)                   | 4,500    | \$10,875   |
| APPLIANCES<br>(expected life 10 years)                       | 23,800   | 2,380      |
| *ROOF<br>(expected life 15 years)                            | 2,500    | 150        |
| *EXTERIOR PAINT (trim facia only)<br>(expected life 4 years) | 800      | 200        |
| INTERIOR PAINT (17500 / .25)<br>(expected life 5 years)      | 4,375    | <u>875</u> |
| TOTAL ANNUAL RESERVES  |          | \$14,480   |



EXHIBIT "D"

LEGAL DESCRIPTION FOR INDIVIDUAL TSU

The following undivided 1/50 fractional interest being identified as the named Timeshare Period (TSP) percentage in the herein described Timeshare Unit (TSU), as a tenant-in-common with the other fractional owners of the said TSU of Pacific Avenue Condominium, intended only for the stated use, according to Survey Map and set of Plans recorded as noted (said Survey Map setting forth and delineating a description of the land as provided in RCW 64.32.090 (1), and according to condominium Declaration recorded as noted; TOGETHER WITH the stated Unit percentage of undivided interest in the Common areas and Facilities appertaining to said TSU. All as expressly provided for in the Declaration, as it may be so amended of record; AND TOGETHER WITH the use of those Limited Common Areas and Facilities (LCA) appertaining to said TSP, including, but not necessarily limited to, the exclusive use of specific LCA stated below, the general locations of which are shown in the Survey Map and Plans but the exact dimensions of which may be defined;

|                  |  |
|------------------|--|
| Condominium:     | Pacific Avenue   |
| Volume/Pages:    | Vol. <u>2</u> of Condominium<br>Pages <u>11</u> thru <u>12</u> |
| Recording No:    | <u>851030029</u>   |
| Records of:      | <u>Grays Harbor County</u>                                     |
| Recorded On:     | <u>October 30, 1985</u>  |
| TSU No:          | _____  |
| Unit Percentage: | _____  |
| TSP (1-52)       | _____  |
| TSP Percentage:  | _____  |

LIMITED COMMON AREA

Exterior decks adjoining each TSU except for common stairs and stair passage ways.

85 21424

OWNERSHIP WEEK

# PACIFIC AVENUE CONDOMINIUM OWNERSHIP SCHEDULE

1985 1986 1987 1988

| A  | 1  | JAN. 4      | JAN. 3  | JAN. 2  | JAN. 1  |
|----|----|-------------|---------|---------|---------|
| B  | 2  | JAN. 11     | JAN. 10 | JAN. 9  | JAN. 8  |
|    | 3  | MAINTENANCE |         |         |         |
|    | 4  | MAINTENANCE |         |         |         |
|    | 5  | MAINTENANCE |         |         |         |
| C  | 6  | FEB. 1      | JAN. 31 | JAN. 30 | JAN. 29 |
| D  | 7  | FEB. 8      | FEB. 7  | FEB. 6  | FEB. 5  |
| E  | 8  | FEB. 15     | FEB. 14 | FEB. 13 | FEB. 12 |
| F  | 9  | FEB. 22     | FEB. 21 | FEB. 20 | FEB. 19 |
| G  | 10 | MAR. 1      | FEB. 28 | FEB. 27 | FEB. 26 |
| H  | 11 | MAR. 8      | MAR. 7  | MAR. 6  | MAR. 5  |
| I  | 12 | MAR. 15     | MAR. 14 | MAR. 13 | MAR. 12 |
| J  | 13 | MAR. 22     | MAR. 21 | MAR. 20 | MAR. 19 |
| K  | 14 | MAR. 29     | MAR. 28 | MAR. 27 | MAR. 26 |
| L  | 15 | APR. 6      | APR. 5  | APR. 4  | APR. 3  |
| M  | 16 | APR. 13     | APR. 12 | APR. 11 | APR. 10 |
| N  | 17 | APR. 20     | APR. 19 | APR. 18 | APR. 17 |
| O  | 18 | APR. 27     | APR. 26 | APR. 25 | APR. 24 |
| P  | 19 | MAY 4       | MAY 3   | MAY 2   | MAY 1   |
| Q  | 20 | MAY 11      | MAY 10  | MAY 9   | MAY 8   |
| R  | 21 | MAY 18      | MAY 17  | MAY 16  | MAY 15  |
| S  | 22 | MAY 25      | MAY 24  | MAY 23  | MAY 22  |
| T  | 23 | MAY 31      | MAY 30  | MAY 29  | MAY 28  |
| U  | 24 | JUNE 7      | JUNE 6  | JUNE 5  | JUNE 4  |
| V  | 25 | JUNE 14     | JUNE 13 | JUNE 12 | JUNE 11 |
| W  | 26 | JUNE 21     | JUNE 20 | JUNE 19 | JUNE 18 |
| X  | 27 | JUNE 28     | JUNE 27 | JUNE 26 | JUNE 25 |
| Y  | 28 | JULY 5      | JULY 4  | JULY 3  | JULY 2  |
| Z  | 29 | JULY 12     | JULY 11 | JULY 10 | JULY 9  |
| AA | 30 | JULY 19     | JULY 18 | JULY 17 | JULY 16 |
| AB | 31 | JULY 26     | JULY 25 | JULY 24 | JULY 23 |
| AC | 32 | AUG. 2      | AUG. 1  | JULY 31 | JULY 29 |
| AD | 33 | AUG. 9      | AUG. 8  | AUG. 7  | AUG. 6  |
| AE | 34 | AUG. 16     | AUG. 15 | AUG. 14 | AUG. 13 |
| AF | 35 | AUG. 23     | AUG. 22 | AUG. 21 | AUG. 20 |
| AG | 36 | AUG. 30     | AUG. 29 | AUG. 28 | AUG. 27 |
| AH | 37 | SEP. 6      | SEP. 5  | SEP. 4  | SEP. 3  |
| AI | 38 | SEP. 13     | SEP. 12 | SEP. 11 | SEP. 10 |
| AJ | 39 | SEP. 20     | SEP. 19 | SEP. 18 | SEP. 17 |
| AK | 40 | SEP. 27     | SEP. 26 | SEP. 25 | SEP. 24 |
| AL | 41 | OCT. 4      | OCT. 3  | OCT. 2  | SEP. 30 |
| AM | 42 | OCT. 11     | OCT. 10 | OCT. 9  | OCT. 8  |
| AN | 43 | OCT. 18     | OCT. 17 | OCT. 16 | OCT. 15 |
| AO | 44 | OCT. 25     | OCT. 24 | OCT. 23 | OCT. 22 |
| AP | 45 | NOV. 1      | OCT. 31 | OCT. 30 | OCT. 29 |
| AQ | 46 | NOV. 8      | NOV. 7  | NOV. 6  | NOV. 5  |
| AR | 47 | NOV. 15     | NOV. 14 | NOV. 13 | NOV. 12 |
| AS | 48 | NOV. 22     | NOV. 21 | NOV. 20 | NOV. 19 |
| AT | 49 | NOV. 29     | NOV. 28 | NOV. 27 | NOV. 26 |
| AU | 50 | DEC. 6      | DEC. 5  | DEC. 4  | DEC. 3  |
| AV | 51 | DEC. 13     | DEC. 12 | DEC. 11 | DEC. 10 |
| AW | 52 | DEC. 20     | DEC. 19 | DEC. 18 | DEC. 17 |
| AX | 53 | DEC. 27     | DEC. 26 | DEC. 25 | DEC. 24 |

FILED RECU:ST 8F  
 85 NOV -5 14:09

CHARLES E. PIERCEY  
 CO. AUDITOR



R & R MARKETING AND MANAGEMENT CO.  
289-4421 OR 532-0740

EXHIBIT E

85 21425