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PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

CRYSTAL CREEK II TOWNHOMES

01.

RESALE CERTIFICATE

&

ADDENDA
(IF ANY)

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

KAPPES·MILLER
Condominium Management & Services

RESALE CERTIFICATE TRANSMITTAL PAGE

Please find the Resale Certificate you ordered. It consists of a four page "Certificate" and exhibits 01. through 12. In some cases, there may be additional information included in the form of reports, memos, or addenda. It is important for both Seller and Buyer to read and understand all information included in this package before releasing information. Seller(s) and / or their listing agents should read all the documents before releasing to Buyer(s) and / or their agents and verify contents. Please contact our office immediately, if there is an issue.

You may make copies of these materials, as needed, to distribute to additional transaction parties.

As you read the Certificate and packet, in its entirety, please note the following items to complete:

1. Page 1: Heading; insert name of buyer.
2. Page 4: Sign your name as "unit owner"
3. Page 4: Have your buyer date and sign for receipt of the document.

You should be sure to retain a copy of the four-page Resale Certificate for your records.

If a pending sale does not close for some reason, you should retain this entire package for a future sale. This Resale Certificate is good for 45 days from the date it was prepared. If more than 45 days has passed, an updated package may be obtained from our office for an additional charge. You can go to the following website link to reorder a revised or new packet.

http://www.kappesmiller.com – then go to the Link to Disclosure Documents, Washington Forms, Resale Certificate Request Form

Please direct any additional questions, on the Association, to your hired real estate professional.

SEATTLE OFFICE
2801 WESTERN AVENUE
SEATTLE, WA 98121
(206) 287-9947

BELLEVUE OFFICE
1500 – 112TH AVENUE N.E.
BELLEVUE, WA 98004
(425) 646-2776

PORTLAND OFFICE
50 SOUTHWEST PINE ST.
PORTLAND, OR 98204
(503) 224-1795

WWW.KAPPESMILLER.COM

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

HOA RESALE CERTIFICATE

Address: 1048 - 215th Pl. SE, Bothell, WA 98021

Unit No. / Seller: 1048 (Porter)

Association: CRYSTAL CREEK II TOWNHOMES

Buyer: _____

IMPORTANT NOTICE TO BUYERS AND SELLERS: This HOA Resale Certificate ("Certificate") is prepared by the HOA Association, its Managing Agent, or its authorized agent to give the buyer a general understanding of the administrative, financial and physical plant components, including potential obligations, of the unit and/or Association named in this certificate.

This Certificate represents only a small fraction of the information you need to acquire to make a decision on the purchase of a HOA unit. This certificate is not meant to replace or waive your obligation to acquire the necessary information, including financial information, about the unit you are potentially purchasing from your agent, the Seller and/or the Seller's Agent.

This Resale Certificate document is prepared using information that is deemed to be reliable, to the best of the Association's and/or Kappes Miller's actual knowledge, at the time of the Certificates preparation. Neither the Association nor Kappes Miller Management guarantees the accuracy nor does validity of the information presented on this Certificate, and neither assume any obligation to supplement or update it. **Incorrect information on this Certificate does not waive the Buyer's or the Seller's obligation to pay monies due to the Association or pursuant to the Buyers and Sellers Purchase & Sale Agreement.**

If you have any questions about a specific piece of information on this Certificate, or if it is important to you to verify a specific piece of information on this Certificate, you must contact your Agent, the Seller, or the Seller's real estate agent for clarification.

1. **RIGHT OF FIRST REFUSAL/RESTRAINTS ON ALIENATION.** There **are not** rights of first refusal or other restraints on sale of the unit. If there are, it/they are: Found in section(s) **N/A** of the attached Declaration.

2. **ASSESSMENT.**

   a) The current monthly assessment for the unit is $**138.00.**
   b) Past due and unpaid ***monthly*** assessments against the unit total $**0.** There is a credit balance of $**0.**
   c) There are unpaid special assessments against the unit totaling $**0**, of which $**0** is past due, and the balance is payable as follows: **N/A**
   d) In addition to the monthly and special assessments in 2.b & c above, $**0** is past due and unpaid against the unit for (describe): **N/A,**

3. **DELINQUENT ASSESSMENTS RECEIVABLE.** As of **10/18/2021** (must be a date within the past 45 days) there are monthly assessments and/or special assessments owed by ***all units*** in the entire HOA that are past due over 30 days totaling: $**5,136.69 *6 units make up this amount**. **(NOTE**: ***This amount is for the ENTIRE Association and not this individual unit).***

4. **DELINQUENT ASSOCIATION OBLIGATIONS.** As of **10/18/2021**, (must be a date within the past 45 days) there are bills or other obligations of the HOA Association which are past due over 30 days totaling: $**0.**

5. **FEES AND FINES.** The following fees are payable by Unit Owners: ***See Rules and Regulations.*** **[X]** Fines for violation of Rules, etc. [**X**] Late Payment [ ] Move-in/out [**X**] Resale Certificate [ ] Record Copying [ ] Parking [ ] Storage [ ] Use of common facilities (describe): [ ] Rental of Units [ ] Other: **A $144.50 Transfer fee is charged to the buyer by Kappes Miller Management for updating records when a unit is sold. See Rules & Regulations for additional fees.**

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

6. ANTICIPATED REPAIRS AND/OR REPLACEMENTS.

a) There **are not** repairs and/or replacement costs in excess of 5% of the annual Operating Budget of the HOA Association that have been **approved** by the Board of Directors. If there are, the amount is: $**0**

b) The HOA Association has cash reserves for repairs and/or replacements totaling: **$125,065.32 as of 08/31/2021.** If a dollar amount is filled in, then **$0** of those reserves has been designated by the Association for the following projects: **N/A**

7. JUDGMENTS AND SUITS. There are unsatisfied judgments against the Association, totaling: $**0**

8. PENDING SUITS. There are pending suits in which the Association is a [ ] **defendant** or [ ] **plaintiff** as follows: [x] None.

9. ALTERATIONS OR IMPROVEMENTS TO THE UNIT, WHICH VIOLATE THE DECLARATION. There **Unknown** alterations or improvements to the unit that violate the HOA Declaration. If there are, describe them here: **N/A**

10. DECLARANT UNITS/OCCUPANCY.

a) There are **57** units in the HOA of which **0** are owned by the Declarant/Developer.

b) The Declarant/Developer transferred control of the Association to the unit owners **November 2008.**

c) Of the total number of units in the HOA**,** Association records show that **48** owners live on-site & **9** live off-site.

It is **unknown** how many units are principal residences of the owners, are second or recreational homes, or are vacant. It is assumed that owners with off-site mailing addresses are renting their units unless we are notified otherwise.

d) There **is not** one person or entity that owns more than 10% of the total units in the HOA. If there is, the owners' names and the number of units they own are: **N/A**

11. CODE VIOLATIONS. The units or other parts of the HOA **do not** violate health or building codes. If there are any violations, describe them here: **N/A**.

12. LEASES.

a) The title of the unit is held in **Fee Simple.**
b) There **is not** a leasehold estate affecting the HOA.

13. COMPLETION OF CONSTRUCTION.

a) Construction of the HOA **is** completed.
b) The HOA **is not** subject to construction of additional phases, or annexation to another HOA.

14. CONVERSION. The HOA was created from a building(s) as **new construction**.

15. FINANCING APPROVAL. Information regarding financing approval for **FNMA, FHLMC, VA, and FHA** must be obtained from a mortgage lender.

16. NON-CONFORMING USE.
a) The HOA **does not** constitute a legal non-conforming use under applicable zoning laws.
b) If the HOA constitutes a non-conforming use, the zoning **NA** permits rebuilding the improvements (as currently constructed) in the event of a partial or full destruction thereof.

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

17. INSURANCE.

a) The insurance agent for the Association's master policy is:

Name: **HUB International NW LLC**
Address: **12100 NE 195th St. #200 Bothell, WA 98011**
Phone: **425-489-4500 F:425-485-8489**

Contact the agent listed above if you need more specific information regarding what insurance covers.

18. EXHIBITS. The following exhibits must be attached:

A. HOA Declaration, and any amendments thereto, showing recording numbers.

B. HOA Bylaws, and any amendments thereto.

C. HOA Rules and Regulations, and any amendments thereto.

D. Annual HOA financial statement (including balance sheet, and revenue and expense statement) for the year preceding the current year.

E. Current HOA financial statement (including balance sheet, and revenue and expense statement) current to within the past 120 days.

F. Current HOA operating budget.

G. If the HOA is managed by a professional management company, attach a copy of the management contract, and answer the following questions:

1) The remaining term of the management contract is less than one year.

2) Termination of the contract **does not** require payment of a penalty and/or more than 90 days advance notice.

19. REMARKS.

THE ASSOCIATION AND MANAGING AGENT EXPRESSLY DISCLAIM ANY AND ALL LIABILITY FOR ANY AND ALL LOSSES, DAMAGES, OR CAUSES OF ACTION INCURRED BY ANY BUYER, WHETHER DIRECT, INDIRECT, CONSEQUENTIAL OR INCIDENTAL ARISING OUT OF OR RELATING TO RELIANCE ON THE RESALE CERTIFICATE. BUYER IS INSTRUCTED TO SEEK INDEPENDENT LEGAL, FINANCIAL AND/OR OTHER PROFESSIONAL COUNSEL WITH ANY QUESTIONS OR CONCERNS, AT BUYER'S EXPENSE.

Two month's of prepaid dues (regular monthly maintenance assessments) will be collected in escrow on all transactions. The amount will be specifically disclosed, from Escrow, as the closing date nears.

NOTE - This is a Homeowners Association (HOA) not a Condominium Association.

General Note - If you have any questions regarding this material, please submit them in writing to disclosure.department@kappesmiller.com.

Please note that if the seller of this unit is signed up with the ACH program (automatic withdrawal), it is encouraged that the seller contact eCondoService's Accounts Receivable office in advance of the closing date and make arrangements to avoid additional withdrawal charged for the following months dues. Accounts Receivable office may be contacted by email: accountsreceivable@kappesmiller.com

Please also note that any refund of automatic withdrawals after closing will be processed after all escrow documents and payments from closing are received.

Authentisign ID: 6BABACE1-B2C8-4C8E-951C-23D0A29D973D

Date: October 18th, 2021

This Certificate is prepared on behalf of:

CRYSTAL CREEK II TOWNHOMES, The Association

By: _____, as agent by contract on behalf of the Association.
Preparer

By signing below, I acknowledge that I have reviewed this Resale Certificate and I certify, to the best of my knowledge and belief, that the information in this Certificate is true and correct. I have read the **IMPORTANT NOTICE TO BUYERS AND SELLERS,** found in the first section of this Resale Certificate, and understand that incorrect information on this Certificate does not waive my obligation to pay any monies due to the Association or pursuant to the Buyers and Sellers Purchase & Sale Agreement

Date: 10/18/2021, _____ Authentisign Chantal L Porter 10/18/2021 2:37:03 PM PDT Authentisign Kevin D Porter 10/18/2021 2:38:16 PM PDT
Unit Owner

By signing below, I acknowledge receipt of this Resale Certificate, including each of the exhibits listed. I have read the **IMPORTANT NOTICE TO BUYERS AND SELLERS,** found in the first section of this Resale Certificate, and understand that incorrect information on this Certificate does not waive my obligation to pay any monies due to the Association or pursuant to the Buyers and Sellers Purchase & Sale Agreement. I understand that I should seek independent legal counsel for any matters in which a legal opinion may be necessary.

Date: _____, _____ _____
Buyer

CRYSTAL CREEK II TOWNHOMES

02.

DECLARATIONS/ AMENDMENTS

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Recorded 8-2-07
PH. II

After Recording Return to:
Paul Krakow
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611

CONFORMED COPY
200708020275 38 PGS
08/02/2007 1:46pm $77.00
SNOHOMISH COUNTY, WASHINGTON

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): NW ¼ of the NE ¼ of Section 30, Township 27 North, Range 5 East, W.M. (See Attached Exhibit "A")
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

The Declarant herein as the owners in fee of the real property legally described in this Declaration, hereby covenant, agree, and declare, that all of the properties and housing units constructed on the properties are and will be held, sold, and conveyed subject to this Declaration which is made for the purpose of enhancing and protecting the value, the desirability and attractiveness of the properties for the benefit of all the properties and their owners. The covenants, restrictions, reservations, and conditions, contained in this Declaration shall run with the land as easements and equitable servitudes, and shall be binding upon the properties, each portion thereof, and all persons owning, purchasing, leasing, subleasing, or occupying any lot on the properties and upon their respective heirs, successors, and assigns.

ARTICLE ONE: DEFINITIONS

For purposes of the Declaration, Articles of Incorporation and Bylaws of the Association, certain words and phrases have particular meanings, which are as follows:

1. "ACC" shall mean the Architectural Control Committee, as described in this Agreement.

2. "Articles" shall mean the Association's Articles of Incorporation and any amendments.

3. "Association" shall mean the Crystal Creek Townhomes II Homeowners Association, which shall be formed as a nonprofit corporation for the purpose of administering this Declaration.

4. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

5. "Bylaws" shall mean the Association's Bylaws and any amendments.

6. "Common Areas" shall include tracts C, F, H, I, and J as shown on the Plat recorded for Crystal Creek Townhomes II, together with any other property or property rights in which the Association has been granted an ownership interest, easement, or right of control by any written instrument including this Declaration or by delineation and declaration of the same on the recorded binding site plan.

7. "Declaration" shall mean this Declaration of Protective Covenants, Conditions, and Restrictions.

8. "Developer-Declarant" The Developer and Declarant shall mean Canyon Creek LLC, a Washington Limited Liability Company. However, Developer shall also include any entity that purchases multiple lots from Canyon Creek LLC for the purposes of constructing residences thereon. Until such time as Canyon Creek LLC or any other entity purchasing multiple lots has sold all the lots by that party, then such party shall jointly exercise all rights reserved to the Declarant as set forth in this Declaration. At any time as such party has sold or conveyed all the lots held by that entity, then that party shall no longer be considered a Developer or Declarant.

9. "Development Period" shall mean the period of time from the date of recording of this Declaration until 180 days after the date upon which 100% of the lots have been sold by the Developer or any shorter period, as determined by the Developer. A partial delegation of authority by the Developer of any of the management duties described in this Declaration shall not terminate the development period. In the event any loans with respect to any of the lots are insured through the Federal Housing Administration (FHA), the Veteran's Administration (VA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation, then in that event, the Development Period shall terminate at such time as 75% of all of the lots have been closed and sold to other than builders.

10. "Housing Unit" shall mean the building occupying a Lot.

11. "Institutional First Mortgagee" or "Mortgagee" shall mean a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company or state or federal agency which holds a first mote or deed of trust against a Lot or Housing Unit thereon.

12. "Lot" shall refer to one of the Lots located in the Crystal Creek Townhomes II Plat consisting of Lots 38 through 94 as shown on said Plat.

13. "Member" shall mean every person or entity that holds a membership in the Association.

14. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Properties.

15. "Owner" shall mean the recorded owner of a Lot, whether one or more persons or entities; but excluding those having such interest merely as security. A real estate contract purchaser shall be deemed the Owner.

16. "Person" shall mean a natural person, a corporation, a partnership, trustee or other legal entity.

17. "Real Property" that is subject to this declaration is legally described on Exhibit "A" attached hereto as well as legally described on the recorded binding site plan for Crystal Creek Townhomes II.

18. "Sale" or "Sold" shall mean the date upon which ownership of a Lot is transferred from an Owner to another person or entity by recordation of an instrument of transfer such as a deed or real estate contract

19. "Rental" shall mean the unit owned by an Owner but rented out. The number of rentals shall be limited to 15% of the number of "Housing Units" in the development.

ARTICLE TWO: MANAGEMENT OF COMMON AREAS AND ENFORCEMENT OF DECLARATION AND AMENDMENT TO DECLARATION RELATIVE TO ADDITIONAL PROPERTY

Section One: Development Period. During the development period the Declarant Canyon Creek LLC shall appoint the sole director of the Association. The Declarant may also appoint members of the Association to other committees or positions in the Association as the Declarant deems appropriate to serve at the Declarant's discretion and may assign such responsibilities, privileges, and duties to the Members as the Declarant determines for such time as the Declarant determines. Any member appointed by the Declarant during the development period may be dismissed at the Declarant's discretion.

The Declarant shall also appoint members to the Architectural Control Committee. At such time as the Declarant has sold and conveyed all lots, then the Declarant may resign as a director of the Association and from any other committees for the duration of the development.

At such time as the Declarant has sold and conveyed all lots, then any Developer as defined in this Agreement for the duration of the development period shall be entitled to appoint a director to the Association as well as a Member to the Architectural Control Committee.

Section Two: Purpose of Development Period. The Declarant and Developer's control of the Association during the Development Period is established in order to ensure that the Properties and the Association will be adequately administered in the initial phases of development, ensure an orderly transition of Association operations, and to facilitate the Developers completion of construction of Housing Units.

Section Three: Authority of Association after Development Period. At the expiration of the Declarant and Developer's management authority the Association shall have the authority and obligation to manage and administer the Common Areas and to enforce this Declaration. Such authority shall include all authority provided for in the Association's Articles, Bylaws, rules and regulations and this Declaration. The Association shall also have the authority and obligation to manage and administer the activities of the ACC in its responsibilities as described in this agreement.

Section Four: Delegation of Authority. The Board of Directors, the Declarant or the Developer may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation. The Board, the Declarant and the Developer shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person who is delegated any duty, power or function by the Board of Directors, Declarant or the Developer.

Section Five: Notice to Owners. Not less than ten nor more than thirty days prior to the termination of the development, the Declarant or any Developers who then constitute the Board, shall give written notice of termination of the development period to the owner of each lot. Said notice shall specify the date when the development period will terminate and that at such time a meeting of the Members shall be called in accordance with the By-Laws which Members shall then elect directors in accordance with the terms and provisions of the Articles of Incorporation and By-Laws of this Declaration.

ARTICLE THREE: MEMBERSHIP

Every person or entity who is an Owner of any Lot agrees to be a Member of the Association by acceptance of a deed for such Lot. Membership may not be separated from

ownership of any Lot. All Members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.

ARTICLE FOUR: VOTING RIGHTS

Members shall be entitled to one vote for each Lot owned. No more than one vote shall be cast with respect to any Lot. The voting rights of any Member may be suspended as provided in the Declaration, the Articles, or Bylaws of the Association. Members' votes may be solicited and tabulated by mail or facsimile.

ARTICLE FIVE: OWNERSHIP AND DEDICATION OF COMMON AREAS

Section One: Conveyance of Other Common Areas: Upon recording of this Declaration and the recording of the binding site plan, the Declarant does hereby convey and transfer all of its right, title, interest and ownership in and to the common area tracts defined as tracts C, F, H, I, and J to Crystal Creek Townhomes II Homeowners Association, reserving, however, to the Declarant for the benefit of the Declarant, its successors and assigns, those certain rights of use, ingress, egress, and occupation and control indicated elsewhere in this Declaration for the duration of the development, at which time this reservation shall cease and then be of no further force and effect. These tracts and other properties and improvements as described herein are referred to as the "Common Areas" together with any other easements which are defined as being "Common Areas" under the terms of this Declaration. However, each lot shall be subject to pay its equal prorata share of all real estate taxes assessed against the Common Areas.

Section Two: Property Rights in Common Areas: The Association shall have the right and obligation to maintain improvements, vegetation, signage and utilities in and on all common areas subject to any restrictions delineated on the plat of the properties. The Association shall have the exclusive right to use and manage the common areas in a manner consistent with the plat, this Declaration, the Articles and the By-Laws of the Association.

ARTICLE SIX: MAINTENANCE AND COMMON EXPENSES

Section One: Standard of Maintenance. The Association shall maintain the Common Areas, and those portions of the public right-of-way and of private lots for which the Association is responsible under the terms of this Declaration, in compliance with all applicable codes and regulations and in a manner consistent with those adopted by any governmental authority having regulatory control over the real property. These common and other areas include but are not limited to all tracts and easements which have been established for the benefit of all lot owners or the Association which may be delineated on the binding site plan, and also those portions of the public right-of-way or tracts that have been dedicated to any governmental agency for which the Association is responsible to

maintain under the terms and provisions of this Declaration or any other applicable rule or regulation which may be adopted by any public authority having jurisdiction over the same.

The Association shall be responsible for maintaining the public right-of-way defined as Tract A and shown on the plat map. The maintenance shall be consistent with the balance of the Associations Common Area Tracts.

Section Two: Standard of Maintenance - Lots. The Association shall be responsible for the mowing of lawns and irrigation with respect to each lots' front, side and back yards and to maintain said lawn, subject to such rules and regulations as may be adopted by any public authority having jurisdiction over the same. Each lot owner hereby covenants and agrees to maintain his respective lot and housing unit located therein in the same condition as a reasonably prudent homeowner would maintain his own home so that the real property will reflect a high pride of ownership. Each Lot Owner, at said Lot Owner's expense, shall maintain on said Lot Owner's lot the private drainage system in its originally designed condition.

Section Three: Common Expenses. The Association shall perform such work as is necessary to carry out the duties described in this Declaration, and shall delegate the responsibility for management and supervision of such work to the Board, the ACC or to a manager or agent hired by the Board for the purpose of such management and supervision. Expenses for such work shall be paid by the Association for the benefit of all Lot Owners and shall be referred to as Common Expenses. The Association shall pay the Common Expenses from funds collected from assessments paid by Lot Owners. The Common Expenses shall include, but shall not be limited to, the following:

1. The cost of maintaining all required insurance coverage and fidelity bonds on any Common Areas, and for directors and officers of the Association and the ACC;

2. The cost of maintaining and repairing the common area tracts and improvements located thereon, including but not limited to, streets, alleys, sidewalks, entry monuments and monument entry area, gates, signs, lights, perimeter and any interior fences constructed by Declarant, plantings and landscaping on common areas or on easements (if not maintained by applicable governmental jurisdictions);

3. The cost of maintaining and replacing streetlights (it not maintained by applicable governmental jurisdictions);

4. Street trees, if any, required to be installed by applicable governmental jurisdictions. The Association shall also be responsible for mowing the grass and other maintenance in those right-of-way areas if required by the appropriate governmental authority.

5. All front, side and back yard lawn of all lots a s set forth in this Declaration.

6. The cost of repairing and maintaining all streets and sidewalks, if any, together with any playground or park equipment constructed or situated on any of the common areas.

7. The cost of repairing, maintaining and replacing, if required, the storm water facilities within the common areas if required by the appropriate governmental authority.

8. Any other expense which shall be designated as a Common Expense in the Declaration, in its Exhibits, or from time to time by the Association.

9. The cost of maintaining any bonds on the property, which shall not be limited to Wetlands/Landscape Bonds, Street Bonds, Stormwater System Bonds, or Sensitive Area Bonds. The Association shall sign a transfer agreement with the Declarant agreeing to maintaining the property and shall hold the Declarant harmless and pay any and all future expenses, including future maintenance bonds, from the time the Association takes over the management from the Declarant.

Section Four: Extraordinary Use Expenses. In the event that one or more lot owners should by their use of the common areas or by the use of any of the lots or buildings which shall cause it to be subjected to anything other than reasonable wear and tear by their actions, then said damage shall be the responsibility of the individual subjecting the common area lot or building to such use shall have the obligation to repair such damage upon demand by the Association and to restore the same to the condition that existed prior to such use or action and all expenses therefore shall be paid by such individual.

Section Five: Owners' Easements. Each owner shall have a right and an easement of enjoyment in and to the common areas which shall be appurtenant to and shall pass with title (or, if applicable, with the equitable held by real estate contract purchaser) to every lot subject to the following provisions:

1. The right of the Declarant or the Association to establish use and operation standards for all common areas to be binding upon all Association Members along with enforcement standards.

2. The right of the Declarant during the development period (including any Developer during the development period) or the Association after the development period to suspend an owner's right to vote and to use any recreational facilities for any period during which assessments against his or her lot remain unpaid for a period not to exceed sixty days, for any, and each separate infraction of its prohibited rules and regulations.

3. The right of the Declarant (during the development period) or the Association (after the development period) to dedicate or transfer all or any part of the common areas and or any necessary area on any of the individual lots to any public agency, authority, or utility for such purposes and subject to such conditions as the Declarant or Members as applicable may deem appropriate. After the development period, no such dedication or transfer shall be effective unless the instrument agreeing to such dedication or transfer is signed by owners of two thirds of the lots has been recorded.

4. Any owner may delegate their right of enjoyment to the common areas and facilities to the members of their family, their tenants, or their guests, subject to the limitations set forth above.

5. The right of the Association to limit access to those portions of the common areas in accordance with governmental rules and regulations or which, in the opinion of the Board, are dangerous.

6. The right of the Association to limit the number of guests of members.

7. The right of the Association in accordance with this Declaration, Articles, and By-Laws to borrow money for the purpose of improving the common areas and facilities and in aid thereof to mortgage said property, but the rights of such mortgage in said property shall be subordinate to the rights of the homeowners hereunder.

8. Each owner shall have a right and an easement over and across a lot adjacent to said owner's lot for the purpose of permitting an owner to prepare maintenance with respect to any fence constructed by said owner or to perform any other maintenance on said owner's lot that is required under the terms and provisions of this declaration, providing that the use of said easement over the adjoining property owner's lot shall only be what is required to perform said maintenance by the owner having the benefit of said easement.

Section Six. Insurance. Nothing shall be done or kept in any common areas which will increase the rate of insurance on the common areas or other lots or improvements without the prior written consent of the board. Nothing shall be kept in any common area which will result in cancellation of insurance on any part of the common areas or which would be in violation of any laws or ordinances.

Section Seven. Alteration of Common Areas and Common Maintenance Areas. Nothing shall be altered or constructed in, or removed from any common maintenance area or common area except upon prior written consent of the board. There shall be no construction of any kind within the common areas except that community improvements may be constructed if two-thirds of the Members of the Association authorize (a) the construction of such improvements, and (b) assessment for such improvements. Also, any such improvements would be subject to the acquisition of all required permits from

governmental agencies. This Section shall not limit or prohibit Declarant (and no Member's consent shall be necessary), during the development period, from constructing or altering any such improvements to any common area or any common maintenance area, which Declarant in Declarant's sole discretion, deems for the benefit and enhancement of said areas in the Association in general.

Section Eight. Dumping in Common Areas, Common Maintenance Areas, or Wetland and Buffer Areas. No trash, construction debris, or waste, plant or grass clippings or other debris of any kind, nor any hazardous waste, (as defined in federal, state or local law regulation) shall be dumped, deposited or placed on any common areas, common maintenance areas or easements. The Declarant (during the Development Period) and the Board thereafter, shall retain the rights for enforcement and initiation of penalties for violations of this policy.

Section Nine. Landscaping and Fencing. No permanent structures or landscaping of any kind, including fences, walls or shrubs, may be built or placed within any right of way easements or other easements as delineated on the plat except as deemed appropriate by the board. This prohibition shall not apply to the landscaping and any improvements in the common maintenance areas installed by the Declarant, nor shall this Section prohibit the Association from installing additional improvements or landscaping within the designated common areas or common maintenance areas, nor shall this section prohibit the installation of fences as may be otherwise allowed in this Declaration, nor shall this section prohibit the installation of landscaping on private lot areas encumbered by utility easements not otherwise restricted in this Declaration. Also, this prohibition shall not apply to landscaping of front or side yards of lots extending to the edge of the curb or sidewalk and the public right of way.

Section Ten: Management. Each owner expressly covenants that the Declarant (during the development period) and the board thereafter, may delegate all or any portion of management authority to a managing agent, manager or officer of the Association and may enter into such management contracts or other service contracts to provide for the maintenance of the common areas and common maintenance areas and any portion thereof. Any management agreement or employment agreement for maintenance or management may be terminable by the Association without cause upon not more than ninety (90) days written notice thereof. (However, this shall not be applicable if the management agreement provides for any other specific termination.) The term of any such agreement shall not exceed one year, renewable by Agreement of the parties for successive periods of up to three years each. Each owner is bound to observe the terms and conditions of any management agreement or employment contract, all of which shall be made available for inspection by any owner upon request. Any fees or salary applicable to any such management employment or service agreement shall be assessed to each owner.

ARTICLE SEVEN: ASSESSMENTS

Section One: Covenants for Maintenance Assessments.

1. Declarants, for each Lot owned by it, agrees, and each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to agree to pay to the Association annual or other regular assessments.

2. The annual or other regular and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each such assessment is made. Such lien may be foreclosed by the Association in like manner as a Mortgage on real property.

3. Each assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot assessed at the time the assessment fell due. The personal obligation shall not pass to the Owner's successors-in-interest unless expressly assumed by them. The new Owner shall be personally liable for assessments which become due on and after the date of sale or transfer.

4. Unless otherwise provided for in this Declaration, no lot owned by a Declarant shall be subject to any annual or other assessments.

Section Two: Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, including the improvement, repair and maintenance of the Common Areas and the services and facilities related to the use and enjoyment of said areas, for the payment of insurance premiums on the Common Areas, and for the maintenance of other areas as provided for in this Declaration.

Section Three: Board to Fix Annual or Regular Assessment. The Board of Directors shall fix the regular or annual assessment at least thirty (30) days prior to the commencement of the annual or regular assessment period. Written notice of the annual or regular assessment shall be sent to every Owner. In the event the Board fails to fix an annual or regular assessment for any assessment period, then the assessment established for the annually or regular assessment for the prior year shall automatically be continued until such time as the Board acts. The annual or regular assessment established for the prior year shall automatically be continued until such time as the Board acts. The annual or regular assessments shall be sufficient to meet the obligations imposed by the Declaration and any supplementary declarations, and shall be sufficient to establish an adequate reserve fund for the maintenance, repair and replacement of those Common Areas which require such actions on a periodic basis. That in the event there is any increase in the annual or regular assessment of more than five percent (5%) of the annual

or regular assessment for the prior assessment period, then it must be approved as provided for in the Bylaws of the Association which are incorporated herein as though fully set forth.

Section Four: Special Assessments for Capital Improvements. In addition to the annually or regular assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of capital improvements upon the Common Area, including the necessary fixtures and personal property related thereto. That any special assessment for capital improvements must be approved in accordance with the provisions of the Bylaws of the Association which are incorporated herein as though fully set forth.

Section Five: Rate of Assessment. Both annually or regular and special assessments shall be fixed at a uniform rate for all lots.

Section Six: Initial Assessment The initial assessment which shall be paid by any Developer, other than the Declarant, who acquires a lot from the Declarant shall be $300.00 for each lot so acquired, which amount will be paid directly to Homeowners

Association to pay for and defray the expenses of the Association incurred prior to the collection of annual dues as provided for in Section Ten below.

Section Seven: Reimbursement Assessment. A reimbursement assessment of $300.00 shall be paid by each lot owner at the time of closing of each lot to the Developer to reimburse the Developer for the initial assessment paid by the Developer as set forth in Section Six above.

Section Eight: Street Repair, Maintenance and Cleaning. All Developers or owners shall use due diligence to avoid placing unnecessary dirt, debris, and any other material washing onto or coming on the road as a result of any construction activities and each Developer or owner shall at all times remain responsible for keeping the road clean of any such debris, dirt and material. In addition, all Developers or owners shall use due diligence to avoid causing any damage to the road or sidewalks and all roads and sidewalks and other improvements constructed by the Declarant as a condition for obtaining plat approval shall remain in the same condition as they were as of the date of final plat approval. In the event any public authority having jurisdiction shall require the Declarant to incur any expenses because of the failure of the owner or Developer to abide by the terms and provisions of this Declaration, then said Developer or owner shall reimburse the Declarant for the costs of those expenses. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, then, in that event, the Association shall reimburse the Declarant for

any expenses incurred by the Declarant in connection with the maintenance and cleaning of the above referenced improvements. Any Developer or owner who violates the provisions of this paragraph shall reimburse the Declarant upon request for any expenses incurred by Declarant because of the failure of the Developer or owner to abide by the terms and provisions of this Declaration. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, in that event the Homeowners Association shall reimburse the Declarant for any expenses incurred by the Declarant. Regardless of any other provision in this Declaration, this paragraph cannot be amended for a period of ten (10) yeas after recording of this Declaration.

Section Nine: Maintenance of Sewer/Storm Drain System. All Developers or owners shall use due diligence to avoid materials from washing into or being put into the sewer/storm water drain system as a result of construction activities conducted by the Developer or owner which would include any sediment, cement slurry, or any other material washing off of or coming off of any lot upon which a Developer or owner are constructing a residence and flowing into the sewer/storm water drain system. Each Developer or owner agrees to indemnify the Declarant from any costs or charges which the Declarant may be required to incur by the City of Bothell in connection with the cleaning and maintenance of the storm water facility system as a result of any violation of this paragraph by such Developer or owner and that this liability on the part of the Developer or owner shall be joint and several. Any Developer or owner who violates the provisions of this paragraph shall reimburse the Declarant upon request for any expenses incurred by Declarant because of the failure of the Developer or owner to abide by the terms and provisions of this Declaration. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, in that event the Homeowners Association shall reimburse the Declarant for any expenses incurred by the Declarant. Regardless of any other provision in this Declaration, this paragraph cannot be amended for a period of ten (10) years after recording of this Declaration.

All Developers or owners shall maintain the storm system including, but not limited to, the conveyance lines, vault, and release points. The vault shall be cleaned out on a regular maintenance schedule pursuant to City of Bothell regulations, but not less than once a year. Any repairs that become necessary shall be completed in a timely manner.

Owners and all persons having any present or subsequent ownership interest in these lands, and the successors and assigns of owners or other parties having any interest, hereby agree that the City of Bothell shall be defended and held harmless in all respects from any and all claims for damages and/or injunctive relief which may be occasioned now

or in the future to persons, land, or improvements by reason of the construction, operation, and maintenance of the drainage system, and hereby waive and release the City of Bothell from any and all claims for damages or injuries to persons by reason of construction, maintenance, and operation of said drainage system. This covenant cannot be repealed or amended without written consent of the City of Bothell.

The City of Bothell is a third party beneficiary of the maintenance of open space, traffic islands, storm drainage detention facility and all storm drainage pipes and structures not on public right of way with the right, but not the obligation, to cause enforcement. This covenant cannot be amended or repealed without the written consent of the City of Bothell.

All underground and surface storm water facilities and improvements constructed as part of this plat not located on public roadways shall be maintained in perpetuity by the Crystal Creek Townhomes II Homeowners Association. Said homeowners association shall hold harmless and indemnify the City of Bothell, it's officials and employees from all costs, expenses, and damages arising from the maintenance or lack of maintenance of the storm drainage facilities by said homeowners association. The City of Bothell is hereby granted the right to enter onto the private drainage easement areas and tracts C & J for necessary emergency purposes and inspection. This right of entry, however, shall not be deemed a grant to the public for access or any other purposes.

Following original reasonable grading of roads and ways hereon, no drainage waters on any lot or lots shall be diverted or blocked from their natural course so as to discharge upon any public road rights of way to hamper proper drainage. The owner of any lot or lots, prior to making an alteration in the drainage system after the recording of the plat, must make application to and receive approval from the Director of the Department of Public Works for said alteration. Any enclosing of drainage waters in culverts or drains or rerouting thereof across any lot as may be undertaken by or for the owner of any lot shall be done by and at the expense of such owner, after acquiring a culvert permit from the Department of Planning and Development Services, if required, and subject to any other existing permitting requirements therefore.

Section Ten: Assessment. Each lot owner purchasing from a developer or Declarant shall pay a monthly assessment of $120.00 per lot, which assessment shall be paid upon closing and if the sale shall close during any month, then the monthly dues shall be prorated as of the date of closing. Said monthly assessment shall be due on or before the 1st of the month in which the assessment is due. The above referenced monthly assessment and any subsequent annual assessments shall be paid to the Homeowners Association who shall then pay for the expenses of the Association as required under the terms of this Declaration. In the event the expenses of the Association are in excess of the assessments collected, then the Developers who subsequently purchase from the Declarant shall pay the difference to the Association on a pro rata basis as determined by the number of lots owned by all such Developers. At such time as there had been sufficient

assessments collected by the Association, then said Developer shall be reimbursed. The Declarant shall not be responsible or liable for the payment of any assessment against any lot owned by the Declarant.

Section Eleven: Certificate of Payment. The Association shall, upon written demand, furnish a certificate in writing setting forth whether the assessment on a specified Lot has been paid. A reasonable charge may be made for the issuance of the certificate. Such certificate shall be conclusive evidence of payment of any assessment stated to have been paid.

Section Twelve: Fines Treated as Special Assessments. Any fines levied by the Association pursuant to RCW Chapter 64.38 (or successor statute authorizing the imposition of fines) shall be treated as a special assessment of the Owner fined, and may be collected by the Association in the manner described in this Declaration.

Section Thirteen: Working Capital Charge. Each purchaser of a lot, after a residence has been constructed thereon, at the time of closing, shall pay to the Association a working capital fund charge of $240.00 which shall be held by the Association to fund both the operating and capital fund expenditures of the Association as determined by the Board. This amount shall be paid in addition to the monthly assessment paid pursuant to Article Seven, Section Ten in the Declaration.

ARTICLE EIGHT: COLLECTION OF ASSESSMENT

Section One: Lien - Personal Obligation. All assessments, together with interest and the cost of collection shall be a continuing lien upon the Lot against which each such assessment is made. The lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment was due. No Owner may waive or otherwise avoid liability for assessments by non-use of the Common Areas or abandonment of the Lot.

Section Two: Delinquency. If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from said date at twelve percent (12%), or, in the event that twelve percent (12%) exceeds the maximum amount of interest that can be charged by law then the rate will be that amount which can be charged by law. A late charge of Fifty and No/100 Dollars ($50.00) shall be charged for any payment more than ten (10) days past due. Each Member hereby expressly grants to the Association, or its agents, the authority to bring all actions against each Member personally for the collection of such assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an actions brought in the name of the Association in a like manner as a mortgage of real property, and such Member hereby expressly grants to the Association the power of sale in connection with

such liens. The liens provided for in this section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid at a foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot obtained by the Association.

Section Three: Suspension of Voting Rights. In the event any Member shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, the Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws or Declaration.

Section Four: Enforcement of Assessments. The Board may take such action as is necessary, including the institution of legal proceedings, to enforce the provisions of this Article. In the event the Board begins an action to enforce any such rights, the prevailing party shall be entitled to its attorney's fees, costs and expenses incurred in the course of such enforcement action as provided in this Declaration.

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS

Section One: Appointment of ACC. The Declarant reserves the right to appoint any member or members of the ACC until the Declarant and all Developers have sold and conveyed all of the lots held in the name of the Declarant or Developer. This right shall automatically terminate at such time as the Declarant and any Developer no longer owns any lots within the plat of Crystal Creek Townhomes II. During this period the Declarant reserves the right to appoint a majority of the members of the ACC and each Developer has the right to appoint one member to the ACC. All decisions of the majority of the members of the ACC shall be final and binding. At the expiration of the time period in which the Declarant and the Developer has the right to appoint members to the ACC then the Board of the Association shall appoint up to three members of the ACC or if members of the ACC resigns and no replacements assume that office then the Board shall act as the ACC until members of the ACC are appointed or take office.

Section Two: Authority of ACC After Development. At the expiration of the Developers management authority, the ACC shall have the authority and obligation to manage and administer the review of building plans, specifications and plot plans and such other submissions as described in Section Five herein, and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for the ACC in the Association's Articles, Bylaws, Rules and Regulations, as initially adopted, or as amended, and all the authority granted to the ACC by this Declaration.

Section Three: Delegation of Authority of ACC. The ACC or the Declarant may delegate any of its duties, powers, or functions described in this Article to any person, firm, or corporation.

Section Four: Approval by ACC Required. Except as to construction, alteration, or improvements performed by the Developer, no construction activity of any type including clearing and grading, cutting or transplanting of significant natural vegetation may begin on a Lot or Common Area and no building, structure, fence or other improvement shall be erected, placed or altered on any Lot or Common Area until, at a minimum, the building plans, specifications, plot plans, and landscape plan showing the nature, kind, shape, height, materials, exterior color and location of such building, structure or other improvements have been submitted and approved in writing by the ACC or its authorized representative as to harmony of exterior design and location in relation to and its effect upon surrounding structures and topography. Further, no fences, hedges or walls shall be erected or altered and no significant exterior changes shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained. In no event may any alteration of vegetation or grading or any other activity that physically modifies the characteristics of the storm water facilities be commenced without written authorization from the City of Bothell.

Section Five: Time Limits. If the ACC or its authorized representative shall fail to notify the Owner of its action for a period of thirty (30) days following the date of the submission of the required information to the ACC, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the ACC or its authorized representative. The required information shall be considered submitted to the ACC upon personal delivery of a complete set of all required information to the person designated to receive such items by the ACC or by mail three days after deposit in the U.S. Mail, postage prepaid, certified, return receipt requested, to the ACC in care of the Board of Directors of the Association at the address designated in the most recent notice of assessment by the Board, or at such other address as is designated by the Board by written notice to the Members.

Section Six: Guidelines. The ACC may adopt and amend, subject to approval by the Board, written guidelines to be applied in its review of plans and specifications, in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering Real Property. If such guidelines are adopted, they shall be available to all interested parties upon request.

Section Seven: Meetings. The ACC shall meet as is necessary to review any plans or specifications provided pursuant to this Section, and shall keep and maintain a record of all actions taken at meetings or otherwise.

Section Eight: No Waiver. Approval by the ACC of any plans, drawings or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification or matter submitted for approval.

Section Nine: Consultation. The ACC may retain and consult persons or entities to assist in the evaluation of plans submitted to the Board for review.

Section Ten: Appeals. After the Development Period, the Board shall serve as an appellate panel to review decisions of the ACC upon request of a party aggrieved by the ACC's decision. The Board shall provide, through rules and regulations, a procedure by which decisions of the ACC may be appealed to the Board. The Board may choose, in its discretion, to limit the scope of such appeal and provide time limitations for appeals to be made to the Board.

Section Eleven: Enforcement. The ACC may recommend and request that the Board initiate legal proceedings to enforce the terms of these covenants or orders of the ACC. Legal proceedings may only be instituted, however after approval of the Board.

Section Twelve: No Liability. The ACC, its agents and consultants shall not be liable to the Association, its members, to any Owner or to any other person for any damage, loss or prejudice resulting from any action or failure to act on a matter submitted to the ACC for determination, or for failure of the ACC to approve any matter submitted to the ACC. The ACC shall not be liable for any damage, loss or prejudice resulting from any action by a person who is delegated a duty, power or function by the ACC.

Section Thirteen: Fees. The ACC may charge a fee for the review of any matter submitted to it. Any fee schedule adopted by the ACC must be approved by the Board.

Section Fourteen: Temporary Structures Prohibited. No basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary or moveable character erected or placed on the Properties shall at any time be used as living quarters except as specifically authorized by the ACC.

Section Fifteen: Nuisances. No noxious or undesirable thing, activity or use of any Lot in the Properties shall be permitted or maintained. If the ACC shall determine that a thing or use of property is undesirable or noxious, such determination shall be conclusive. The ACC may recommend and the Board may direct that steps be taken as is reasonably necessary, including the institution of legal action or the Imposition of fines in the manner authorized by RCW Chapter 64.38, to abate any activity, remove anything or terminate any use of property which is determined by the ACC or described in this Declaration to constitute a nuisance.

Section Sixteen: Building Type: No structures of any kind shall be erected or permitted to be maintained on any lot other than single family residences, garages,

workshops and structures normally accessory to such residences which have been approved in accordance with the provisions of the Declaration. No carports will be allowed and all garages must have doors. All dwellings shall be of a "stick-built" variety. Mobile and manufactured homes, and modular homes are specifically not permitted. A two car or a three car garage are permitted and they shall be incorporated in or made part of the dwelling house and no detached garages shall be permitted except with express written approval by the Architectural Control Committee or the Declarant if the same is erected during the development period.

Section Seventeen: Use of Lots. All Lots within the property shall be used solely for private single-family residential purposes; however in home businesses shall be permitted subject to the approval of the ACC and provided that the applicant for such a business has obtained the appropriate permit and approvals from the City of Bothell and that in home business is conducted subject to all of the restrictions and provisions imposed by the City of Bothell as it relates to in home businesses and daycare facilities.

Section Eighteen: Limitation on Animals. No animals, except dogs, cats, caged birds, fish in tanks, and other small household pets, will be permitted on Lots. Dogs shall not be allowed to run at large or to create a disturbance for other Owners in the plat. No animals will be allowed to be leashed, chained, or otherwise tied to any portion of the front or sides of Residences. Leashed animals are permitted within rights-of-way when accompanied by their owners. The person accompanying the animal must exercise "scooping" of animal waste. All pens and enclosures must be screened from view of other Residences and Lots and must be approved by the Committee prior to construction and shall be kept clean and odor free at all times. If the investigation of the Board indicates that animals are kept in violation of this Section, the Declarant, during the development period, or the Board thereafter, will give the Owner ten (10) days written notice of the violation. Such violation must be remedied by the Owner within such ten (10) day period. Failure to comply with the written notice will result in a fine of $25.00 per day. Any fine imposed by this Section shall be the personal obligation of the fined Owner and a lien on the Lot of the fine owned. The Association shall be entitled to attorneys' fees and costs for any action taken to collect such fines in accordance with the provisions of this Declaration.

Section Nineteen: Completion of Construction. The work and construction of all buildings and structures shall be pursued diligently and continuously from the commencement of construction until structures are fully completed and painted. All structures shall be completed as to external appearance, including finish painting, within eight months of the date of commencement of construction unless an extension has been granted by the ACC. The building areas shall be kept in a reasonably clean and workmanlike manner during construction. All lots shall be kept in a neat and orderly condition, free and brush, weeds, vines and debris. The grass thereon shall be cut and mowed at sufficient intervals to prevent creation of a nuisance or fire hazard.

Section Twenty: Landscape Completion and Standards. The entire front, back and side yards, including up to the edge of the hard surface of the street front, shall be landscaped in accordance with the provisions of this section and said landscaping shall be installed and completed within sixty days of the date of occupancy. If inclement weather conditions prevent the timely installation of said landscaping improvements, the lot owner must make application to the ACC for an extension of time until weather conditions sufficiently improve.

Section Twenty One: Unsightly Conditions. No unsightly conditions shall be permitted to exist on any Lot. Unsightly conditions shall include, without limitation, laundry hanging or exposed in view for drying, litter, trash, junk or other debris; inappropriate, broken or damaged furniture or plants; non-decorative gear, equipment, cans, bottles, ladders, trash barrels and other such items; and no awnings, air conditioning units, heat pumps or other projections shall be placed on the exterior walls of any housing Unit unless prior written approval shall have been obtained from the ACC.

Section Twenty Two: Antennas, Satellite Reception. Satellite dishes of no more than one meter in diameter or diagonal measurement are permitted on the Properties with written ACC approval of the location of the satellite dish in the manner described in this Declaration. Except as provided above, no radio or television antenna or transmitting tower or satellite dish shall be installed on the exterior of any home without written approval of the ACC obtained pursuant to Section Four, and a showing by the Owner that such installation will be visually shielded from the view of the residents traveling upon streets located on the Properties.

Section Twenty Three: Setbacks. No building shall be located on any Lot nearer to the front lot line or nearer to the side street than the minimum building setback lines adopted by the governmental authority with jurisdiction over the Properties.

Section Twenty Four: Roofs. Roofs on all buildings must be finished with materials approved for use by the ACC or its authorized representatives. More than one type of material may be approved.

Section Twenty Five: Fences, Walls. Fences, walls, or shrubs are permitted on side and rear property lines, provided that on side property lines they do not extend beyond the front wall (facade) of the primary residence, and subject further to (i) the approval of the ACC; and (ii) determination of whether such fence, walls or shrubs would interfere with utility easements reflected on the face of the plat and other easements elsewhere recorded. In no event shall any fence be allowed between the front lot line and the front wall facade of the primary residence. No barb wire, chain link, corrugated fiber glass fences shall be erected on any lot, except that chain link fencing for a sports facility enclosure may be considered for approval by the ACC upon request. All fences of any size constructed on the premises and where ever located must be constructed, painted (or stained if applicable) in accordance with the association guidelines for design and color. A

copy of the guidelines initially adopted by the Declarant and the Association may be attached to this Declaration. The initial color specified for fences shall be stated in that guideline. Any fence constructed which fails to conform with the guidelines shall be removed by the owner or modified to conform with the guidelines. The Board or the ACC may change these guidelines from time to time, and upon adoption of the change in the fence guidelines, this Article shall be deemed to have been amended to conform with the new guidelines as adopted. In the event that an alternative type of fence (such as a different design or chain link material) is required to comply with the requirements of any governmental jurisdiction, such alternative type of fence shall be exempt from these restrictions, and may be constructed as required by the governmental jurisdiction.

Section Twenty Six: Underground Utilities Required. Except for any facilities or equipment provided by the Declarant or any utility, all electrical service, telephone lines and other outdoor utility lines shall be placed underground.

Section Twenty Seven: Vehicle Parking and Storage. Vehicle Parking on the streets within Crystal Creek Townhomes II shall be limited to only visitor parking and shall be on a temporary basis only as determined by the Association. No vehicle, boat, or trailer shall be parked on any common areas. Vehicle may only be parked on designated and approved driveways or parking areas on lots which are hard surfaced. Except as expressly provided herein, Lots shall not be used for the storage and/or overnight parking of any vehicle other than single family automobiles, pickup trucks, motorcycles, and commercial vehicles operated by the person residing on that Lot (provided that such commercial vehicles contain only single axles). Boats, boat trailers, house trailers, campers, trucks with a camper, recreational vehicles, or similar vehicles may not be stored and/or parked overnight on any part of the Lot except as specified herein. No inoperable vehicles of any kind shall be parked, stored, maintained, or constructed on any Lot unless stored in a garage. Lot Owners may park/store a commercial vehicle (that exceeds the size restriction described above, boat, boat trailer, house trailer, camper, truck with camper, or recreational vehicle or similar vehicle on the Lot provided that it is screened from view from the street and/or another Lot and further provided that the screening constructed by the Lot Owner is approved for construction in conformity with specifications approved by the ACC. Upon 48 hours notice to the Owner of an improperly parked vehicle, the Board has the authority to have the same towed, at the Owner's expense, any such vehicles improperly parked which are visible from the right-of-way or adjacent residence, have been parked thereon for more than 24 hours.

Notwithstanding the foregoing, Lot Owners who have visiting guests who have a camper, trailer, or other form of vehicle which is prohibited from being parked or stored on a lot unless screened from view, may secure permission from the ACC for guests to park a vehicle upon the lot for a period not to exceed two weeks in any calendar year. This privilege shall only exist, however, after written permission has been obtained from the ACC or its authorized representative. Any Lot Owner that stores a recreational vehicle

either on site or off site may park the vehicle on the driveway for purposes of preparing the same either for departure or for return. In any event, this period shall not exceed 24 hours.

Section Twenty-Eight: Signs. No signs, billboards, or other advertising structures or device shall be displayed to the public view on any lot except (1) not to exceed twenty four inches in height and thirty six inches in width may be placed on a lot to offer the property for sale or rent and with the exception of any entry monumentation and signage which may be installed by the Declarant. Political yard signs, not more than three square feet in area, of a temporary nature, not to exceed thirty days will be allowed during campaign periods on lots. Within five days after the date of the election to which the sign refers, such signs must be removed from lots. This section, including but not limited to the restrictions on the number of signs and sign size limit shall not apply to signs approved under this Declaration by the Declarant during the development period. In the event a lot shall be permitted to have a daycare facility situated thereon in conformity with the provisions of this Declaration and the City of Bothell Municipal Code, the ACC may permit signage with respect to said business subject to such restrictions as may be determined by the ACC.

The Declarant may establish, for the duration of the development, signage guidelines and standards for lot identification, realtor identification signs, "for sale" signs and other signage that may be placed by parties other than the Declarant on any part of the lots within Crystal Creek Townhomes II, the common areas, or the public rights-of-way. The Declarant may also develop an overall theme for signage within the project, including specific requirements for physical sign installations and size requirements, which theme will then become a part of the established guidelines and standards for signage in Crystal Creek Townhomes II during the development period.

During the development period, the Declarant shall have the sole and exclusive right to approve, in the Declarant's sole discretion, any and all signage installations within any part of the real property encompassed within the plat of Crystal Creek Townhomes II, including the adjacent rights-of-way. Each owner of a lot in Crystal Creek Townhomes II and any Developer or real estate agent on behalf of an owner, shall submit any proposed signs to the Declarant for approval prior to the installation of the signs.

Any signs not specifically approved by the Declarant found anywhere within Crystal Creek Townhomes II, the common areas, or on any lot, or on adjacent rights-of-way may be promptly removed and disposed of by Declarant. This absolute right of the Declarant to remove unauthorized signs from the property or adjacent rights-of-way specifically includes, but is not limited to, the Declarant's right to remove any and all signs placed by real estate agencies or their representatives, including temporary reader board signs and other signage installations.

No person, including but not limited to, the person or persons owning any interest in the signs removed, shall be entitled to compensation of any kind for signs removed by Declarant pursuant to the section.

The Board may cause any sign placed on the property or any adjacent rights-of-way in violation of this Declaration to be removed and destroyed without compensation of any kind to anyone including, but not limited to any persons having any ownership interest in the sign. This section shall not apply to signage placed by Declarant.

An owner of a lot who shall fail to remove a sign prohibited herein within twenty four hours after receiving notice of either the ACC or the Association to remove said sign, then said owner shall pay to the Association the sum of $500.00 for each day or portion thereof that the sign is in existence until removed.

Additional signage may be installed by Declarant during the development period to promote the sale of lots or houses and to promote Declarant's project and company and representatives. Notwithstanding anything in this Declaration of the contrary, signs placed by the Declarant shall not be subject to any sign restrictions and specifically shall not be subject to the limitations set forth in this Declaration on the number of signs and size of signs. The Declarant shall also not be subject to any guidelines or standards established by Declarant for other parties pursuant to this Declaration.

Under no circumstances shall the Declarant be liable for, or be required to pay, for all or any part of the construction, installation or maintenance of any signs which are placed on any lot not owned by the Declarant. This section shall apply even if Declarant requires an owner to place a sign pursuant to this Declaration.

Section Twenty-Nine: Easements for Enforcement Purposes: Owners hereby grant to the Association an express easement for the purpose of going upon the Lots of Owners for the purpose of removing vehicles or other similar objects which are parked or stored in violation of the terms of this Declaration.

Section Thirty: Excavation and Fill. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation nor fill shall be made nor shall any dirt be removed from any Lot herein. Grading permits will be required by the City of Bothell for any combination of excavation and fill that exceeds 50 cubic yards.

Section Thirty One: Drainage. The owner of any lot shall not take any action which would interfere with surface water drainage across that lot either through natural drainage or by drainage easements. Any change of drainage, either through natural drainage areas or through drainage easements must be approved by the ACC. All drainage improvements must be completed prior to occupancy in accordance with the drainage plan submitted to the ACC and the City of Bothell.

Section Thirty Two: Use During Construction. Except with the approval of the Board, no persons shall reside upon the premises of any Lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the Board have been completed.

Section Thirty Three: Garbage and Refuse. No garbage, refuse, rubbish, cuttings or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from public view. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section Thirty Four: Tanks, Etc. No elevated tanks of any kind shall be erected, placed, or permitted on any part of such premises. Any tanks for use in connection with any residence constructed on such premises, including tanks for the storage of fuels, must be buried or walled sufficiently to conceal them from the view from neighboring Lots, roads, or streets. All clothes lines, garbage cans, equipment, coolers, wood piles, or storage piles shall be walled in or otherwise suitably screened to conceal them from the view of neighboring Lots, Common Areas, roads, or streets. Plans for all enclosures of this nature must be approved by the ACC prior to construction.

Section Thirty Five: Auto Repair. No major auto repair shall be permitted except within enclosed garages which are kept closed. The only repairs permitted on the balance of the Property are occasional casual repairs and maintenance activities such as tune-ups or oil changes.

Section Thirty Six: Exterior Finish. The exterior finishes on the front of houses shall be approved by the ACC. The entire residence must be painted or stained in colors approved by the ACC. All metal fire place chimneys shall be either wood or stone wrap.

Section Thirty Seven: Driveways. That all driveways including any access to the rear yard of any residence shall be of a hard surface construction of either concrete or washed aggregate or of such other material as shall be approved by the ACC and shall be completed prior to final building inspection.

Section Thirty Eight: Maintenance of Structures and Grounds. Each owner shall maintain his lot and residence thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard.

Section Thirty Nine: Firearms. The use of firearms is expressly prohibited.

Section Forty: Dirt bikes and/or ATV. No unlicensed motor vehicles, including motorcycles, dirt bikes, motor scooters, ATV's etc., shall be permitted on any road or common area within the plat, nor shall dirt bikes or ATV's be permitted to operate on any owner's lot.

Section Forty One: Damage Repair. All owners agree to repair immediately any damage to any utilities adjacent to their lot or lots, in the event any of the utilities are cracked, broken, or otherwise damaged as a result of dwelling construction activities, or other activities by owner, by persons acting for owner, or by persons in or around the property at the request or with the consent of the owner.

Section Forty Two: Building Materials. All homes constructed on each lot shall be built of new materials, with the exception of "decor" items such as used brick, weathered planking, and similar items. The Committee will determine whether a used material is a "decor" item. In making this determination, the Committee will consider whether the material harmonizes with aesthetic character of Crystal Creek Townhomes II development and whether the material would add to the attractive development of the subdivision. All siding and trim are to be re-sawn wood and/or vertical or horizontal type siding, brick, or authentic stone siding of a color approved by the Committee.

The exterior of all construction on any Lot shall be designed, built and maintained in such a manner as to blend in with the natural surroundings and landscaping. Exterior colors must be approved by the Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin.

The Committee or Board will establish an approval process and color guidelines. Any change of color as to the exterior of any existing home within Crystal Creek Townhomes II will be subject to the same approval process. These guidelines are subject to the approval by the City of Bothell Planning and Building Department.

Section Forty Three: Size of Residences. The square footage of living area for residences situated on lots shall be determined by the ACC.

Section Forty Four: Codes. All construction, including all landscaping, installation and maintenance requirements, shall conform to the requirements of all the applicable governmental codes (state, county, or city), including all uniform codes (building, mechanical and plumbing), in force at the commencement of the construction, including the latest revisions thereof.

Section Forty Five: Entry for Inspection. Any agent or member of the Declarant or any member of the architectural control committee may at any reasonable predetermined hour upon 24 hours notice during construction or exterior remodeling, enter and inspect the structure to determine if there has been compliance with the provisions of this Declaration. The above recited individuals shall not be guilty of trespass for such entry or inspection.

There is created an easement over, under, and across, residential lots for the purpose of making and carrying out such inspections.

Section Forty Six: Party Walls.

1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the dwelling units placed on the dividing line between lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

2. Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be paid by the Association.

3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who uses the wall may restore it and the other owner shall contribute one-half of the costs of restoration; subject, however, to the right of any such owner to call for a larger contribution from the other under any rule regarding liability for negligent or willful acts or omissions.

4. Weatherproofing. Notwithstanding any other provision of this Declaration, an owner, who by his negligence or willful acts, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against said elements.

5. Right to Contribution Runs With the Land. The right of any owner to contribution from ay other owner under this Declaration shall be appurtenant to the land and shall pass to such owner's successor in title.

6. Alteration of Party Wall Prohibited. No owner shall take any action which would result in the alteration, change, or in any way effect the structural integrity of the party wall including, but not limited to, the foundation, sheet rock or framing of said party wall. If any owner shall take any action in violation of this paragraph, then the Association shall have the right to take such action as the Association deems necessary in order to repair or restore said party wall to its former condition so that said party wall and the construction of the same shall be in compliance with all appropriate governmental rules and regulations including building codes of Snohomish County.

7. Cutoff of Power Prohibited. No lot owner shall shut down or terminate the power to the dwelling of said lot other than on a temporary basis for repair purposes. This prohibition will be strictly enforced since the operation of the smoke detection devices will be interrupted in the event power is shut down or terminated in any dwelling or residence.

8. Arbitration. In the event any dispute arises concerning a party wall, the matter shall be submitted to binding arbitration under the provisions of the Washington Arbitration Act.

Section Forty Seven: Authority to Adopt Additional Rules and Restrictions. The Association shall have the authority to adopt additional written rules and restrictions governing the use of the Properties, provided such rules and restrictions are consistent with the purposes of the Declaration, and to establish penalties for violation of those rules and restrictions. If rules and restrictions are adopted, they, along with the established penalties, shall be available to all Members upon request.

Section Forty Eight: Enforcement. The Association, or the Declarant during the Development Period, may, but is not required to, take any action to enforce the provisions of the Declaration available to it under law, including but not limited to imposition of fines as authorized by RCW Chapter 64.38, specific performance, injunctive relief, and damages. Any Member may also enforce the terms of this Article (although a Member may not impose a fine as authorized by RCW Chapter 64.38) but the Member must first obtain an order from a court of competent jurisdiction entitling the Member to relief. In the event that a Member takes any action to enforce the terms of this Article, the Association shall not be in any way obligated to join in such action, or pay any of the attorney's fees, costs and expenses incurred in such action.

Section Forty Nine: Rentals. The individual homeowner shall be able to rent their home to a second party provided the maximum percentage of rentals in Crystal Creek Townhomes II does not exceed 15% of the total number of homes, which shall be nine, in the development.

ARTICLE TEN: EASEMENTS

Section One: Easement for Encroachments. Each Lot is, and the Common Areas are subject to an easement for encroachments created by construction, settlement, and overhangs as designed or constructed by the Declarant, and a valid easement for encroachments and for maintenance of the same as long as said improvements remain.

Section Two: Easements on Exterior Lot Lines. In addition to easements reserved on any plat of the Properties or shown by instrument of record, easements for utilities and drainage are reserved for the Declarant or its assigns, ten feet over the rear, front, and sides of each Lot, and over, under, and on the Common Areas. Within all of the easements, no structure, planting or fill material shall be placed or permitted to remain which may, in the opinion of the Board or ACC, damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels and the easements. Except those improvements for which a public authority, utility company or the Association is responsible, the Owner of such Lot shall maintain the easement area of each Lot and all improvements within it continuously.

Section Three: Association's and/or Owner's Easement of Access. The Association, the ACC, any owner, and their agents shall have an easement for access to each Lot and to the exterior of any building located thereon during reasonable hours as may be necessary for the following purposes: (a) cleaning, maintenance, or repair of any home or Lot as provided in this Declaration; (b) repair, replacement or improvement of any Common Area accessible from that Lot; (c) emergency repairs necessary to prevent damage to the Common Areas or to another Lot, or to the improvements thereon; (d) cleaning, maintenance, repair or restoration work which the Owner is required to do but has failed or refused to do; and (e) all acts necessary to enforce these Covenants.

Section Four: Easement for Declarant. Declarant shall have an easement across all Common Areas for ingress, egress, storage and placement of equipment and materials, and other actions necessary or related to the development or maintenance of the Real Property.

Section Five: Easements for Utilities. Each Lot, Townhome, and Common Area is subject to an easement for distribution of electrical, plumbing, and gas lines as necessary to provide service to the individual townhomes.

ARTICLE ELEVEN: MORTGAGEE PROTECTION

Section One: Mortgagees. Notwithstanding and prevailing over any other provisions of the Declaration, the Association's Articles of Incorporation or Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each Institutional First Mortgagee ("Mortgagee") which holds a Mortgage given for the purpose of obtaining funds for the construction or purchase of a Housing Unit on any Lot or the improvement of any Lot.

Section Two: Liability Limited. The Mortgagee entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, rule, Association Article of Incorporation or Bylaw, or management agreement, except for those matters which are enforceable by injunctive or other equitable relief, not requiring the payment of money, except as hereinafter provided.

Section Three: Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose the Mortgage, the Mortgagee or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

Section Four: Acquisition of Lot by Mortgagee. At such time as the Mortgagee shall become entitled to possession of the Lot, the Mortgagee shall be subject to all of the terms and conditions of the Declaration, and the Articles, Bylaws, rules and regulations of

the Association, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner; provided, however, the Mortgagee shall acquire the title to said Lot free and clear of any lien authorized by or arising out of any provisions of the Declaration which secure the payment of any assessment for charges accrued prior to the date the Mortgagee became entitled to possession of the Lot.

Section Five: Reallocation of Unpaid Assessment. If it is deemed necessary by the Association, any unpaid assessment against a Housing Unit foreclosed against may be treated as a common expense of other Lots. Any such unpaid assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Lot to the Association.

Section Six: Subordination. The liens for assessments provided for in this instrument shall be subordinate to the lien of any Mortgage, or other security interest placed upon a Lot or Housing Unit as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest.

Section Seven: Mortgagee's Rights. Any Mortgagee shall have the right on request therefore to (a) inspect the books and records of the Association during normal business hours; (b) receive an annual audited financial statement of the association within (90) days following the end of any fiscal year; and (c) receive written notice of all meetings of the Association and designate a representative to attend all such meeting.

Section Eight: Limitation on Abandonment of Common Areas. The Association shall not, without the prior written approval of sixty-seven percent (67%) of the Mortgagees, seek to abandon the Common Areas for reasons other than substantial destruction or condemnation of the property.

Section Nine: Notice. If such notice has been requested in writing, Mortgagees shall be entitled to timely written notice of: (a) substantial damage or destruction of any Housing Unit or any part of the Common Areas or facilities; (b) any condemnation or eminent domain proceedings involving any Housing Units or any portion of Common Areas or facilities; (c) any default under this Declaration or the Articles, Bylaws or rules and regulations of the Association by an Owner of any Housing Unit on which it holds the mortgage which is not cured within thirty (30) days; (d) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Housing Unit on which it holds the mortgage; (e) ten (10) days' prior written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specific percentage of Mortgagees.

ARTICLE TWELVE: MANAGEMENT CONTRACTS

Each Member hereby agrees that the Association and the ACC may enter into agreements for the performance of any or all of the functions of the Association and the ACC with such persons or entities as the Association deems appropriate; however, any agreement for professional management of the Properties, or any other contract providing for services by the Declarant must provide for termination by either party without cause after reasonable notice.

ARTICLE THIRTEEN: INSURANCE

Section One: Coverage. The Association may purchase as a Common Area Expense, shall have authority to, and may obtain insurance for the Common Areas against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement value in the event of damage or destruction. It may also obtain a comprehensive public liability policy covering the Common Areas. The comprehensive public liability coverage shall be in an amount to be determined by the Association. It may also obtain insurance to cover the Board, the ACC, its agents and employees from any action brought against them arising out of actions taken in furtherance of the Association's duties under this Declaration.

Following the development period, all such insurance coverage shall be written in the name of the Association as trustee for each of the Members of the Association. The Association shall review the adequacy of the Association's insurance coverage at least annually. All policies shall include a standard mortgagee's clause and shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to any and all insured named therein, including Owners and Institutional First Mortgagees that have requested notice.

Section Two: Replacement, Repair After Loss. In the event of the damage or destruction of the Common Areas covered by insurance written in the name of the Association, the Association may, upon receipt of the insurance proceeds, and to the extent of such proceeds contract to rebuild or repair such damaged or destroyed portions of the Common Areas to as good a condition as they were when the loss occurred; provided, however, that the Association's election not to rebuild the Common Areas shall require the approval of two-thirds (2/3) of the Association. The Association may in its sole discretion contract with any contractor for reconstruction or rebuilding of such destroyed portions of the Common Areas.

ARTICLE FOURTEEN: RULES AND REGULATIONS

The Association and/or its Board of Directors is hereby authorized and empowered to adopt rules and regulations governing the use of the Properties and the personal conduct

of the Members and their guests thereon, and to establish penalties for the infraction thereof, in the manner described by RCW Chapter 64.38, the Bylaws and any resolutions passed by the Board. All Lot Owners shall be given written notice of the rules and regulations in the manner required by RCW Chapter 64.38.

ARTICLE FIFTEEN: REMEDIES AND WAIVER

Section One: Remedies Not Limited. The remedies provided herein, including those for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, the ACC, or Declarant, are in addition to, and not in limitation of, any other remedies provided by law.

Section Two: No Waiver. The failure of the Association, the ACC, the Declarant or of any of their duly authorized agents or any of the Owners to insist upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings, shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or implied, unless such waiver shall be in writing and signed by the Board of Directors of the Association pursuant to authority contained in a resolution of the Board of Directors.

ARTICLE SIXTEEN: CONDEMNATION

In the event of a partial condemnation of the Common Areas, the proceeds shall be used to restore the remaining Common Area, and any balance remaining shall be distributed to the Association.

In the event that the entire Common Area is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the condemnation award shall be distributed to the Association.

No proceeds received by the Association as the result of any condemnation shall be distributed to a Lot Owner or to any other party derogation of the rights of the First Mortgagee of any Lot.

ARTICLE SEVENTEEN: GENERAL PROVISIONS

1. Binding Effect. All present and future Owners or occupants of Lots shall be subject to and shall comply with the provisions of this Declaration, and the Bylaws and rules and regulations of the Association, as they may be amended from time to time, are

accepted and ratified by such Owner or occupant, and all such provisions shall be deemed, and taken to be covenants running with the land and shall bind any person having at the time any interest or estate in such Lot, as though such provisions were recited and stipulated at length in each and every deed and conveyance or lease thereof.

2. Enforcement by Court Action. The Association, the Declaration, the ACC, the Homeowner's Association, or any lot owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Should the Association or any Owner employ counsel to enforce any of the foregoing covenants, conditions, reservations, or restrictions, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the Owner found to be in violation of said condition, covenants, reservation, or restriction, or found to be delinquent in the payment of said lien or charge.

3. Enforcement by Self Help. The Declarant, the ACC, the Association, or the duly appointed agent of either, may enter upon any lot, which entry shall not be deemed a trespass, and take whatever steps are necessary to correct a violation of the provisions of this Declaration; provided this provision shall not be construed as a permission to breach the peace.

4. Condition Precedent to Action. Prior to taking action either by court or by self help, written notice shall be given to the offending lot owner. Such notice shall specify the nature of the offense and shall also specify the action necessary to cure. Such action shall also provide a reasonable opportunity to cure which, except in the case of an emergency, shall not be less than 30 days.

5. Expenses of Action. The expenses of any corrective action or enforcement of this declaration, if not paid by the offending owner within thirty (30) days after written notice and billing, may be filed as a line upon such lot, enforceable as other liens herein.

6. Owner Objection. Should a lot owner object to the complaints of the Declarant, the Association or ACC in writing within a period of fifteen (15) days after the complaint is made and, further, should the parties not agree on property maintenance or other matters complained of, the matter shall be submitted to arbitration. The arbitration shall be binding upon the parties. If the parties cannot agree upon an arbitrator, each party shall choose one arbitrator and they, in turn, shall choose a third. The arbitration shall be conducted in accordance with the rules of arbitration under the laws of the State of Washington in existence at the time of any such arbitration.

7. Costs and Attorneys Fees. In the event of legal action, the prevailing party shall be entitled to recover actual costs and attorney fees. For the purposes of this declaration "legal action" shall include arbitration, law suit, trial, appeals, and any action, negotiations, demands, counseling or otherwise where the prevailing party has hired an

attorney. It is the intent of this provision to reimburse the prevailing party for all reasonable attorney fees and actual costs incurred in defending or enforcing the provisions of this Declaration, or the owner's rights hereunder.

8. Failure to Enforce. No delay or omission on the part of the Declarants or the Owners of other Lots in exercising any rights, power, or remedy provided in this Declaration shall be construed as a waiver or acquiescence in any breach of the covenants, conditions, reservations, or restrictions set forth in the Declaration. No action shall be brought or maintained by anyone whatsoever against the Declarants for or because of its failure to bring any action neither for any breach of these covenants, conditions, reservations, or restrictions, nor for imposing restrictions that may be unenforceable.

9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions that shall remain in full force and effect.

10. Interpretation. In interpreting this Declaration, the term "person" may include natural persons, partnerships, corporations, Associations, and personal representatives. The singular may also include the plural and the masculine may include the feminine, or vise versa, where the context so admits or requires. This Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Properties by providing a common plan for the development of Crystal Creek Townhomes II.

11. Term. This Declaration shall be effective for an initial term of 30 years, and thereafter by automatic extension for successive periods of 10 years each, unless terminated, at the expiration of the initial term or any succeeding 10 year term by a termination agreement executed by the then owners of not less than 75% of the lots then subject to this Declaration. Any termination agreement must be in writing, signed by the approving owners, and recorded with the County Auditor.

12. Perpetuities. In the event that any provision of this Declaration violates the rule against perpetuities, such provision shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator of the Association, or twenty-one (21) years after the death of the last survivor of all of the said incorporators' children and grandchildren who shall be living at the time this instrument is executed, whichever is later.

13. Method of Notice. Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given when personally delivered, deposited in the United States mail, postage prepaid, or when transmitted by facsimile.

14. Successors and Assigns. This Declaration binds and is for the benefit of the heirs, successors, and assigns of Declarant, the Declarant, the Members, and the Owners.

ARTICLE EIGHTEEN: AMENDMENT AND REVOCATION

Section One: Exclusive Method. This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

Section Two: Amendment by Declarant. Notwithstanding any other provision of this Declaration, this Declaration can be amended at any time by the Declarant prior to the time that 75% of the lots have been sold to others than Declarant builders. All lot owners agree to be bound by such amendment or amendments as made by the Declarant pursuant to this provision. Thereafter this Declaration can be amended only as provided for in this Declaration.

Section Three: Prior Approval by FHA/HUD. Regardless of whether or not 75% of the lots have been sold to others than Declarant builders, in the event any loan with respect to any lot or building constructed thereon is insured through either the Federal Housing Administration or the Department of Veterans Affairs or any programs sponsored by either such agency, then the insuring agency must give written approval before any of the following actions can be approved by either the Declarant or the lot owners:

1. Annexation of additional properties

2. Dedication of any properties

3. Amendment to this declaration

Section Four: Voting. This Declaration may be amended at any annual meeting of the Association, or at a special meeting called for such purpose, if sixty-seven percent (67%) or more of the Owners vote for such amendment, or without such meeting if all Owners are notified in writing of such amendment, and if sixty-seven percent (67%) or more of the Owners vote for such amendment by written ballot. Notice of any proposed amendment shall be given to all Owners not less than ten (10) days prior to the date of the annual meeting or of any special meeting at which the proposed amendment shall be considered. Notwithstanding any of the foregoing, fifty-one percent (51%) of all Institutional First Mortgagees who have requested notification of amendments must give prior written approval to any material amendment to the Declaration or Bylaws, including any of the following:

1. Voting rights;

2. Assessments, assessment liens and subordination of such liens;

3. Reserves for maintenance, repair and replacement of Common Areas;

4. Insurance or fidelity bonds;

5. Responsibility for maintenance and repair;

6. Contraction of the project or the withdrawal of property from the Properties;

7. The boundaries of any Lot;

8. Leasing of Housing Units other than as set forth herein;

9. Imposition of any restrictions on the right of an Owner to sell or transfer his or her Lot;

10. Any decision by the Association to establish self-management when professional management had been required previously by an Institutional First Mortgagee;

11. Restoration or repair (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.

12. Any action to terminate the legal status of the Properties after substantial destruction or condemnation occurs; or

13. Any provisions which are for the express benefit of Institutional First Mortgagees.

Section Five: Effective Date. Amendments shall take effect only upon recording with the Snohomish County Auditor of the county in which this Declaration is recorded.

Section Six. Protection of Declarant. For such time as Declarant shall own Lots located in the Properties there shall be no amendments to the Declaration, the Articles of Incorporation, the Bylaws of the Association, or any Rules and Regulations adopted by the Association which:

1. Discriminate or tend to discriminate against the Declarant's rights.

2. Change Article One ("Definitions") in a manner which alters the Declarant's rights or status.

3. Alter the character and rights of membership or the rights of the Declarant as set forth in Article Three.

4. Alter its rights as set forth in Article Five relating to architectural controls.

5. Alter the basis for assessments, or the Declarant's exemption from assessments.

6. Alter the number or selection of Directors as established in the Bylaws.

7. Alter the Declarant's rights as they appear under this Article.

Section Seven: Notice. Any notice required hereunder shall be deemed effective when personally delivered or three days after mailing by certified and regular mail to the owner of public record at the time of such mailing to such owner's address as it appears on the Snohomish County Assessor's tax records and to the street address of the lot(s) herein. Notices to lenders shall be sent to the last address the lender has given to the Association. The Association is not required to provide notice of any matter to any lender who has not notified the Association in writing of such lender's desire to receive notice, and/or has not given the Association written notice of the lender's address for receipt of notices. The Association shall not undergo investigation outside of its own records into the name or location of any lender or lien holder.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 1st day of August, 2007.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 1st day of August, 2007 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and D. Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
Residing at TACOMA
My commission expires: 2/1/10

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

EXHIBIT "A"

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE EAST ALONG THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, 506 FEET;

THENCE SOUTH 672 FEET;

THENCE EAST 17 FEET;

THENCE SOUTH 648 FEET, MORE OR LESS, TO THE SOUTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE WEST ALONG SAID SOUTH LINE 523 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ TO THE POINT OF BEGINNING;

EXCEPT THAT PORITON THEREOF CONVEYED TO SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1 BY DEED RECORDED UNDER RECORDING NO. 1730632, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE SOUTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, A DISTANCE OF 50 FEET, MORE OR LESS;

THENCE NORTHEASTERLY AND EASTERLY TO A POINT WHICH IS 30 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ AND 506 FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH 30 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SUBDIVISION;

THENCE WEST ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING;

AND EXCEPT COUNTY ROAD AS CONVEYED TO SNOHOMISH COUNTY BY DEED RECORDED UNDER RECORDING NO. 498457;

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN INSTRUMENT RECORDED UNDER RECORDING NO. 1217376;

SITUATE IN THE CITY OF BOTHELL, COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX REQUIRED

FEB 29 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

200802290912 2 PGS
02/29/2008 2:13pm $85.00
SNOHOMISH COUNTY, WASHINGTON

FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

CHICAGO 5742603 2/

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty: Vehicle Parking for Lot 52. Lot 52 shall be entitled to one parking stall to the South of the Townhome as shown in Exhibit A attached hereto. The parking space shall be included with Lot 52 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and guests of Lot 52.

All the remaining terms and provisions of the Declaration shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to Declaration to be executed this 27 day of FEB, 2008.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 28 day of FEBRUARY, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

_____
Printed Name: SANDRA K. LAMAR
NOTARY PUBLIC in and for the State of Washington,
residing at King Co
My commission expires: 07-19-09

SANDRA K. LAMAR
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JULY 19, 2009

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX REQUIRED

AUG 22 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

200808220409 2 PGS
08/22/2008 1:54pm $85.00
SNOHOMISH COUNTY, WASHINGTON

SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART 39109 2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE SIX: MAINTENANCE AND COMMON EXPENSES, Section Three: Common Expenses by adding:

10. The cost of maintaining the wetland area shall be through a service contract with a yard service company and a monitoring contract by TALASAEA Consultants, Inc. which shall be paid by the Association.

Should the Association not maintain the wetland area to a standard acceptable to TALASAEA and/or the City of Bothell and/or the Declarant's Bond(s) is(are) pulled by the City of Bothell, the $7,500 set aside deposit to Declarant shall be used to correct the situation.

When the Association transfers all responsibility and/or liability from Declarant, the remaining deposit shall be returned to the Association.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this Second Amendment to Declaration to be executed this 18 day of JUNE, 2008.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 18th day of June, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
residing at Tacoma
My commission expires: 2/1/10

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

IN WITNESS WHEREOF, the undersigned have caused this Third Amendment to Declaration to be executed this 7th day of July, 2008.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 7 day of July, 2008 before me, the undersigned a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

CORINNE A. JOHNSON
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES 2-21-10

_____
Printed Name: Corinne A. Johnson
NOTARY PUBLIC in and for the State of Washington, residing at Puyallup
My commission expires: 2/21/10

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE REQUIRED

200807080549 5 PGS
07/08/2008 2:44pm $88.00
SNOHOMISH COUNTY, WASHINGTON

STEWART 37111 5/41

THIRD AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30 Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900
#Rec in Sno Co, Wash

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty-One: Vehicle Parking for Lot 56. Lot 56 shall be entitled to one parking stall to the Northeast of the Townhome as shown in Exhibit A attached hereto. The parking space shall be included with Lot 56 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and guests of Lot 56.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

Exhibit A

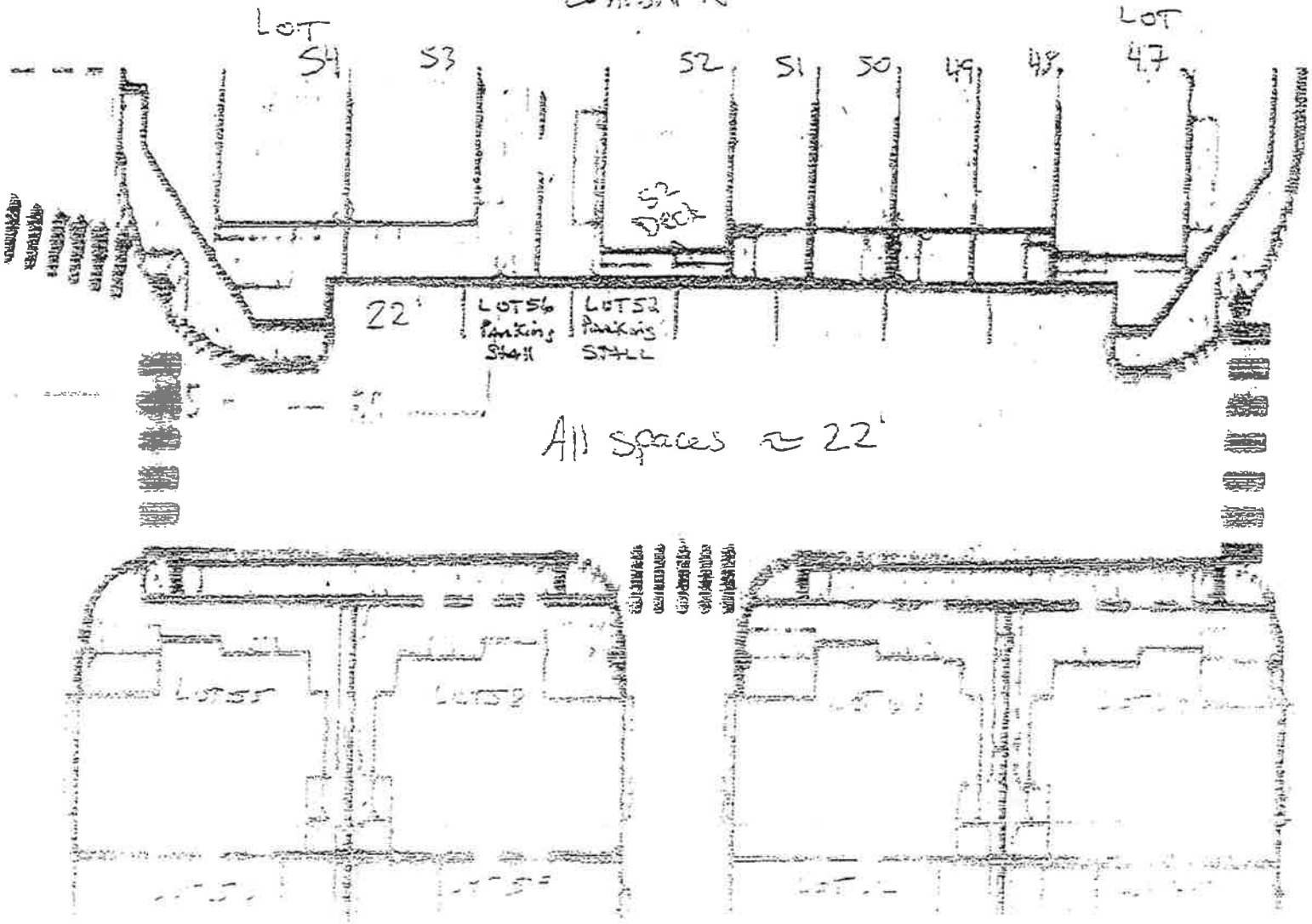

LOT 54
53
52
51
50
49
48
LOT 47
53 Deck
22'
LOT 56 Parking Stall
LOT 52 Parking STALL
All Spaces ≈ 22'
LOT 55
LOT 52

EXHIBIT "A"

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W M DESCRIBED AS FOLLOWS

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE EAST ALONG THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, 506 FEET,

THENCE SOUTH 672 FEET,

THENCE EAST 17 FEET,

THENCE SOUTH 648 FEET, MORE OR LESS, TO THE SOUTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼,

THENCE WEST ALONG SAID SOUTH LINE 523 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ TO THE POINT OF BEGINNING,

EXCEPT THAT PORITON THEREOF CONVEYED TO SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO 1 BY DEED RECORDED UNDER RECORDING NO 1730632, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS·

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE SOUTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, A DISTANCE OF 50 FEET, MORE OR LESS,

THENCE NORTHEASTERLY AND EASTERLY TO A POINT WHICH IS 30 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ AND 506 FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼,

THENCE NORTH 30 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SUBDIVISION;

EXHIBIT "A" (Continued)

THENCE WEST ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING,

AND EXCEPT COUNTY ROAD AS CONVEYED TO SNOHOMISH COUNTY BY DEED RECORDED UNDER RECORDING NO. 498457,

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN INSTRUMENT RECORDED UNDER RECORDING NO 1217376,

SITUATE IN THE CITY OF BOTHELL, COUNTY OF SNOHOMISH, STATE OF WASHINGTON

200810310673 2 PGS
10/31/2008 2:51pm $43.00
SNOHOMISH COUNTY, WASHINGTON

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX REQUIRED

OCT 31 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

FOURTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART S-1516 2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M. & recorded in Snohomish County, WA
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS: Section Forty-Nine: Rentals. shall be modified to read: ...not to exceed 20% of the total number of homes, which shall be eleven, in the development.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 29th day of OCTOBER, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
residing at TACOMA
My commission expires: 2/1/10

Return Name & Address

Canyon Creek LLC
621 Pacific Ave #300
Tacoma, WA 98402

200903300731 3 PGS
03/30/2009 4:48pm $86.00
SNOHOMISH COUNTY, WASHINGTON

Document Title(s)

Fifth Amendment to easements and restrictions of declaration For Crystal Creek Townhomes II

Reference Number(s) of Related Document(s)

200708020275

Additional Reference #'s on Page_____

Grantor(s)

Canyon Creek LLC

Additional Grantors on Page ___

Grantee(s)

Crystal Creek Townhomes

Additional Grantees on Page___

Legal Description (abbreviated form: ie Lot/Block/Plat or Section/Township/Range)

Sec 30, Town 27, Range 5

Complete Legal on Page _____

Assessor's Property Tax Parcel/Account Number

27053000102600, 27053000101900

Additional Parcel #'s on Page __

The Auditor/Recorder will rely on the information provided on this form. The responsibility for the accuracy of the indexing information is that of the document preparer.

⇨I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording process requirements may cover up or otherwise obscure some part of the text of the original document.

Authorized Signature of Requesting Party

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX
REQUIRED

MAR 30 2009

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

OTTWART

3/45

FIFTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty: Vehicle Parking for Lot 69. Lot 69 shall be entitled to one parking stall to the North of the Townhome as shown in Exhibit A attached hereto. The parking space shall be included with Lot 69 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and guests of Lot 69.

All the remaining terms and provisions of the Declaration shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to Declaration to be executed this 23 day of March, 2009.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 23rd day of MARCH, 2009 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

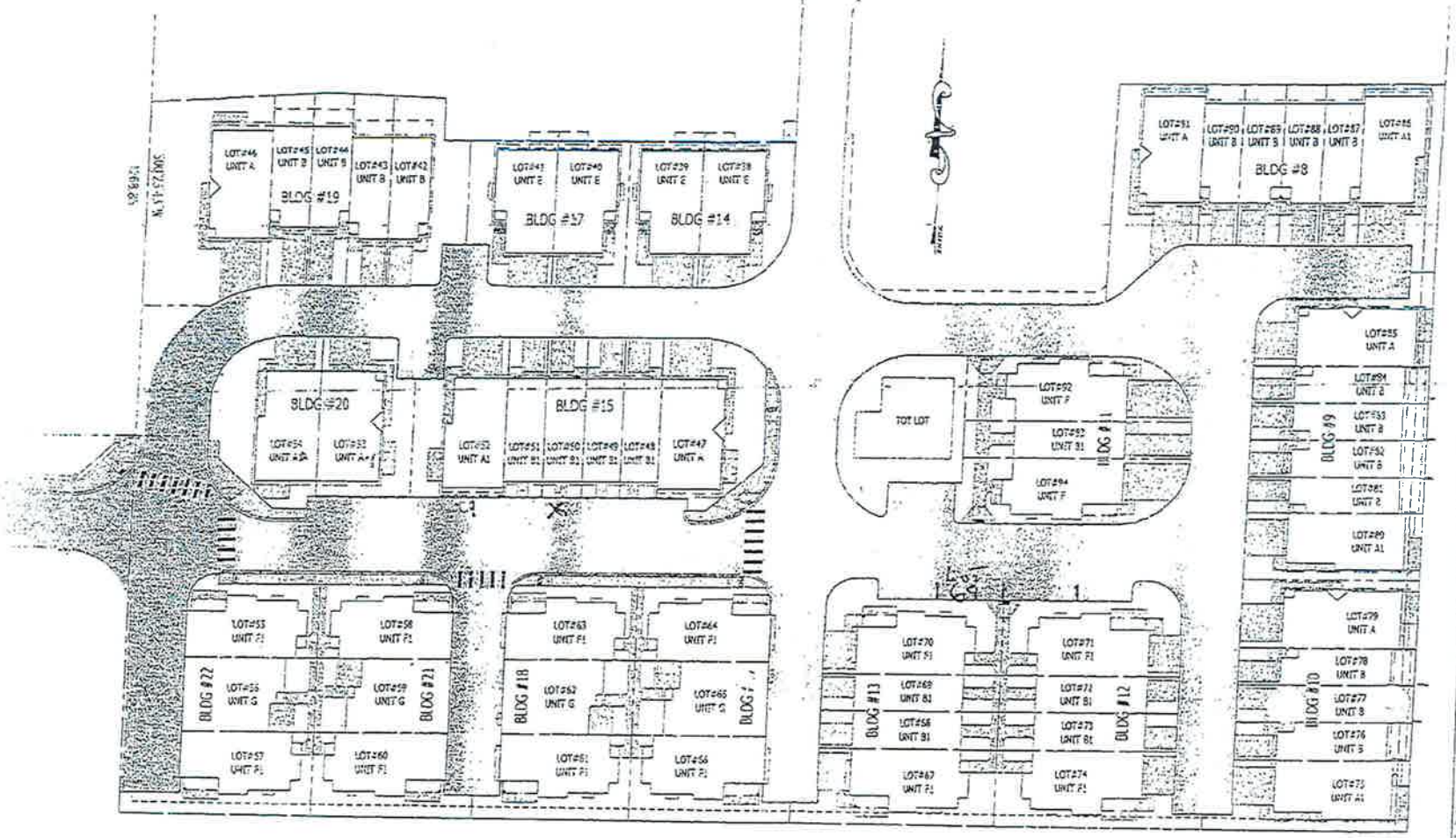
Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington, residing at TACOMA
My commission expires: 2/1/10

CRYSTAL CREEK TOWNHOMES P.U.D. - PHASE 2

A PORTION OF THE NW 1/4 OF NE 1/4, SECTION 30, TOWNSHIP 27 N, RANGE 5 E, W.M., CITY OF BOTHELL, SNOHOMISH COUNTY, WASHINGTON

GRAPHIC SCALE



SOUND ENGINEERING, INC.

SITE PLAN

SITE PLAN

NO EXCISE TAX
REQUIRED

JUN 29 2009

/ERS, Snohomish County Treasurer

KIRKE SIEVERS

After Recording Return To:
Canyon Creek LLC
3620 100 ST SW #B
Lakewood, WA 98499

200906290507 2 PGS
06/29/2009 1:36pm $85.00
SNOHOMISH COUNTY, WASHINGTON

SIXTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART

2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): a portion of the NW ¼ of the NE ¼ of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty: Vehicle Parking for Lot 63. Lot 63 shall be entitled to one parking stall to be constructed to the East of the Gate on the South Side of the entrance drive from Ninth Avenue as shown in Exhibit A attached hereto. The parking space shall be included with Lot 63 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and the guests of Lot 63.

All the remaining terms and provision of the Declaration shall remain in full force and effect except as expressly modified and amended herein.

IN WITHNESS WHEREOF, the undersigned have caused this Sixth Amendment to Declaration to be executed this 22 day of June, 2009.

Canyon Creek LLC, a Washington Limited Liability Company

BY: _____

Paul D. Krakow, Member

BY: _____

D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 22nd day of June, 2009 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Joseph M Kaiser
Commission Expires
NOTARY PUBLIC
10/17/2011
State of Washington

_____
Printed Name: Joseph M. Kaiser
NOTARY PUBLIC in and for the State of Washington,
residing at Newcastle, WA
My commission expires: 10/17/2011

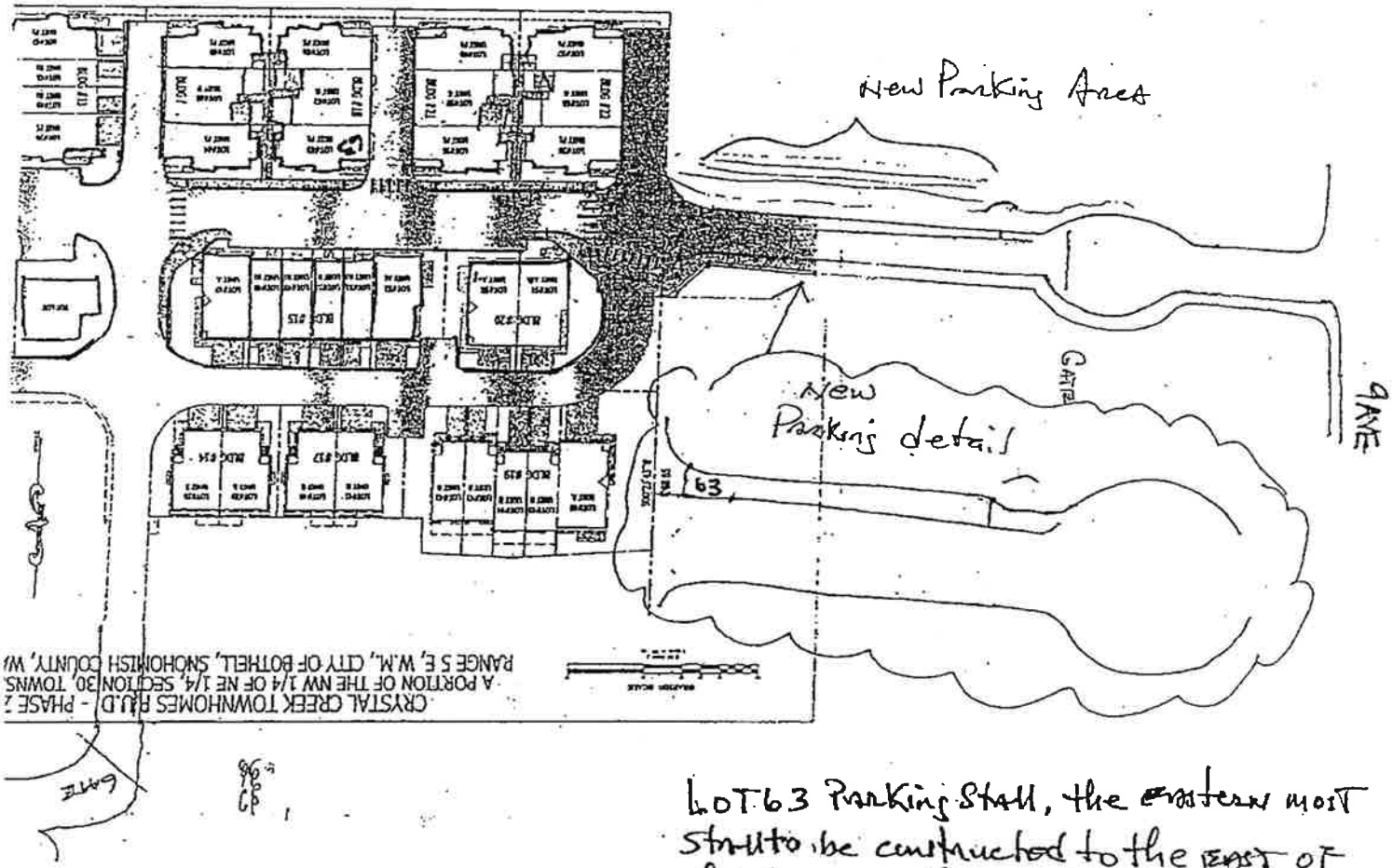


Exhibit "A"

LOT 63 Parking Stall, the eastern most stall to be constructed to the east of the GATE on the south side of the Entrance drive from 9th AVE. The stall is shown with a 63 on this Exhibit. The stall will be marked with reserved.

CRYSTAL CREEK II TOWNHOMES

03.

BYLAWS
&
ARTICLES OF INCORPORATION

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

BY-LAWS

OF

CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION

* * * * * * * * * *

ARTICLE I

Name and Location of Meetings

The name of the corporation is CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". Meetings of the Members and Directors may be held at such places within the State of Washington, County of Snohomish, as may be designated by the Board of Directors. These By-Laws are adopted for the administration of the association and property described in that certain Declaration of Covenants, Conditions, Easements and Restrictions (the "Declaration") recorded under Snohomish County Auditor's Recording No. 200708020275.

ARTICLE II

Membership

The membership of the Association shall consist of one class of Members, being any individual who is the owner of a residential lot within the Plat of CRYSTAL CREEK TOWNHOMES II. At any meeting of the membership of the corporation each member so present shall be entitled to one vote.

ARTICLE III

Management

The business and property of the Association shall be managed by a Board of Directors.

ARTICLE IV

Meeting of Members

Section 1: **Annual Meeting**. The regular annual meeting of the Members shall be held at such time as the board of directors shall determine.

Section 2: **Special Meetings**. Special meetings of the Members may be called at any time by the President, or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3: **Notice of Meetings**. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books for the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4: **Quorum**. The presence at the meeting of Members or proxies entitled to cast, twenty-five percent (25%) of all the votes of the membership, shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: **Proxies**. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every

proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Residential Lot.

Section 6: **Members**. Every Owner of a Residential Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Residential Lot which is subject to assessment by the Association.

Section 7: **Voting Rights**. The Association shall have one class of voting membership comprised of all Owners who shall be entitled to one vote for each Residential Lot owned. When more than one person holds an interest in any Residential Lot, all such persons shall be Members. The vote for such Residential Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Residential Lot.

Section 8: **Definition**. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the plat of CRYSTAL CREEK TOWNHOMES II and which may be more particularly defined in Article III of the Declaration of Covenants, Conditions and Restrictions.

Section 9: **Action by Members Without a Meeting**. Any action required or permitted to be taken at a members meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of all members entitled to vote with respect to the subject matter thereof. Any such consent shall be inserted in the minute book as if it were the minutes of the members meeting.

Section 10: **Telephonic Meeting**. The members may participate in a meeting of the members by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

ARTICLE V

Board of Directors: Selection, Term of Office

Section 1: **Number**. The affairs of this Association shall be managed by a Board of not less than one (1) Director but not more than five (5) Directors.

Section 2: **Term of Office**. The first directors, which are appointed by the Declarant, one director shall be appointed for a term of two years, one director for a term of one year and if there are three or more directors appointed, then an uneven number shall be appointed for a term of one year and the balance for a term of two years. Thereafter, at each annual meeting of the members, they shall elect those directors, whose terms have expired, for a period of two years.

Section 3: **Removal**. Any Director may be removed from the Board, with or without cause, by a majority vote of all the Members of the Association. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: **Compensation**. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: **Action Taken Without a Meeting**. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

Nomination and Election of Directors

Section 1: **Nomination after the First Board**. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a

Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2: **Initial Election of Directors by Members**. At such time as the Declarant shall no longer be able to act or appoint the board of directors in accordance with Article Two, Section One of the Declaration, the Declarant shall appoint a nominating committee consisting of the Declarant and three other members who are not presently members of the board of directors who shall make as many nominations for election to the board of directors as it shall in its discretion determine but not less than the number of directors previously appointed by the Declarant. Once the nominating committee has made its nominations, then a list of the nominations together with a ballot shall be sent to all members by regular mail who shall then vote by mail as to who shall constitute the board of directors to be elected by the members. Said ballots by mail shall be returned to such person or entity as may be designated by the nominating committee at such time but in any event no longer than two weeks from the date of mailing. Those persons receiving the largest number of votes shall be elected to the vacant director positions. They shall then constitute the elected board of directors until the next annual meeting of the members.

Section 3: **Election**. At the election of Directors, the Members, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to exercise. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

Meetings of Directors

Section 1: **Regular Meeting**. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may fix. If any day fixed for a regular meeting shall be a legal holiday at the time where the meeting is to be held, the meeting shall instead be held at the same hour on the next succeeding business day. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by statute or these Bylaws.

Section 2: **Special Meetings**. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any one Directors, after not less than ten (10) days notice to each Director.

Section 3: **Quorum**. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4: **Waiver of Notice**. Attendance of a Director at a meeting shall constitute a waiver of notice for such meeting, except where a Director attends for the express purpose of objecting to this transaction of any business because the meeting is not lawfully called or convened. A waiver of notice signed by the Directors whether before or after the time stated for the meeting shall be equivalent to the giving of notice.

ARTICLE VIII

Powers and Duties of the Board of Directors

Section 1: **Powers**. The Board of Directors shall have power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Protective Covenants and Restrictions;

(b) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(d) file legal action on behalf of the Association to enforce any covenants affecting the properties.

Section 2: **Duties**. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting which such meeting has been called by the Members;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Protective Covenants and Restrictions of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, as amended, to:

(1) fix the amount of any assessments against a Residential Lot and to send a written notice of such assessment to every owner at least thirty (30) days in advance of such assessment.

(2) foreclose any liens against the property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) procure and maintain at the discretion of the Board of Directors adequate hazard insurance on property owned by the Association;

(e) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(f) cause the property held by the Association to be maintained in accordance with the provisions of the Protective Covenants and Restrictions.

ARTICLE IX
Officers

Section 1: That the officers of the corporation shall be elected annually by the board of directors at a meeting scheduled or that purpose.

Section 2: **President.** The President of the Board of Directors shall supervise all activities of the corporation; execute all instruments in its behalf; preside at all meetings of the Board of Directors and of the membership of the corporation; and perform such other duties usually inherent in such office.

Section 3: **Vice-President.** The Vice-President of the Board of Directors shall act for the President in his absence and perform such other acts as the President may direct.

Section 4: **Secretary.** It shall be the duty of the Secretary of the Board of Directors to keep all records of the Board of Directors and of the corporation, and to perform such other acts as the President may direct.

Section 4: **Treasurer.** The Treasurer shall receive and be accountable for all funds belonging to the corporation; pay all obligations incurred by the corporation and maintain bank accounts in depositories designated by the Board of Directors; and render periodic financial reports.

ARTICLE X
Assessments

Section 1: Each member is deemed to covenant and agree to pay the Association:

(a) A monthly assessment or charge which shall be the sum of $120.00 per lot, and shall be effective as of the 1st day of each calendar month.

(b) Special assessments for capital improvements.

In addition to the monthly assessments authorized above, the association may levy a special assessment applicable only to the year in which the assessment is made for the

purpose of defraying in whole or in part the cost of any unexpected repair or replacement of capital improvements upon the common areas including necessary fixtures and personal property located therein. That any special assessment for the construction of new facilities or the acquisition of new equipment and which is not for the upgrade, repair, or replacement of existing construction of equipment shall require the approval of the vote of sixty-six (66%) of the lot owners at a meeting called for that purpose.

(c) **Purposes of Association.** The assessments shall be used exclusively for the purposes as set forth in the Covenants and Restrictions for CRYSTAL CREEK TOWNHOMES II.

Section 2. **Annual Budget**. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the association, the Board shall set a date for a meeting of the owners to consider ratification of the budget of not less than fourteen (14) nor more than sixty (60) days after mailing of a summary of the budget to the members. Unless at that meeting the owners of a majority of the votes reject the budget in person or by proxy, the budget shall be ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the requested notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

Section 3. **Special Assessments for Capital Improvements.** In addition to the annual assessments authorized above, the Association may levy special assessments for capital improvements. Any such levy by the Association shall be for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, or replacement of a described capital improvement upon the common areas as defined in the Covenants and Restrictions of CRYSTAL CREEK TOWNHOMES II, provided that any such assessment shall have the assent of sixty-six percent (66%) of the votes of all lot owners, written notice of which shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. **Uniform Rate.** All annual and special assessment shall be fixed at a uniform rate for those lots that are affected by that specific assessment.

Section 5. **Date of Commencement of Assessment; Due Dates.** As to each particular lot involved, the liability for the annual assessment shall begin on the 1st day of each calendar month and shall be payable on or before the 1st day of each month so long as the assessment is in effect. In the event the assessment is increased or decreased as provided for in these By-Laws, then the new assessment rate shall begin on the 1st day of January following the meeting at which the annual assessment rate was changed. The due date of any special assessment as provided herein shall be fixed by the resolution authorizing such assessment.

Section 6. **Effect of Non-payment of Assessments; Remedies.** If any assessment is not paid within thirty (30) days after it was first due and payable, the assessment shall bear interest from the date on which it was due at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit. In the event any assessment is not paid within ten (10) days after its due date, a late fee of $50.00 shall be charged to the homeowner.

ARTICLE XI
Compensation

That neither the officers nor members of the board of directors shall receive compensation for their services, however, the Association may reimburse such director or officers for any out-of-pocket expenses incurred for and on behalf of the Association.

ARTICLE XII
Contracts, Loans, Checks, and Deposits

Section 1: **Contracts.** The Board of Directors may authorize any officer or

officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2: **Loans**. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. No loans shall be made by the corporation to its directors or officers.

Section 3: **Checks, Notes, Drafts, Etc**. All checks, notes, drafts or other orders for the payment of money of the corporation shall be signed, endorsed or accepted in the name of the corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by any officer or officers authorized by the Board of Directors to make such designation.

Section 4: **Deposits**. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of directors may designate.

ARTICLE XIII
Waiver of Notice

Whenever any notice is required to be given to any member or director of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Washington Non-Profit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV
Indemnification

To the full extent permitted by the Washington Non-Profit Corporation Act, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Corporation or otherwise) by reason of the fact that said person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, against expenses (including attorneys' fees, judgment, fines and amounts paid in settlement) actually and reasonably incurred by said person in connection with such action, suite or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the corporation has the power to indemnify under the Washington Non-Profit Corporation Act.

ARTICLE XV
Amendments

These By-Laws may be amended by a two-thirds vote of the membership of the corporation at any scheduled regular meeting of the membership.

IN WITNESS WHEREOF, I, being the Director of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, have hereunto set my hand this 15th day of August, 2007.

President

CERTIFICATION

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION; the foregoing By-Laws constitute the original By-Laws of said Association as adopted at a meeting of the Directors hereof.

IN WITNESS WHEREOF, I have subscribed my name this 15th day of August, 2007.

_____

Secretary

ARTICLES OF INCORPORATION

At this time, a copy of the Articles of Incorporation for Crystal Creek Townhomes are not in our possession.

CRYSTAL CREEK II TOWNHOMES

04.

RULES & REGULATIONS/ RESOLUTIONS

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

CRYSTAL CREEK TOWNHOMES II HOA RULES

I. AUTHORITY & PURPOSE

Whereas, Article 14, of the Declaration of Protective Covenants, Covenants, Easements, and Restrictions for the Crystal Creek Townhomes II Homeowners Association expressly authorizes and empowers the Board of Directors to "adopt rules and regulations governing the use of the Properties and the personal conduct of the members, and their guests, and to establish penalties for violation of those rules and restrictions"

Whereas the Association requires certain rules and regulations in order to operate the Association in a manner that will best maintain the value and integrity of the Association. We are living in close association with our fellow residents and common courtesy dictates that our actions not infringe on the rights of other residents. These Rules are designed to ensure that each of us achieves the maximum enjoyment of our homes. Each member of the community, whether owner, tenant or guest, must abide by the standards of the community and comply strictly with the Declaration of Protective Covenants, Easements ,and Restrictions, Bylaws and these Rules to promote the harmony and cooperative purposes of the community. Each owner is fully responsible for the compliance of their family members, guests, tenants and other occupants of the owners' unit while they are within the boundaries of Crystal Creek Townhomes II. Therefore, any reference in these Rules to "Unit Owner" or "Owner" shall include their family members, guests, tenants and other occupants of the owner's unit.

II. PREAMBLE & ENFORCEMENT

It is the intention of the Board to first resolve all resident and association violations in a friendly, amicable manner without the use of letter notifications by the Board for failure to comply with the rules. Our primary goal is to work together to assist in solving any problems, which confront us as individuals and as a neighborhood community. The Board will attempt to notify residents of rule violations in person by a friendly reminder or by email, letter notification or courtesy telephone call and offer any neighborly assistance needed in correcting the violation. The Board's focus is to prevent the necessity of enforcing procedures, which are sometimes necessary but are not the first choice of the Board and not the way the Board would prefer to handle our responsibilities to the residents as HOA Board Members. Homeowners facing problems or challenges that present difficulties in enabling them to comply with the rules are strongly encouraged to contact the Board to request assistance.

PENALTY FOR RULES VIOLATIONS
A Unit Owner may be penalized for violation of these Rules and the governing documents. The penalties shall be assessed against the Unit and the Unit Owners, and shall be collectible in the same manner as dues assessments. All remedies that apply to the collection of delinquent assessments shall also apply to the collection of these fines.

CAUSE FOR ACTION
Action will be taken by the Board regarding any violation if any of the following occur:

A. The Board (or a member of the Board) directly encounters the violation

B. The Association's agent directly encounters the violation

C. Written complaints about a violation have been received by the Board from two different Unit Owners (on behalf of themselves or their tenants) within a three (3) month period.

D. Through a decision of panel of peers at a conciliation hearing as described on the next page.

In the event that such violations threaten life, safety, health, or property, the Board may act without taking such steps.

ACTION

The action will generally consist of a warning letter, which will give the homeowner up to seven (7) days to correct the violation, prior to any fine. When a fine is implemented, the Owner being fined will be notified and the Homeowner Association dues ledger account will immediately reflect the fine. If the party violating the rules is a tenant, and the Unit Owner fails to initiate appropriate action to enforce compliance or removal of the tenant(s) in a timely manner, the Board, in its discretion, may cause the tenant(s) to be evicted at the expense of the Owner.

PENALTY AMOUNTS

It should be noted that the purpose of these fines is not to produce revenue but to maintain quality of life standards at the community and to protect property values. All funds collected will go into the Association's operating funds.

1st offense = warning notice
2nd offense = $50
Subsequent offense(s) = $100

DUE PROCESS PROCEDURE & CONCILIATION HEARINGS

A. If any Owner feels that any action taken by the Association regarding a rules violation has been erroneous, he/she has the right to be "heard" before a panel of his peers. The purpose of the hearing is to review evidence of the violation and to consider reversal of the action that was taken by the Association with regard to the rule violation.

   Either this panel will consist of at least three (3) Board Members or two (2) disinterested Owners with a Board member in attendance to officiate. The meeting, arranged by the Board of Directors, will consist of the panel members, the party who originally brought the complaint (must be Owners or the Board of Directors), the party requesting the "hearing" (who must also be an Owner), and any other Owner(s) that are involved. Fines will not be ratified until the "due process" procedure is completed, if it is called.

B. The meeting will be an informal meeting with a panel member acting as chair. Both sides will present evidence, witnesses and testimony regarding the validity or non-validity of the complaint. The party bringing the complaint must do so in writing. The person designated by the panel will keep minutes of the meeting.

C. To obtain a hearing, the managing agent for the Association must be notified, in writing, within 14 days from the date of the notice indicating that a rules violation action has been effected; otherwise, the homeowner's right to a due process hearing shall be deemed as waived.

D. The managing agent for the Association will respond to the hearing request within 30 days after receipt of the written request. If either party desires to reschedule the hearing, the other party must be notified at least 10 days prior to the scheduled date of hearing

E. If a hearing is requested and the requesting party fails to appear, the panel will base their findings on the information available at the meeting.

F Either party has a right to appeal the findings of the panel by repeating the due process procedure. However, the Board of Directors may decline the request for an appeal hearing if it feels that there is no pertinent new information to be considered.

III. RULES & REGULATIONS

11.1 RESIDENTIAL UNITS

11.1.1 The units shall be used for residential purposes only, including sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants of personal guests and similar activities commonly conducted within a residential dwelling, without regard to whether the Unit Owner or occupant resides in the Unit as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis; for the common social, recreational or other reasonable uses normally incidental to such purposes.

11.1.2 No Unit shall be used as a rooming house, time-share, vacation rental, or other place of transient accommodation or to carry on any trade or business, including a bed and breakfast facility.

11.1.3 No trade or business of any kind may be conducted in or from any Unit except that an Owner or another occupant may conduct business activity within the Unit under CC&R Article Nine, Section 17 and only if:

11.1.3.1 The existence or operation of the business activity within the Unit is not materially and adversely apparent or detectable by sight, sound or smell from the exterior.

11.1.3.2 The business activity does not involve noticeably large volumes of persons coming onto the property who do not reside in the Association,

11.1.3 3 In the sole discretion of the Board, the business activity is consistent with the residential character of the Association and does not constitute a nuisance or hazardous or offensive use.

11.1.3.4 The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) the activity is engaged in full or part-time: (b) the activity is intended to or does generate a profit; or (c) a license is required to engage in the activity.

11.2 VEHICLE PARKING RESTRICTIONS – See CC&R Article Nine, Section 27.

11.2.1 Parking is allowed only in garages or guest parking spaces. No vehicles may be "stored" in the guest spaces. Guests that are visiting or interacting with a Unit Owner may use guest parking spaces for a maximum of 24 hours at any one time.

11.2.2 No motor vehicle may be parked in a location or manner that blocks or impairs access to any other Unit.

11.2.3 Moving or delivery trucks may briefly park in no-parking areas, but shall not block or impair access to any other Unit, and shall be able to move immediately for emergency vehicles.

11.2.4 Parking spaces (except fully enclosed garages) are restricted to parking of operative, licensed motor vehicles. The Board shall require removal, at the owner's expense, of any inoperative or improperly licensed vehicle, or any unsightly vehicle, and any other equipment or item improperly stored in parking spaces.

11.2.5 No motor rebuilds, body work or major vehicle repairs shall be done on the property, except in a Unit Owner's garage. No work that will produce spillage of any kind on the pavement - e.g. gas, oil, grease, anti-freeze or radiator water, is allowed.

11.2.6 The speed limit for all owners and guests should be within a safe range of about 10 mph.

11.2.7 Boats, boat trailers, house trailers, campers, trucks with campers, snowmobiles, or recreational vehicles or similar vehicles may not be parked or stored overnight at the community.

11.2.8 Any vehicle, which violates the provisions of this Rule Section 11.2, is subject to being immediately towed at the Owners risk and expense. Vehicles which present an immediate danger to life or safety or which are parked in a fire lane may be towed without notice.

11.5 ALTERATION OF UNITS

11.5.1 A Unit Owner may make any interior improvements or alterations to the Owner's Unit and/or Unit Structure that do not affect the structural integrity or mechanical or electrical systems or lessen the support of any other Units or any part of the Condominium, except as set forth in 11.5.2.

11.5.2 A Unit Owner may not change the appearance of the Common Elements or the exterior appearance of a Unit Structure without advance written permission of the association. See CC&R Article Nine (9).

11.7 EXTERIOR APPEARANCE

As detailed in Article Six Section Seven and Nine of the CC&R's, **all exterior modifications visible and desired by homeowners must be submitted in advance and in writing to the Architectural Control Committee (ACC), which will review the proposals and pass them along to the Board with recommendations for action.** The Board, or the ACC on behalf of the Board, will make the final approval or denial decisions in writing. No project may be started without advance written Board approval. The general objective is to maintain consistency within the community, while allowing for personal expression and style.

11.7.1 In order to preserve a uniform exterior appearance of the Unit Structures visible to public, the Board shall require the painting and other decorative finish of the Unit Structures, prescribe the type and color of such decorative finishes, and may prohibit, require, or regulate any exterior modification or decoration of the Unit Structures undertaken or proposed by any Owner.

11.7.2 A Unit Owner shall be primarily responsible to paint, stain or apply other decorative finishes to the exterior of their Unit Structure. If a Unit Owner fails, in the reasonable judgment of the Board, to adequately perform the above described work, then the Association may itself perform (or arrange to have performed) such work. The entire cost of such maintenance and/or repair work shall be specially charged to the Unit for which the work was performed.

11.7.3 Driveways, walks and other portions of the common areas and facilities designed for access shall be used exclusively for normal ingress and egress and no obstructions shall be placed therein unless permitted by the Board of Directors or by the rules and regulations.

11.7.7 No garbage, refuse, rubbish, cuttings or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from public view. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All trash containers, motorcycles, bicycles, automotive items, tires, equipment, appliances, sports gear, tools or power tools,

household furniture, pet kennels, feeders and liner boxes, potting supplies, hoses, garbage, waste, paper, boxes or large unattractive items shall be neatly stored out of view to the public and neighbors.

11.7.8 No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes, blankets, beach towels, etc., where visible to the public.

11.7.9 Seasonal decorations may be installed providing such decorations do not violate the insurance provisions or any law or ordinance. All seasonal decorations must be removed within 14 days after the seasonal date. The Board has the right to limit any decorations.

11.7.15 Satellite dishes, up to one meter in diameter, are permitted with advance written ACC approval and a showing by the Owner that such installation will be visually shielded from the view of the residents travelling upon street located on the property. See CC&R Article Nine, Section22.

11.9 SIGNS

11.9.1 Subject to CC&R Article Nine, Section 28, only one, professionally designed real estate "For Sale" or "For Lease" sign, not to exceed 24 inches by 36 inches, may be displayed in the window for any one home. Political signs, not to exceed 3 square feet, will be allowed during campaigns for up to 30 days and must be removed within 5 days after the date of the election.

11.10 PETS

11.10.1 Dogs and cats are permitted subject to the Snohomish County Animal Control Pet Ordinance. However, pet owners are responsible for their pets. If any resident keeps a dog or cat in his or her Unit, he or she shall take all care required to ensure that said pet does not disturb other residents. Because of the close proximity of Units, Unit Owners must keep the noise level from animals to a minimum at all times. Unit Owners keeping a pet are jointly and individually responsible for any damage, which their pets may do to the common areas and to the person or property of another Unit Owner or occupant. Damage done by a pet to the property of another resident is a matter strictly between the pet owner and the person whose property is damaged. Dogs and cats are not to be left unattended, tied outside a Unit, on patios, decks, or any other part of the common area. All dogs outside the confines of their Unit must be leashed, accompanied by their owners on the common areas, and under the owner's control at all times.

11.10.2 No animal waste is permitted on any common areas. Animal waste must be cleaned up immediately.

11.10.3 There shall be no breeding of animals for private or commercial use on the premises.

11.10.4 The Board of Directors may require the removal of any animal at the homeowner's which the Board, in exercise of reasonable discretion, finds disturbing other Unit owners unreasonably or if the owner continues to violate rules concerning pets, and may exercise this authority for specific animals even though other animals are permitted to remain. This right of removal *of* any animal will be invoked only as a last resort.

11.11 OFFENSIVE ACTIVITY

11.1.1 Noise or disturbances which would unreasonably annoy Owners or occupants are prohibited at any time.

11.11.2 Excessive vehicle noise from damaged mufflers, racing engines, etc., is not allowed. Honking of horns is prohibited except to warn of imminent danger.

11.11.3 No noxious or offensive activity shall be carried on in common areas, nor shall anything be done therein

which may be or become an annoyance or nuisance to other Unit Owners or which would be a violation of any laws.

11.11.4 Fireworks are prohibited at all times within the community. The use of firearms is prohibited.

11.11.5 Canvassing, soliciting of any kind, and peddling are not permitted on the property. No advertisements shall be posted in the common areas, including the mailbox areas.

11.11.6 Littering is not permitted.

11.11.7 The surface drains in the Street and in the yards shall be used only to drain away water. No foreign substances of any kind shall be thrown therein, or be allowed to flow therein, including but not limited to: oil, antifreeze, polluted water. Biodegradable soap is acceptable. This is a regulation by Snohomish County Surface Water Management.

11.14 RENTAL UNITS

11.14.1 Unit Owners may lease their Units, provided that: (a) the term of the lease shall be a minimum of six months; (b) the Lease specifically shall incorporate these Rules and the governing documents as terms of the Lease and copies shall be given to the tenants by the Owner; (c) the Unit Owner grants the Association authority to enforce these Rules and governing documents against tenants by means of unlawful detainer actions; and (d) the Unit Owner takes responsibility for any penalties assessed against any tenant of his or her Unit, and (e) the Unit Owner abides by all of the requirements detailed in the association's CC&R's, and in **the Rental Rules established by resolution by the Association's Board of Directors on the 22nd of July, 2015**. The penalties for rental rule violations are:

1st offense = warning notice
2nd offense = $2,000 per month
Subsequent offense(s) = $2,000 per month

11.14.2 The rental ceiling cap allows for a maximum of eleven (11) non-Owner occupied units as noted in Amendment 4 of the CC&R's. No Owner may lease the Unit if the leasing the unit will result in more than eleven (11) units be rented at the same time.

11.17 MISCELLANEUS

11.17.1 Generalized Overview of Maintenance Responsibilities – see CC&R's Article Six for complete details:

Exterior painting:	Homeowner responsibility – (subject to ACC approval)
Fireplace chimneys:	Homeowner responsibility
Lot drainage:	Homeowner responsibility
Roof:	Homeowner responsibility – (subject to ACC approval)
Entry monument:	Association Responsibility
Lawn maintenance & irrigation:	Association Responsibility
Party Wall repair & maintenance:	Association Responsibility
Signage:	Association Responsibility
Street Trees:	Association Responsibility
Wetland Area maintenance:	Association Responsibility

11.18 FEES

11. 18.1 Working Capital Charge. Each purchaser of a lot, after a residence has been constructed thereon, at the time of closing, shall pay to the Association a non-refundable working capital fund charge of $240.00 which shall be held by the Association to fund both the operating and capital fund expenditures of the Association as determined by the Board, pursuant to Declaration Article Seven, Section Thirteen.

11.18.2 Assessments are due on the first day of the month. Assessments paid on or after the eleventh of the month shall be assessed a $50 late fee. If assessments more than 30 days delinquent, the delinquent amount will be assessed interest at 12% per annum as noted in Declaration Article 8, Section Two.

11.18.3 Additional rules are detailed in the Board **Resolution of the Collection Policy for Delinquent Owner Accounts effective March 3, 2013**.

Now, therefore, be it resolved that the following House Rules are adopted on 04/05/2016 and shall become effective on 06/01/2016. All provisions of the Declaration shall remain in effect, even if not specifically mentioned in these Rules. In the event of a conflict between the Declaration of Protective Covenants, Covenants, Easements, and Restrictions and these Rules, the Declaration shall prevail.

By: Stuart Tenney
President

CERTIFICATE OF SECRETARY

The Undersigned hereby certifies that he/she is the Secretary of Crystal Creek Townhomes II HOA, and that the foregoing described HOA Rules has been duly adopted by approval of a majority of the Board of Directors.

By: _____
Secretary

CRYSTAL CREEK II

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   - Article 17: General Provisions
   - Article 18: Amendment and Revocation
   - Exhibit "A": Legal Description
   - Amendment 1
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   - Amendment 5
   - Amendment 6
2. By-Laws
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   - Article III: Management
   - Article IV: Meetings of Members
   - Article V: Board of Directors: Selection, Term of Office
   - Article VI: Nomination and Election of Directors
   - Article VII: Meeting of Directors
   - Article VIII: Powers and Duties of the Board of Directors
   - Article IX: Officers

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3. Resolution of the Board of Directors of Crystal Creek Townhomes II Homeowners Association Regarding a Collection Policy for Delinquent Owner Accounts
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   - II. Action of the Board
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4. Crystal Creek Townhomes II HOA Rental Rules
   - I. Preamble & Enforcement
   - II. Rules & Regulations
5. Crystal Creek Townhomes Phase 2 Surveying Maps

Contacts:

HOA Board –	HOA Management: Compass Management
E-mail: cc2hoa@outlook.com Facebook: Crystal Creek II Community Forum	(425) 424-3153 service@compass-mgmt.com Billing/Payment Address: PO Box 1325 Bothell, WA 98041

Recorded 8-2-07
PH. II

After Recording Return to:
Paul Krakow
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611

CONFORMED COPY
200708020275 38 PGS
08/02/2007 1:46pm $77.00
SNOHOMISH COUNTY, WASHINGTON

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

DECLARATION OF PROTECTIVE COVENANTS
CRYSTAL CREEK TOWNHOMES II

Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): NW ¼ of the NE ¼ of Section 30, Township 27 North, Range 5 East, W.M. (See Attached Exhibit "A")
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

The Declarant herein as the owners in fee of the real property legally described in this Declaration, hereby covenant, agree, and declare, that all of the properties and housing units constructed on the properties are and will be held, sold, and conveyed subject to this Declaration which is made for the purpose of enhancing and protecting the value, the desirability and attractiveness of the properties for the benefit of all the properties and their owners. The covenants, restrictions, reservations, and conditions, contained in this Declaration shall run with the land as easements and equitable servitudes, and shall be binding upon the properties, each portion thereof, and all persons owning, purchasing, leasing, subleasing, or occupying any lot on the properties and upon their respective heirs, successors, and assigns.

ARTICLE ONE: DEFINITIONS

For purposes of the Declaration, Articles of Incorporation and Bylaws of the Association, certain words and phrases have particular meanings, which are as follows:

1. "ACC" shall mean the Architectural Control Committee, as described in this Agreement.

2. "Articles" shall mean the Association's Articles of Incorporation and any amendments.

3. "Association" shall mean the Crystal Creek Townhomes II Homeowners Association, which shall be formed as a nonprofit corporation for the purpose of administering this Declaration.

4. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

5. "Bylaws" shall mean the Association's Bylaws and any amendments.

6. "Common Areas" shall include tracts C, F, H, I, and J as shown on the Plat recorded for Crystal Creek Townhomes II, together with any other property or property rights in which the Association has been granted an ownership interest, easement, or right of control by any written instrument including this Declaration or by delineation and declaration of the same on the recorded binding site plan.

7. "Declaration" shall mean this Declaration of Protective Covenants, Conditions, and Restrictions.

8. "Developer-Declarant" The Developer and Declarant shall mean Canyon Creek LLC, a Washington Limited Liability Company. However, Developer shall also include any entity that purchases multiple lots from Canyon Creek LLC for the purposes of constructing residences thereon. Until such time as Canyon Creek LLC or any other entity purchasing multiple lots has sold all the lots by that party, then such party shall jointly exercise all rights reserved to the Declarant as set forth in this Declaration. At any time as such party has sold or conveyed all the lots held by that entity, then that party shall no longer be considered a Developer or Declarant.

9. "Development Period" shall mean the period of time from the date of recording of this Declaration until 180 days after the date upon which 100% of the lots have been sold by the Developer or any shorter period, as determined by the Developer. A partial delegation of authority by the Developer of any of the management duties described in this Declaration shall not terminate the development period. In the event any loans with respect to any of the lots are insured through the Federal Housing Administration (FHA), the Veteran's Administration (VA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation, then in that event, the Development Period shall terminate at such time as 75% of all of the lots have been closed and sold to other than builders.

10. "Housing Unit" shall mean the building occupying a Lot.

11. "Institutional First Mortgagee" or "Mortgagee" shall mean a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company or state or federal agency which holds a first mote or deed of trust against a Lot or Housing Unit thereon.

12. "Lot" shall refer to one of the Lots located in the Crystal Creek Townhomes II Plat consisting of Lots 38 through 94 as shown on said Plat.

13. "Member" shall mean every person or entity that holds a membership in the Association.

14. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Properties.

15. "Owner" shall mean the recorded owner of a Lot, whether one or more persons or entities; but excluding those having such interest merely as security. A real estate contract purchaser shall be deemed the Owner.

16. "Person" shall mean a natural person, a corporation, a partnership, trustee or other legal entity.

17. "Real Property" that is subject to this declaration is legally described on Exhibit "A" attached hereto as well as legally described on the recorded binding site plan for Crystal Creek Townhomes II.

18. "Sale" or "Sold" shall mean the date upon which ownership of a Lot is transferred from an Owner to another person or entity by recordation of an instrument of transfer such as a deed or real estate contract

19. "Rental" shall mean the unit owned by an Owner but rented out. The number of rentals shall be limited to 15% of the number of "Housing Units" in the development.

ARTICLE TWO: MANAGEMENT OF COMMON AREAS AND ENFORCEMENT OF DECLARATION AND AMENDMENT TO DECLARATION RELATIVE TO ADDITIONAL PROPERTY

Section One: Development Period. During the development period the Declarant Canyon Creek LLC shall appoint the sole director of the Association. The Declarant may also appoint members of the Association to other committees or positions in the Association as the Declarant deems appropriate to serve at the Declarant's discretion and may assign such responsibilities, privileges, and duties to the Members as the Declarant determines for such time as the Declarant determines. Any member appointed by the Declarant during the development period may be dismissed at the Declarant's discretion.

The Declarant shall also appoint members to the Architectural Control Committee. At such time as the Declarant has sold and conveyed all lots, then the Declarant may resign as a director of the Association and from any other committees for the duration of the development.

At such time as the Declarant has sold and conveyed all lots, then any Developer as defined in this Agreement for the duration of the development period shall be entitled to appoint a director to the Association as well as a Member to the Architectural Control Committee.

Section Two: Purpose of Development Period. The Declarant and Developer's control of the Association during the Development Period is established in order to ensure that the Properties and the Association will be adequately administered in the initial phases of development, ensure an orderly transition of Association operations, and to facilitate the Developers completion of construction of Housing Units.

Section Three: Authority of Association after Development Period. At the expiration of the Declarant and Developer's management authority the Association shall have the authority and obligation to manage and administer the Common Areas and to enforce this Declaration. Such authority shall include all authority provided for in the Association's Articles, Bylaws, rules and regulations and this Declaration. The Association shall also have the authority and obligation to manage and administer the activities of the ACC in its responsibilities as described in this agreement.

Section Four: Delegation of Authority. The Board of Directors, the Declarant or the Developer may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation. The Board, the Declarant and the Developer shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person who is delegated any duty, power or function by the Board of Directors, Declarant or the Developer.

Section Five: Notice to Owners. Not less than ten nor more than thirty days prior to the termination of the development, the Declarant or any Developers who then constitute the Board, shall give written notice of termination of the development period to the owner of each lot. Said notice shall specify the date when the development period will terminate and that at such time a meeting of the Members shall be called in accordance with the By-Laws which Members shall then elect directors in accordance with the terms and provisions of the Articles of Incorporation and By-Laws of this Declaration.

ARTICLE THREE: MEMBERSHIP

Every person or entity who is an Owner of any Lot agrees to be a Member of the Association by acceptance of a deed for such Lot. Membership may not be separated from

ownership of any Lot. All Members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.

ARTICLE FOUR: VOTING RIGHTS

Members shall be entitled to one vote for each Lot owned. No more than one vote shall be cast with respect to any Lot. The voting rights of any Member may be suspended as provided in the Declaration, the Articles, or Bylaws of the Association. Members' votes may be solicited and tabulated by mail or facsimile.

ARTICLE FIVE: OWNERSHIP AND DEDICATION OF COMMON AREAS

Section One: Conveyance of Other Common Areas: Upon recording of this Declaration and the recording of the binding site plan, the Declarant does hereby convey and transfer all of its right, title, interest and ownership in and to the common area tracts defined as tracts C, F, H, I, and J to Crystal Creek Townhomes II Homeowners Association, reserving, however, to the Declarant for the benefit of the Declarant, its successors and assigns, those certain rights of use, ingress, egress, and occupation and control indicated elsewhere in this Declaration for the duration of the development, at which time this reservation shall cease and then be of no further force and effect. These tracts and other properties and improvements as described herein are referred to as the "Common Areas" together with any other easements which are defined as being "Common Areas" under the terms of this Declaration. However, each lot shall be subject to pay its equal prorata share of all real estate taxes assessed against the Common Areas.

Section Two: Property Rights in Common Areas: The Association shall have the right and obligation to maintain improvements, vegetation, signage and utilities in and on all common areas subject to any restrictions delineated on the plat of the properties. The Association shall have the exclusive right to use and manage the common areas in a manner consistent with the plat, this Declaration, the Articles and the By-Laws of the Association.

ARTICLE SIX: MAINTENANCE AND COMMON EXPENSES

Section One: Standard of Maintenance. The Association shall maintain the Common Areas, and those portions of the public right-of-way and of private lots for which the Association is responsible under the terms of this Declaration, in compliance with all applicable codes and regulations and in a manner consistent with those adopted by any governmental authority having regulatory control over the real property. These common and other areas include but are not limited to all tracts and easements which have been established for the benefit of all lot owners or the Association which may be delineated on the binding site plan, and also those portions of the public right-of-way or tracts that have been dedicated to any governmental agency for which the Association is responsible to

maintain under the terms and provisions of this Declaration or any other applicable rule or regulation which may be adopted by any public authority having jurisdiction over the same.

The Association shall be responsible for maintaining the public right-of-way defined as Tract A and shown on the plat map. The maintenance shall be consistent with the balance of the Associations Common Area Tracts.

Section Two: Standard of Maintenance - Lots. The Association shall be responsible for the mowing of lawns and irrigation with respect to each lots' front, side and back yards and to maintain said lawn, subject to such rules and regulations as may be adopted by any public authority having jurisdiction over the same. Each lot owner hereby covenants and agrees to maintain his respective lot and housing unit located therein in the same condition as a reasonably prudent homeowner would maintain his own home so that the real property will reflect a high pride of ownership. Each Lot Owner, at said Lot Owner's expense, shall maintain on said Lot Owner's lot the private drainage system in its originally designed condition.

Section Three: Common Expenses. The Association shall perform such work as is necessary to carry out the duties described in this Declaration, and shall delegate the responsibility for management and supervision of such work to the Board, the ACC or to a manager or agent hired by the Board for the purpose of such management and supervision. Expenses for such work shall be paid by the Association for the benefit of all Lot Owners and shall be referred to as Common Expenses. The Association shall pay the Common Expenses from funds collected from assessments paid by Lot Owners. The Common Expenses shall include, but shall not be limited to, the following:

1. The cost of maintaining all required insurance coverage and fidelity bonds on any Common Areas, and for directors and officers of the Association and the ACC;

2. The cost of maintaining and repairing the common area tracts and improvements located thereon, including but not limited to, streets, alleys, sidewalks, entry monuments and monument entry area, gates, signs, lights, perimeter and any interior fences constructed by Declarant, plantings and landscaping on common areas or on easements (if not maintained by applicable governmental jurisdictions);

3. The cost of maintaining and replacing streetlights (it not maintained by applicable governmental jurisdictions);

4. Street trees, if any, required to be installed by applicable governmental jurisdictions. The Association shall also be responsible for mowing the grass and other maintenance in those right-of-way areas if required by the appropriate governmental authority.

5. All front, side and back yard lawn of all lots a s set forth in this Declaration.

6. The cost of repairing and maintaining all streets and sidewalks, if any, together with any playground or park equipment constructed or situated on any of the common areas.

7. The cost of repairing, maintaining and replacing, if required, the storm water facilities within the common areas if required by the appropriate governmental authority.

8. Any other expense which shall be designated as a Common Expense in the Declaration, in its Exhibits, or from time to time by the Association.

9. The cost of maintaining any bonds on the property, which shall not be limited to Wetlands/Landscape Bonds, Street Bonds, Stormwater System Bonds, or Sensitive Area Bonds. The Association shall sign a transfer agreement with the Declarant agreeing to maintaining the property and shall hold the Declarant harmless and pay any and all future expenses, including future maintenance bonds, from the time the Association takes over the management from the Declarant.

Section Four: Extraordinary Use Expenses. In the event that one or more lot owners should by their use of the common areas or by the use of any of the lots or buildings which shall cause it to be subjected to anything other than reasonable wear and tear by their actions, then said damage shall be the responsibility of the individual subjecting the common area lot or building to such use shall have the obligation to repair such damage upon demand by the Association and to restore the same to the condition that existed prior to such use or action and all expenses therefore shall be paid by such individual.

Section Five: Owners' Easements. Each owner shall have a right and an easement of enjoyment in and to the common areas which shall be appurtenant to and shall pass with title (or, if applicable, with the equitable held by real estate contract purchaser) to every lot subject to the following provisions:

1. The right of the Declarant or the Association to establish use and operation standards for all common areas to be binding upon all Association Members along with enforcement standards.

2. The right of the Declarant during the development period (including any Developer during the development period) or the Association after the development period to suspend an owner's right to vote and to use any recreational facilities for any period during which assessments against his or her lot remain unpaid for a period not to exceed sixty days, for any, and each separate infraction of its prohibited rules and regulations.

3. The right of the Declarant (during the development period) or the Association (after the development period) to dedicate or transfer all or any part of the common areas and or any necessary area on any of the individual lots to any public agency, authority, or utility for such purposes and subject to such conditions as the Declarant or Members as applicable may deem appropriate. After the development period, no such dedication or transfer shall be effective unless the instrument agreeing to such dedication or transfer is signed by owners of two thirds of the lots has been recorded.

4. Any owner may delegate their right of enjoyment to the common areas and facilities to the members of their family, their tenants, or their guests, subject to the limitations set forth above.

5. The right of the Association to limit access to those portions of the common areas in accordance with governmental rules and regulations or which, in the opinion of the Board, are dangerous.

6. The right of the Association to limit the number of guests of members.

7. The right of the Association in accordance with this Declaration, Articles, and By-Laws to borrow money for the purpose of improving the common areas and facilities and in aid thereof to mortgage said property, but the rights of such mortgage in said property shall be subordinate to the rights of the homeowners hereunder.

8. Each owner shall have a right and an easement over and across a lot adjacent to said owner's lot for the purpose of permitting an owner to prepare maintenance with respect to any fence constructed by said owner or to perform any other maintenance on said owner's lot that is required under the terms and provisions of this declaration, providing that the use of said easement over the adjoining property owner's lot shall only be what is required to perform said maintenance by the owner having the benefit of said easement.

Section Six. Insurance. Nothing shall be done or kept in any common areas which will increase the rate of insurance on the common areas or other lots or improvements without the prior written consent of the board. Nothing shall be kept in any common area which will result in cancellation of insurance on any part of the common areas or which would be in violation of any laws or ordinances.

Section Seven. Alteration of Common Areas and Common Maintenance Areas. Nothing shall be altered or constructed in, or removed from any common maintenance area or common area except upon prior written consent of the board. There shall be no construction of any kind within the common areas except that community improvements may be constructed if two-thirds of the Members of the Association authorize (a) the construction of such improvements, and (b) assessment for such improvements. Also, any such improvements would be subject to the acquisition of all required permits from

governmental agencies. This Section shall not limit or prohibit Declarant (and no Member's consent shall be necessary), during the development period, from constructing or altering any such improvements to any common area or any common maintenance area, which Declarant in Declarant's sole discretion, deems for the benefit and enhancement of said areas in the Association in general.

Section Eight. Dumping in Common Areas, Common Maintenance Areas, or Wetland and Buffer Areas. No trash, construction debris, or waste, plant or grass clippings or other debris of any kind, nor any hazardous waste, (as defined in federal, state or local law regulation) shall be dumped, deposited or placed on any common areas, common maintenance areas or easements. The Declarant (during the Development Period) and the Board thereafter, shall retain the rights for enforcement and initiation of penalties for violations of this policy.

Section Nine. Landscaping and Fencing. No permanent structures or landscaping of any kind, including fences, walls or shrubs, may be built or placed within any right of way easements or other easements as delineated on the plat except as deemed appropriate by the board. This prohibition shall not apply to the landscaping and any improvements in the common maintenance areas installed by the Declarant, nor shall this Section prohibit the Association from installing additional improvements or landscaping within the designated common areas or common maintenance areas, nor shall this section prohibit the installation of fences as may be otherwise allowed in this Declaration, nor shall this section prohibit the installation of landscaping on private lot areas encumbered by utility easements not otherwise restricted in this Declaration. Also, this prohibition shall not apply to landscaping of front or side yards of lots extending to the edge of the curb or sidewalk and the public right of way.

Section Ten: Management. Each owner expressly covenants that the Declarant (during the development period) and the board thereafter, may delegate all or any portion of management authority to a managing agent, manager or officer of the Association and may enter into such management contracts or other service contracts to provide for the maintenance of the common areas and common maintenance areas and any portion thereof. Any management agreement or employment agreement for maintenance or management may be terminable by the Association without cause upon not more than ninety (90) days written notice thereof. (However, this shall not be applicable if the management agreement provides for any other specific termination.) The term of any such agreement shall not exceed one year, renewable by Agreement of the parties for successive periods of up to three years each. Each owner is bound to observe the terms and conditions of any management agreement or employment contract, all of which shall be made available for inspection by any owner upon request. Any fees or salary applicable to any such management employment or service agreement shall be assessed to each owner.

ARTICLE SEVEN: ASSESSMENTS

Section One: Covenants for Maintenance Assessments.

1. Declarants, for each Lot owned by it, agrees, and each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to agree to pay to the Association annual or other regular assessments.

2. The annual or other regular and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each such assessment is made. Such lien may be foreclosed by the Association in like manner as a Mortgage on real property.

3. Each assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot assessed at the time the assessment fell due. The personal obligation shall not pass to the Owner's successors-in-interest unless expressly assumed by them. The new Owner shall be personally liable for assessments which become due on and after the date of sale or transfer.

4. Unless otherwise provided for in this Declaration, no lot owned by a Declarant shall be subject to any annual or other assessments.

Section Two: Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, including the improvement, repair and maintenance of the Common Areas and the services and facilities related to the use and enjoyment of said areas, for the payment of insurance premiums on the Common Areas, and for the maintenance of other areas as provided for in this Declaration.

Section Three: Board to Fix Annual or Regular Assessment. The Board of Directors shall fix the regular or annual assessment at least thirty (30) days prior to the commencement of the annual or regular assessment period. Written notice of the annual or regular assessment shall be sent to every Owner. In the event the Board fails to fix an annual or regular assessment for any assessment period, then the assessment established for the annually or regular assessment for the prior year shall automatically be continued until such time as the Board acts. The annual or regular assessment established for the prior year shall automatically be continued until such time as the Board acts. The annual or regular assessments shall be sufficient to meet the obligations imposed by the Declaration and any supplementary declarations, and shall be sufficient to establish an adequate reserve fund for the maintenance, repair and replacement of those Common Areas which require such actions on a periodic basis. That in the event there is any increase in the annual or regular assessment of more than five percent (5%) of the annual

or regular assessment for the prior assessment period, then it must be approved as provided for in the Bylaws of the Association which are incorporated herein as though fully set forth.

Section Four: Special Assessments for Capital Improvements. In addition to the annually or regular assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of capital improvements upon the Common Area, including the necessary fixtures and personal property related thereto. That any special assessment for capital improvements must be approved in accordance with the provisions of the Bylaws of the Association which are incorporated herein as though fully set forth.

Section Five: Rate of Assessment. Both annually or regular and special assessments shall be fixed at a uniform rate for all lots.

Section Six: Initial Assessment The initial assessment which shall be paid by any Developer, other than the Declarant, who acquires a lot from the Declarant shall be $300.00 for each lot so acquired, which amount will be paid directly to Homeowners

Association to pay for and defray the expenses of the Association incurred prior to the collection of annual dues as provided for in Section Ten below.

Section Seven: Reimbursement Assessment. A reimbursement assessment of $300.00 shall be paid by each lot owner at the time of closing of each lot to the Developer to reimburse the Developer for the initial assessment paid by the Developer as set forth in Section Six above.

Section Eight: Street Repair, Maintenance and Cleaning. All Developers or owners shall use due diligence to avoid placing unnecessary dirt, debris, and any other material washing onto or coming on the road as a result of any construction activities and each Developer or owner shall at all times remain responsible for keeping the road clean of any such debris, dirt and material. In addition, all Developers or owners shall use due diligence to avoid causing any damage to the road or sidewalks and all roads and sidewalks and other improvements constructed by the Declarant as a condition for obtaining plat approval shall remain in the same condition as they were as of the date of final plat approval. In the event any public authority having jurisdiction shall require the Declarant to incur any expenses because of the failure of the owner or Developer to abide by the terms and provisions of this Declaration, then said Developer or owner shall reimburse the Declarant for the costs of those expenses. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, then, in that event, the Association shall reimburse the Declarant for

any expenses incurred by the Declarant in connection with the maintenance and cleaning of the above referenced improvements. Any Developer or owner who violates the provisions of this paragraph shall reimburse the Declarant upon request for any expenses incurred by Declarant because of the failure of the Developer or owner to abide by the terms and provisions of this Declaration. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, in that event the Homeowners Association shall reimburse the Declarant for any expenses incurred by the Declarant. Regardless of any other provision in this Declaration, this paragraph cannot be amended for a period of ten (10) yeas after recording of this Declaration.

Section Nine: Maintenance of Sewer/Storm Drain System. All Developers or owners shall use due diligence to avoid materials from washing into or being put into the sewer/storm water drain system as a result of construction activities conducted by the Developer or owner which would include any sediment, cement slurry, or any other material washing off of or coming off of any lot upon which a Developer or owner are constructing a residence and flowing into the sewer/storm water drain system. Each Developer or owner agrees to indemnify the Declarant from any costs or charges which the Declarant may be required to incur by the City of Bothell in connection with the cleaning and maintenance of the storm water facility system as a result of any violation of this paragraph by such Developer or owner and that this liability on the part of the Developer or owner shall be joint and several. Any Developer or owner who violates the provisions of this paragraph shall reimburse the Declarant upon request for any expenses incurred by Declarant because of the failure of the Developer or owner to abide by the terms and provisions of this Declaration. In the event any Developer or owner does not pay the same upon request, then the Declarant shall have a lien against the property of said Developer or owner to secure payment of said reimbursement. In the event it cannot be determined which Developer or owner was responsible for the violation of the above referenced provisions, in that event the Homeowners Association shall reimburse the Declarant for any expenses incurred by the Declarant. Regardless of any other provision in this Declaration, this paragraph cannot be amended for a period of ten (10) years after recording of this Declaration.

All Developers or owners shall maintain the storm system including, but not limited to, the conveyance lines, vault, and release points. The vault shall be cleaned out on a regular maintenance schedule pursuant to City of Bothell regulations, but not less than once a year. Any repairs that become necessary shall be completed in a timely manner.

Owners and all persons having any present or subsequent ownership interest in these lands, and the successors and assigns of owners or other parties having any interest, hereby agree that the City of Bothell shall be defended and held harmless in all respects from any and all claims for damages and/or injunctive relief which may be occasioned now

or in the future to persons, land, or improvements by reason of the construction, operation, and maintenance of the drainage system, and hereby waive and release the City of Bothell from any and all claims for damages or injuries to persons by reason of construction, maintenance, and operation of said drainage system. This covenant cannot be repealed or amended without written consent of the City of Bothell.

The City of Bothell is a third party beneficiary of the maintenance of open space, traffic islands, storm drainage detention facility and all storm drainage pipes and structures not on public right of way with the right, but not the obligation, to cause enforcement. This covenant cannot be amended or repealed without the written consent of the City of Bothell.

All underground and surface storm water facilities and improvements constructed as part of this plat not located on public roadways shall be maintained in perpetuity by the Crystal Creek Townhomes II Homeowners Association. Said homeowners association shall hold harmless and indemnify the City of Bothell, it's officials and employees from all costs, expenses, and damages arising from the maintenance or lack of maintenance of the storm drainage facilities by said homeowners association. The City of Bothell is hereby granted the right to enter onto the private drainage easement areas and tracts C & J for necessary emergency purposes and inspection. This right of entry, however, shall not be deemed a grant to the public for access or any other purposes.

Following original reasonable grading of roads and ways hereon, no drainage waters on any lot or lots shall be diverted or blocked from their natural course so as to discharge upon any public road rights of way to hamper proper drainage. The owner of any lot or lots, prior to making an alteration in the drainage system after the recording of the plat, must make application to and receive approval from the Director of the Department of Public Works for said alteration. Any enclosing of drainage waters in culverts or drains or rerouting thereof across any lot as may be undertaken by or for the owner of any lot shall be done by and at the expense of such owner, after acquiring a culvert permit from the Department of Planning and Development Services, if required, and subject to any other existing permitting requirements therefore.

Section Ten: Assessment. Each lot owner purchasing from a developer or Declarant shall pay a monthly assessment of $120.00 per lot, which assessment shall be paid upon closing and if the sale shall close during any month, then the monthly dues shall be prorated as of the date of closing. Said monthly assessment shall be due on or before the 1st of the month in which the assessment is due. The above referenced monthly assessment and any subsequent annual assessments shall be paid to the Homeowners Association who shall then pay for the expenses of the Association as required under the terms of this Declaration. In the event the expenses of the Association are in excess of the assessments collected, then the Developers who subsequently purchase from the Declarant shall pay the difference to the Association on a pro rata basis as determined by the number of lots owned by all such Developers. At such time as there had been sufficient

assessments collected by the Association, then said Developer shall be reimbursed. The Declarant shall not be responsible or liable for the payment of any assessment against any lot owned by the Declarant.

Section Eleven: Certificate of Payment. The Association shall, upon written demand, furnish a certificate in writing setting forth whether the assessment on a specified Lot has been paid. A reasonable charge may be made for the issuance of the certificate. Such certificate shall be conclusive evidence of payment of any assessment stated to have been paid.

Section Twelve: Fines Treated as Special Assessments. Any fines levied by the Association pursuant to RCW Chapter 64.38 (or successor statute authorizing the imposition of fines) shall be treated as a special assessment of the Owner fined, and may be collected by the Association in the manner described in this Declaration.

Section Thirteen: Working Capital Charge. Each purchaser of a lot, after a residence has been constructed thereon, at the time of closing, shall pay to the Association a working capital fund charge of $240.00 which shall be held by the Association to fund both the operating and capital fund expenditures of the Association as determined by the Board. This amount shall be paid in addition to the monthly assessment paid pursuant to Article Seven, Section Ten in the Declaration.

ARTICLE EIGHT: COLLECTION OF ASSESSMENT

Section One: Lien - Personal Obligation. All assessments, together with interest and the cost of collection shall be a continuing lien upon the Lot against which each such assessment is made. The lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment was due. No Owner may waive or otherwise avoid liability for assessments by non-use of the Common Areas or abandonment of the Lot.

Section Two: Delinquency. If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from said date at twelve percent (12%), or, in the event that twelve percent (12%) exceeds the maximum amount of interest that can be charged by law then the rate will be that amount which can be charged by law. A late charge of Fifty and No/100 Dollars ($50.00) shall be charged for any payment more than ten (10) days past due. Each Member hereby expressly grants to the Association, or its agents, the authority to bring all actions against each Member personally for the collection of such assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an actions brought in the name of the Association in a like manner as a mortgage of real property, and such Member hereby expressly grants to the Association the power of sale in connection with

such liens. The liens provided for in this section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid at a foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot obtained by the Association.

Section Three: Suspension of Voting Rights. In the event any Member shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, the Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws or Declaration.

Section Four: Enforcement of Assessments. The Board may take such action as is necessary, including the institution of legal proceedings, to enforce the provisions of this Article. In the event the Board begins an action to enforce any such rights, the prevailing party shall be entitled to its attorney's fees, costs and expenses incurred in the course of such enforcement action as provided in this Declaration.

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS

Section One: Appointment of ACC. The Declarant reserves the right to appoint any member or members of the ACC until the Declarant and all Developers have sold and conveyed all of the lots held in the name of the Declarant or Developer. This right shall automatically terminate at such time as the Declarant and any Developer no longer owns any lots within the plat of Crystal Creek Townhomes II. During this period the Declarant reserves the right to appoint a majority of the members of the ACC and each Developer has the right to appoint one member to the ACC. All decisions of the majority of the members of the ACC shall be final and binding. At the expiration of the time period in which the Declarant and the Developer has the right to appoint members to the ACC then the Board of the Association shall appoint up to three members of the ACC or if members of the ACC resigns and no replacements assume that office then the Board shall act as the ACC until members of the ACC are appointed or take office.

Section Two: Authority of ACC After Development. At the expiration of the Developers management authority, the ACC shall have the authority and obligation to manage and administer the review of building plans, specifications and plot plans and such other submissions as described in Section Five herein, and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for the ACC in the Association's Articles, Bylaws, Rules and Regulations, as initially adopted, or as amended, and all the authority granted to the ACC by this Declaration.

Section Three: Delegation of Authority of ACC. The ACC or the Declarant may delegate any of its duties, powers, or functions described in this Article to any person, firm, or corporation.

Section Four: Approval by ACC Required. Except as to construction, alteration, or improvements performed by the Developer, no construction activity of any type including clearing and grading, cutting or transplanting of significant natural vegetation may begin on a Lot or Common Area and no building, structure, fence or other improvement shall be erected, placed or altered on any Lot or Common Area until, at a minimum, the building plans, specifications, plot plans, and landscape plan showing the nature, kind, shape, height, materials, exterior color and location of such building, structure or other improvements have been submitted and approved in writing by the ACC or its authorized representative as to harmony of exterior design and location in relation to and its effect upon surrounding structures and topography. Further, no fences, hedges or walls shall be erected or altered and no significant exterior changes shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained. In no event may any alteration of vegetation or grading or any other activity that physically modifies the characteristics of the storm water facilities be commenced without written authorization from the City of Bothell.

Section Five: Time Limits. If the ACC or its authorized representative shall fail to notify the Owner of its action for a period of thirty (30) days following the date of the submission of the required information to the ACC, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the ACC or its authorized representative. The required information shall be considered submitted to the ACC upon personal delivery of a complete set of all required information to the person designated to receive such items by the ACC or by mail three days after deposit in the U.S. Mail, postage prepaid, certified, return receipt requested, to the ACC in care of the Board of Directors of the Association at the address designated in the most recent notice of assessment by the Board, or at such other address as is designated by the Board by written notice to the Members.

Section Six: Guidelines. The ACC may adopt and amend, subject to approval by the Board, written guidelines to be applied in its review of plans and specifications, in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering Real Property. If such guidelines are adopted, they shall be available to all interested parties upon request.

Section Seven: Meetings. The ACC shall meet as is necessary to review any plans or specifications provided pursuant to this Section, and shall keep and maintain a record of all actions taken at meetings or otherwise.

Section Eight: No Waiver. Approval by the ACC of any plans, drawings or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification or matter submitted for approval.

Section Nine: Consultation. The ACC may retain and consult persons or entities to assist in the evaluation of plans submitted to the Board for review.

Section Ten: Appeals. After the Development Period, the Board shall serve as an appellate panel to review decisions of the ACC upon request of a party aggrieved by the ACC's decision. The Board shall provide, through rules and regulations, a procedure by which decisions of the ACC may be appealed to the Board. The Board may choose, in its discretion, to limit the scope of such appeal and provide time limitations for appeals to be made to the Board.

Section Eleven: Enforcement. The ACC may recommend and request that the Board initiate legal proceedings to enforce the terms of these covenants or orders of the ACC. Legal proceedings may only be instituted, however after approval of the Board.

Section Twelve: No Liability. The ACC, its agents and consultants shall not be liable to the Association, its members, to any Owner or to any other person for any damage, loss or prejudice resulting from any action or failure to act on a matter submitted to the ACC for determination, or for failure of the ACC to approve any matter submitted to the ACC. The ACC shall not be liable for any damage, loss or prejudice resulting from any action by a person who is delegated a duty, power or function by the ACC.

Section Thirteen: Fees. The ACC may charge a fee for the review of any matter submitted to it. Any fee schedule adopted by the ACC must be approved by the Board.

Section Fourteen: Temporary Structures Prohibited. No basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary or moveable character erected or placed on the Properties shall at any time be used as living quarters except as specifically authorized by the ACC.

Section Fifteen: Nuisances. No noxious or undesirable thing, activity or use of any Lot in the Properties shall be permitted or maintained. If the ACC shall determine that a thing or use of property is undesirable or noxious, such determination shall be conclusive. The ACC may recommend and the Board may direct that steps be taken as is reasonably necessary, including the institution of legal action or the Imposition of fines in the manner authorized by RCW Chapter 64.38, to abate any activity, remove anything or terminate any use of property which is determined by the ACC or described in this Declaration to constitute a nuisance.

Section Sixteen: Building Type: No structures of any kind shall be erected or permitted to be maintained on any lot other than single family residences, garages,

workshops and structures normally accessory to such residences which have been approved in accordance with the provisions of the Declaration. No carports will be allowed and all garages must have doors. All dwellings shall be of a "stick-built" variety. Mobile and manufactured homes, and modular homes are specifically not permitted. A two car or a three car garage are permitted and they shall be incorporated in or made part of the dwelling house and no detached garages shall be permitted except with express written approval by the Architectural Control Committee or the Declarant if the same is erected during the development period.

Section Seventeen: Use of Lots. All Lots within the property shall be used solely for private single-family residential purposes; however in home businesses shall be permitted subject to the approval of the ACC and provided that the applicant for such a business has obtained the appropriate permit and approvals from the City of Bothell and that in home business is conducted subject to all of the restrictions and provisions imposed by the City of Bothell as it relates to in home businesses and daycare facilities.

Section Eighteen: Limitation on Animals. No animals, except dogs, cats, caged birds, fish in tanks, and other small household pets, will be permitted on Lots. Dogs shall not be allowed to run at large or to create a disturbance for other Owners in the plat. No animals will be allowed to be leashed, chained, or otherwise tied to any portion of the front or sides of Residences. Leashed animals are permitted within rights-of-way when accompanied by their owners. The person accompanying the animal must exercise "scooping" of animal waste. All pens and enclosures must be screened from view of other Residences and Lots and must be approved by the Committee prior to construction and shall be kept clean and odor free at all times. If the investigation of the Board indicates that animals are kept in violation of this Section, the Declarant, during the development period, or the Board thereafter, will give the Owner ten (10) days written notice of the violation. Such violation must be remedied by the Owner within such ten (10) day period. Failure to comply with the written notice will result in a fine of $25.00 per day. Any fine imposed by this Section shall be the personal obligation of the fined Owner and a lien on the Lot of the fine owned. The Association shall be entitled to attorneys' fees and costs for any action taken to collect such fines in accordance with the provisions of this Declaration.

Section Nineteen: Completion of Construction. The work and construction of all buildings and structures shall be pursued diligently and continuously from the commencement of construction until structures are fully completed and painted. All structures shall be completed as to external appearance, including finish painting, within eight months of the date of commencement of construction unless an extension has been granted by the ACC. The building areas shall be kept in a reasonably clean and workmanlike manner during construction. All lots shall be kept in a neat and orderly condition, free and brush, weeds, vines and debris. The grass thereon shall be cut and mowed at sufficient intervals to prevent creation of a nuisance or fire hazard.

Section Twenty: Landscape Completion and Standards. The entire front, back and side yards, including up to the edge of the hard surface of the street front, shall be landscaped in accordance with the provisions of this section and said landscaping shall be installed and completed within sixty days of the date of occupancy. If inclement weather conditions prevent the timely installation of said landscaping improvements, the lot owner must make application to the ACC for an extension of time until weather conditions sufficiently improve.

Section Twenty One: Unsightly Conditions. No unsightly conditions shall be permitted to exist on any Lot. Unsightly conditions shall include, without limitation, laundry hanging or exposed in view for drying, litter, trash, junk or other debris; inappropriate, broken or damaged furniture or plants; non-decorative gear, equipment, cans, bottles, ladders, trash barrels and other such items; and no awnings, air conditioning units, heat pumps or other projections shall be placed on the exterior walls of any housing Unit unless prior written approval shall have been obtained from the ACC.

Section Twenty Two: Antennas, Satellite Reception. Satellite dishes of no more than one meter in diameter or diagonal measurement are permitted on the Properties with written ACC approval of the location of the satellite dish in the manner described in this Declaration. Except as provided above, no radio or television antenna or transmitting tower or satellite dish shall be installed on the exterior of any home without written approval of the ACC obtained pursuant to Section Four, and a showing by the Owner that such installation will be visually shielded from the view of the residents traveling upon streets located on the Properties.

Section Twenty Three: Setbacks. No building shall be located on any Lot nearer to the front lot line or nearer to the side street than the minimum building setback lines adopted by the governmental authority with jurisdiction over the Properties.

Section Twenty Four: Roofs. Roofs on all buildings must be finished with materials approved for use by the ACC or its authorized representatives. More than one type of material may be approved.

Section Twenty Five: Fences, Walls. Fences, walls, or shrubs are permitted on side and rear property lines, provided that on side property lines they do not extend beyond the front wall (facade) of the primary residence, and subject further to (i) the approval of the ACC; and (ii) determination of whether such fence, walls or shrubs would interfere with utility easements reflected on the face of the plat and other easements elsewhere recorded. In no event shall any fence be allowed between the front lot line and the front wall facade of the primary residence. No barb wire, chain link, corrugated fiber glass fences shall be erected on any lot, except that chain link fencing for a sports facility enclosure may be considered for approval by the ACC upon request. All fences of any size constructed on the premises and where ever located must be constructed, painted (or stained if applicable) in accordance with the association guidelines for design and color. A

copy of the guidelines initially adopted by the Declarant and the Association may be attached to this Declaration. The initial color specified for fences shall be stated in that guideline. Any fence constructed which fails to conform with the guidelines shall be removed by the owner or modified to conform with the guidelines. The Board or the ACC may change these guidelines from time to time, and upon adoption of the change in the fence guidelines, this Article shall be deemed to have been amended to conform with the new guidelines as adopted. In the event that an alternative type of fence (such as a different design or chain link material) is required to comply with the requirements of any governmental jurisdiction, such alternative type of fence shall be exempt from these restrictions, and may be constructed as required by the governmental jurisdiction.

Section Twenty Six: Underground Utilities Required. Except for any facilities or equipment provided by the Declarant or any utility, all electrical service, telephone lines and other outdoor utility lines shall be placed underground.

Section Twenty Seven: Vehicle Parking and Storage. Vehicle Parking on the streets within Crystal Creek Townhomes II shall be limited to only visitor parking and shall be on a temporary basis only as determined by the Association. No vehicle, boat, or trailer shall be parked on any common areas. Vehicle may only be parked on designated and approved driveways or parking areas on lots which are hard surfaced. Except as expressly provided herein, Lots shall not be used for the storage and/or overnight parking of any vehicle other than single family automobiles, pickup trucks, motorcycles, and commercial vehicles operated by the person residing on that Lot (provided that such commercial vehicles contain only single axles). Boats, boat trailers, house trailers, campers, trucks with a camper, recreational vehicles, or similar vehicles may not be stored and/or parked overnight on any part of the Lot except as specified herein. No inoperable vehicles of any kind shall be parked, stored, maintained, or constructed on any Lot unless stored in a garage. Lot Owners may park/store a commercial vehicle (that exceeds the size restriction described above, boat, boat trailer, house trailer, camper, truck with camper, or recreational vehicle or similar vehicle on the Lot provided that it is screened from view from the street and/or another Lot and further provided that the screening constructed by the Lot Owner is approved for construction in conformity with specifications approved by the ACC. Upon 48 hours notice to the Owner of an improperly parked vehicle, the Board has the authority to have the same towed, at the Owner's expense, any such vehicles improperly parked which are visible from the right-of-way or adjacent residence, have been parked thereon for more than 24 hours.

Notwithstanding the foregoing, Lot Owners who have visiting guests who have a camper, trailer, or other form of vehicle which is prohibited from being parked or stored on a lot unless screened from view, may secure permission from the ACC for guests to park a vehicle upon the lot for a period not to exceed two weeks in any calendar year. This privilege shall only exist, however, after written permission has been obtained from the ACC or its authorized representative. Any Lot Owner that stores a recreational vehicle

either on site or off site may park the vehicle on the driveway for purposes of preparing the same either for departure or for return. In any event, this period shall not exceed 24 hours.

Section Twenty-Eight: Signs. No signs, billboards, or other advertising structures or device shall be displayed to the public view on any lot except (1) not to exceed twenty four inches in height and thirty six inches in width may be placed on a lot to offer the property for sale or rent and with the exception of any entry monumentation and signage which may be installed by the Declarant. Political yard signs, not more than three square feet in area, of a temporary nature, not to exceed thirty days will be allowed during campaign periods on lots. Within five days after the date of the election to which the sign refers, such signs must be removed from lots. This section, including but not limited to the restrictions on the number of signs and sign size limit shall not apply to signs approved under this Declaration by the Declarant during the development period. In the event a lot shall be permitted to have a daycare facility situated thereon in conformity with the provisions of this Declaration and the City of Bothell Municipal Code, the ACC may permit signage with respect to said business subject to such restrictions as may be determined by the ACC.

The Declarant may establish, for the duration of the development, signage guidelines and standards for lot identification, realtor identification signs, "for sale" signs and other signage that may be placed by parties other than the Declarant on any part of the lots within Crystal Creek Townhomes II, the common areas, or the public rights-of-way. The Declarant may also develop an overall theme for signage within the project, including specific requirements for physical sign installations and size requirements, which theme will then become a part of the established guidelines and standards for signage in Crystal Creek Townhomes II during the development period.

During the development period, the Declarant shall have the sole and exclusive right to approve, in the Declarant's sole discretion, any and all signage installations within any part of the real property encompassed within the plat of Crystal Creek Townhomes II, including the adjacent rights-of-way. Each owner of a lot in Crystal Creek Townhomes II and any Developer or real estate agent on behalf of an owner, shall submit any proposed signs to the Declarant for approval prior to the installation of the signs.

Any signs not specifically approved by the Declarant found anywhere within Crystal Creek Townhomes II, the common areas, or on any lot, or on adjacent rights-of-way may be promptly removed and disposed of by Declarant. This absolute right of the Declarant to remove unauthorized signs from the property or adjacent rights-of-way specifically includes, but is not limited to, the Declarant's right to remove any and all signs placed by real estate agencies or their representatives, including temporary reader board signs and other signage installations.

No person, including but not limited to, the person or persons owning any interest in the signs removed, shall be entitled to compensation of any kind for signs removed by Declarant pursuant to the section.

The Board may cause any sign placed on the property or any adjacent rights-of-way in violation of this Declaration to be removed and destroyed without compensation of any kind to anyone including, but not limited to any persons having any ownership interest in the sign. This section shall not apply to signage placed by Declarant.

An owner of a lot who shall fail to remove a sign prohibited herein within twenty four hours after receiving notice of either the ACC or the Association to remove said sign, then said owner shall pay to the Association the sum of $500.00 for each day or portion thereof that the sign is in existence until removed.

Additional signage may be installed by Declarant during the development period to promote the sale of lots or houses and to promote Declarant's project and company and representatives. Notwithstanding anything in this Declaration of the contrary, signs placed by the Declarant shall not be subject to any sign restrictions and specifically shall not be subject to the limitations set forth in this Declaration on the number of signs and size of signs. The Declarant shall also not be subject to any guidelines or standards established by Declarant for other parties pursuant to this Declaration.

Under no circumstances shall the Declarant be liable for, or be required to pay, for all or any part of the construction, installation or maintenance of any signs which are placed on any lot not owned by the Declarant. This section shall apply even if Declarant requires an owner to place a sign pursuant to this Declaration.

Section Twenty-Nine: Easements for Enforcement Purposes: Owners hereby grant to the Association an express easement for the purpose of going upon the Lots of Owners for the purpose of removing vehicles or other similar objects which are parked or stored in violation of the terms of this Declaration.

Section Thirty: Excavation and Fill. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation nor fill shall be made nor shall any dirt be removed from any Lot herein. Grading permits will be required by the City of Bothell for any combination of excavation and fill that exceeds 50 cubic yards.

Section Thirty One: Drainage. The owner of any lot shall not take any action which would interfere with surface water drainage across that lot either through natural drainage or by drainage easements. Any change of drainage, either through natural drainage areas or through drainage easements must be approved by the ACC. All drainage improvements must be completed prior to occupancy in accordance with the drainage plan submitted to the ACC and the City of Bothell.

Section Thirty Two: Use During Construction. Except with the approval of the Board, no persons shall reside upon the premises of any Lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the Board have been completed.

Section Thirty Three: Garbage and Refuse. No garbage, refuse, rubbish, cuttings or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from public view. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section Thirty Four: Tanks, Etc. No elevated tanks of any kind shall be erected, placed, or permitted on any part of such premises. Any tanks for use in connection with any residence constructed on such premises, including tanks for the storage of fuels, must be buried or walled sufficiently to conceal them from the view from neighboring Lots, roads, or streets. All clothes lines, garbage cans, equipment, coolers, wood piles, or storage piles shall be walled in or otherwise suitably screened to conceal them from the view of neighboring Lots, Common Areas, roads, or streets. Plans for all enclosures of this nature must be approved by the ACC prior to construction.

Section Thirty Five: Auto Repair. No major auto repair shall be permitted except within enclosed garages which are kept closed. The only repairs permitted on the balance of the Property are occasional casual repairs and maintenance activities such as tune-ups or oil changes.

Section Thirty Six: Exterior Finish. The exterior finishes on the front of houses shall be approved by the ACC. The entire residence must be painted or stained in colors approved by the ACC. All metal fire place chimneys shall be either wood or stone wrap.

Section Thirty Seven: Driveways. That all driveways including any access to the rear yard of any residence shall be of a hard surface construction of either concrete or washed aggregate or of such other material as shall be approved by the ACC and shall be completed prior to final building inspection.

Section Thirty Eight: Maintenance of Structures and Grounds. Each owner shall maintain his lot and residence thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard.

Section Thirty Nine: Firearms. The use of firearms is expressly prohibited.

Section Forty: Dirt bikes and/or ATV. No unlicensed motor vehicles, including motorcycles, dirt bikes, motor scooters, ATV's etc., shall be permitted on any road or common area within the plat, nor shall dirt bikes or ATV's be permitted to operate on any owner's lot.

Section Forty One: Damage Repair. All owners agree to repair immediately any damage to any utilities adjacent to their lot or lots, in the event any of the utilities are cracked, broken, or otherwise damaged as a result of dwelling construction activities, or other activities by owner, by persons acting for owner, or by persons in or around the property at the request or with the consent of the owner.

Section Forty Two: Building Materials. All homes constructed on each lot shall be built of new materials, with the exception of "decor" items such as used brick, weathered planking, and similar items. The Committee will determine whether a used material is a "decor" item. In making this determination, the Committee will consider whether the material harmonizes with aesthetic character of Crystal Creek Townhomes II development and whether the material would add to the attractive development of the subdivision. All siding and trim are to be re-sawn wood and/or vertical or horizontal type siding, brick, or authentic stone siding of a color approved by the Committee.

The exterior of all construction on any Lot shall be designed, built and maintained in such a manner as to blend in with the natural surroundings and landscaping. Exterior colors must be approved by the Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin.

The Committee or Board will establish an approval process and color guidelines. Any change of color as to the exterior of any existing home within Crystal Creek Townhomes II will be subject to the same approval process. These guidelines are subject to the approval by the City of Bothell Planning and Building Department.

Section Forty Three: Size of Residences. The square footage of living area for residences situated on lots shall be determined by the ACC.

Section Forty Four: Codes. All construction, including all landscaping, installation and maintenance requirements, shall conform to the requirements of all the applicable governmental codes (state, county, or city), including all uniform codes (building, mechanical and plumbing), in force at the commencement of the construction, including the latest revisions thereof.

Section Forty Five: Entry for Inspection. Any agent or member of the Declarant or any member of the architectural control committee may at any reasonable predetermined hour upon 24 hours notice during construction or exterior remodeling, enter and inspect the structure to determine if there has been compliance with the provisions of this Declaration. The above recited individuals shall not be guilty of trespass for such entry or inspection.

There is created an easement over, under, and across, residential lots for the purpose of making and carrying out such inspections.

Section Forty Six: Party Walls.

1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the dwelling units placed on the dividing line between lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

2. Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be paid by the Association.

3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who uses the wall may restore it and the other owner shall contribute one-half of the costs of restoration; subject, however, to the right of any such owner to call for a larger contribution from the other under any rule regarding liability for negligent or willful acts or omissions.

4. Weatherproofing. Notwithstanding any other provision of this Declaration, an owner, who by his negligence or willful acts, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against said elements.

5. Right to Contribution Runs With the Land. The right of any owner to contribution from ay other owner under this Declaration shall be appurtenant to the land and shall pass to such owner's successor in title.

6. Alteration of Party Wall Prohibited. No owner shall take any action which would result in the alteration, change, or in any way effect the structural integrity of the party wall including, but not limited to, the foundation, sheet rock or framing of said party wall. If any owner shall take any action in violation of this paragraph, then the Association shall have the right to take such action as the Association deems necessary in order to repair or restore said party wall to its former condition so that said party wall and the construction of the same shall be in compliance with all appropriate governmental rules and regulations including building codes of Snohomish County.

7. Cutoff of Power Prohibited. No lot owner shall shut down or terminate the power to the dwelling of said lot other than on a temporary basis for repair purposes. This prohibition will be strictly enforced since the operation of the smoke detection devices will be interrupted in the event power is shut down or terminated in any dwelling or residence.

8. Arbitration. In the event any dispute arises concerning a party wall, the matter shall be submitted to binding arbitration under the provisions of the Washington Arbitration Act.

Section Forty Seven: Authority to Adopt Additional Rules and Restrictions. The Association shall have the authority to adopt additional written rules and restrictions governing the use of the Properties, provided such rules and restrictions are consistent with the purposes of the Declaration, and to establish penalties for violation of those rules and restrictions. If rules and restrictions are adopted, they, along with the established penalties, shall be available to all Members upon request.

Section Forty Eight: Enforcement. The Association, or the Declarant during the Development Period, may, but is not required to, take any action to enforce the provisions of the Declaration available to it under law, including but not limited to imposition of fines as authorized by RCW Chapter 64.38, specific performance, injunctive relief, and damages. Any Member may also enforce the terms of this Article (although a Member may not impose a fine as authorized by RCW Chapter 64.38) but the Member must first obtain an order from a court of competent jurisdiction entitling the Member to relief. In the event that a Member takes any action to enforce the terms of this Article, the Association shall not be in any way obligated to join in such action, or pay any of the attorney's fees, costs and expenses incurred in such action.

Section Forty Nine: Rentals. The individual homeowner shall be able to rent their home to a second party provided the maximum percentage of rentals in Crystal Creek Townhomes II does not exceed 15% of the total number of homes, which shall be nine, in the development.

ARTICLE TEN: EASEMENTS

Section One: Easement for Encroachments. Each Lot is, and the Common Areas are subject to an easement for encroachments created by construction, settlement, and overhangs as designed or constructed by the Declarant, and a valid easement for encroachments and for maintenance of the same as long as said improvements remain.

Section Two: Easements on Exterior Lot Lines. In addition to easements reserved on any plat of the Properties or shown by instrument of record, easements for utilities and drainage are reserved for the Declarant or its assigns, ten feet over the rear, front, and sides of each Lot, and over, under, and on the Common Areas. Within all of the easements, no structure, planting or fill material shall be placed or permitted to remain which may, in the opinion of the Board or ACC, damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels and the easements. Except those improvements for which a public authority, utility company or the Association is responsible, the Owner of such Lot shall maintain the easement area of each Lot and all improvements within it continuously.

Section Three: Association's and/or Owner's Easement of Access. The Association, the ACC, any owner, and their agents shall have an easement for access to each Lot and to the exterior of any building located thereon during reasonable hours as may be necessary for the following purposes: (a) cleaning, maintenance, or repair of any home or Lot as provided in this Declaration; (b) repair, replacement or improvement of any Common Area accessible from that Lot; (c) emergency repairs necessary to prevent damage to the Common Areas or to another Lot, or to the improvements thereon; (d) cleaning, maintenance, repair or restoration work which the Owner is required to do but has failed or refused to do; and (e) all acts necessary to enforce these Covenants.

Section Four: Easement for Declarant. Declarant shall have an easement across all Common Areas for ingress, egress, storage and placement of equipment and materials, and other actions necessary or related to the development or maintenance of the Real Property.

Section Five: Easements for Utilities. Each Lot, Townhome, and Common Area is subject to an easement for distribution of electrical, plumbing, and gas lines as necessary to provide service to the individual townhomes.

ARTICLE ELEVEN: MORTGAGEE PROTECTION

Section One: Mortgagees. Notwithstanding and prevailing over any other provisions of the Declaration, the Association's Articles of Incorporation or Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each Institutional First Mortgagee ("Mortgagee") which holds a Mortgage given for the purpose of obtaining funds for the construction or purchase of a Housing Unit on any Lot or the improvement of any Lot.

Section Two: Liability Limited. The Mortgagee entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, rule, Association Article of Incorporation or Bylaw, or management agreement, except for those matters which are enforceable by injunctive or other equitable relief, not requiring the payment of money, except as hereinafter provided.

Section Three: Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose the Mortgage, the Mortgagee or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

Section Four: Acquisition of Lot by Mortgagee. At such time as the Mortgagee shall become entitled to possession of the Lot, the Mortgagee shall be subject to all of the terms and conditions of the Declaration, and the Articles, Bylaws, rules and regulations of

the Association, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner; provided, however, the Mortgagee shall acquire the title to said Lot free and clear of any lien authorized by or arising out of any provisions of the Declaration which secure the payment of any assessment for charges accrued prior to the date the Mortgagee became entitled to possession of the Lot.

Section Five: Reallocation of Unpaid Assessment. If it is deemed necessary by the Association, any unpaid assessment against a Housing Unit foreclosed against may be treated as a common expense of other Lots. Any such unpaid assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Lot to the Association.

Section Six: Subordination. The liens for assessments provided for in this instrument shall be subordinate to the lien of any Mortgage, or other security interest placed upon a Lot or Housing Unit as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest.

Section Seven: Mortgagee's Rights. Any Mortgagee shall have the right on request therefore to (a) inspect the books and records of the Association during normal business hours; (b) receive an annual audited financial statement of the association within (90) days following the end of any fiscal year; and (c) receive written notice of all meetings of the Association and designate a representative to attend all such meeting.

Section Eight: Limitation on Abandonment of Common Areas. The Association shall not, without the prior written approval of sixty-seven percent (67%) of the Mortgagees, seek to abandon the Common Areas for reasons other than substantial destruction or condemnation of the property.

Section Nine: Notice. If such notice has been requested in writing, Mortgagees shall be entitled to timely written notice of: (a) substantial damage or destruction of any Housing Unit or any part of the Common Areas or facilities; (b) any condemnation or eminent domain proceedings involving any Housing Units or any portion of Common Areas or facilities; (c) any default under this Declaration or the Articles, Bylaws or rules and regulations of the Association by an Owner of any Housing Unit on which it holds the mortgage which is not cured within thirty (30) days; (d) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Housing Unit on which it holds the mortgage; (e) ten (10) days' prior written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specific percentage of Mortgagees.

ARTICLE TWELVE: MANAGEMENT CONTRACTS

Each Member hereby agrees that the Association and the ACC may enter into agreements for the performance of any or all of the functions of the Association and the ACC with such persons or entities as the Association deems appropriate; however, any agreement for professional management of the Properties, or any other contract providing for services by the Declarant must provide for termination by either party without cause after reasonable notice.

ARTICLE THIRTEEN: INSURANCE

Section One: Coverage. The Association may purchase as a Common Area Expense, shall have authority to, and may obtain insurance for the Common Areas against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement value in the event of damage or destruction. It may also obtain a comprehensive public liability policy covering the Common Areas. The comprehensive public liability coverage shall be in an amount to be determined by the Association. It may also obtain insurance to cover the Board, the ACC, its agents and employees from any action brought against them arising out of actions taken in furtherance of the Association's duties under this Declaration.

Following the development period, all such insurance coverage shall be written in the name of the Association as trustee for each of the Members of the Association. The Association shall review the adequacy of the Association's insurance coverage at least annually. All policies shall include a standard mortgagee's clause and shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to any and all insured named therein, including Owners and Institutional First Mortgagees that have requested notice.

Section Two: Replacement, Repair After Loss. In the event of the damage or destruction of the Common Areas covered by insurance written in the name of the Association, the Association may, upon receipt of the insurance proceeds, and to the extent of such proceeds contract to rebuild or repair such damaged or destroyed portions of the Common Areas to as good a condition as they were when the loss occurred; provided, however, that the Association's election not to rebuild the Common Areas shall require the approval of two-thirds (2/3) of the Association. The Association may in its sole discretion contract with any contractor for reconstruction or rebuilding of such destroyed portions of the Common Areas.

ARTICLE FOURTEEN: RULES AND REGULATIONS

The Association and/or its Board of Directors is hereby authorized and empowered to adopt rules and regulations governing the use of the Properties and the personal conduct

of the Members and their guests thereon, and to establish penalties for the infraction thereof, in the manner described by RCW Chapter 64.38, the Bylaws and any resolutions passed by the Board. All Lot Owners shall be given written notice of the rules and regulations in the manner required by RCW Chapter 64.38.

ARTICLE FIFTEEN: REMEDIES AND WAIVER

Section One: Remedies Not Limited. The remedies provided herein, including those for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, the ACC, or Declarant, are in addition to, and not in limitation of, any other remedies provided by law.

Section Two: No Waiver. The failure of the Association, the ACC, the Declarant or of any of their duly authorized agents or any of the Owners to insist upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings, shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or implied, unless such waiver shall be in writing and signed by the Board of Directors of the Association pursuant to authority contained in a resolution of the Board of Directors.

ARTICLE SIXTEEN: CONDEMNATION

In the event of a partial condemnation of the Common Areas, the proceeds shall be used to restore the remaining Common Area, and any balance remaining shall be distributed to the Association.

In the event that the entire Common Area is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the condemnation award shall be distributed to the Association.

No proceeds received by the Association as the result of any condemnation shall be distributed to a Lot Owner or to any other party derogation of the rights of the First Mortgagee of any Lot.

ARTICLE SEVENTEEN: GENERAL PROVISIONS

1. Binding Effect. All present and future Owners or occupants of Lots shall be subject to and shall comply with the provisions of this Declaration, and the Bylaws and rules and regulations of the Association, as they may be amended from time to time, are

accepted and ratified by such Owner or occupant, and all such provisions shall be deemed, and taken to be covenants running with the land and shall bind any person having at the time any interest or estate in such Lot, as though such provisions were recited and stipulated at length in each and every deed and conveyance or lease thereof.

2. Enforcement by Court Action. The Association, the Declaration, the ACC, the Homeowner's Association, or any lot owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Should the Association or any Owner employ counsel to enforce any of the foregoing covenants, conditions, reservations, or restrictions, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the Owner found to be in violation of said condition, covenants, reservation, or restriction, or found to be delinquent in the payment of said lien or charge.

3. Enforcement by Self Help. The Declarant, the ACC, the Association, or the duly appointed agent of either, may enter upon any lot, which entry shall not be deemed a trespass, and take whatever steps are necessary to correct a violation of the provisions of this Declaration; provided this provision shall not be construed as a permission to breach the peace.

4. Condition Precedent to Action. Prior to taking action either by court or by self help, written notice shall be given to the offending lot owner. Such notice shall specify the nature of the offense and shall also specify the action necessary to cure. Such action shall also provide a reasonable opportunity to cure which, except in the case of an emergency, shall not be less than 30 days.

5. Expenses of Action. The expenses of any corrective action or enforcement of this declaration, if not paid by the offending owner within thirty (30) days after written notice and billing, may be filed as a line upon such lot, enforceable as other liens herein.

6. Owner Objection. Should a lot owner object to the complaints of the Declarant, the Association or ACC in writing within a period of fifteen (15) days after the complaint is made and, further, should the parties not agree on property maintenance or other matters complained of, the matter shall be submitted to arbitration. The arbitration shall be binding upon the parties. If the parties cannot agree upon an arbitrator, each party shall choose one arbitrator and they, in turn, shall choose a third. The arbitration shall be conducted in accordance with the rules of arbitration under the laws of the State of Washington in existence at the time of any such arbitration.

7. Costs and Attorneys Fees. In the event of legal action, the prevailing party shall be entitled to recover actual costs and attorney fees. For the purposes of this declaration "legal action" shall include arbitration, law suit, trial, appeals, and any action, negotiations, demands, counseling or otherwise where the prevailing party has hired an

attorney. It is the intent of this provision to reimburse the prevailing party for all reasonable attorney fees and actual costs incurred in defending or enforcing the provisions of this Declaration, or the owner's rights hereunder.

8. Failure to Enforce. No delay or omission on the part of the Declarants or the Owners of other Lots in exercising any rights, power, or remedy provided in this Declaration shall be construed as a waiver or acquiescence in any breach of the covenants, conditions, reservations, or restrictions set forth in the Declaration. No action shall be brought or maintained by anyone whatsoever against the Declarants for or because of its failure to bring any action neither for any breach of these covenants, conditions, reservations, or restrictions, nor for imposing restrictions that may be unenforceable.

9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions that shall remain in full force and effect.

10. Interpretation. In interpreting this Declaration, the term "person" may include natural persons, partnerships, corporations, Associations, and personal representatives. The singular may also include the plural and the masculine may include the feminine, or vise versa, where the context so admits or requires. This Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Properties by providing a common plan for the development of Crystal Creek Townhomes II.

11. Term. This Declaration shall be effective for an initial term of 30 years, and thereafter by automatic extension for successive periods of 10 years each, unless terminated, at the expiration of the initial term or any succeeding 10 year term by a termination agreement executed by the then owners of not less than 75% of the lots then subject to this Declaration. Any termination agreement must be in writing, signed by the approving owners, and recorded with the County Auditor.

12. Perpetuities. In the event that any provision of this Declaration violates the rule against perpetuities, such provision shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator of the Association, or twenty-one (21) years after the death of the last survivor of all of the said incorporators' children and grandchildren who shall be living at the time this instrument is executed, whichever is later.

13. Method of Notice. Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given when personally delivered, deposited in the United States mail, postage prepaid, or when transmitted by facsimile.

14. Successors and Assigns. This Declaration binds and is for the benefit of the heirs, successors, and assigns of Declarant, the Declarant, the Members, and the Owners.

ARTICLE EIGHTEEN: AMENDMENT AND REVOCATION

Section One: Exclusive Method. This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

Section Two: Amendment by Declarant. Notwithstanding any other provision of this Declaration, this Declaration can be amended at any time by the Declarant prior to the time that 75% of the lots have been sold to others than Declarant builders. All lot owners agree to be bound by such amendment or amendments as made by the Declarant pursuant to this provision. Thereafter this Declaration can be amended only as provided for in this Declaration.

Section Three: Prior Approval by FHA/HUD. Regardless of whether or not 75% of the lots have been sold to others than Declarant builders, in the event any loan with respect to any lot or building constructed thereon is insured through either the Federal Housing Administration or the Department of Veterans Affairs or any programs sponsored by either such agency, then the insuring agency must give written approval before any of the following actions can be approved by either the Declarant or the lot owners:

1. Annexation of additional properties

2. Dedication of any properties

3. Amendment to this declaration

Section Four: Voting. This Declaration may be amended at any annual meeting of the Association, or at a special meeting called for such purpose, if sixty-seven percent (67%) or more of the Owners vote for such amendment, or without such meeting if all Owners are notified in writing of such amendment, and if sixty-seven percent (67%) or more of the Owners vote for such amendment by written ballot. Notice of any proposed amendment shall be given to all Owners not less than ten (10) days prior to the date of the annual meeting or of any special meeting at which the proposed amendment shall be considered. Notwithstanding any of the foregoing, fifty-one percent (51%) of all Institutional First Mortgagees who have requested notification of amendments must give prior written approval to any material amendment to the Declaration or Bylaws, including any of the following:

1. Voting rights;

2. Assessments, assessment liens and subordination of such liens;

3. Reserves for maintenance, repair and replacement of Common Areas;

4. Insurance or fidelity bonds;

5. Responsibility for maintenance and repair;

6. Contraction of the project or the withdrawal of property from the Properties;

7. The boundaries of any Lot;

8. Leasing of Housing Units other than as set forth herein;

9. Imposition of any restrictions on the right of an Owner to sell or transfer his or her Lot;

10. Any decision by the Association to establish self-management when professional management had been required previously by an Institutional First Mortgagee;

11. Restoration or repair (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.

12. Any action to terminate the legal status of the Properties after substantial destruction or condemnation occurs; or

13. Any provisions which are for the express benefit of Institutional First Mortgagees.

Section Five: Effective Date. Amendments shall take effect only upon recording with the Snohomish County Auditor of the county in which this Declaration is recorded.

Section Six. Protection of Declarant. For such time as Declarant shall own Lots located in the Properties there shall be no amendments to the Declaration, the Articles of Incorporation, the Bylaws of the Association, or any Rules and Regulations adopted by the Association which:

1. Discriminate or tend to discriminate against the Declarant's rights.

2. Change Article One ("Definitions") in a manner which alters the Declarant's rights or status.

3. Alter the character and rights of membership or the rights of the Declarant as set forth in Article Three.

4. Alter its rights as set forth in Article Five relating to architectural controls.

5. Alter the basis for assessments, or the Declarant's exemption from assessments.

6. Alter the number or selection of Directors as established in the Bylaws.

7. Alter the Declarant's rights as they appear under this Article.

Section Seven: Notice. Any notice required hereunder shall be deemed effective when personally delivered or three days after mailing by certified and regular mail to the owner of public record at the time of such mailing to such owner's address as it appears on the Snohomish County Assessor's tax records and to the street address of the lot(s) herein. Notices to lenders shall be sent to the last address the lender has given to the Association. The Association is not required to provide notice of any matter to any lender who has not notified the Association in writing of such lender's desire to receive notice, and/or has not given the Association written notice of the lender's address for receipt of notices. The Association shall not undergo investigation outside of its own records into the name or location of any lender or lien holder.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 1st day of August, 2007.

Canyon Creek I LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 1st day of August, 2007 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and D. Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
Residing at TACOMA
My commission expires: 2/1/10

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

EXHIBIT "A"

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE EAST ALONG THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, 506 FEET;

THENCE SOUTH 672 FEET;

THENCE EAST 17 FEET;

THENCE SOUTH 648 FEET, MORE OR LESS, TO THE SOUTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE WEST ALONG SAID SOUTH LINE 523 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ TO THE POINT OF BEGINNING;

EXCEPT THAT PORITON THEREOF CONVEYED TO SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1 BY DEED RECORDED UNDER RECORDING NO. 1730632, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE SOUTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, A DISTANCE OF 50 FEET, MORE OR LESS;

THENCE NORTHEASTERLY AND EASTERLY TO A POINT WHICH IS 30 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ AND 506 FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH 30 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SUBDIVISION;

THENCE WEST ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING;

AND EXCEPT COUNTY ROAD AS CONVEYED TO SNOHOMISH COUNTY BY DEED RECORDED UNDER RECORDING NO. 498457;

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN INSTRUMENT RECORDED UNDER RECORDING NO. 1217376;

SITUATE IN THE CITY OF BOTHELL, COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

ANALYSIS OF ANNUAL INCOME AND EXPENSES — OPERATING BUDGET

For Fannie Mae submissions, complete both pages of this form. For Freddie Mac submissions, complete this side only. Note: If developer control has terminated and the Home Owners Association has been controlled by Unit Owners for two or more years, Freddie Mac does not require this form.

TO BE COMPLETED BY SELLER/SERVICER, OWNERS ASSOCIATION, OR MANAGEMENT AGENT

Project Name CRYSTAL CREEK TOWNHOMES II (Lots 38-94)

Address or Location 1065 215TH PL SE - 21536 11TH CT. SE City BOTHELL State WA Zip 98021

STATEMENT OF ANNUAL PROJECT OPERATING BUDGET AND RESERVES FOR THE YEAR ____

COMPLETE ONLY THOSE ITEMS WHICH ARE PAID BY OWNERS ASSOCIATION WHICH INCLUDES SUBJECT UNIT.

Budget below is for ☑ Entire project ☐ Phase No. ____

ADMINISTRATIVE EXPENSES	
Office expenses, supplies, equipment rental, etc.	$ 700.00
Telephone	
Office salaries (itemize)	
Management fee (name of management firm)	6,840.00
Legal and audit	2,000.00
OPERATING EXPENSES	
Fuel	
Utilities (Gas $ ____ Electricity $ ____ Water & Sewer $ ____)	7,700.00
Trash & Garbage Removal	
Exterminating	
Supplies	
Gate, Fire Alarm Phone Lines, Monitoring	24,000.00
REPAIRS AND MAINTENANCE	
Decorating (exterior and interior)	
Cleaning expenses and supplies	
Snow removal	
Building maintenance and repairs	
Elevator maintenance and repairs	
Heating and air conditioning maintenance and repairs	
Pool maintenance and repairs	
Parking area maintenance and repairs	
Private street maintenance and repairs	
Gardening and yard maintenance and repairs including shrub replacement	28,224.00
Other (specify) Contingencies	1,900.00
Salaries (itemize including employee benefits and payroll taxes)	
Storm System	1,500.00
FIXED EXPENSES	
Real estate taxes (if PUD)	
Other (Taxes $ ____ Assessments $ ____ Regime Fees $ ____)	
Licenses	
Insurance premiums	3,500.00
Ground rent	
Recreational or other facilities rental	
TOTAL EXPENSES	76,364.00

REPLACEMENT RESERVES

List Each Item	Yrs. of Estimated Remaining Life	Expected Replacement Cost	Average Yearly Cost
Street Paving	40 Years	$ 150,000.00	$ 3,750.00
Front Gate	20 Years	20,000.00	1,000.00
Signage	30 Years	6,400.00	216.00
Park Equipment	20 Years	15,000.00	750.00

TOTAL REPLACEMENT RESERVES	$ 5,716.00
TOTAL ANNUAL EXPENSES AND REPLACEMENT RESERVES	$ 82,080.00

Project Annual Income from: Condo/PUD charges $ 82,080.00 Other $ ____ Total $ 82,080.00

Itemize other income ____

If the income is less than the budget, discuss deficit ____

Actual funds now held: for payment of operating expenses $ 0.00 in Replacement Reserve fund $ 0.00

No of Unit Owners over 30 days delinquent in Association charges 0 in Special Assessment charges 0

Explain any indebtedness or leases on the common area or parking, utilities, or other facilities (if none, so state) ____

Certified Correct: Organization Canyon Creek LLC

Date ____ By Paul Krakow Title Member

Seller/Servicer's Use Only

I certify that I have analyzed the above Statement of Operating Budget and Reserves. In my opinion, except as stated below, the items as set forth in this Budget appear sufficient to maintain the project, including replacement of major items, in a manner adequate to protect its marketability.

Comments on Budget and Reserves ____

Date ____ Organization Canyon Creek LLC

By Paul Krakow Title Member

200802290912.001

After Recording Return to
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611

NO EXCISE TAX REQUIRED

FEB 29 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

200802290912 2 PGS
02/29/2008 2 13pm $85 00
SNOHOMISH COUNTY, WASHINGTON

FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

CHICAGO 5742603 2/

Reference	200708020275
Grantor	Canyon Creek LLC, a Washington Limited Liability Company
Grantee	Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated)	A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W M
Assessor's Tax Parcel Numbers	27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No 200708020275, the Declarant does hereby amend said Declaration as follows

ARTICLE NINE. BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding Section Fifty Vehicle Parking for Lot 52 Lot 52 shall be entitled to one parking stall to the South of the Townhome as shown in Exhibit A attached hereto The parking space shall be included with Lot 52 and the ownership shall be transferable The only authorized individuals to use said space will be the owners and guests of Lot 52.

All the remaining terms and provisions of the Declaration shall remain in full force and effect, except as expressly modified and amended herein

200802290912.002

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to Declaration to be executed this 27 day of Feb, 2008

Canyon Creek LLC, a Washington Limited Liability Company

By _____
Paul Krakow, Member

By _____
D Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 28 day of February, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument

WITNESS my hand and official seal hereto affixed the day and year first above written

_____
Printed Name Sandra K. Lamar
NOTARY PUBLIC in and for the State of Washington,
residing at King Co
My commission expires. 07-19-09

SANDRA K LAMAR
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JULY 19, 2009

200808220409.001

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

200808220409 2 PGS
08/22/2008 1:54pm $85.00
SNOHOMISH COUNTY, WASHINGTON

NO EXCISE TAX REQUIRED

AUG 22 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART 39109 2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE SIX: MAINTENANCE AND COMMON EXPENSES, Section Three: Common Expenses by adding:

10. The cost of maintaining the wetland area shall be through a service contract with a yard service company and a monitoring contract by TALASAEA Consultants, Inc. which shall be paid by the Association.

Should the Association not maintain the wetland area to a standard acceptable to TALASAEA and/or the City of Bothell and/or the Declarant's Bond(s) is(are) pulled by the City of Bothell, the $7,500 set aside deposit to Declarant shall be used to correct the situation.

When the Association transfers all responsibility and/or liability from Declarant, the remaining deposit shall be returned to the Association.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this Second Amendment to Declaration to be executed this 18 day of June, 2008.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 18th day of June, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
residing at Tacoma
My commission expires: 2/1/10

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

200807080549.001

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

200807080549 5 PGS
07/08/2008 2:44pm $88.00
SNOHOMISH COUNTY, WASHINGTON

NO EXCISE TAX REQUIRED
JUL 08 2008
KIRKE SIEVERS, Snohomish County Treasurer
By KIRKE SIEVERS

STEWART 37701 5/41

THIRD AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.*
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

*Rec in Sno Co, WA

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty-One: Vehicle Parking for Lot 56. Lot 56 shall be entitled to one parking stall to the Northeast of the Townhome as shown in Exhibit A attached hereto. The parking space shall be included with Lot 56 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and guests of Lot 56.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this Third Amendment to Declaration to be executed this 7th day of July, 2008.

Canyon Creek LLC, a Washington Limited Liability Company

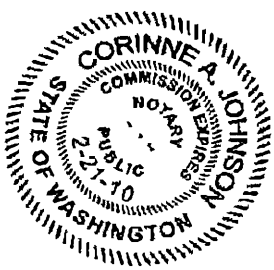
By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 7 day of July, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Printed Name: Corinne A Johnson
NOTARY PUBLIC in and for the State of Washington, residing at Puyallup
My commission expires: 2/21/10

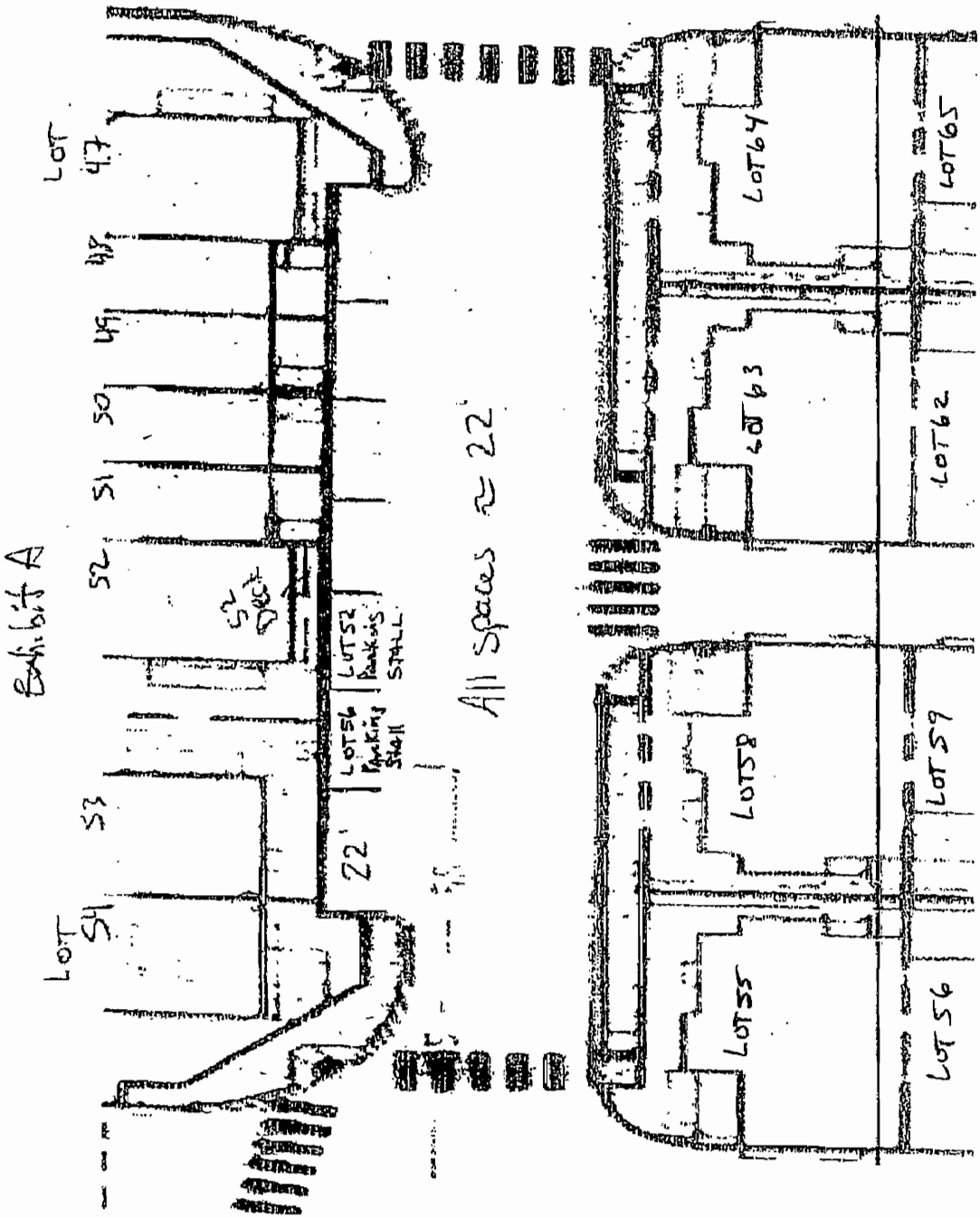


Exhibit A
LOT 47
48
49
50
51
52
53
LOT 54
52' Deed
LOT 52 Parking STALL
LOT 56 Parking Stall
22'
All Spaces ≈ 22'
LOT 64
LOT 63
LOT 58
LOT 55
LOT 65
LOT 62
LOT 59
LOT 56

EXHIBIT "A"

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W M DESCRIBED AS FOLLOWS

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE EAST ALONG THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, 506 FEET,

THENCE SOUTH 672 FEET,

THENCE EAST 17 FEET,

THENCE SOUTH 648 FEET, MORE OR LESS, TO THE SOUTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼,

THENCE WEST ALONG SAID SOUTH LINE 523 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE NORTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ TO THE POINT OF BEGINNING,

EXCEPT THAT PORITON THEREOF CONVEYED TO SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO 1 BY DEED RECORDED UNDER RECORDING NO 1730632, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS·

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼;

THENCE SOUTH ALONG THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼, A DISTANCE OF 50 FEET, MORE OR LESS,

THENCE NORTHEASTERLY AND EASTERLY TO A POINT WHICH IS 30 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼ AND 506 FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID NORTHWEST ¼ OF THE NORTHEAST ¼,

THENCE NORTH 30 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SUBDIVISION;

C:Crystal Creek Townhomes\CC & R 11 doc

EXHIBIT "A" (Continued)

THENCE WEST ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING,

AND EXCEPT COUNTY ROAD AS CONVEYED TO SNOHOMISH COUNTY BY DEED RECORDED UNDER RECORDING NO. 498457,

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN INSTRUMENT RECORDED UNDER RECORDING NO 1217376,

SITUATE IN THE CITY OF BOTHELL, COUNTY OF SNOHOMISH, STATE OF WASHINGTON

C:Crystal Creek Townhomes\CC & R II.doc

200810310673.001

200810310673 2 PGS
10/31/2008 2:51pm $43.00
SNOHOMISH COUNTY, WASHINGTON

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX REQUIRED

OCT 31 2008

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

FOURTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART S-1516 2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M. & recorded in Snohomish County, WA
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, ~~AND~~ ARCHITECTURAL RESTRICTIONS: Section Forty-Nine: Rentals. shall be modified to read: ...not to exceed 20% of the total number of homes, which shall be eleven, in the development.

All the remaining terms and provisions of the Declaration and Amendments shall remain in full force and effect, except as expressly modified and amended herein.

11 rentals allowed

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 29th day of OCTOBER, 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

Daphne S. Young
Printed Name: DAPHNE S. YOUNG
NOTARY PUBLIC in and for the State of Washington,
residing at TACOMA
My commission expires: 2/1/10

200903300731.001

Return Name & Address
Canyon Creek LLC
621 Pacific Ave #300
Tacoma, WA 98402

200903300731 3 PGS
03/30/2009 4:48pm $86.00
SNOHOMISH COUNTY, WASHINGTON

Document Title(s)

Fifth Amendment to easements and restrictions of declaration for Crystal Creek Townhomes II

Reference Number(s) of Related Document(s)

200708020275

Additional Reference #'s on Page ____

Grantor(s)

Canyon Creek LLC

Additional Grantors on Page ___

Grantee(s)

Crystal Creek Townhomes

Additional Grantees on Page ___

Legal Description (abbreviated form: ie Lot/Block/Plat or Section/Township/Range)

Sec 30, Town 27, Range 5

Complete Legal on Page ____

Assessor's Property Tax Parcel/Account Number

27053000102600, 27053000101900

Additional Parcel #'s on Page ___

The Auditor/Recorder will rely on the information provided on this form. The responsibility for the accuracy of the indexing information is that of the document preparer.

⇨I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording process requirements may cover up or otherwise obscure some part of the text of the original document.

Authorized Signature of Requesting Party

200903300731.002

After Recording Return to:
Canyon Creek LLC
621 Pacific Avenue, #300
Tacoma, WA 98402-4611.

NO EXCISE TAX REQUIRED

MAR 30 2009

KIRKE SIEVERS, Snohomish County Treasurer

By KIRKE SIEVERS

STEWART

3/45

FIFTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): A portion of the NW 1/4 of the NE 1/4 of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax Parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty: Vehicle Parking for Lot 69. Lot 69 shall be entitled to one parking stall to the North of the Townhome as shown in Exhibit A attached hereto. The parking space shall be included with Lot 69 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and guests of Lot 69.

All the remaining terms and provisions of the Declaration shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to Declaration to be executed this 23 day of March, 2009.

Canyon Creek LLC, a Washington Limited Liability Company

By: _____
Paul Krakow, Member

By: _____
D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 23rd day of MARCH, 2009 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Notary Public
State Of Washington
DAPHNE S. YOUNG
My Appointment Expires Feb. 1, 2010

Daphne S. Young
Printed Name: DAPHNE S. Young
NOTARY PUBLIC in and for the State of Washington, residing at TACOMA
My commission expires: 2/1/10

200906290507.001

NO EXCISE TAX REQUIRED

JUN 29 2009

/ERS, Snohomish County Treasurer

KIRKE SIEVERS

After Recording Return To:
Canyon Creek LLC
3620 100 ST SW #B
Lakewood, WA 98499

200906290507 2 PGS
06/29/2009 1:36pm $85.00
SNOHOMISH COUNTY, WASHINGTON

SIXTH AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS FOR CRYSTAL CREEK TOWNHOMES II

STEWART 2/44

Reference: 200708020275
Grantor: Canyon Creek LLC, a Washington Limited Liability Company
Grantee: Crystal Creek Townhomes II Homeowners Association
Legal Description (abbreviated): a portion of the NW ¼ of the NE ¼ of Section 30, Township 27 North, Range 5 East of the W.M.
Assessor's Tax parcel Numbers: 27053000102600 & 27053000101900

Pursuant to the amendment provisions of the Declaration recorded under Snohomish County Auditor's Recording No. 200708020275, the Declarant does hereby amend said Declaration as follows:

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS shall be amended by adding: Section Fifty: Vehicle Parking for Lot 63. Lot 63 shall be entitled to one parking stall to be constructed to the East of the Gate on the South Side of the entrance drive from Ninth Avenue as shown in Exhibit A attached hereto. The parking space shall be included with Lot 63 and the ownership shall be transferable. The only authorized individuals to use said space will be the owners and the guests of Lot 63.

All the remaining terms and provision of the Declaration shall remain in full force and effect except as expressly modified and amended herein.

200906290507.002

IN WITHNESS WHEREOF, the undersigned have caused this Sixth Amendment to Declaration to be executed this 22 day of June, 2009.

Canyon Creek LLC, a Washington Limited Liability Company

BY: _____

Paul D. Krakow, Member

BY: _____

D. Reed Kelley, Member

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 22nd day of June, 2009 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Paul Krakow and Reed Kelley, to me known to be the Members of Canyon Creek LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Joseph M Kaiser
Commission Expires
NOTARY PUBLIC
10/17/2011
State of Washington

_____
Printed Name: Joseph M. Kaiser
NOTARY PUBLIC in and for the State of Washington,
residing at Newcastle, WA
My commission expires: 10/17/2011

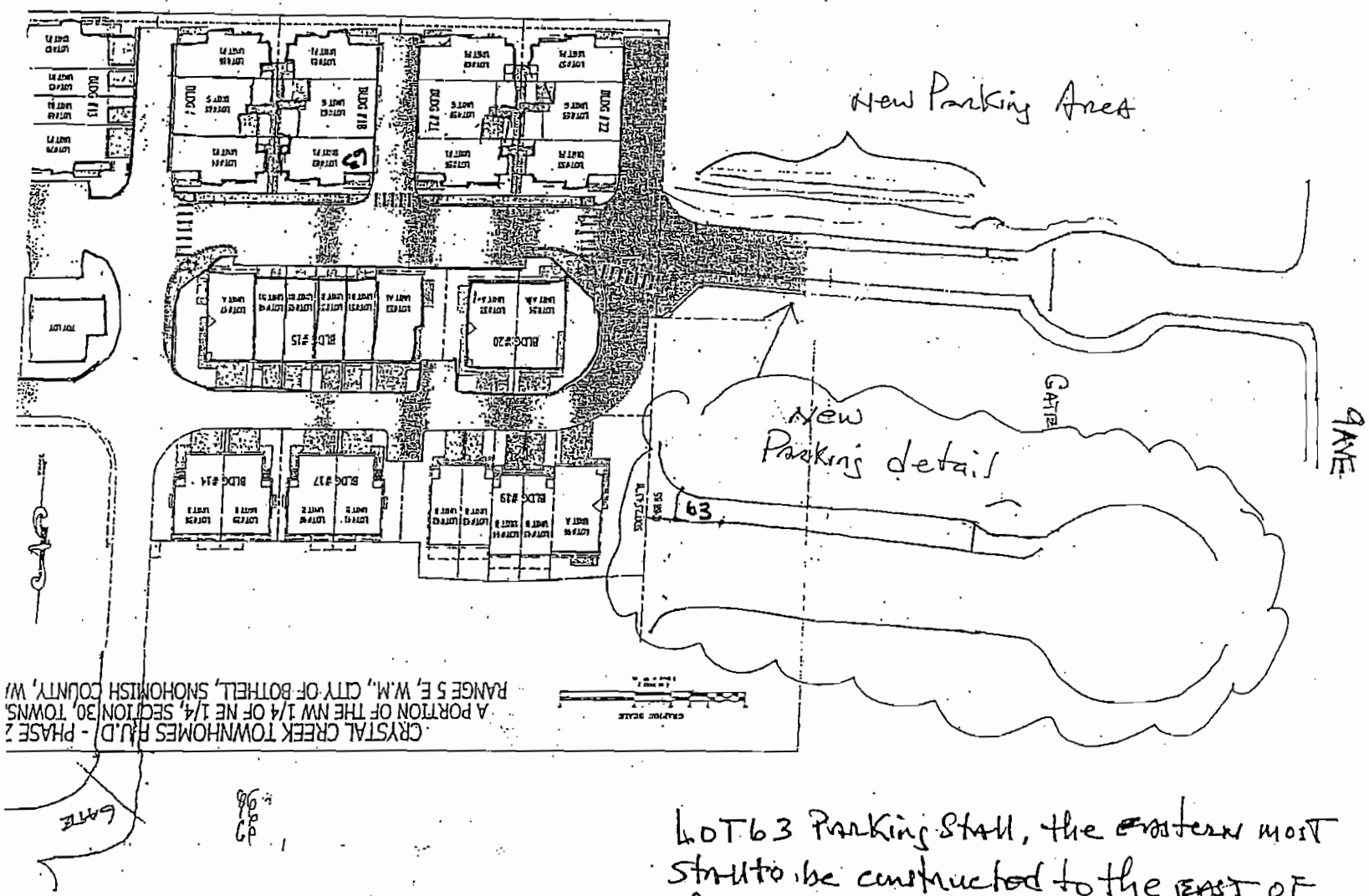


Exhibit "A"

LOT 63 Parking Stall, the eastern most stall to be constructed to the EAST OF the GATE on the south side OF the Entrance drive from 9th AVE. The stall is shown with a 63 on this Exhibit. The stall will be marked with reserved.

BY-LAWS

OF

CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION

* * * * * * * * * *

ARTICLE I

Name and Location of Meetings

The name of the corporation is CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". Meetings of the Members and Directors may be held at such places within the State of Washington, County of Snohomish, as may be designated by the Board of Directors. These By-Laws are adopted for the administration of the association and property described in that certain Declaration of Covenants, Conditions, Easements and Restrictions (the "Declaration") recorded under Snohomish County Auditor's Recording No. 200708030275 .

ARTICLE II

Membership

The membership of the Association shall consist of one class of Members, being any individual who is the owner of a residential lot within the Plat of CRYSTAL CREEK TOWNHOMES II. At any meeting of the membership of the corporation each member so present shall be entitled to one vote.

ARTICLE III
Management

The business and property of the Association shall be managed by a Board of Directors.

ARTICLE IV
Meeting of Members

Section 1: **Annual Meeting**. The regular annual meeting of the Members shall be held at such time as the board of directors shall determine.

Section 2: **Special Meetings**. Special meetings of the Members may be called at any time by the President, or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3: **Notice of Meetings**. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books for the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4: **Quorum**. The presence at the meeting of Members or proxies entitled to cast, twenty-five percent (25%) of all the votes of the membership, shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5: **Proxies**. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every

proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Residential Lot.

Section 6: **Members**. Every Owner of a Residential Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Residential Lot which is subject to assessment by the Association.

Section 7: **Voting Rights**. The Association shall have one class of voting membership comprised of all Owners who shall be entitled to one vote for each Residential Lot owned. When more than one person holds an interest in any Residential Lot, all such persons shall be Members. The vote for such Residential Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Residential Lot.

Section 8: **Definition.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the plat of CRYSTAL CREEK TOWNHOMES II and which may be more particularly defined in Article III of the Declaration of Covenants, Conditions and Restrictions.

Section 9: **Action by Members Without a Meeting**. Any action required or permitted to be taken at a members meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of all members entitled to vote with respect to the subject matter thereof. Any such consent shall be inserted in the minute book as if it were the minutes of the members meeting.

Section 10: **Telephonic Meeting**. The members may participate in a meeting of the members by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

ARTICLE V

Board of Directors: Selection, Term of Office

Section 1: **Number**. The affairs of this Association shall be managed by a Board of not less than one (1) Director but not more than five (5) Directors.

Section 2: **Term of Office**. The first directors, which are appointed by the Declarant, one director shall be appointed for a term of two years, one director for a term of one year and if there are three or more directors appointed, then an uneven number shall be appointed for a term of one year and the balance for a term of two years. Thereafter, at each annual meeting of the members, they shall elect those directors, whose terms have expired, for a period of two years.

Section 3: **Removal**. Any Director may be removed from the Board, with or without cause, by a majority vote of all the Members of the Association. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: **Compensation**. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: **Action Taken Without a Meeting**. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

Nomination and Election of Directors

Section 1: **Nomination after the First Board**. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a

Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2: **Initial Election of Directors by Members**. At such time as the Declarant shall no longer be able to act or appoint the board of directors in accordance with Article Two, Section One of the Declaration, the Declarant shall appoint a nominating committee consisting of the Declarant and three other members who are not presently members of the board of directors who shall make as many nominations for election to the board of directors as it shall in its discretion determine but not less than the number of directors previously appointed by the Declarant. Once the nominating committee has made its nominations, then a list of the nominations together with a ballot shall be sent to all members by regular mail who shall then vote by mail as to who shall constitute the board of directors to be elected by the members. Said ballots by mail shall be returned to such person or entity as may be designated by the nominating committee at such time but in any event no longer than two weeks from the date of mailing. Those persons receiving the largest number of votes shall be elected to the vacant director positions. They shall then constitute the elected board of directors until the next annual meeting of the members.

Section 3: **Election**. At the election of Directors, the Members, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to exercise. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

Meetings of Directors

Section 1: **Regular Meeting**. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may fix. If any day fixed for a regular meeting shall be a legal holiday at the time where the meeting is to be held, the meeting shall instead be held at the same hour on the next succeeding business day. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by statute or these Bylaws.

Section 2: **Special Meetings**. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any one Directors, after not less than ten (10) days notice to each Director.

Section 3: **Quorum**. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4: **Waiver of Notice**. Attendance of a Director at a meeting shall constitute a waiver of notice for such meeting, except where a Director attends for the express purpose of objecting to this transaction of any business because the meeting is not lawfully called or convened. A waiver of notice signed by the Directors whether before or after the time stated for the meeting shall be equivalent to the giving of notice.

ARTICLE VIII

Powers and Duties of the Board of Directors

Section 1: **Powers**. The Board of Directors shall have power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Protective Covenants and Restrictions;

(b) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(d) file legal action on behalf of the Association to enforce any covenants affecting the properties.

Section 2: **Duties**. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting which such meeting has been called by the Members;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Protective Covenants and Restrictions of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, as amended, to:

(1) fix the amount of any assessments against a Residential Lot and to send a written notice of such assessment to every owner at least thirty (30) days in advance of such assessment.

(2) foreclose any liens against the property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) procure and maintain at the discretion of the Board of Directors adequate hazard insurance on property owned by the Association;

(e) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(f) cause the property held by the Association to be maintained in accordance with the provisions of the Protective Covenants and Restrictions.

ARTICLE IX

Officers

Section 1: That the officers of the corporation shall be elected annually by the board of directors at a meeting scheduled or that purpose.

Section 2: **President.** The President of the Board of Directors shall supervise all activities of the corporation; execute all instruments in its behalf; preside at all meetings of the Board of Directors and of the membership of the corporation; and perform such other duties usually inherent in such office.

Section 3: **Vice-President.** The Vice-President of the Board of Directors shall act for the President in his absence and perform such other acts as the President may direct.

Section 4: **Secretary.** It shall be the duty of the Secretary of the Board of Directors to keep all records of the Board of Directors and of the corporation, and to perform such other acts as the President may direct.

Section 4: **Treasurer.** The Treasurer shall receive and be accountable for all funds belonging to the corporation; pay all obligations incurred by the corporation and maintain bank accounts in depositories designated by the Board of Directors; and render periodic financial reports.

ARTICLE X

Assessments

Section 1: Each member is deemed to covenant and agree to pay the Association:

(a) A monthly assessment or charge which shall be the sum of $120.00 per lot, and shall be effective as of the 1st day of each calendar month.

(b) Special assessments for capital improvements.

In addition to the monthly assessments authorized above, the association may levy a special assessment applicable only to the year in which the assessment is made for the

purpose of defraying in whole or in part the cost of any unexpected repair or replacement of capital improvements upon the common areas including necessary fixtures and personal property located therein. That any special assessment for the construction of new facilities or the acquisition of new equipment and which is not for the upgrade, repair, or replacement of existing construction of equipment shall require the approval of the vote of sixty-six (66%) of the lot owners at a meeting called for that purpose.

(c) **Purposes of Association.** The assessments shall be used exclusively for the purposes as set forth in the Covenants and Restrictions for CRYSTAL CREEK TOWNHOMES II.

Section 2. Annual Budget. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the association, the Board shall set a date for a meeting of the owners to consider ratification of the budget of not less than fourteen (14) nor more than sixty (60) days after mailing of a summary of the budget to the members. Unless at that meeting the owners of a majority of the votes reject the budget in person or by proxy, the budget shall be ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the requested notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

Section 3. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments for capital improvements. Any such levy by the Association shall be for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, or replacement of a described capital improvement upon the common areas as defined in the Covenants and Restrictions of CRYSTAL CREEK TOWNHOMES II, provided that any such assessment shall have the assent of sixty-six percent (66%) of the votes of all lot owners, written notice of which shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. Uniform Rate. All annual and special assessment shall be fixed at a uniform rate for those lots that are affected by that specific assessment.

Section 5. **Date of Commencement of Assessment; Due Dates.** As to each particular lot involved, the liability for the annual assessment shall begin on the 1st day of each calendar month and shall be payable on or before the 1st day of each month so long as the assessment is in effect. In the event the assessment is increased or decreased as provided for in these By-Laws, then the new assessment rate shall begin on the 1st day of January following the meeting at which the annual assessment rate was changed. The due date of any special assessment as provided herein shall be fixed by the resolution authorizing such assessment.

Section 6. **Effect of Non-payment of Assessments; Remedies.** If any assessment is not paid within thirty (30) days after it was first due and payable, the assessment shall bear interest from the date on which it was due at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the one personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be included in any judgment or decree entered in such suit. In the event any assessment is not paid within ten (10) days after its due date, a late fee of $50.00 shall be charged to the homeowner.

ARTICLE XI
Compensation

That neither the officers nor members of the board of directors shall receive compensation for their services, however, the Association may reimburse such director or officers for any out-of-pocket expenses incurred for and on behalf of the Association.

ARTICLE XII
Contracts, Loans, Checks, and Deposits

Section 1: **Contracts.** The Board of Directors may authorize any officer or

officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2: **Loans**. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. No loans shall be made by the corporation to its directors or officers.

Section 3: **Checks, Notes, Drafts, Etc**. All checks, notes, drafts or other orders for the payment of money of the corporation shall be signed, endorsed or accepted in the name of the corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by any officer or officers authorized by the Board of Directors to make such designation.

Section 4: **Deposits**. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of directors may designate.

ARTICLE XIII
Waiver of Notice

Whenever any notice is required to be given to any member or director of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Washington Non-Profit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV

Indemnification

To the full extent permitted by the Washington Non-Profit Corporation Act, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the Corporation or otherwise) by reason of the fact that said person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, against expenses (including attorneys' fees, judgment, fines and amounts paid in settlement) actually and reasonably incurred by said person in connection with such action, suite or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the corporation has the power to indemnify under the Washington Non-Profit Corporation Act.

ARTICLE XV

Amendments

These By-Laws may be amended by a two-thirds vote of the membership of the corporation at any scheduled regular meeting of the membership.

IN WITNESS WHEREOF, I, being the Director of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION, have hereunto set my hand this 15th day of August, 2007.

President

CERTIFICATION

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION; the foregoing By-Laws constitute the original By-Laws of said Association as adopted at a meeting of the Directors hereof.

IN WITNESS WHEREOF, I have subscribed my name this 15th day of August, 2007.

_____

Secretary

RESOLUTION OF THE BOARD OF DIRECTORS OF CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION REGARDING A COLLECTION POLICY FOR DELINQUENT OWNER ACCOUNTS

1. Preamble

1.1 **Statement of Authority.** The Board of Directors (the "Board") of Crystal Creek Townhomes II Homeowners Association (the "Association") is charged with the responsibility of collecting assessments for common expenses and special assessments from Owners pursuant to RCW 64.38 and Declaration Article 7 and 8. In the event any provision of this collection policy directly conflicts with the Association's recorded Declaration, the Declaration shall take precedence.

1.2 **Identification of the Problem.** From time to time, Owners become delinquent in their payments of these assessments and fail to respond to the demands from the Association and / or Managing Agent (the "Agent") to bring their accounts current.

1.3 **Reason for Action.** The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to a Collection Agency ("Firm") and / or a Collection Attorney ("Counsel") for collection so as to minimize the Association's loss of assessment revenue. The Board further deems it to be in the best interests of the Association to retain a Firm and / or Counsel because of their experience in representing condominium and homeowners associations in collections and other matters.

2. Action of the Board

2.1 **Retainer of Counsel.** The Board by this action retains the Firm and / or Counsel as the Association's Representative and directs them to represent the Association on the terms outlined in this resolution. Counsel shall pursue all collection and any other matters which the Association, acting through the Firm and / or Agent, may from time to time decide to refer to them and to provide any advice and counsel which the Association may from time to time require.

2.2 **Payment of Fees and Costs.** The Agent, acting on behalf of the Association, shall pay the Firm and / or Counsel their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the Firm and / or Counsel, including but not limited to fees and charges for filing liens and notices, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice.

2.3 **Late Fee Assessed.** Pursuant to Article 8 Section 2 of the Declaration, there is hereby levied against any assessment account which is not paid in full as of the tenth (10th) day of the month a late fee in the amount of Fifty Dollars ($50.00) which the Agent is authorized and directed to charge to and collect from any delinquent Owner.

2.4 **First Notice.** The Agent is directed to send to any Owner who is more than ten (10) days delinquent in the payment of regular or special assessments, or other charges authorized

by the Association's Governing Documents ("Assessments"), a written notice (the "First Notice") of the late fee and a request for immediate payment.

2.5 **Second Notice.** The Agent is directed to send to any Owner who is more than forty (40) days delinquent in the payment of Assessments written notice (the "Second Notice").

2.6 **Third Notice.** The Agent is directed to send to any Owner who is more than seventy (70) days delinquent in the payment of Assessments written notice (the "Third Notice" or "Final Notice") that unless the account is paid in full within ten (10) days, the account will be turned over to the Firm.

The Agent shall charge the following amounts for the aforementioned notices:

Certified Letters:		$ 37.50/letter*
Delinquency:	Notification & Follow Up	$ 23.50/letter*
	Turn Over to Collection Agency	$ 95.00*
NSF and Returned Checks:		$ 37.50/check*

*Note: These above collection fees are charged to the applicable Homeowner not the Association.

2.7 **Referral to Collection Agency.** The Firm is hereby authorized to serve as collection agent for the Association to attempt to collect on behalf of Association all amounts due on said account, and is authorized to charge the Association for those services rendered. The Association will pass these costs through to the delinquent homeowner and these will become due and payable. The Firm will attempt contact with Owner via telephone, email and / or written correspondence. Failing contact and receiving and establishing a reasonable payment plan on behalf of and for the Association, the Firm is authorized to file a lien against the Owner / Unit to secure the Association's interest. The Firm will also follow-up with a series of collection letters further attempting to contact owner and arrange payment plans to foster payment and resolution on the delinquent account.

2.8 **Referral to Association's Attorneys.** For any account turned over to the Firm on which the Firm has not recovered payment of all amounts then due the Association within two (2) months of such referral, the Firm shall turn over the account to Counsel for further collection efforts and, in that event, the Owner will be liable for payment of the charges levied by Counsel to cover fees and costs charged to the Association.

2.9 **Request for Special Consideration.** The First Notice and the Second Notice sent by the Agent shall further advise the delinquent Owner that prior to the time the account is turned over to the Firm and / or Counsel for collection efforts, the delinquent Owner may submit a written request to the Board for special consideration of hardship circumstances, including all reasons why the Board should consider the request, and either a request for a hearing or a request that the determination be made by the Board based on the written request (the "Request for Special Consideration").

2.10 **Waiver of Special Consideration.** The First Notice and the Second Notice sent by the Agent shall further advise the delinquent Owner that if the Request for Special Consideration is not so submitted, then such request shall have been deemed waived.

2.11 **Pre-existing Delinquencies.** Notwithstanding anything in this resolution to the contrary, if any account is more than forty-five (45) days delinquent in the payment of Assessments at the time that the Board adopts this resolution, the Agent shall promptly send the delinquent Owner a written notice (the "Final Notice") containing the same provisions as described above for the Third Notice.

2.12 **Referral of Bankruptcy and Foreclosure Matters.** The Agent is directed to consult with the Firm and / or Counsel and turn over for collection action immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosures of its lien against the Unit.

2.13 **Policies Applicable to Handling Delinquencies.** The following policies shall apply to all delinquent accounts turned over to the Firm and / or Counsel for collection:

2.13.1 **Communication with Delinquent Owners.** All contacts with a delinquent Owner shall be handled through the Firm or Counsel. Neither the Agent nor any Association officer or director shall discuss the collection of the account directly with an Owner after it has been turned over to Counsel unless Counsel is present or has consented to the contact.

2.13.2 **Application of Payments.** All sums collected on a delinquent account shall be remitted to the Association in care of the Firm and / or Counsel until the account has been brought current. All payments received on delinquent accounts will be applied to the oldest amounts owing first, until accounts are paid in full.

2.13.3 **Collection Agency / Attorneys Fees and Costs.** The Firm's fees and Counsel's fees shall be assessed against each delinquent Unit and its Owner (including repeat offenders) when the account is turned over to the Firm and / or Counsel for collection action. All collection fees, legal fees, expenses and taxable costs incurred in the collection of a delinquent account shall be assessed against the delinquent Unit and Owner and shall be collectable as an Assessment as provided in Article 8 Section 4 of the Declaration.

2.13.4 **Payment Plans.** To the extent that the Counsel, in their discretion, consider it to be appropriate in the circumstances, are authorized to enter into an installment payment plan, secured by a Stipulation for Judgment; provided, however, that any payment plan which provides for a down payment of less than the greater of one third (1/3) of the delinquent balance or twice the current monthly assessment, or monthly payments of less than twice the current assessment amount, or a duration in excess of six (6) months shall require the approval of the Board and / or the Association's Manager / Agent.

2.13.5 **Further Collection Action.** Where, at the expiration of the period specified in Counsel's demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgment or a signed agreement by a renter to pay rent, or in the event of a default under the terms of either agreement, Counsel is authorized to take such further action as they, in consultation with the Board or Agent, believe to be in the best interest of the Association, including but not limited to:

2.13.5.1.1 Recording a Notice of Claim of Lien against the Unit; or

2.13.5.1.2 Filing suit against the delinquent Owner for monies due pursuant to Article 8 Section 4 of the declaration;

2.13.5.1.3 Filing a proof of claim in bankruptcy; or

2.13.5.1.4 Instituting a judicial action for foreclosure of the Association's lien, pursuant to Article 8 of the Declaration;

2.14 **Distribution of Resolution.** A copy of this resolution shall be sent to all owners at their last known addresses.

This resolution was adopted by the Board of Directors on 8/11/2013, 20 13, and shall be effective on 09/01/13, 20 13.

President

ATTEST:

Secretary

CRYSTAL CREEK TOWNHOMES II HOA RENTAL RULES

I. PREAMBLE & ENFORCEMENT

In order to foster harmonious interpersonal relationships, to promote cooperation and friendship, preserve the peace and the integrity of our common endeavors to the end that these will enhance and improve the values of our proprietary interests in our community for our mutual benefit, the following Rules are hereby adopted for implementation without discrimination according to race, color, gender, creed, age, familial status or disability.

PENALTY FOR RULES VIOLATIONS

A Unit Owner may be penalized for violation of these Rules and the governing documents. The penalties shall be assessed against the Unit and the Unit Owners, and shall be collectible in the same manner as dues assessments. All remedies that apply to the collection of delinquent assessments shall also apply to the collection of these fines.

CAUSE FOR ACTION

Action will be taken by the Board regarding any violation if any of the following occur:

A. The Board (or a member of the Board) directly encounters the violation.
B. The Association's agent directly encounters the violation.
C. Written complaints about a violation have been received by the Board from two different Unit Owners (on behalf of themselves or their tenants) within a three (3) month period.
D. Through a decision of panel of peers at a conciliation hearing as described on the next page.

In the event that such violations threaten life, health, or property, the Board may act without taking such steps.

ACTION

The action will generally consist of a warning letter, which will give the homeowner ten (10) days to correct the violation, prior to any fine. When a fine is implemented, the Owner being fined will be notified and the Homeowner Association dues ledger account will immediately reflect the fine. If the party violating the rules is a tenant, and the Unit Owner fails to initiate appropriate action to enforce compliance or removal of the tenant(s) in a timely manner, the Board, in its discretion, may cause the tenant(s) to be evicted at the expense of the Owner.

PENALTY AMOUNTS

It should be noted that the purpose of these fines in not to produce revenue, but to maintain quality of life standards at the community and to protect property values. All funds collected will go into the Association's operation funds.

1st offense = warning notice
2nd offense = $50
Subsequent offense(s) = $100

DUE PROCESS PROCEDURE & CONCILIATION HEARINGS

A. If any Owner feels that any action taken by the Association regarding a rules violation has been erroneous, he/she has the right to be "heard" before a panel of his/her peers. The purpose of the hearing is to review evidence of the violation and to consider reversal of the action that was taken by the Association with regard to the rule violation.

This panel will either consist of at least 3 Board Members, or 2 disinterested Owners with a Board member in attendance to officiate. The meeting, arranged by the Board of Directors, will consist of the panel members, the party who originally brought the complaint (must be Owners or the Board of Directors), the party requesting the "hearing" (who must also be an Owner), and any other Owner(s) that are involved. Fines will not be ratified until the "due process" procedure is completed, if it is called.

B. The meeting will be an informal meeting with a panel member acting as chair. Both sides will present evidence, witnesses and testimony regarding the validity or non-validity of the complaint. The party bringing the complaint must do so in writing. Minutes of the meeting will be kept by the person designated by the panel.

C. To obtain a hearing, the managing agent for the Association must be notified, in writing, within 14 days from the date of the notice indicating that a rules violation action has been effected; otherwise the homeowner's right to a due process hearing shall be deemed as waived.

D. The managing agent for the Association will respond to the hearing request within 30 days after receipt of the written request. If either party desires to reschedule the hearing, the other party must be notified at least 10 days prior to the scheduled date of hearing.

E. If a hearing is requested and the requesting party fails to appear, the panel will base their findings on the information available at the meeting.

F. Either party has a right to appeal the findings of the panel by repeating the due process procedure. However, the Board of Directors may decline the request for an appeal hearing if it feels that there is no pertinent new information to be considered.

II. RULES & REGULATIONS

11.14 RENTAL UNITS

11.14.1 Unit Owners may lease their Units, provided that:

(a) the term of the lease shall be a minimum of six months:
(b) the Lease specifically shall incorporate these Rules and the governing documents as terms of the Lease and copies shall be given to the tenants by the Owner;
(c) the Unit Owner grants the Association authority to enforce these Rules and governing documents against tenants by means of unlawful detainer actions; and
(d) the Unit Owner takes responsibility for any penalties assessed against any tenant of his or her Unit.

11.14.2 The rental ceiling cap allows for a maximum of eleven (11) non-Owner occupied units as noted in Amendment 4 of the CC&R's. No Owner may lease the Unit if the leasing the unit will result in more than eleven (11) units be rented at the same time.

11.14.3 At any change of occupancy and at least five (5) days prior to move-in, the homeowner must provide the association with:

(1) a copy of the current written lease/rental agreement,
(2) proof (submittal of a cancelled check or receipt) that a professional tenant screening report has been done which includes a consumer credit report, employment verification, and a public records check for criminal convictions and unlawful detainers, and
(3) updated contact information including addresses, telephone numbers, email addresses, and vehicle information for the residents.

The Association only needs the proof of tenant screening and not the actual report. The selection of a suitable and appropriate tenant shall be the sole responsibility of the Unit Owner, and not the Board of

Directors.

11.14.4 If an Owner fails to evict a tenant who is in continuing violation of the Rules and/or governing documents, the Board of Directors may take appropriate action, including eviction (when allowable by State law), at the Owner's expense. Owners are responsible and liable for their tenants' and guests' action.

11.14.5 Use of a Waiting List. If an owner of a Unit desires to lease the Unit at the time when eleven Units are already being leased, the Owner may place the Unit on the Waiting List which will entitle the Owner to lease the Unit on a first come, first served basis when fewer than eleven units are being leased. An Owner, who intends to sell the Owner's Unit or not lease the Owner's Unit at the end of an existing lease term, shall promptly notify the Board of Directors in writing that, as of the date specified in such notification, the Unit will cease to be leased. The Association shall then notify the Owner of the Unit next in line on the Waiting List and give that Owner 45 day to lease that Owner's Unit. If that Owner (1) waives its right to lease at that time by written notice to the Board or (2) fails to lease that Owner's Unit within the time set of 45 days, then that Owner's name shall remain on the waiting list in the current order and will continue to the next person. This offer procedure shall then be repeated for the next Owner on the Waiting List, and shall continue to be repeated until an Owner to whom the offer is extended leases the Owner's Unit within the time set by the Board.

11.14.6 Leasing or renting a unit is defined as (1) granting a right to use or occupy a Unit in exchange for receiving money or other goods or services of value and (2) allowing sole occupancy of a Unit by a non-owner, regardless of whether or not other services or other goods or services of value are received in exchange. Co-habitation of a Unit with its Owner is not leasing. Occupancy of a Unit by a related party (a person who is related to the Unit Owner by blood, marriage, or lawful adoption) is not leasing or renting.

A Unit Owner may be penalized for violation of these Rules and the governing documents. The penalties shall be assessed against the Unit and the Unit Owners, and shall be collectible in the same manner as dues assessments. All remedies that apply to the collection of delinquent assessments shall also apply to the collection of these fines.

RECORDING	VOL./PAGE

CRYSTAL CREEK TOWNHOMES PHASE 2

A PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF
SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.
CITY OF BOTHELL, SNOHOMISH COUNTY, WASHINGTON

DEDICATION

KNOW ALL PEOPLE BY THESE PRESENTS THAT WE, THE UNDERSIGNED OWNER(S) OF INTEREST IN THE LAND HEREBY SUBDIVIDED, HEREBY DECLARE THIS PLAT TO BE THE GRAPHIC REPRESENTATION OF THIS PLAT MADE HEREBY, AND DO HEREBY DEDICATE TO THE USE OF THE PUBLIC FOREVER, ALL STREETS AND AVENUES NOT SHOWN AS PRIVATE HEREON AND DEDICATE THE USE THEREOF FOR ALL PUBLIC PURPOSES NOT INCONSISTENT WITH THE USE THEREOF FOR PUBLIC HIGHWAY PURPOSES, AND ALSO THE RIGHT TO MAKE ALL NECESSARY SLOPES FOR CUTS AND FILLS UPON THE LOTS SHOWN THEREON IN THE ORIGINAL REASONABLE GRADING OF SAID STREETS AND AVENUES, AND FURTHER DEDICATE TO THE USE OF THE PUBLIC ALL EASEMENTS AND TRACTS SHOWN ON THIS PLAT FOR ALL PUBLIC PURPOSES AS INDICATED THEREON, INCLUDING BUT NOT LIMITED TO PARKS, OPEN SPACES, UTILITIES AND DRAINAGE UNLESS SUCH EASEMENTS OR TRACTS ARE SPECIFICALLY IDENTIFIED ON THIS PLAT AS BEING DEDICATED OR CONVEYED TO A PERSON OR ENTITY OTHER THAN THE PUBLIC, IN WHICH CASE WE DO HEREBY DEDICATE SUCH STREETS, EASEMENTS, OR TRACTS TO THE PERSON OR ENTITY INDENTIFIED AND FOR THE PURPOSE STATED.

FURTHER, THE UNDERSIGNED OWNERS OF THE LAND HEREBY SUBDIVIDED WAIVE FOR THEMSELVES, THEIR HEIRS AND ASSIGNS AND ANY PERSON OR ENTITY DERIVING TITLE FROM THE UNDERSIGNED, ANY AND ALL CLAIMS FOR DAMAGES AGAINST SNOHOMISH COUNTY, ITS SUCCESSORS AND ASSIGNS WHICH MAY BE OCCASIONED BY THE ESTABLISHMENT, CONSTRUCTION, OR MAINTENANCE OF ROADS AND/OR DRAINAGE SYSTEMS WITHIN THIS SUBDIVISION OTHER THAN CLAIMS RESULTING FROM INADEQUATE MAINTENANCE BY SNOHOMISH COUNTY. FURTHER, THE UNDERSIGNED OWNERS OF THE LAND HEREBY SUBDIVIDED AGREE FOR THEMSELVES, THEIR HEIRS AND ASSIGNS TO INDEMNIFY AND HOLD SNOHOMISH COUNTY, ITS SUCCESSORS AND ASSIGNS, HARMLESS FROM ANY DAMAGE, INCLUDING ANY COSTS OF DEFENSE, CLAIMED BY PERSONS WITHIN OR WITHOUT THIS SUBDIVISION TO HAVE BEEN CAUSED BY ALTERATIONS OF THE GROUND SURFACE, VEGETATION, DRAINAGE OR SURFACE OR SUB-SURFACE WATER FLOWS WITHIN THIS SUBDIVISION OR BY ESTABLISHMENT, CONSTRUCTION OR MAINTENANCE OF THE ROADS WITHIN THIS SUBDIVISION. PROVIDED THIS WAIVER AND INDEMNIFICATION SHALL NOT BE CONSTRUED AS RELEASING SNOHOMISH COUNTY, ITS SUCCESSORS OR ASSIGNS, FROM LIABILITY FOR DAMAGES, INCLUDING THE COST OF DEFENSE, RESULTING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF SNOHOMISH COUNTY, ITS SUCCESSORS OR ASSIGNS.

THIS SUBDIVISION, DEDICATION, WAIVER OF CLAIMS AND AGREEMENT TO HOLD HARMLESS IS MADE WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF SAID OWNERS.

IN WITNESS WHEREOF WE SET OUR HANDS AND SEALS.
TRACT L IS RESERVED FOR FUTURE DEVELOPMENT.

NAME: CANYON CREEK LLC

STATE OF _____)
) SS
COUNTY OF _____)

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT

_____

SIGNED THIS DEDICATION AND ACKNOWLEDGED IT TO BE HIS FREE AND VOLUNTARY ACT FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT.

DATED _____
SIGNATURE OF
NOTARY PUBLIC _____
PRINTED NAME OF
NOTARY PUBLIC _____
TITLE _____
MY APPOINTMENT EXPIRES _____

LIENHOLDER CONSENT AND SUBORDINATION:

THE UNDERSIGNED, RBC CENTURA BANK, A NORTH CAROLINA BANKING CORPORATION, BENEFICIARY UNDER THAT CERTAIN DEED OF TRUST DATED MARCH 18,2005 AND RECORDED UNDER FILE NO.200503220103 OF THE RECORDS OF SNOHOMISH COUNTY, WASHINGTON, AND THE PRESENT OWNER AND HOLDER OF THE OBLIGATIONS SECURED BY SAID DEED OF TRUST CONSENTS TO THE SUBDIVISION AND DEDICATION SHOWN ON THIS PLAT AND SUBORDINATES SAID DEED OF TRUST TO SUCH SUBDIVISION AND DEDICATION.

RBC CENTURA BANK, A NORTH CAROLINA BANKING CORPORATION

BY. _____

_____, VICE PRESIDENT

STATE OF _____)
) SS
COUNTY OF _____)

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT

_____

SIGNED THIS DEDICATION AND ACKNOWLEDGED IT TO BE HIS FREE AND VOLUNTARY ACT FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT.

DATED _____
SIGNATURE OF
NOTARY PUBLIC _____
PRINTED NAME OF
NOTARY PUBLIC _____
TITLE _____
MY APPOINTMENT EXPIRES _____

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT THIS SURVEY MAP AND PLANS FOR CRYSTAL CREEK TOWNHOMES ARE BASED UPON AN ACTUAL SURVEY OF THE PROPERTY HEREIN DESCRIBED, THAT THE BEARINGS AND DISTANCES ARE CORRECTLY SHOWN; THAT ALL INFORMATION REQUIRED BY RCW 58 IS SUPPLIED HEREIN.

_____
DANIEL R. PRICE SR.
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 37533

DANIEL R. PRICE SR.
STATE OF WASHINGTON
37533
REGISTERED
PROFESSIONAL LAND SURVEYOR
EXPIRES: 27 MARCH 2008

LIENHOLDER CONSENT AND SUBORDINATION:

THE UNDERSIGNED, BUSINESS PARK INVESTORS, A WASHINGTON GENERAL PARTNERSHIP, BENEFICIARY UNDER THAT CERTAIN SECURITY AGREEMENT TO SECURE POST-CLOSING PURCHASE PRICE ADJUSTMENT DATED MARCH 22,2005 AND RECORDED UNDER FILE NO.200503220105 OF THE RECORDS OF SNOHOMISH COUNTY, WASHINGTON AND THE PRESENT OWNER AND HOLDER OF THE OBLIGATIONS SECURED BY SAID INSTRUMENT CONSENTS TO THE SUBDIVISION AND DEDICATION SHOWN ON THIS PLAT AND SUBORDINATES SAID DEED OF TRUST TO SUCH SUBDIVISION AND DEDICATION.

BUSINESS PARK INVESTORS LLC, A LIMITED LIABILTY COMPANY

BY: _____
NAME: DR. MULDER

STATE OF _____)
) SS
COUNTY OF _____)

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT

_____

SIGNED THIS DEDICATION AND ACKNOWLEDGED IT TO BE HIS FREE AND VOLUNTARY ACT FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT

DATED _____
SIGNATURE OF
NOTARY PUBLIC _____
PRINTED NAME OF
NOTARY PUBLIC _____
TITLE _____
MY APPOINTMENT EXPIRES _____

APPROVALS

DEPARTMENT OF PUBLIC WORKS

EXAMINED AND APPROVED THIS ____DAY OF _____,2007

_____
DIRECTOR OF PUBLIC WORKS

DEPARTMENT OF COMMUNITY DEVELOPMENT

EXAMINED AND APPROVED THIS ____DAY OF _____,2007

_____
DIRECTOR OF COMMUNITY DEVELOPMENT

CITY COUNCIL APPROVAL

I HEREBY CERTIFY THAT THE WITHIN PLAT OF CRYSTAL CREEK TOWNHOMES PHASE 1 WAS DULY APPROVED BY THE HEARING EXAMINER FOR THE CITY OF BOTHELL, WASHINGTON THIS _____DAY OF ___, 2007.

_____ ATTEST: _____
MAYOR, CITY OF BOTHELL CLERK

CERTIFICATE OF COMPLETION

ALL IMPROVEMENTS HAVE BEEN INSTALLED IN ACCORDANCE WITH THE REQUIREMENTS OF THESE REGULATIONS AND ACCEPTED BY THE CITY UPON THE RECOMMENDATION OF THE CITY ENGINEER AS CERTIFIED BY THE CITY CLERK.

_____ _____
SIGN PRINT

TREASURER'S CERTIFICATE

I HEARBY CERTIFY THAT THERE ARE NO DELINQUENT SPECIAL ASSESSMENTS AND ALL SPECIAL ASSESSMENTS ON ANY OF THE PROPERTY HERIN CONTAINED, DEDICATED AS STREETS, ALLEYS OR FOR OTHER PUBLIC USE ARE PAID IN FULL THIS ____DAY OF _____ 2007.

_____
TREASURER, CITY OF BOTHEL

SNOHOMISH COUNTY

I HEREBY CERTIFY THAT ALL STATE AND COUNTY TAXES HERETOFORE LEVIED AGAINST THE PROPERTY DESCRIBED HEREIN, ACCORDING TO THE BOOKS AND RECORDS OF MY OFFICE, HAVE BEEN FULLY PAID AND DISCHARGED, INCLUDING 20____ TAXES

_____ BY: _____
TREASURER, SNOHOMISH COUNTY DEPUTY COUNTY TREASURER

RECORDING CERTIFICATE

FILED FOR RECORD THIS_____DAY OF _____,
2006, AT THE REQUEST OF DAN PRICE LAND SURVEYING INC
RECORDED IN VOLUME AT PAGE OF PLATS,
RECORDS OF SNOHOMISH COUNTY, WASHINGTON
RECORDED UNDER RECORDING NO. _____
SNOHOMISH COUNTY DIVISION OF RECORDS AND ELECTIONS

_____ _____
AUDITOR, SNOHOMISH COUNTY DEPUTY COUNTY AUDITOR

DAN PRICE LAND SURVEYING
17923 52ND AVE. E. #B
TACOMA, WA 98446
OFFICE (253) 875-8075
FAX (253) 875-8076

CITY OF BOTHELL

RECORDING	VOL./PAGE

CRYSTAL CREEK TOWNHOMES PHASE 2

A PORTION OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF
SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.
CITY OF BOTHELL, SNOHOMISH COUNTY, WASHINGTON

SURVEYORS NOTES

1. THIS SURVEY WAS ACCOMPLISHED BY FIELD TRAVERSE METHOD, USING A 3" GEODIMETER 600 AND AN 800A TOPCON TOTAL STATION

2 NO ATTEMPT HAS BEEN MADE AS PART OF THIS SURVEY TO OBTAIN OR SHOW DATA CONCERNING EXISTENCE, SIZE, DEPTH, CONDITION, CAPACITY, OR LOCATION OF ANY UTILITIES.

3. THE LOCATION AND/OR EXISTENCE OF UTILITY SERVICE LINES TO THE PROPERTY SURVEYED ARE UNKNOWN AND ARE NOT SHOWN

4. THE WORD "CERTIFY" OR "CERTIFICATION" AS SHOWN AND USED HERON MEANS AN EXPRESSION OF PROFESSIONAL OPINION REGARDING THE FACTS OF THE SURVEY AND DOES NOT CONSTITUTE A WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED

5. THIS SURVEY COMPLIES WITH THE STANDARDS AND GUIDELINES OF THE "SURVEY RECORDING ACT" CHAPTER 58.09 RCW AND WAC 332-130

6. ALL PRIVATE EASEMENTS AND OR TRACTS TO BE MAINTAINED, REPAIRED AND OR REBUILT BY THE PARCELS HAVING LEGAL ACCESS THEREFROM AND THEIR HEIRS, ASSIGNS OR SUCCESSORS, UNLESS AND UNTIL SUCH ROADS ARE IMPROVED TO SNOHOMISH COUNTY STANDARDS AND ACCEPTED BY SNOHOMISH COUNTY FOR MAINTENANCE

7. CITY OF BOTHEL HAS NO RESPONSIBILITY TO BUILD, IMPROVE, MAINTAIN OR OTHERWISE SERVICE THE PRIVATE ROAD CONTAINED WITHIN OR TO PROVIDE SERVICE TO THE PROPERTY DESCRIBED IN THIS PLAT.

8. THE SENSITIVE AREA TRACTS SHALL BE HELD IN AN UNDIVIDED INTEREST BY EACH OWNER OF A BUILDING LOT WITHIN THE PLAT WITH THIS OWNERSHIP INTEREST PASSING WITH OWNERSHIP OF THE LOT.

9 THE WETLANDS AND SITE TOPOGRAPHY WERE LOCATED BY OTHER CONSULTANTS. THEY WERE NOT RELOCATED FOR THIS SURVEY.

10. TRACT A,B,M,N ARE SIDEWALK & PEDESTRIAN TRACTS AND SHALL BE HELD IN AN UNDIVIDED INTEREST BY EACH OWNER OF A BUILDING LOT WITHIN THE PLAT WITH THIS OWNERSHIP INTEREST PASSING WITH OWNERSHIP OF THE LOT AND UNDIVIDED RESPONSIBILITY FOR THE MAINTENANCE AND PROTECTION OF SAID SENSITIVE AREA TRACTS

11. TRACT C & F ARE SENSITIVE AREA TRACTS OWNERSHIP OF A LOT WITHIN THIS PLAT INCLUDES AN EQUAL AND UNDIVIDED INTEREST IN TRACTS C & F AN EQUAL AND UNDIVIDED RESPONSIBILITY FOR THE MAINTENANCE AND PROTECTION OF SAID SENSITIVE AREA TRACTS

12. TRACT D IS A RECREATION TRACT. THIS TRACT IS TO BE CONVEYED TO THE CRYSTAL CREEK HOME OWNERS ASSOCIATION UPON RECORDING OF THIS PLAT FOR OWNERSHIP AND MAINTENANCE RESPONSIBILITIES.

13 TRACK E IS AN OPEN SPACE TRACT AND IS TO BE CONVEYED TO THE CRYSTAL CREEK HOME OWNERS ASSOCIATION UPON RECORDING OF THIS PLAT FOR OWNERSHIP AND MAINTENANCE RESPONSIBILITIES.

14 EASEMENT H IS A STORM WATER VAULT EASEMENT. THE VAULT WILL BE MAINTAINED BY THE CRYSTAL CREEK HOMEOWNERS ASSOCIATION.

15. TRACT I IS AN INGRESS AND EGRESS TRACT. OWNERSHIP OF A LOT WITHIN THIS PLAT INCLUDES AN EQUAL AND UNDIVIDED OWNERSHIP INTEREST THIS TRACT AN EQUAL AND UNDIVIDED RESPONSIBILITY FOR THE MAINTENANCE AND PROTECTION OF THIS TRACT.

16 TRACT J IS AN (EVA) EMERGENCY VEHICLE ACCESS TRACT OWNERSHIP OF A LOT WITHIN THIS PLAT INCLUDES AN EQUAL AND UNDIVIDED OWNERSHIP INTEREST THIS TRACT AN EQUAL AND UNDIVIDED RESPONSIBILITY FOR THE MAINTENANCE AND PROTECTION OF THIS TRACT

17. EASEMENT K IS A UTILITY EASEMENT. SEE EASEMENT PROVISION NOTE.

18. EASEMENTS L IS A UTILITY EASEMENT. SEE EASEMENT PROVISION NOTE.

19. NO BUILDING FOUNDATIONS ARE ALLOWED BEYOND THE REQUIRED BUILDING SETBACK LINE (BSBL). UNLESS OTHERWISE PROVIDED BY LAW

20. THE LOTS SHOWN HEREIN ARE CURRENTLY VACANT PROPERTY. THE IMPROVEMENTS DEPICTED HEREIN ARE AS PROPOSED FOR CONSTRUCTION

21. THE SALE OR LEASE OF LESS THAN A WHOLE LOT IS PROHIBITED EXCEPT IN COMPLIANCE WITH THE CITY OF BOTHELL.

22. ALL LANDSCAPE AREAS IN PUBLIC RIGHT OF WAY SHALL BE MAINTAINED BY THE OWNERS OF THE ADJOINING LOTS OR TRACTS

23 UTILITY EASEMENTS SHALL REMAIN UNOBSTRUCTED

SURVEY PERFORMED IN DEC 2003- FEB 2004

LEGAL DESCRIPTIONS

THAT PORTION OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.,

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4; THENCE EAST ALONG THE NORTH LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4, 506 FEET; THENCE SOUTH 672 FEET; THENCE EAST 17 FEET; THENCE SOUTH 648 FEET, MORE OR LESS, TO THE SOUTH LINE OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4; THENCE WEST ALONG SAID SOUTH LINE 523 FEET TO THE SOUTHWEST CORNER OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4; THENCE NORTH ALONG THE WEST LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4 TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION THEREOF CONVEYED TO SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1 BY DEED RECORDED UNDER RECORDING NO. 1730632, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4; THENCE SOUTH ALONG THE WEST LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4, A DISTANCE OF 50 FEET, MORE OR LESS; THENCE NORTHEASTERLY AND EASTERLY TO A POINT WHICH IS 30 FEET, MORE OR LESS, SOUTH OF THE NORTH LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4 AND 506, FEET, MORE OR LESS, EAST OF THE WEST LINE OF SAID NORTHWEST 1/4 OF THE NORTHEAST 1/4;
THENCE NORTH 30 FEET, MORE OR LESS, TO THE NORTH LINE OF SAID SUBDIVISION. THENCE WEST ALONG THE NORTH LINE OF SAID SUBDIVISION TO THE POINT OF BEGINNING, AND EXCEPT COUNTY ROAD AS CONVEYED TO SNOHOMISH COUNTY BY DEED RECORDED UNDER RECORDING NO. 498457.
TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS CONTAINED IN THAT CERTAIN INSTRUMENT RECORDED UNDER RECORDING NO.1217376;
SITUATE IN THE CITY OF BOTHELL COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

RESTRICTIVE COVENANT

ALL SENSITIVE AREA TRACTS, INCLUDING SENSITIVE AREAS AND THEIR BUFFERS (SAT'S) IDENTIFIED ON THE RECORDED PLAT, SHALL BE HELD IN AN UNDIVIDED INTEREST BY EACH OWNER OF A BUILDING LOT WITHIN THE PLAT WITH THIS OWNERSHIP INTEREST PASSING WITH THE OWNERSHIP OF THE LOT, OR SHALL BE HELD BY AN INCORPORATED HOMEOWNERS' ASSOCIATION OR OTHER LEGAL ENTITY WHICH ASSURES THE OWNERSHIP, MAINTENANCE, AND PROTECTION OF THE TRACT(S). ALL SUCH TRACTS SHALL BE SUBJECT TO THE FOLLOWING RESTRICTIVE COVENANT, WHICH IS A RUNNING COVENANT, BURDENING AND BENEFITING EACH LOT WITHIN THE SUBDIVISION, THEIR PARTIES, THEIR SUCCESSORS, AND ASSIGNS. THE COVENANT IMPOSES UPON ALL PRESENT AND FUTURE OWNERS AND OCCUPIERS OF EACH LOT THE OBLIGATION TO LEAVE THE TRACT(S) UNDISTURBED INCLUDING, BUT NOT LIMITED TO, ALL TREES AND OTHER VEGETATION UNLESS OTHERWISE ALLOWED BY LAW AND APPROVED IN WRITING BY LUSD OR IST SUCESSOR AGENCY. THIS OBLIGATION SHALL BE ENFORCEABLE BY THE INDIVIDUAL LOT OWNERS, THE HOMEOWNERS' ASSOCIATION, OR OTHER LEGAL ENTITY HAVING OWNERSHIP INTEREST, OR BY SNOHOMISH COUNTY AS A CONDITION OF SUBDIVISION OR OTHER PERMIT APPROVAL. VIOLATIONS OF THIS COVENANT SHALL CONSTITUTE A SENSITIVE AREAS VIOLATION AND MAY SUBJECT THE OWNER TO IMPOSITION OF SENSITIVE AREAS PENALTIES (OR CIVIL PENALTIES) AS OUTLINED IN SNOHOMISH COUNTY CODE.

THIS COVENANT BENEFITS AND PROTECTS THE PUBLIC HEALTH, SAFETY, AND WELFARE BY MAINTAINING THE NATURAL ENVIRONMENT AND CHARACTER OF THE SENSITIVE AREA THROUGH THE PRESERVATION OF NATIVE VEGETATION FOR THE CONTROL OF SURFACE WATER AND EROSION, MAINTENANCE OF SLOPE STABILITY, AND PROTECTION OF PLANT AND ANIMAL HABITAT.

THE COMMON BOUNDARY BETWEEN THE TRACT(S) AND THE AREA OF DEVELOPMENT ACTIVITY SHALL BE MARKED TO THE SATISFACTION OF SNOHOMISH COUNTY PRIOR TO ANY CLEARING, GRADING, BUILDING CONSTRUCTION, OR OTHER DEVELOPMENT ACTIVITY ON THE LOT ADJACENT TO THE SENSITIVE AREA TRACT(S). THE REQUIRED MARKING SHALL REMAIN IN PLACE UNTIL ALL DEVELOPMENT PROPOSAL ACTIVITIES ADJACENT TO THE SENSITIVE AREA TRACT(S) ARE COMPLETED.

REFERENCES USED

RECORD OF SURVEY AFN#9208105001
RECORD OF SURVEY AFN#69-6057
RECORD OF SURVEY AFN#9603145001
RECORD OF SURVEY AFN#8504015003
RECORD OF SURVEY AFN#8004225001
CEDAR RIDGE VILLAGE AFN#8611055020
CLIFFORDS BOTHELL FARMS VOL 11, PAGE 72
TITLE REPORT FROM TRANSNATION ORDER NO.10155106

BASIS OF BEARING

BEARINGS ARE BASED ON THE LINE FROM THE FOUND MONUMENT AT THE NE SECTION CORNER OF SEC 30 AND THE FOUND MONUMENT AT THE NORTH QUARTER CORNER OF SECTION 30 BEING NORTH 89°11'54" WEST.

SITE DATA

OWNERSHIP:
CANYON CREEK LLC
MANAGING PARTNERS:
REED KELLEY AND PAUL KRAKOW

SITE AREA

TRACT A 400 SF 0.01 AC
TRACT B 435 SF 0.01 AC
TRACT C 109,934 SF 2.52 ACRES
TRACT D 2570 SF 0.07 ACRES
TRACT E 551 SF 0.01 ACRES
TRACT F 87,807 SF 2.02 ACRES
EASEMENT H 5,904 SF 0.14 ACRES
TRACT I 45,801 SF 1.05 ACRES
TRACT J 7,111 SF 0.16 ACRES
EASEMENT K 299 SF 0.01 ACRES
EASEMENT L 55,611 SF 1.25 ACRES
TRACT M 377 SF .01 ACRES
TRACT N 377 SF .01 ACRES
PHASE I 294,492 SF 6.76 ACRES
PHASE II 363,527 SF 8.35 ACRES

MAINTENANCE RESPONSIBILITIES OF TRACTS

ANY MAINTENANCE OF TRACT A,B,C,D,E,F,I,J,M, & N WILL BE THE RESPONSIBILITY OF THE HOMEOWNERS ASSOCIATION AND MORE PARTICULARLY DEFINED IN THE COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS RECORDED WITH THIS PLAT.

SUBJECT TO CRYSTAL CREEK TOWNHOMES PHASE I DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, EASEMENTS & RESTRICTIONS AS RECORDED UNDER

RECORDING NO _____

TRACTS

A TRACT IS LAND RESERVED FOR SPECIAL USES AS OPEN SPACE, SURFACE WATER RETENTION, UTILITIES, SENSITIVE AREAS OR ACCESS. TRACTS ARE NOT COUNTED AS LOTS NOR CONSIDERED AS RESIDENTIAL BUILDING SITES.

ACCESS, UTILITY AND MUTUAL PARKING EASEMENTS

ACCESS, UTILITY AND PARKING EASEMENTS ARE HEREBY GRANTED TO THE OWNERS OF LOTS 38-94, TRACTS A,B,C,D,E,F,I,J,M, & N BURDENING EACH SAID PARCEL FOR THE BENEFIT OF THE OTHER SAID PARCEL, NON-EXCLUSIVE EASEMENTS OVER AND ACROSS SAID PARCELS FOR THE PURPOSE OF INGRESS AND EGRESS. THE OVER AND ACROSS EASEMENT ON A PARCEL WILL BE AUTOMATICALLY REPLACED BY A PERMANENT NON-EXCLUSIVE EASEMENT FOR THE SAME PURPOSES TO BE LIMITED TO THE AREA CONSTITUTING THE VEHICULAR DRIVING LANES ON THAT PARCEL AS THEY ARE CONSTRUCTED ACCORDING TO THE APPROVED PLANS IN CONJUNCTION WITH THE ISSUANCE OF A BUILDING PERMIT FOR THAT PARCEL, AND AS THEIR LOCATION MAY THEREAFTER BE MODIFIED. THE OVER AND ACROSS EASEMENTS AND ANY SUCH MODIFICATIONS SHALL BE SUBJECT TO THE TERMS SET FORTH BELOW:

1) RELOCATION. GRANTOR SHALL HAVE THE RIGHT, AT ANY TIME AND FOR ANY REASON DEEMED DESIRABLE IN GRANTOR'S SOLE JUDGMENT, TO RELOCATE THE EASEMENT AREA ON GRANTOR'S PROPERTY, PROVIDED THAT GRANTEE SHALL AT ALL TIMES HAVE REASONABLE ACCESS TO GRANTEE'S PROPERTY AND THAT CONNECTING POINTS BETWEEN THE EASEMENTS ON ADJACENT PARCELS SHALL NOT BE MODIFIED WITHOUT AUTHORIZATION FROM OWNERS OF THE ADJACENT PARCELS, AND DONE IN CONFORMANCE WITH APPLICABLE SNOHOMISH COUNTY CODES OR ITS SUCCESSOR AGENCY CODES.

2) RESTORATION. BY ACCEPTING AND RECORDING THIS EASEMENT, GRANTEE AGREES TO RESTORE ALL DAMAGE TO THE SURFACE OF THE EASEMENT AREAS CAUSED BY THE EXERCISE OF ITS RIGHTS HEREUNDER.

3) RESERVATION. GRANTOR RESERVES THE RIGHT TO USE THE EASEMENT AREA ON ITS PROPERTY FOR ANY AND ALL PURPOSES WHICH DO NOT MATERIALLY INTERFERE WITH GRANTEE'S ACCESS AND ARE NOT OTHERWISE INCONSISTENT WITH THE RIGHTS HEREIN CONTAINED. NOTWITHSTANDING THE FOREGOING RESERVATION OF RIGHTS BY GRANTOR, EXCEPT FOR PARKING SPACES, DRIVEWAYS, ROAD IMPROVEMENTS, PEDESTRIAN WALKWAYS, LANDSCAPING AND UTILITY LINES, GRANTOR SHALL NOT CONSTRUCT, INSTALL OR MAINTAIN ANY STRUCTURES OR IMPROVEMENTS OF A PERMANENT NATURE ON, OVER, OR UNDER THE EASEMENT AREAS.

4) ASSIGNMENT; BINDING EFFECT. THE EASEMENTS HEREBY GRANTED AND THE CONDITIONS HEREIN CONTAINED SHALL BE COVENANTS RUNNING WITH THE LAND AND SHALL INURE TO THE BENEFIT OF AND BE BINDING UPON THE PARTIES HERETO AND THEIR SUCCESSORS AND ASSIGNS, INCLUDING ANY SUBSEQUENT OWNERS OF THE BURDENED AND BENEFITED PROPERTIES

MUTUAL PARKING EASEMENT. THE GRANTOR HEREBY RESERVES AND GRANTS A MUTUAL PARKING EASEMENT FOR THE BENEFIT OF LOTS 38-94. THE MUTUAL PARKING EASEMENT AREA SHALL BE THE ENTIRE PARKING AREA OF AS DESIGNATED HOWEVER, THAT DESIGNATED PARKING SPACES ADJACENT TO EACH BUILDING ON LOTS 38-94

MAY BE RESERVED FOR USE BY THE OWNER AND/OR DESIGNATED TENANTS OF THE ADJACENT BUILDING ALL OTHER PARKING SPACES SHALL BE MUTUALLY AVAILABLE FOR USE BY THE OWNERS AND TENANTS OF AND PUBLIC LICENSEES, INVITEES, AGENT AND EMPLOYEES ASSOCIATED WITH THE BUILDINGS ON LOTS 38-94.

THE MUTUAL PARKING EASEMENT AREA AND ACCESS, UTILITY EASEMENT AREA SHALL BE JOINTLY MAINTAINED BY THE OWNERS OF SAID LOTS AS PROVIDED IN A DECLARATION OF EASEMENTS AND SHARED COSTS TO BE RECORDED SUBSEQUENT TO THE RECORDING OF THIS PLAT.

EASEMENT PROVISIONS

AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO ALDERWOOD WATER DISTRICT FOR AND SANITARY SEWER, PUGET SOUND ENERGY FOR NATURAL GAS, AND ELECTRIC POWER, VERIZON FOR TELEPHONE AND COMCAST FOR TELEVISION CABLE SERVING THE PLAT OF CRYSTAL CREEK TOWNHOMES PHASE 2 AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS UNDER AND UPON KNOWN AS EASEMENTS L&K SHOWN HEREON IN WHICH TO LAY, INSTALL, CONSTRUCT, RENEW, OPERATE AND MAINTAIN UNDERGROUND CONDUITS, PIPES AND WIRES WITH NECESSARY FACILITIES AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THIS SUBDIVISION AND OTHER PROPERTY WITH ELECTRIC, TELEPHONE, TV CABLE, WATER, AND NATURAL GAS UTILITY SERVICE TOGETHER WITH THE RIGHT TO ENTER UPON THE LOTS AND TRACTS AT ALL TIMES FOR THE PURPOSES HEREIN STATED. THESE EASEMENTS ENTERED UPON FOR THESE PURPOSES SHALL BE RESTORED AS NEAR AS POSSIBLE TO THEIR ORIGINAL CONDITION.

PRIVATE DRAINAGE EASEMENTS DESIGNATED ON THE FACE OF THE PLAT ARE HEREBY RESERVED FOR AND GRANTED TO THE OWNERS OF THE LOTS BENEFITED. THE OWNERS OF SAID LOTS ARE HEREBY RESPONSIBLE FOR THE MAINTENANCE OF THEIR RESPECTIVE FACILITIES WITHIN SAID EASEMENTS. CONVEYANCE SHALL OCCUR WITH THE RECORDING OF THIS PLAT.

DANIEL R. PRICE SR. STATE OF WASHINGTON 37533 REGISTERED PROFESSIONAL LAND SURVEYOR EXPIRES: 27 MARCH 2006

DAN PRICE LAND SURVEYING
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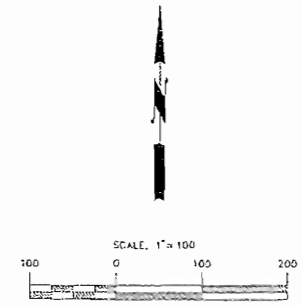
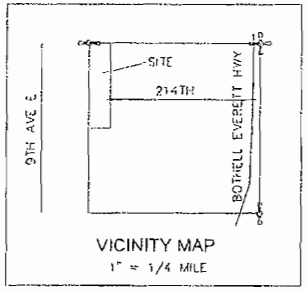
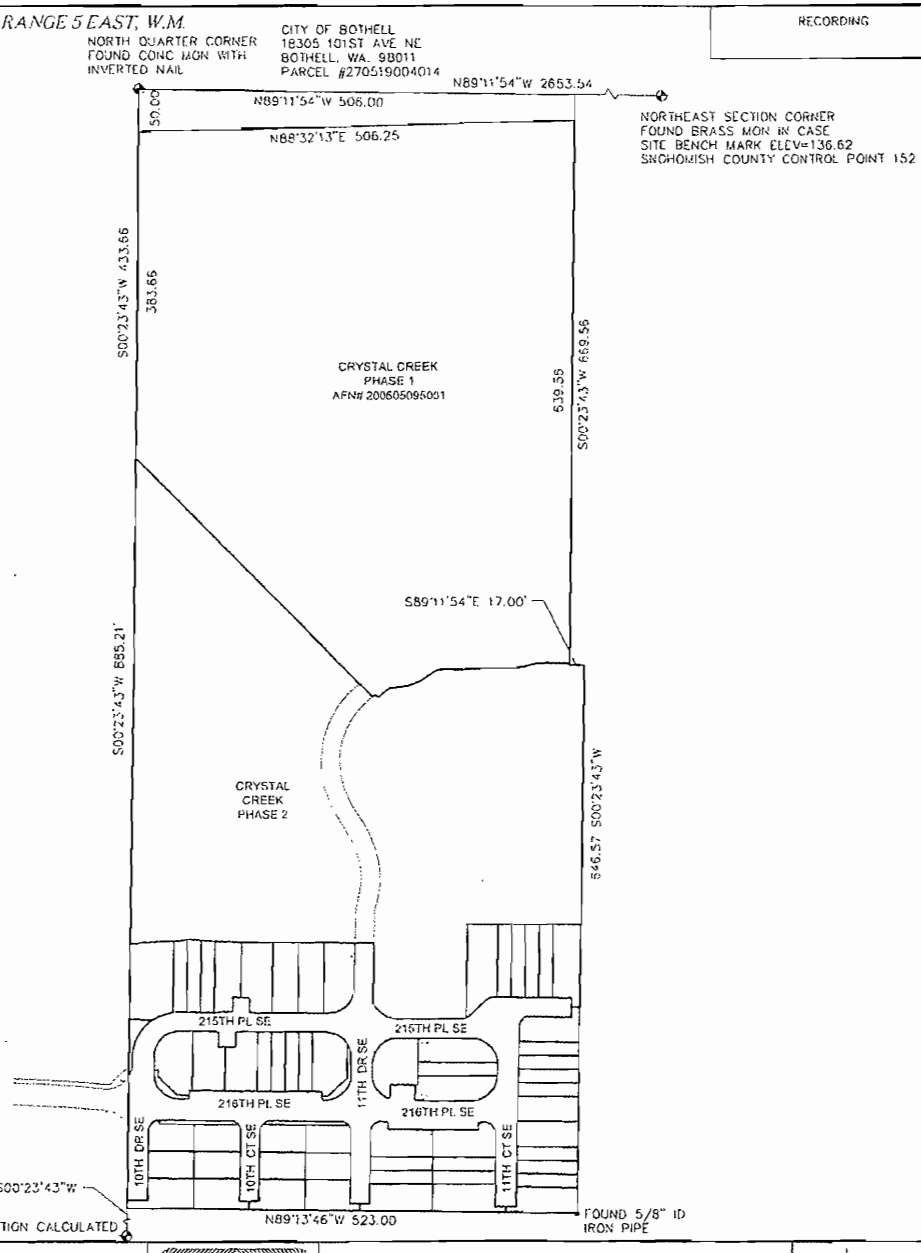
CITY OF BOTHELL

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

RECORDING	VOL./PAGE







CRYSTAL CREEK TOWNHOMES
PHASE 2

SITE PLAN

DANIEL R. PRICE SR.
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CITY OF BOTHELL

SHEET 3 OF 12

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

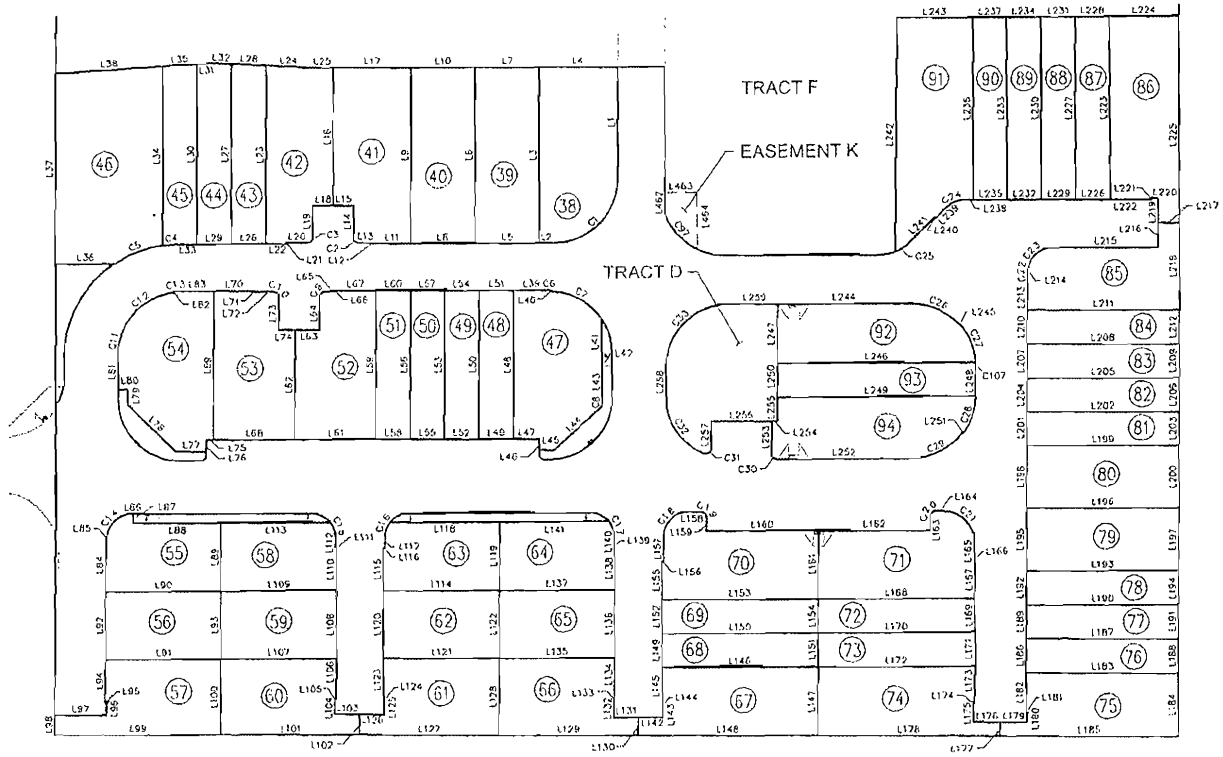
RECORDING	VOL./PAGE

LEGEND

- FOUND MONUMENT AS NOTED
- GPS CONTROL POINTS
- LXXX LINE TABLE NO. (SEE LINE TABLE)
- CXXX CURVE TABLE NO. (SEE CURVE TABLE)
- (XX) LOT NUMBER
- PROPOSED EASEMENT LINE
- PROPERTY LINE/PROPOSED TRACT
- WATER LINE
- SANITARY SEWER

ADDRESSES

LOT	ADDRESS	
38	1065 215TH PL SE	2,850
39	1061 215TH PL SE	2,492
40	1057 215TH PL SE	2,492
41	1053 215TH PL SE	2,825
42	1047 215TH PL SE	2,433
43	1043 215TH PL SE	1,352
44	1039 215TH PL SE	1,362
45	1025 215TH PL SE	1,352
46	1031 215TH PL SE	4,451
47	1064 215TH PL SE	2,735
48	1060 215TH PL SE	1,123
49	1058 215TH PL SE	1,123
50	1056 215TH PL SE	1,123
51	1054 215TH PL SE	1,123
52	1048 215TH PL SE	2,427
53	1042 215TH PL SE	2,501
54	1034 215TH PL SE	2,777
55	21505 10TH DR SE	1,738
56	21611 10TH DR SE	1,715
57	21617 10TH DR SE	2,122
58	21600 10TH DR SE	1,704
59	21606 10TH DR SE	1,715
60	21612 10TH DR SE	2,031
61	21613 10TH DR SE	2,067
62	21607 10TH DR SE	1,728
63	21601 10TH DR SE	1,717
64	21602 11TH CT SE	1,717
65	21608 11TH CT SE	1,728
66	21614 11TH CT SE	2,068
67	21621 11TH DR SE	2,449
68	21615 11TH DR SE	1,162
69	21609 11TH DR SE	1,162
70	21603 11TH DR SE	2,485
71	21604 11TH CT SE	2,468
72	21610 11TH CT SE	1,162
73	21616 11TH CT SE	1,162
74	21622 11TH CT SE	2,449
75	21629 11TH CT SE	2,205
76	21623 11TH CT SE	1,135
77	21617 11TH CT SE	1,134
78	21611 11TH CT SE	1,134
79	21605 11TH CT SE	2,100
80	21601 11TH CT SE	2,099
81	21537 11TH CT SE	1,132
82	21533 11TH CT SE	1,132
83	21531 11TH CT SE	1,132
84	21529 11TH CT SE	1,131
85	21525 11TH CT SE	2,154
86	1145 215TH PL SE	2,393
87	1141 215TH PL SE	1,144
88	1137 215TH PL SE	1,143
89	1133 215TH PL SE	1,141
90	1129 215TH PL SE	1,140
91	1125 215TH PL SE	2,888
92	21528 11TH CT SE	2,381
93	21532 11TH CT SE	1,470
94	21536 11TH CT SE	2,537



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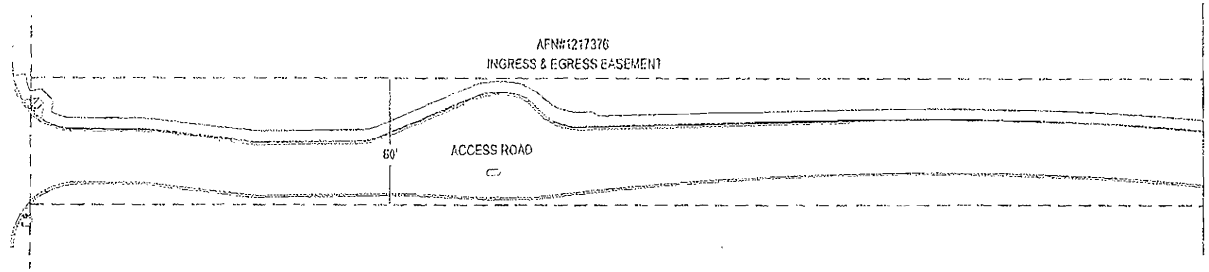

CRYSTAL CREEK TOWNHOMES
PHASE 2

LOT LAYOUT

DANIEL R. PRICE SR. STATE OF WASHINGTON 37533 REGISTERED PROFESSIONAL LAND SURVEYOR EXPIRES: 27 MARCH 2008

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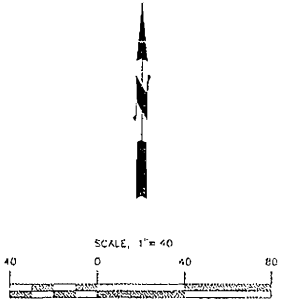
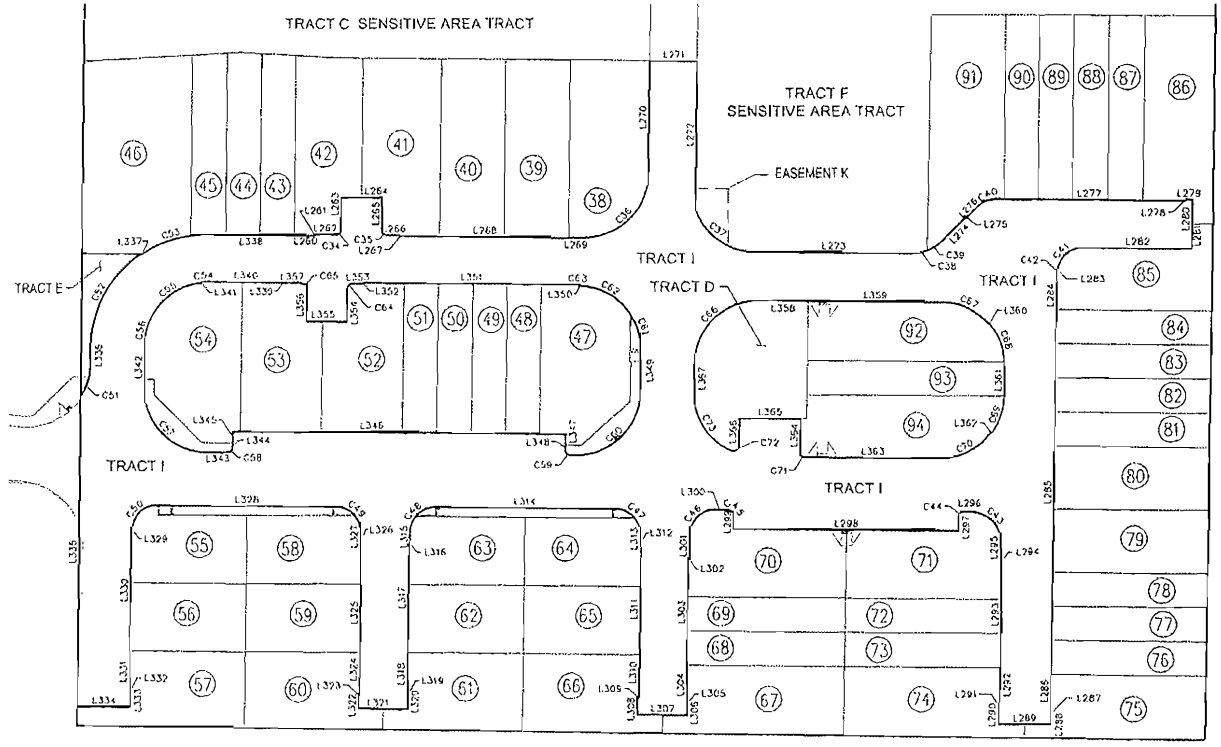
CITY OF BOTHELL

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

RECORDING	VOL./PAGE





LEGEND

- FOUND MONUMENT AS NOTED
- GPLS CONTROL POINTS
- LXXX — LINE LABLE NO. (SEE LINE TABLE)
- CXXX — CURVE LABLE NO. (SEE CURVE TABLE)
- (XX) — LOT NUMBER
- PROPOSED EASEMENT LINE
- PROPERTY LINE/PROPOSED TRACT
- WATER LINE
- SANITARY SEWER

STORM DRAINAGE COVENANT

OWNERS AND ALL PERSONS HAVING ANY PRESENT OR SUBSEQUENT OWNERSHIP INTEREST IN THESE LAND, AND THE SUCCESSORS AND ASSIGNS OF OWNERS OR OTHER PARTIES HAVING ANY INTEREST, HEREBY AGREE THAT THE CITY OF BOTHELL SHALL BE DEFENDED AND HELD HARMLESS IN ALL RESPECTS FROM ANY AND ALL CLAIMS FOR DAMAGES AND/OR INJUNCTIVE RELIEF WHICH MAY BE OCCASIONED NOW OR IN THE FUTURE TO PERSONS, LAND OR IMPROVEMENTS BY REASON OF THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE DRAINAGE SYSTEM, AND HEREBY WAIVE AND RELEASE THE CITY OF BOTHELL FROM ANY AND ALL CLAIMS FOR DAMAGES OR INJURES TO PERSONS BY REASON OF CONSTRUCTION, MAINTENANCE AND OPERATION OF SAID DRAINAGE SYSTEM. THIS COVENANT CAN NOT BE REPEALED OR AMENDED WITHOUT WRITTEN CONSENT OF THE CITY OF BOTHELL.

THE CITY OF BOTHELL IS A THIRD PARTY BENEFICIARY OF THE MAINTENANCE OF OPEN SPACE, TRAFFIC ISLANDS, STORM DRAINAGE DETENTION FACILITY AND ALL STORM DRAINAGE PIPES AND STRUCTURES NOT ON PUBLIC RIGHT OF WAY WITH THE RIGHT BUT NOT THE OBLIGATION TO CAUSE ENFORCEMENT. THIS COVENANT CAN NOT BE AMENDED OR REPEALED WITHOUT WRITTEN CONSENT OF THE CITY OF BOTHELL.

ALL UNDERGROUND AND SURFACE STORM WATER FACILITIES AND IMPROVEMENTS CONSTRUCTED AS PART OF THIS PLAT NOT LOCATED ON PUBLIC ROADWAYS SHALL BE MAINTAINED IN PERPETUITY BY THE CRYSTAL CREEK TOWNHOMES HOMEOWNERS ASSOCIATION. SAID HOMEOWNERS ASSOCIATION SHALL HOLD HARMLESS AND INDEMNIFY THE CITY OF BOTHELL, IT'S OFFICIALS AND EMPLOYEES FROM ALL COSTS, EXPENSES AND DAMAGES ARISING FROM THE MAINTENANCE OR LACK OF MAINTENANCE OF THE STORM DRAINAGE FACILITIES BY SAID HOMEOWNERS ASSOCIATION. THE CITY OF BOTHELL IS HEREBY GRANTED THE RIGHT TO ENTER ONTO THE PRIVATE DRAINAGE EASEMENT AREAS AND TRACT C&I FOR NECESSARY EMERGENCY PURPOSES AND INSPECTION. THIS RIGHT OF ENTRY, HOWEVER, SHALL NOT BE DEEMED A GRANT TO THE PUBLIC FOR ACCESS OR ANY OTHER PURPOSES.

FOLLOWING ORIGINAL REASONABLE GRADING OF ROADS AND WAYS HEREON, NO DRAINAGE WATERS ON ANY LOT OR LOTS SHALL BE DIVERTED OR BLOCKED FROM THEIR NATURAL COURSE SO AS TO DISCHARGE UPON ANY PUBLIC ROAD RIGHTS OF WAY TO HAMPER PROPER DRAINAGE. THE OWNER OF ANY LOT OR LOTS, PRIOR TO MAKING AN ALTERATION IN THE DRAINAGE SYSTEM AFTER THE RECORDING OF THE PLAT, MUST MAKE APPLICATION TO AND RECEIVE APPROVAL FROM THE DIRECTOR OF THE DEPARTMENT OF PUBLIC WORKS FOR SAID ALTERATION. ANY ENCLOSING OF DRAINAGE WATERS IN CULVERTS OR DRAINS OR REROUTING THEREOF ACROSS ANY LOST A MAY BE UNDERTAKEN BY OF FOR THE OWNER OF ANY LOT SHALL BE DONE BY AND AT THE EXPENSE OF SUCH OWNER, AFTER ACQUIRING A CULVERT PERMIT FROM THE DEPARTMENT OF PLANNING AND DEVELOPMENT SERVICES, IF REQUIRED, AND SUBJECT TO ANY OTHER EXISTING PERMITTING REQUIREMENTS THEREFORE.

CRYSTAL CREEK TOWNHOMES
PHASE 2

ROADWAY TRACT LAYOUT

DANIEL B. PRICE SR.
STATE OF WASHINGTON
37533
REGISTERED
PROFESSIONAL LAND SURVEYOR
EXPIRES 27 MARCH 2008

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CITY OF BOTHELL

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

RECORDING	VOL./PAGE

SCALE: 1" = 40

40 0 40 80

LEGEND

- FOUND MONUMENT AS NOTED
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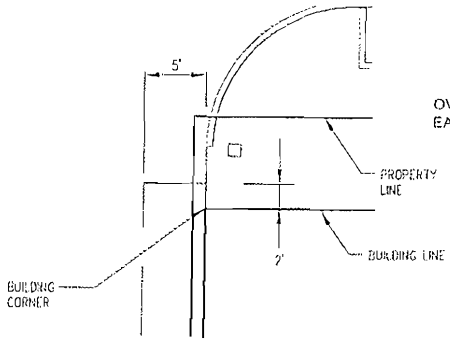
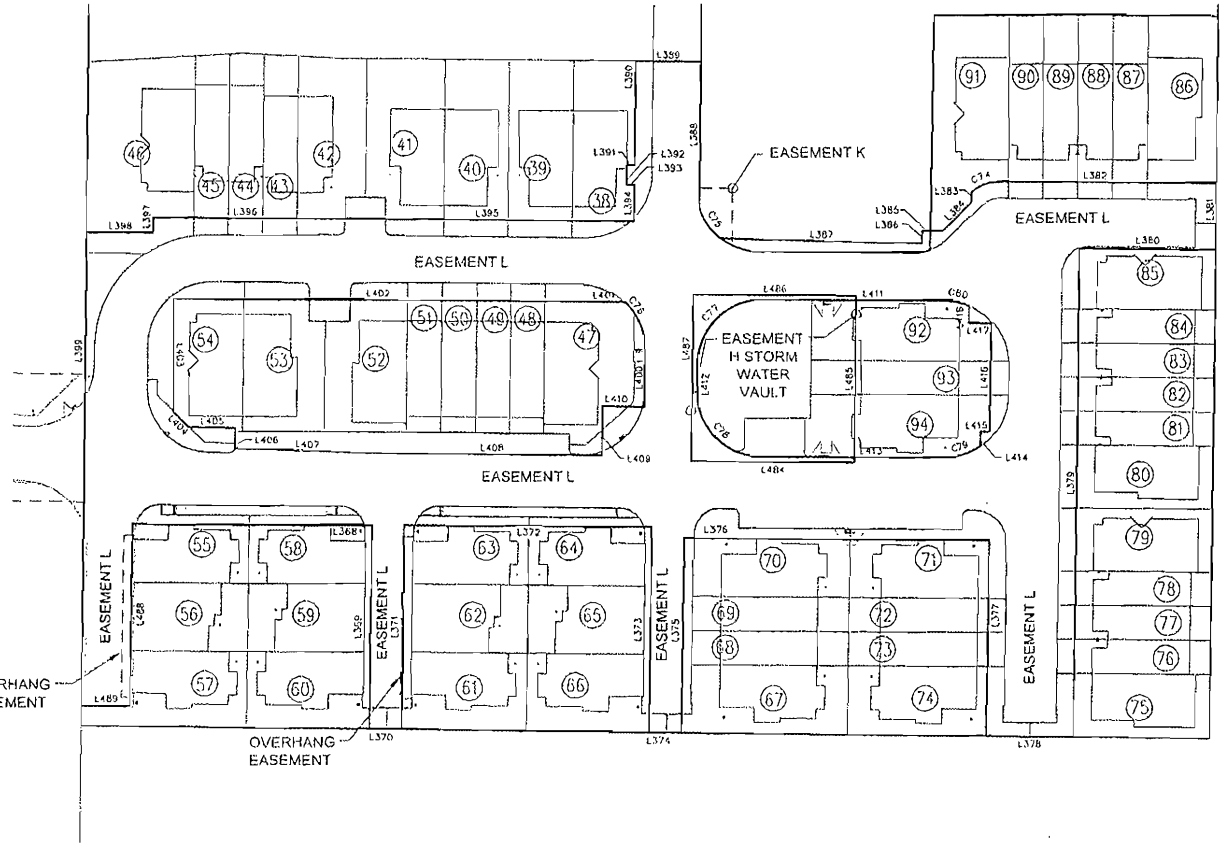
- WATER LINE
- SANITARY SEWER



OVERHANG EASEMENT

N.T.S.



CRYSTAL CREEK TOWNHOMES

PHASE 2

EASEMENT AND TRACT LAYOUT

DANIEL R. PRICE SR. STATE OF WASHINGTON 37533 REGISTERED PROFESSIONAL LAND SURVEYOR EXPIRES: 27 MARCH 2008

DAN PRICE LAND SURVEYING

17923 52ND AVE. E. #B

TACOMA, WA 98446

OFFICE (253) 875-8075

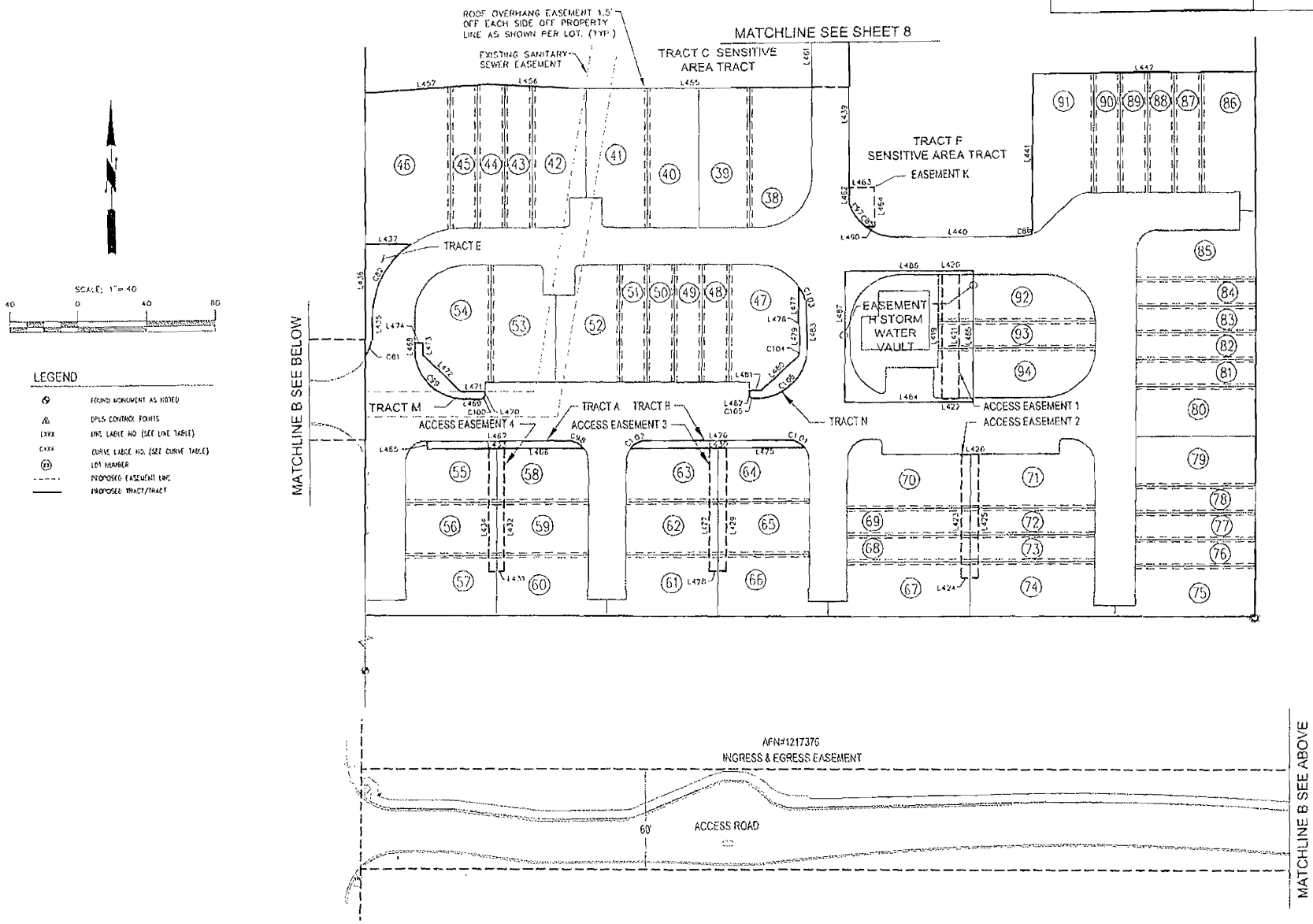
FAX (253) 875-8076

CITY OF BOTHELL

SHEET 6 OF 12

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

RECORDING	VOL./PAGE



CRYSTAL CREEK TOWNHOMES
PHASE 2

EASEMENT AND TRACT LAYOUT

DANIEL R. PRICE SR. STATE OF WASHINGTON 32533 REGISTERED PROFESSIONAL LAND SURVEYOR EXPIRES: 27 MARCH 2008

DAN PRICE LAND SURVEYING
17923 52ND AVE. E. #B
TACOMA, WA 98446
OFFICE (253) 875-8075
FAX (253) 875-8076

CITY OF BOTHELL

SHEET 7 OF 12

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

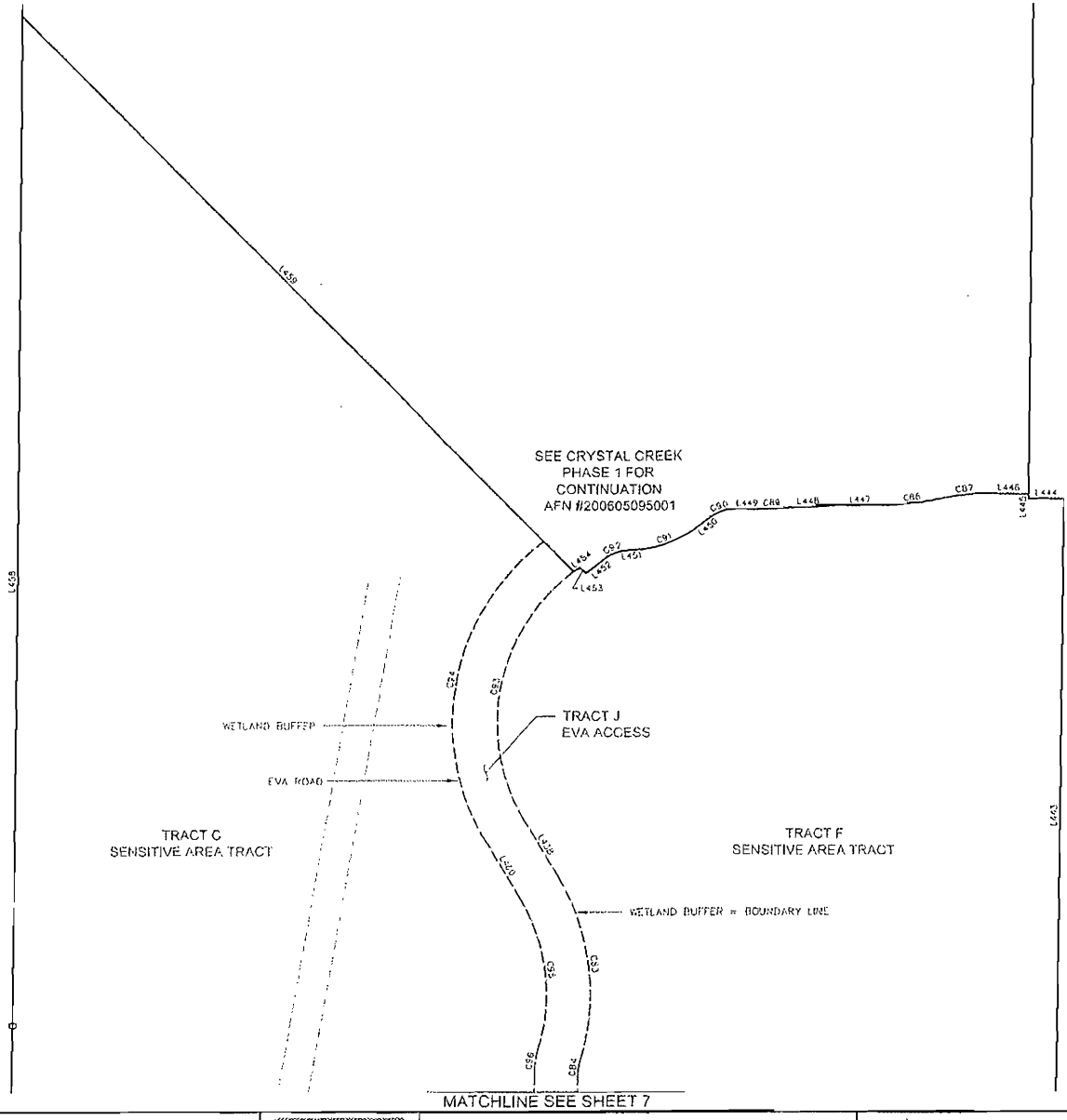
RECORDING	VOL./PAGE

SCALE: 1"= 40

40 0 40 80

LEGEND

- FOUND MONUMENT AS NOTED
- DPLS CONTROL POINTS
- LXXX LINE LABLE NO. (SEE LINE TABLE)
- CXXX CURVE LABLE NO. (SEE CURVE TABLE)
- (XX) LOT NUMBER
- PROPOSED EASEMENT LINE
- PROPOSED TRACT/TRACT



CRYSTAL CREEK TOWNHOMES
PHASE 2

TRACT LAYOUT

DANIEL R. PRICE SR.
STATE OF WASHINGTON
37533
REGISTERED
PROFESSIONAL LAND SURVEYOR
EXPIRES 27 MARCH 2008

DAN PRICE LAND SURVEYING
17923 52ND AVE. E. #B
TACOMA, WA 98446
OFFICE (253) 875-8075
FAX (253) 875-8076

CITY OF BOTHELL

SHEET 8 OF 12

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

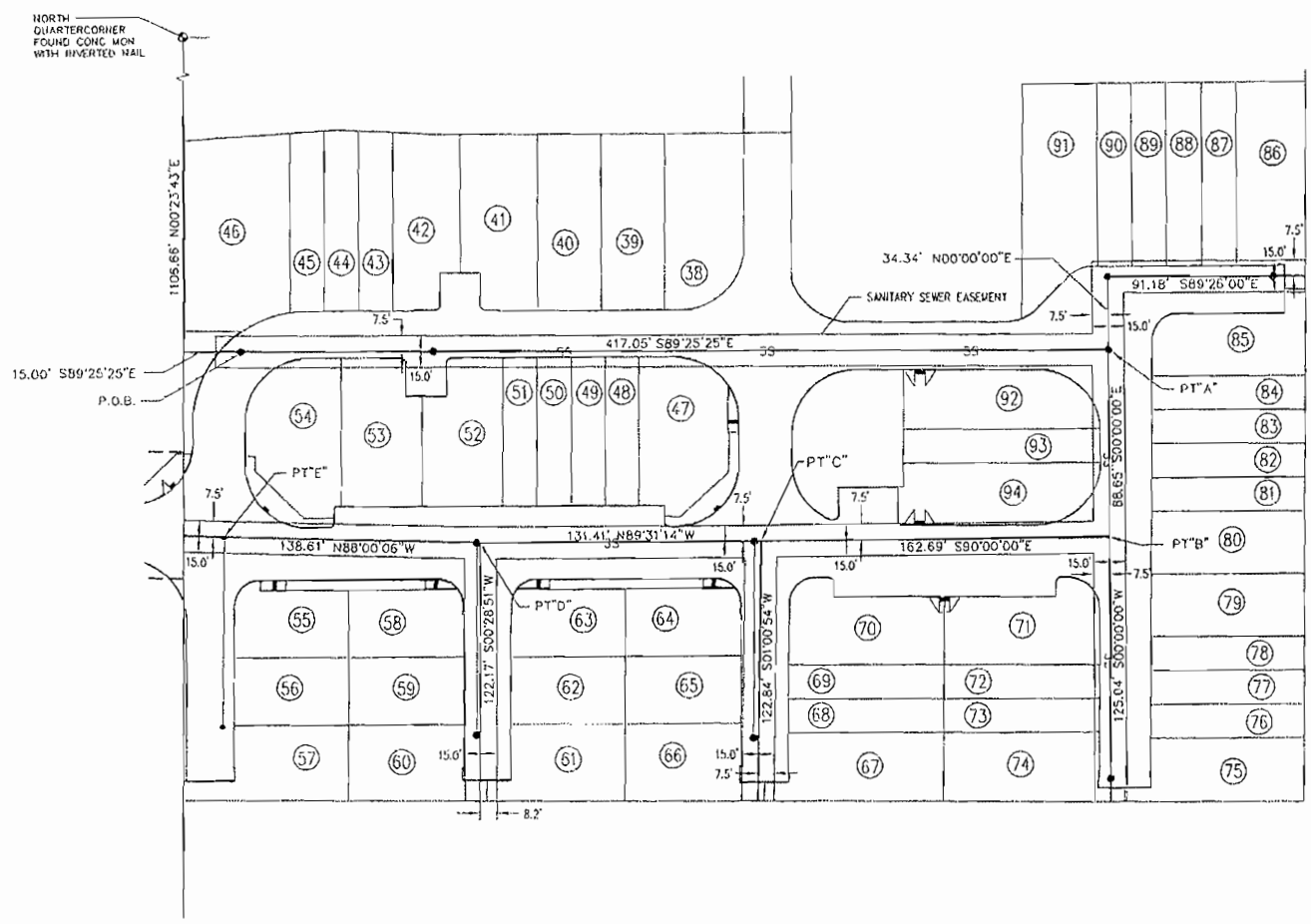
RECORDING	VOL./PAGE

SCALE: 1"=40

40 0 40 80

LEGEND

- FOUND MONUMENT AS NOTED
- GPLS CONTROL POINTS
- LXXX LINE LABLE NO. (SEE LINE TABLE)
- CXXX CURVE LABLE NO. (SEE CURVE TABLE)
- LOT NUMBER
- PROPOSED EASEMENT LINE
- PROPERTY LINE/PROPOSED TRACT
- WATER LINE
- SANITARY SEWER



SEWER EASEMENT NOTES

THE SANITARY SEWER EASEMENT T AS SHOWN ON THIS SHEET. AS SHOWN HEREON IS HEREBY RESERVED FOR AND GRANTED TO THE ALDERWOOD WATER AND WASTEWATER DISTRICT FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTION, OPERATING AND MAINTAINING THE SANITARY SEWER SYSTEM, TOGETHER WITH THE RIGHT TO INGRESS AND EGRESS FOR SUCH PURPOSES. THIS EASEMENT SHALL BE FREE FROM ALL PERMANENT STRUCTURES OR OTHER STRUCTURES, SUCH AS COVERED PARKING, DECKS, OVERHANGS, SHEDS, ETC.., WHICH INTERFERE WITH ALDERWOOD WATER AND WASTEWATER DISTRICT MAINTENANCE AND REPAIR RESPONSIBILITIES.

SEE RECORDED EASEMENT
RECORDING NO. _____

CRYSTAL CREEK TOWNHOMES
PHASE 2

SANITARY SEWER EASEMENT

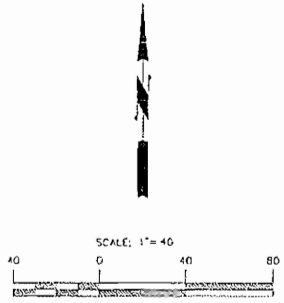
DANIEL R. PRICE SR. STATE OF WASHINGTON 5343 REGISTERED PROFESSIONAL LAND SURVEYOR EXPIRES 27 MARCH 2005

DAN PRICE LAND SURVEYING
17923 52ND AVE. E. #B
TACOMA, WA 98446
OFFICE (253) 875-8075
FAX (253) 875-8076

CITY OF BOTHELL

A PORTION OF THE NW 1/4 OF NE 1/4 OF SECTION 30 TOWNSHIP 27 NORTH, RANGE 5 EAST, W.M.

RECORDING	VOL./PAGE



LEGEND

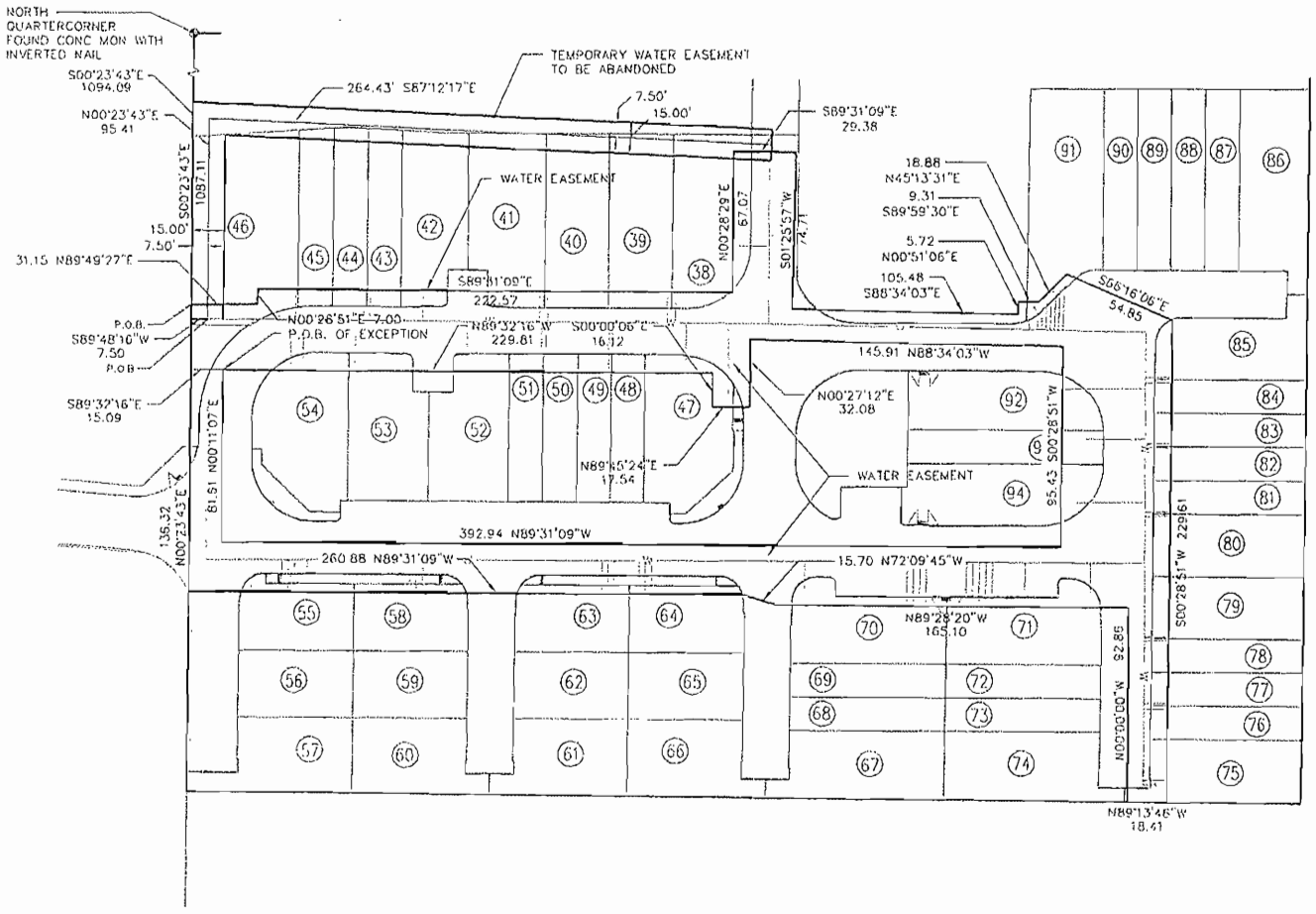
- FOUND MONUMENT AS NOTED
- ORIS CONTROL POINTS
- LINE TABLE NO (SEE LINE TABLE)
- CURVE TABLE NO (SEE CURVE TABLE)
- LOT NUMBER
- PROPOSED EASEMENT LINE
- PROPERTY LINE/PROPOSED TRACT
- WATER LINE
- SANITARY SEWER

WATER EASEMENT NOTES

THE WATER EASEMENT LOCATED AS SHOWN ON THIS SHEET HEREON IS HEREBY RESERVED FOR AND GRANTED TO THE ALDERWOOD WATER AND WASTEWATER DISTRICT FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTION, OPERATING AND MAINTAINING THE WATER SYSTEM, TOGETHER WITH THE RIGHT TO INGRESS AND EGRESS FOR SUCH PURPOSES. THIS EASEMENT SHALL BE FREE FROM ALL PERMANENT STRUCTURES OR OTHER STRUCTURES, SUCH AS COVERED PARKING, DECKS, OVERHANGS, SHEDS, ETC.., WHICH INTERFERE WITH ALDERWOOD WATER AND WASTEWATER DISTRICT MAINTENANCE AND REPAIR RESPONSIBILITIES.

NO FENCE OR OBSTRUCTIONS SHALL BE CONSTRUCTED BETWEEN THE EDGE OF RIGHT OF WAY AND OR TRACTS AND THE WATER METER, BLOWOFF AND FIRE HYDRANTS WHICH RESTRICTS ACCESS BY ALDERWOOD WATER AND WASTEWATER DISTRICT.

SEE RECORDED EASEMENT
RECORDING NO _____



CRYSTAL CREEK TOWNHOMES
PHASE 2

WATER EASEMENT

DANIEL R. PRICE SR.
STATE OF WASHINGTON
37531
REGISTERED
PROFESSIONAL LAND SURVEYOR
EXPIRES 27 MARCH 2006

DAN PRICE LAND SURVEYING
17923 52ND AVE. E. #8
TACOMA, WA 98446
OFFICE (253) 875-8075
FAX (253) 875-8076

CITY OF BOTHELL

RESOLUTION OF THE BOARD OF DIRECTORS OF CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION REGARDING A COLLECTION POLICY FOR DELINQUENT OWNER ACCOUNTS

1. Preamble

1.1 **Statement of Authority.** The Board of Directors (the "Board") of Crystal Creek Townhomes II Homeowners Association (the "Association") is charged with the responsibility of collecting assessments for common expenses and special assessments from Owners pursuant to RCW 64.38 and Declaration Article 7 and 8. In the event any provision of this collection policy directly conflicts with the Association's recorded Declaration, the Declaration shall take precedence.

1.2 **Identification of the Problem.** From time to time, Owners become delinquent in their payments of these assessments and fail to respond to the demands from the Association and / or Managing Agent (the "Agent") to bring their accounts current.

1.3 **Reason for Action.** The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to a Collection Agency ("Firm") and / or a Collection Attorney ("Counsel") for collection so as to minimize the Association's loss of assessment revenue. The Board further deems it to be in the best interests of the Association to retain a Firm and / or Counsel because of their experience in representing condominium and homeowners associations in collections and other matters.

2. Action of the Board

2.1 **Retainer of Counsel.** The Board by this action retains the Firm and / or Counsel as the Association's Representative and directs them to represent the Association on the terms outlined in this resolution. Counsel shall pursue all collection and any other matters which the Association, acting through the Firm and / or Agent, may from time to time decide to refer to them and to provide any advice and counsel which the Association may from time to time require.

2.2 **Payment of Fees and Costs.** The Agent, acting on behalf of the Association, shall pay the Firm and / or Counsel their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the Firm and / or Counsel, including but not limited to fees and charges for filing liens and notices, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice.

2.3 **Late Fee Assessed.** Pursuant to Article 8 Section 2 of the Declaration, there is hereby levied against any assessment account which is not paid in full as of the tenth (10th) day of the month a late fee in the amount of Fifty Dollars ($50.00) which the Agent is authorized and directed to charge to and collect from any delinquent Owner.

2.4 **First Notice.** The Agent is directed to send to any Owner who is more than ten (10) days delinquent in the payment of regular or special assessments, or other charges authorized

by the Association's Governing Documents ("Assessments"), a written notice (the "First Notice") of the late fee and a request for immediate payment.

2.5 **Second Notice.** The Agent is directed to send to any Owner who is more than forty (40) days delinquent in the payment of Assessments written notice (the "Second Notice").

2.6 **Third Notice.** The Agent is directed to send to any Owner who is more than seventy (70) days delinquent in the payment of Assessments written notice (the "Third Notice" or "Final Notice") that unless the account is paid in full within ten (10) days, the account will be turned over to the Firm.

The Agent shall charge the following amounts for the aforementioned notices:

Certified Letters:		$ 37.50/letter*
Delinquency:	Notification & Follow Up	$ 23.50/letter*
	Turn Over to Collection Agency	$ 95.00*
NSF and Returned Checks:		$ 37.50/check*

*Note: These above collection fees are charged to the applicable Homeowner not the Association.

2.7 **Referral to Collection Agency.** The Firm is hereby authorized to serve as collection agent for the Association to attempt to collect on behalf of Association all amounts due on said account, and is authorized to charge the Association for those services rendered. The Association will pass these costs through to the delinquent homeowner and these will become due and payable. The Firm will attempt contact with Owner via telephone, email and / or written correspondence. Failing contact and receiving and establishing a reasonable payment plan on behalf of and for the Association, the Firm is authorized to file a lien against the Owner / Unit to secure the Association's interest. The Firm will also follow-up with a series of collection letters further attempting to contact owner and arrange payment plans to foster payment and resolution on the delinquent account.

2.8 **Referral to Association's Attorneys.** For any account turned over to the Firm on which the Firm has not recovered payment of all amounts then due the Association within two (2) months of such referral, the Firm shall turn over the account to Counsel for further collection efforts and, in that event, the Owner will be liable for payment of the charges levied by Counsel to cover fees and costs charged to the Association.

2.9 **Request for Special Consideration.** The First Notice and the Second Notice sent by the Agent shall further advise the delinquent Owner that prior to the time the account is turned over to the Firm and / or Counsel for collection efforts, the delinquent Owner may submit a written request to the Board for special consideration of hardship circumstances, including all reasons why the Board should consider the request, and either a request for a hearing or a request that the determination be made by the Board based on the written request (the "Request for Special Consideration").

2.10 **Waiver of Special Consideration.** The First Notice and the Second Notice sent by the Agent shall further advise the delinquent Owner that if the Request for Special Consideration is not so submitted, then such request shall have been deemed waived.

2.11 **Pre-existing Delinquencies.** Notwithstanding anything in this resolution to the contrary, if any account is more than forty-five (45) days delinquent in the payment of Assessments at the time that the Board adopts this resolution, the Agent shall promptly send the delinquent Owner a written notice (the "Final Notice") containing the same provisions as described above for the Third Notice.

2.12 **Referral of Bankruptcy and Foreclosure Matters.** The Agent is directed to consult with the Firm and / or Counsel and turn over for collection action immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosures of its lien against the Unit.

2.13 **Policies Applicable to Handling Delinquencies.** The following policies shall apply to all delinquent accounts turned over to the Firm and / or Counsel for collection:

2.13.1 **Communication with Delinquent Owners.** All contacts with a delinquent Owner shall be handled through the Firm or Counsel. Neither the Agent nor any Association officer or director shall discuss the collection of the account directly with an Owner after it has been turned over to Counsel unless Counsel is present or has consented to the contact.

2.13.2 **Application of Payments.** All sums collected on a delinquent account shall be remitted to the Association in care of the Firm and / or Counsel until the account has been brought current. All payments received on delinquent accounts will be applied to the oldest amounts owing first, until accounts are paid in full.

2.13.3 **Collection Agency / Attorneys Fees and Costs.** The Firm's fees and Counsel's fees shall be assessed against each delinquent Unit and its Owner (including repeat offenders) when the account is turned over to the Firm and / or Counsel for collection action. All collection fees, legal fees, expenses and taxable costs incurred in the collection of a delinquent account shall be assessed against the delinquent Unit and Owner and shall be collectable as an Assessment as provided in Article 8 Section 4 of the Declaration.

2.13.4 **Payment Plans.** To the extent that the Counsel, in their discretion, consider it to be appropriate in the circumstances, are authorized to enter into an installment payment plan, secured by a Stipulation for Judgment; provided, however, that any payment plan which provides for a down payment of less than the greater of one third (1/3) of the delinquent balance or twice the current monthly assessment, or monthly payments of less than twice the current assessment amount, or a duration in excess of six (6) months shall require the approval of the Board and / or the Association's Manager / Agent.

2.13.5 **Further Collection Action.** Where, at the expiration of the period specified in Counsel's demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgment or a signed agreement by a renter to pay rent, or in the event of a default under the terms of either agreement, Counsel is authorized to take such further action as they, in consultation with the Board or Agent, believe to be in the best interest of the Association, including but not limited to:

2.13.5.1.1 Recording a Notice of Claim of Lien against the Unit; or

2.13.5.1.2 Filing suit against the delinquent Owner for monies due pursuant to Article 8 Section 4 of the declaration;

2.13.5.1.3 Filing a proof of claim in bankruptcy; or

2.13.5.1.4 Instituting a judicial action for foreclosure of the Association's lien, pursuant to Article 8 of the Declaration;

2.14 **Distribution of Resolution.** A copy of this resolution shall be sent to all owners at their last known addresses.

This resolution was adopted by the Board of Directors on 8/11/2013, 20 13, and shall be effective on 09/01/13, 20 13.

President

ATTEST:

Secretary

CRYSTAL CREEK TOWNHOMES II HOA RENTAL RULES

I. PREAMBLE & ENFORCEMENT

In order to foster harmonious interpersonal relationships, to promote cooperation and friendship, preserve the peace and the integrity of our common endeavors to the end that these will enhance and improve the values of our proprietary interests in our community for our mutual benefit, the following Rules are hereby adopted for implementation without discrimination according to race, color, gender, creed, age, familial status or disability. This rental limitation is in furtherance of a desire of the Association to improve access to resale financing, increase Owner pride and involvement in the Association, increase a sense of community by reducing or minimizing residential transiency, maintain or increase the market value of homes and improve Owner and Association access to favorable insurance coverage.

PENALTY FOR RULES VIOLATIONS

A Unit Owner may be penalized for violation of these Rules and the governing documents. The penalties shall be assessed against the Unit and the Unit Owners, and shall be collectible in the same manner as dues assessments. All remedies that apply to the collection of delinquent assessments shall also apply to the collection of these fines. Any costs (including reasonable attorneys' fees) incurred by the Association in connection with the exercise of its rights of enforcement and remedies herein, including any such eviction or injunctive action, shall be collectible as a special assessment against the Owner.

CAUSE FOR ACTION

Action will be taken by the Board regarding any violation if any of the following occur:

A. The Board (or a member of the Board) directly encounters the violation.

B. The Association's agent directly encounters the violation.

C. Written complaints about a violation have been received by the Board from two different Unit Owners (on behalf of themselves or their tenants) within a three (3) month period.

D. Through a decision of panel of peers at a conciliation hearing as described on the next page. In the event that such violations threaten life, health, or property, the Board may act without taking such steps.

ACTION

The action will generally consist of a warning letter, which will give the homeowner ten (10) days to correct the violation, prior to any fine. When a fine is implemented, the Owner being fined will be notified and the Homeowner Association dues ledger account will immediately reflect the fine. If the party violating the rules is a tenant, and the Unit Owner fails to initiate appropriate action to enforce compliance or removal of the tenant(s) in a timely manner, the Board, in its discretion, may cause the tenant(s) to be evicted at the expense of the Owner.

PENALTY AMOUNTS

It should be noted that the purpose of these fines in not to produce revenue, but to maintain

quality of life standards at the community and to protect property values. All funds collected will go into the Association's operation funds. Penalties shall be imposed from the date of the adoption of these rules on any Unit deemed to be in violation of the rental rules. These Rules apply to all Units regardless of when the Owner began leasing.

1st offense = warning notice
2nd offense = $2000 per month
Subsequent offense(s) = $2000 per month

DUE PROCESS PROCEDURE & CONCILIATION HEARINGS

A. If any Owner feels that any action taken by the Association regarding a rules violation has been erroneous, he/she has the right to be "heard" before a panel of his/her peers. The purpose of the hearing is to review evidence of the violation and to consider reversal of the action that was taken by the Association with regard to the rule violation.

   This panel will either consist of at least 3 Board Members, or 2 disinterested Owners with a Board member in attendance to officiate. The meeting, arranged by the Board of Directors, will consist of the panel members, the party who originally brought the complaint (must be Owners or the Board of Directors), the party requesting the "hearing" (who must also be an Owner), and any other Owner(s) that are involved. Fines will not be ratified until the "due process" procedure is completed, if it is called.

B. The meeting will be an informal meeting with a panel member acting as chair. Both sides will present evidence, witnesses and testimony regarding the validity or non-validity of the complaint. The party bringing the complaint must do so in writing. Minutes of the meeting will be kept by the person designated by the panel.

C. To obtain a hearing, the managing agent for the Association must be notified, in writing, within 14 days from the date of the notice indicating that a rules violation action has been effected; otherwise the homeowner's right to a due process hearing shall be deemed as waived.

D. The managing agent for the Association will respond to the hearing request within 30 days after receipt of the written request. If either party desires to reschedule the hearing, the other party must be notified at least 10 days prior to the scheduled date of hearing.

E. If a hearing is requested and the requesting party fails to appear, the panel will base their findings on the information available at the meeting.

F. Either party has a right to appeal the findings of the panel by repeating the due process procedure. However, the Board of Directors may decline the request for an appeal hearing if it feels that there is no pertinent new information to be considered.

II. RULES & REGULATIONS

11.14 RENTAL UNITS

11.14.1 Unit Owners may lease their Units, provided that:

1. the term of the lease shall be a minimum of six months and shall be in writing:

2. the Lease specifically shall incorporate these Rules and the governing documents as terms of the Lease and copies shall be given to the tenants by the Owner;

3. the Unit Owner grants the Association authority to enforce these Rules and governing documents against tenants by means of unlawful detainer actions; and

4. the Unit Owner takes responsibility for any penalties assessed against any tenant of his or her Unit.

11.14.2 The rental ceiling cap allows for a maximum of eleven (11) non-Owner occupied units as noted in Amendment 4 of the CC&R's. No Owner may lease the Unit if the leasing the unit will result in more than eleven (11) units be rented at the same time.

11.14.3 At any change of occupancy and at least five (5) days prior to move-in, the homeowner must provide the association with:

1. a copy of the current written lease/rental agreement,

2. proof (submittal of a cancelled check or receipt) that a professional tenant screening report has been done which includes a consumer credit report, employment verification, and a public records check for criminal convictions and unlawful detainers, and

3. updated contact information including addresses, telephone numbers, email addresses, and vehicle information for the residents.

4. updated contact information including addresses, telephone numbers, email addresses for the Owner(s) of the Unit.

The Association only needs the proof of tenant screening and not the actual report. The selection of a suitable and appropriate tenant shall be the sole responsibility of the Unit Owner, and not the Board of Directors.

11.14.4 If an Owner fails to evict a tenant who is in continuing violation of the Rules and/or governing documents, the Board of Directors may take appropriate action, including eviction (when allowable by State law), at the Owner's expense. Owners are responsible and liable for their tenants' and guests' action.

11.14.5 Use of a Waiting List. If an owner of a Unit desires to lease the Unit at the time when eleven Units are already being leased, the Owner may place the Unit on the Waiting List which will entitle the Owner to lease the Unit on a first come, first served basis when fewer than eleven units are being leased. An Owner, who intends to sell the Owner's Unit or not lease the Owner's Unit at the end of an existing lease term, shall promptly notify the Board of Directors in writing that, as of the date specified in such notification, the Unit will cease to be leased. The Association shall then notify the Owner of the Unit next in line on the Waiting List and give that Owner 45 day to lease that Owner's Unit. If that Owner (1) waives its right to lease at that time by written notice to the Board or (2) fails to lease that Owner's Unit within the time set of 45 days, then that Owner's name shall remain on the waiting list in the current order and will continue to the next person. This offer procedure shall then be repeated for the next Owner on the Waiting List, and shall continue to be repeated until an Owner to whom the offer is extended leases the Owner's Unit within the time set by the Board.

11.14.6 Leasing or renting a unit is defined as (1) granting a right to use or occupy a Unit in exchange for receiving money or other goods or services of value and (2) allowing sole occupancy of a Unit by a non-owner, regardless of whether or not other services or other goods or services of value are received in exchange. Cohabitation of a Unit with its Owner is not leasing. Occupancy of a Unit by a related party is not leasing or renting. A Related Party is one who is related by blood, marriage, civil union/domestic partnership or lawful adoption to the Owner(s) of the Unit.

A Unit Owner may be penalized for violation of these Rules and the governing documents. The penalties shall be assessed against the Unit and the Unit Owners, and shall be collectible in the same manner as dues assessments. All remedies that apply to the collection of delinquent assessments shall also apply to the collection of these fines.

RENTAL PLEDGE

If a Unit is rented by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. If the Assessments owed by the Owner of a rented Unit are delinquent, the Board may collect, and the Tenant shall pay to the Board, the rent for any Unit owned by the delinquent Owner, or that portion of rent equal to the amount due the Association. Payment by the Tenant to the Association will satisfy and discharge the Tenant's duty of payment to the Owner for rent, to the extent of the amount paid to the Association. No demand or acceptance shall be deemed to be a waiver of the Owner's obligations as provided in the Declaration. The board shall not exercise this power where a receiver has been appointed with respect to a Unit or Unit Owner; nor in derogation of the exercise of any rights to rent by a Lender. If a Tenant fails or refuses to pay rent to the Association as provided for in this Section, the Association shall have the right to bring an action for unlawful detainer for non-payment of rent under RCW 59.12.030 and costs of attorney fees incurred by the Association in connection with that action shall be collectable for the Tenant in that action, and form the Owner of the Unit it in the same manner as any other Assessment.

Dated this 22nd day of July, 2015.

CRYSTAL CREEK TOWNHOMES II HOA

By: _____
Its President

CERTIFICATE OF SECRETARY

The Undersigned hereby certifies that he/she is the Secretary of Crystal Creek Townhomes II HOA, and that the foregoing described Rental Rules has been duly adopted by approval of a majority of the Board of Directors.

CRYSTAL CREEK TOWNHOMES II HOA

By: _____
Its Secretary

CRYSTAL CREEK II TOWNHOMES

05.

ANNUAL FINANCIAL STATEMENT/ AUDIT (IF AVAILABLE)

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Crystal Creek Townhomes II

Balance Sheet
As of 12/31/20

		ASSETS	
CURRENT ASSETS			
11000	US Bank Oper #3583	$ 37,185.38	
12050	Banner Bank Reserve #6201	52,985.76	
12060	Edward Jones 4917	64,529.84	
12600	Accounts Receivable Other	97.66	
	TOTAL CURRENT ASSETS		$ 154,798.64
ACCOUNTS RECEIVABLE			
13000	Assessments Receivable	$ 11,032.40	
	TOTAL ACCOUNTS RECEIVABLE		$ 11,032.40
OTHER ASSETS			
14000	Prepaid Insurance	$ 1,354.36	
	TOTAL OTHER ASSETS		$ 1,354.36
	TOTAL ASSETS		$ 167,185.40
			==========
		LIABILITIES & EQUITY	
CURRENT LIABILITIES:			
22000	Prepaid Owner Assessments	$ 6,734.24	
23010	Accrued Expenses	3,843.38	
23100	Accounts Payable Other	97.66	
	Subtotal Current Liab.		$ 10,675.28
EQUITY:			
35000	Retained Earnings	$ 130,612.56	
	Current Year Net Income (Loss)	25,897.56	
	Subtotal Equity		$ 156,510.12
	TOTAL LIABILITIES & EQUITY		$ 167,185.40
			==========

Crystal Creek Townhomes II

Income/Expense Statement

Period: 12/01/20 to 12/31/20

		Current Period			Year-To-Date			Yearly
Account	Description	Actual	Budget	Variance	Actual	Budget	Variance	Budget
INCOME:								
41000	Monthly Assessments	7,866.00	7,866.00	.00	94,392.00	94,392.00	.00	94,392.00
41200	Legal Fees Reimbursement	.00	250.00	(250.00)	.00	3,000.00	(3,000.00)	3,000.00
41500	Late Fees	.00	.00	.00	150.00	.00	150.00	.00
41700	Administrative Fees	.00	.00	.00	270.00	.00	270.00	.00
41900	Misc Income	.00	.00	.00	1,054.50	.00	1,054.50	.00
48050	Change in market value	(84.94)	.00	(84.94)	1,132.77	.00	1,132.77	.00
49999	Reserve Contribution	(1,048.83)	(1,048.87)	.04	(12,585.96)	(12,586.00)	.04	(12,586.00)
	Income	6,732.23	7,067.13	(334.90)	84,413.31	84,806.00	(392.69)	84,806.00
	Adjusted Income	6,732.23	7,067.13	(334.90)	84,413.31	84,806.00	(392.69)	84,806.00
				EXPENSES				
Administrative Expenses								
51100	Office Expenses	244.43	166.74	(77.69)	1,814.39	2,000.00	185.61	2,000.00
51200	Management Fee	1,102.00	1,275.00	173.00	13,224.00	15,300.00	2,076.00	15,300.00
51210	Mangement Fee-Other	380.26	.00	(380.26)	1,027.26	.00	(1,027.26)	.00
51300	Insurance	171.17	183.37	12.20	2,070.76	2,200.00	129.24	2,200.00
51400	Legal Fees	.00	83.37	83.37	30.00	1,000.00	970.00	1,000.00
51410	Legal Fees-Collections	.00	250.00	250.00	(136.50)	3,000.00	3,136.50	3,000.00
51500	Auditing/Accounting	.00	.00	.00	.00	200.00	200.00	200.00
51550	Administrative Fees	.00	.00	.00	125.86	.00	(125.86)	.00
51600	Licenses & Permits	.00	.00	.00	50.00	50.00	.00	50.00
	Administrative Expenses	1,897.86	1,958.48	60.62	18,205.77	23,750.00	5,544.23	23,750.00
Utilities Expenses								
52100	Electricity	.00	250.00	250.00	1,461.63	3,000.00	1,538.37	3,000.00
52300	Water	2,877.50	416.63	(2,460.87)	4,956.26	5,000.00	43.74	5,000.00
	Utilities Expenses	2,877.50	666.63	(2,210.87)	6,417.89	8,000.00	1,582.11	8,000.00
Maintenace Expenses								
53100	Landscaping-Contract	2,163.84	2,129.63	(34.21)	25,507.92	25,556.00	48.08	25,556.00
53110	Landscaping -Other	.00	666.74	666.74	9,265.01	8,000.00	(1,265.01)	8,000.00
53200	General Maintenance	.00	916.63	916.63	2,591.62	11,000.00	8,408.38	11,000.00
53205	Gate Repairs	.00	166.63	166.63	874.37	2,000.00	1,125.63	2,000.00
53250	Electrical Repair	.00	.00	.00	2,004.51	.00	(2,004.51)	.00

Crystal Creek Townhomes II

Income/Expense Statement

Period: 12/01/20 to 12/31/20

Account	Description	Current Period Actual	Current Period Budget	Current Period Variance	Year-To-Date Actual	Year-To-Date Budget	Year-To-Date Variance	Yearly Budget
53600	Fire and Safety	347.76	458.37	110.61	4,159.92	5,500.00	1,340.08	5,500.00
53610	Alarm Monitoring	.00	.00	.00	347.76	.00	(347.76)	.00
53620	Gate Phone Line	230.63	83.37	(147.26)	818.35	1,000.00	181.65	1,000.00
53630	Fire & Safety Inspec/Repairs	.00	.00	.00	950.00	.00	(950.00)	.00
53800	Pest Control	123.59	.00	(123.59)	1,230.01	.00	(1,230.01)	.00
	Maintenance Expenses	2,865.82	4,421.37	1,555.55	47,749.47	53,056.00	5,306.53	53,056.00
Major Expenditures								
	Major Expenditures	.00	.00	.00	.00	.00	.00	.00
	Total Oper Expenses	7,641.18	7,046.48	(594.70)	72,373.13	84,806.00	12,432.87	84,806.00
	Current Year Oper Income	(908.95)	20.65	(929.60)	12,040.18	.00	12,040.18	.00
Reserve Income								
48100	Interest Income	104.61	.00	104.61	1,271.42	.00	1,271.42	.00
49001	Reserve Contribution	1,048.83	.00	1,048.83	12,585.96	.00	12,585.96	.00
	Total Reserve Income	1,153.44	.00	1,153.44	13,857.38	.00	13,857.38	.00
Capital Expenditures								
	Capital Expenditures	.00	.00	.00	.00	.00	.00	.00
	Current Year Reserve Income	1,153.44	.00	1,153.44	13,857.38	.00	13,857.38	.00
	Current Year Income/Loss	244.49	20.65	223.84	25,897.56	.00	25,897.56	.00

Crystal Creek Townhomes II

Income/Expense Statement

Actual spreadsheet Start date: 01/01/20 Cutoff date: 12/31/20

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
INCOME:													
Monthly Assessments	7866	7866	7866	7866	7866	7866	7866	7866	7866	7866	7866	7866	94392
Legal Fees Reimbursement	541	0	0	541-	0	0	0	0	0	0	0	0	0
Late Fees	50	100	0	0	0	0	0	0	0	0	0	0	150
Administrative Fees	0	30	0	0	0	0	0	0	0	0	240	0	270
Work Orders	0	0	0	0	0	2187	0	2187-	0	0	0	0	0
Misc Income	0	132-	0	0	0	0	227	0	480	240	240	0	1055
Change in market value	116	288	116	590	498	51-	57-	61-	59-	81-	80-	85-	1133
Reserve Contribution	1049-	1049-	1049-	1049-	1049-	1049-	1049-	1049-	1049-	1049-	1049-	1049-	12586-
Income	7524	7103	6933	6866	7315	8953	6987	4570	7238	6976	7217	6732	84413
Adjusted Income	7524	7103	6933	6866	7315	8953	6987	4570	7238	6976	7217	6732	84413
EXPENSES													
Administrative Expenses													
Office Expenses	0	132	233	453	107	94	87	110	138	107	109	244	1814
Management Fee	1102	1102	1102	1102	1102	1102	1102	1102	1102	1102	1102	1102	13224
Mangement Fee-Other	0	0	0	0	0	0	0	0	0	41	606	380	1027
Insurance	173	173	173	173	173	173	173	1220	876-	171	171	171	2071
Legal Fees	0	0	0	30	0	0	0	0	0	0	0	0	30
Legal Fees-Collections	541	0	30	571-	1564	0	0	0	1701-	0	0	0	137-
Administrative Fees	0	0	0	0	0	0	0	0	0	0	126	0	126
Licenses & Permits	0	0	50	0	0	0	0	0	0	0	0	0	50
Administrative Expen	1816	1407	1588	1188	2946	1369	1362	2432	1336-	1421	2114	1898	18206

Crystal Creek Townhomes II

Income/Expense Statement

Actual spreadsheet Start date: 01/01/20 Cutoff date: 12/31/20

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
Utilities Expenses													
Electricity	82-	291	330	418	197	0	248	60	0	0	0	0	1462
Water	47	0	0	379	553	0	1099	0	0	0	0	2878	4956
Utilities Expenses	34-	291	330	797	750	0	1347	60	0	0	0	2878	6418
Maintenace Expenses													
Landscaping-Contract	2114	2114	2114	2114	2114	0	4228	88	2114	2114	4228	2164	25508
Landscaping -Other	596-	596	6017	0	464	0	1876	529	0	103	276	0	9265
General Maintenance	0	0	1013	0	0	0	0	0	529	0	1049	0	2592
Gate Repairs	0	0	0	0	874	0	0	0	0	0	0	0	874
Electrical Repair	0	0	2005	0	0	0	0	0	0	0	0	0	2005
Fire and Safety	0	0	0	950	5634	0	950-	1839-	0	18	0	348	4160
Alarm Monitoring	0	348	0	0	0	0	0	0	0	0	0	0	348
Gate Phone Line	79	79	79	70	70	70	70	70	0	0	0	231	818
Fire & Safety Inspec/Repa	0	0	0	0	0	0	950	0	0	0	0	0	950
Pest Control	0	0	365	0	124	124	0	371	0	124	0	124	1230
Maintenance Expenses	1597	3138	11593	3134	9279	193	6175	780-	2644	2359	5553	2866	47749
Major Expenditures													
Major Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Oper Expenses	3379	4835	13511	5119	12976	1562	8884	1712	1307	3780	7667	7641	72373
Current Year Oper Income	4145	2268	6578-	1748	5661-	7391	1898-	2857	5931	3196	450-	909-	12040

Crystal Creek Townhomes II

Income/Expense Statement

Actual spreadsheet Start date: 01/01/20 Cutoff date: 12/31/20

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
Reserve Income													
Interest Income	37	126	123	116	110	112	110	109	109	107	109	105	1271
Reserve Contribution	1049	1049	1049	1049	1049	1049	1049	1049	1049	1049	1049	1049	12586
Total Reserve Income	1086	1175	1172	1165	1159	1161	1159	1158	1158	1155	1158	1153	13857
Capital Expenditures													
Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Year Reserve Inco	1086	1175	1172	1165	1159	1161	1159	1158	1158	1155	1158	1153	13857
Current Year Income/Loss	5230	3443	5406-	2912	4502-	8552	739-	4015	7089	4352	709	244	25898

Crystal Creek Townhomes II

Activity Report
From 12/01/20 To 12/31/20

* - Previous Owner or Renter

Sorted by		Beginning	Charges		Payments		Adjustment(+/-)		Ending
Account Number	Name	Balance	Date	Amount	Date	Amount	Date	Amount	Balance
000001	LI	$138.00	12/01/20	138.00					$276.00
000002	LEWIS	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000003	PFIEFER	$138.00CR	12/01/20	138.00					$0.00
000004	YEA	$1.00	12/01/20	138.00	12/09/20	138.00			$1.00
000005	RASHEED	$0.00	12/01/20	138.00	12/01/20	138.00			$0.00
000006	WALKABOUT	$114.00CR	12/01/20	138.00	12/01/20	138.00			$114.00CR
000007	CERVANTES	$0.00	12/01/20	138.00	12/09/20	138.00			$0.00
000008	PORTER	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000009	BROWN	$265.00	12/01/20	138.00	12/14/20	138.00			$265.00
000010	JACKSON	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000011	ORTEGA	$0.00	12/01/20	138.00	12/09/20	138.00			$0.00
000012	SUNYAK	$414.00CR	12/01/20	138.00					$276.00CR
000013	RUSHING	$3,558.89	12/01/20	138.00	12/14/20	138.00			$3,558.89
000014	KAMBERE	$1,022.13CR	12/01/20	138.00	12/09/20	138.00			$1,022.13CR
000015	UPTON	$5.00CR	12/01/20	138.00	12/09/20	138.00			$5.00CR
000016	SINGH	$966.00CR	12/01/20	138.00	12/01/20	132.00			$960.00CR
000017	SAMIEERAD	$138.00	12/01/20	138.00	12/22/20	138.00			$138.00
000018	PATTERSON	$375.00	12/01/20	138.00	12/09/20	135.00			
					12/10/20	138.00			
					12/15/20	240.00			$0.00
000019	NAUSADIS	$138.00	12/01/20	138.00	12/09/20	138.00			$138.00
000020	PELTIER	$852.00	12/01/20	138.00					$990.00
000021	RAMJI	$1,242.00CR	12/01/20	138.00					$1,104.00CR
000022	BATKIE	$695.69	12/01/20	138.00	12/14/20	138.00			$695.69
000023	DENTREMONT	$0.00	12/01/20	138.00	12/01/20	138.00			$0.00
000024	DZIESIETNIK	$134.00CR	12/01/20	138.00	12/01/20	138.00			$134.00CR
000025	KIRK	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000026	HOLMES	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000027	WON	$0.00	12/01/20	138.00	12/01/20	138.00			$0.00
000028	ALDOUS	$115.50CR	12/01/20	138.00	12/10/20	138.00			$115.50CR
000029	FRANKLIN	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000030	SANYAL	$108.00CR	12/01/20	138.00	12/01/20	138.00			$108.00CR
000031	KRAUT	$1,263.45CR	12/01/20	138.00	12/09/20	450.00			$1,575.45CR
000032	SPRINGEMAN	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000033	YOUNG	$138.00	12/01/20	138.00	12/09/20	138.00			$138.00
000034	LLANEZA	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000035	LIANG	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000036	MAURICH	$4,037.82	12/01/20	138.00	12/09/20	1,000.00			$3,175.82
000037	AHMADI	$131.00CR	12/01/20	138.00	12/01/20	137.00			$130.00CR
000038	ROMERO	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000039	DION	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000040	VAIDYANATHAN	$1,104.00	12/01/20	138.00					$1,242.00
000041	BALASUBRAMANIAN	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000042	ZILLEN	$138.00CR	12/01/20	138.00					$0.00
000043	HALL	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000044	TIERNAN	$138.00	12/01/20	138.00	12/01/20	138.00			
					12/10/20	138.00			$0.00
000045	ZECK	$0.00	12/01/20	138.00	12/28/20	138.00			$0.00
000046	LUO	$0.00	12/01/20	138.00	12/11/20	138.00			$0.00

Crystal Creek Townhomes II

Activity Report
From 12/01/20 To 12/31/20

* - Previous Owner or Renter

Sorted by		Beginning	Charges		Payments		Adjustment(+/-)		Ending
Account Number	Name	Balance	Date	Amount	Date	Amount	Date	Amount	Balance
000047	DARIE	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000048	NAUGHTON	$0.00	12/01/20	138.00	12/02/20	138.00			$0.00
000049	FAGAN	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000050	LONG	$138.00	12/01/20	138.00					$276.00
000051	FOLTZ	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000052	ODEGAARD	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000053	PHILLIPS	$1,328.16CR	12/01/20	138.00					$1,190.16CR
000054	LARSON	$0.00	12/01/20	138.00	12/14/20	138.00			$0.00
000055	KUMAR	$138.00	12/01/20	138.00	12/01/20	276.00			$0.00
000056	CURRY	$0.00	12/01/20	138.00	12/09/20	138.00			$0.00
000057	MUNGCAL	$0.00	12/01/20	138.00					$138.00
TOTAL:		**$4,736.16**		**7,866.00**		**8,304.00**			**$4,298.16**

Crystal Creek Townhomes II

AGED OWNER BALANCES: AS OF Dec. 31, 2020
ACCOUNT NUMBER SEQUENCE

* - Previous Owner or Renter

ACCOUNT #	UNIT #	NAME	CURRENT	OVER 30	OVER 60	OVER 90	TOTAL	STATUS
000001	46	Chungui Li	0.00	138.00	138.00	0.00	276.00	
000004	44	Jenni Yea	0.00	1.00	0.00	0.00	1.00	
000009	41	Alison Brown	0.00	138.00	127.00	0.00	265.00	
000013	49	George Rushing	0.00	138.00	138.00	3282.89	3558.89	
000017	38	Rana Samieerad	0.00	138.00	0.00	0.00	138.00	
000019	90	Heather Nausadis	0.00	138.00	0.00	0.00	138.00	
000020	89	Thomas R Peltier	0.00	138.00	138.00	714.00	990.00	
000020	89	Kelly Properties, LLC*	0.00	0.00	0.00	0.00	0.00	
000022	87	Anthony E Batkie	0.00	138.00	138.00	419.69	695.69	
000033	63	Paul Young	0.00	138.00	0.00	0.00	138.00	
000036	70	Stephen A Maurich	0.00	143.37	138.00	2894.45	3175.82	In collection
000040	59	Janeni Vaidyanathan	0.00	138.00	138.00	966.00	1242.00	
000050	68	Jason William Long	0.00	138.00	138.00	0.00	276.00	
000057	75	Michael J Mungcal	0.00	138.00	0.00	0.00	138.00	
			---	---	---	---	---	
		TOTAL:	0.00	1662.37	1093.00	8277.03	11032.40	

AGED OWNER BALANCES: AS OF Dec. 31, 2020
ACCOUNT NUMBER SEQUENCE

* - Previous Owner or Renter

ACCOUNT #	UNIT #	NAME	CURRENT	OVER 30	OVER 60	OVER 90	TOTAL	STATUS

REPORT SUMMARY

CODE	N/A	DESCRIPTION	ACCOUNT #	CURRENT	OVER 30	OVER 60	OVER 90	TOTAL
A1		Assn Assessment	13000	0.00	1657.00	1093.00	5850.64	8600.64
01		Late Fees	13000	0.00	0.00	0.00	50.00	50.00
03		Admin. Fees	13000	0.00	0.00	0.00	61.00	61.00
05		Attorney Fees	13000	0.00	5.37	0.00	0.00	5.37
06		Work Order	13000	0.00	0.00	0.00	2730.89	2730.89
07		Misc. Charges	13000	0.00	0.00	0.00	415.50-	415.50-
			GRAND TOTAL:	0.00	1662.37	1093.00	8277.03	11032.40

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DELINQUENCY AMOUNT
13000	Assessments Receivable	11032.40

	TOTAL	$11032.40

CRYSTAL CREEK II TOWNHOMES

06.

CURRENT FINANCIAL STATEMENT

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Balance Sheet

Properties: Crystal Creek II Townhomes - 1031 - 215th Place S.E. Bothell, WA 98021

As of: 08/31/2021

Accounting Basis: Accrual

GL Account Map: None - use master chart of accounts

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Balance
ASSETS	
Cash	
OPERATING CASH	
Operating Checking	28,122.67
Total OPERATING CASH	**28,122.67**
RESERVE CASH	
Replacement Reserve	64,558.14
Replacement Reserve 2	60,507.18
Total RESERVE CASH	**125,065.32**
Total Cash	**153,187.99**
Accounts Receivable	7,633.69
Prepaid Insurance	1,086.00
A/R - Due from Operations	1,250.00
TOTAL ASSETS	**163,157.68**
LIABILITIES & CAPITAL	
Liabilities	
OPERATING LIABILITIES	
Accounts Payable	12,186.79
Prepaid Assessments	11,388.35
A/P - Due to/from Reserves	1,250.00
Total OPERATING LIABILITIES	**24,825.14**
Total Liabilities	**24,825.14**
Capital	
Retained Earnings	156,510.12
Appfolio Opening Balance Equity	-3,095.75
Calculated Retained Earnings	-15,081.83
Total Capital	**138,332.54**
TOTAL LIABILITIES & CAPITAL	**163,157.68**

Annual Budget - Comparative

Properties: Crystal Creek II Townhomes - 1031 - 215th Place S.E. Bothell, WA 98021

As of: Aug 2021

Additional Account Types: None

Accounting Basis: Accrual

GL Account Map: None - use master chart of accounts

Level of Detail: Detail View

Account Number	Account Name	MTD Budget	MTD Actual	MTD $ Var.	YTD Budget	YTD Actual	YTD $ Var.
	Income						
4110	Homeowner Assessment	7,866.00	7,866.00	0.00	62,928.00	62,928.00	0.00
4230	Transfer to Replacement Reserves	-1,250.00	-1,250.00	0.00	-10,000.00	-10,000.00	0.00
4610	Late Fees & Fines	0.00	0.00	0.00	0.00	950.00	950.00
4630	Fines	0.00	0.00	0.00	0.00	240.00	240.00
4710	Interest Income	0.00	0.00	0.00	0.00	43.00	43.00
4730	Miscellaneous Income	0.00	0.00	0.00	0.00	480.00	480.00
	Total Operating Income	**6,616.00**	**6,616.00**	**0.00**	**52,928.00**	**54,641.00**	**1,713.00**
	Expense						
5000	**Maintenance:**						
5040	General Maintenance and Repair	750.00	7,021.91	-6,271.91	6,000.00	31,866.53	-25,866.53
5080	Landscape Contract	2,028.67	3,102.24	-1,073.57	16,229.36	19,087.06	-2,857.70
5095	Landscape - Other	666.67	0.00	666.67	5,333.36	-134.48	5,467.84
5385	Fire Alarm Monitoring	54.17	0.00	54.17	433.36	0.00	433.36
5390	Fire and Safety Systems	458.33	347.76	110.57	3,666.68	1,043.28	2,623.40
5395	Fire Equipment Repair & Maintenance	0.00	0.00	0.00	0.00	4,450.37	-4,450.37
5410	Gate/Entry Maintenance	250.00	0.00	250.00	2,000.00	0.00	2,000.00
5445	Pest Control	83.33	0.00	83.33	666.68	123.59	543.09
	Total Maintenance:	**4,291.17**	**10,471.91**	**-6,180.74**	**34,329.44**	**56,436.35**	**-22,106.91**
5500	**Service/Utility:**						
5510	Electricity	166.67	1,327.26	-1,160.59	1,333.36	2,380.48	-1,047.12
5560	Telephone	0.00	152.50	-152.50	0.00	690.99	-690.99
5570	Water	416.67	0.00	416.67	3,333.36	2,000.53	1,332.83
	Total Service/Utility:	**583.34**	**1,479.76**	**-896.42**	**4,666.72**	**5,072.00**	**-405.28**

Annual Budget - Comparative

Account Number	Account Name	MTD Budget	MTD Actual	MTD $ Var.	YTD Budget	YTD Actual	YTD $ Var.
5700	**Administrative:**						
5710	Management Fee	1,275.00	1,857.96	-582.96	10,200.00	9,837.96	362.04
5711	Additional Management Fees	0.00	0.00	0.00	0.00	5,973.80	-5,973.80
5720	Audit & Tax Preparation Expense	16.67	0.00	16.67	133.36	0.00	133.36
5730	Legal Expense	41.67	0.00	41.67	333.36	990.00	-656.64
5731	Legal Expense - Reimbursement	-250.00	0.00	-250.00	-2,000.00	0.00	-2,000.00
5732	Legal Expense - Collection	208.33	0.00	208.33	1,666.68	-801.87	2,468.55
5770	Office Expenses	208.33	11.06	197.27	1,666.68	1,343.33	323.35
5810	Property Insurance	175.00	156.17	18.83	1,400.00	1,354.36	45.64
5880	Licenses & Permits	4.17	0.00	4.17	33.36	0.00	33.36
	Total Administrative:	**1,679.17**	**2,025.19**	**-346.02**	**13,433.44**	**18,697.58**	**-5,264.14**
	Total Operating Expense	**6,553.68**	**13,976.86**	**-7,423.18**	**52,429.60**	**80,205.93**	**-27,776.33**
	Total Operating Income	6,616.00	6,616.00	0.00	52,928.00	54,641.00	1,713.00
	Total Operating Expense	6,553.68	13,976.86	-7,423.18	52,429.60	80,205.93	-27,776.33
	NOI - Net Operating Income	**62.32**	**-7,360.86**	**-7,423.18**	**498.40**	**-25,564.93**	**-26,063.33**
	Other Income						
6100	Major Maintenance Assess	1,250.00	1,250.00	0.00	10,000.00	10,000.00	0.00
6140	Interest Income - Reserve	0.00	0.00	0.00	0.00	483.10	483.10
	Total Other Income	**1,250.00**	**1,250.00**	**0.00**	**10,000.00**	**10,483.10**	**483.10**
	Net Other Income	**1,250.00**	**1,250.00**	**0.00**	**10,000.00**	**10,483.10**	**483.10**
	Total Income	7,866.00	7,866.00	0.00	62,928.00	65,124.10	2,196.10
	Total Expense	6,553.68	13,976.86	-7,423.18	52,429.60	80,205.93	-27,776.33
	Net Income	**1,312.32**	**-6,110.86**	**-7,423.18**	**10,498.40**	**-15,081.83**	**-25,580.23**

Check Register

Properties: Crystal Creek II Townhomes - 1031 - 215th Place S.E. Bothell, WA 98021

Date Range: 08/01/2021 to 08/31/2021

Bank Accounts: All

Payees: All

Payment Type: All

Include Voided Checks: Yes

Exclude Cleared Checks: No

Check #	Payee Name	Check Date	Check Memo	Amount	Bank Account
1	Two Talents, LLC	08/30/2021	Fence Invoice/Crystal Creek	7,021.91	185 1SB Operating
Total				**7,021.91**	

CRYSTAL CREEK II TOWNHOMES

07.

CURRENT FISCAL YEAR BUDGET

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

Crystal Creek Townhomes II

2021 Budget

	2020 Budget	Actuals to Date Incl GL Adj	2021 Budget	Percentage Increase	Notes
INCOME:					
41000 Maintenance Dues	94,392	70,794.00	94,392	0.00%	Montly Dues = $138 Per
41200 Legal Fees Reimbursement	0	0.00	3,000		Owners to pay Condo La
41450 Comcast Compensation Package	0	0.00	0		
41500 Late Fees	0	150.00	0		Late fees are not plannec
41600 NSF	0	0.00	0		
41700 Administrative Fee	0	30.00	0		
41900 Misc Income		574.50			
48050 Change in market value		1,378.91			
48100 Interest Income	0	0.00	0		
49999 Reserve Contribution	(15,000)	-9,439.47	(15,000)		
Total Income:	**79,392**	**63,487.94**	**82,392**	**3.78%**	
Adjusted Income	63,604.53	-116.59			
OPERATING EXPENSES:					
Administrative:					
51100 Office Expense	2,000	1,354.18	2,500	25.00%	Postage, photo copies, e
51200 ManagementContract	15,300	9,918.00	15,300	0.00%	Property Management Ba
51300 Insurance	2,000	1,557.25	2,100	5.00%	
51400 Legal	500	30.00	500	0.00%	Condo Law Fees
51410 Legal Fees-Collections	2,000	-136.50	2,500	25.00%	Condo Law Fees - Collec
51415 Audit/Accounting Fees	200	0.00	200	0.00%	
51500					
51600 License & Permits	50	50.00	50	0.00%	HOA State/County Regis
Total Administrative:	**22,050**	**12,772.93**	**23,150**	**4.99%**	
Utilities:					
52100 Electric	3,550	1,461.63	2,000	-43.66%	Lights, Gate Power, Irriga
52300 Water	3,260	2,078.76	5,000	53.37%	Irrigation Systems
Total Utilities:	**6,810**	**3,540.39**	**7,000**	**2.79%**	
Building Maintenance:					
53100 Landscaping	23,750	17,001.60	24,344	2.50%	Base Fee for Parkview L
53110 Landscaping other	10,354	8,885.90	8,000	-22.74%	Sprinkler heads, repairs, Fence post/rails, Light repair, Crack fill,
53200 General Maintenance	7,412	1,542.82	9,000	21.42%	Backflow, etc.
53205 Gate Repairs	2,500	874.37	3,000	20.00%	
53250 Electrical Repair	0	2,004.51			
53600 Fire & Safety	5,200	3,794.52	5,500	5.77%	Annual Sprinkler Testing
53610 Alarm Monitoring	347.76	347.76			
53620 Fire & Safety Phone Lines	1,000	587.72	650	-35.00%	
53630 Fire & Safety Inspec/Repairs	950	950.00			
53800 Pest Control	0	982.83	1,000		
Total Building Maintenance:	**51,514**	**36,972.03**	**51,494**	**-0.04%**	
TOTAL OPERATING EXPENSE:	**80,374**	**53,285.35**	**81,644**	**1.58%**	
Reserve Expenditures					
80000 Construction Defects	**0**	0.00	**0**		
80200 Capital Expeditures	**0**	0.00	**0**		
Total Construct and Capital Expenditures		**0.00**	**0**		
Total Expenses	80,374	53,285.35	81,644	1.58%	
NET CASH FLOW	**(982)**	**10,202.59**	**748**		

NOTES:

CRYSTAL CREEK II TOWNHOMES

08.

MANAGEMENT CONTRACT

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

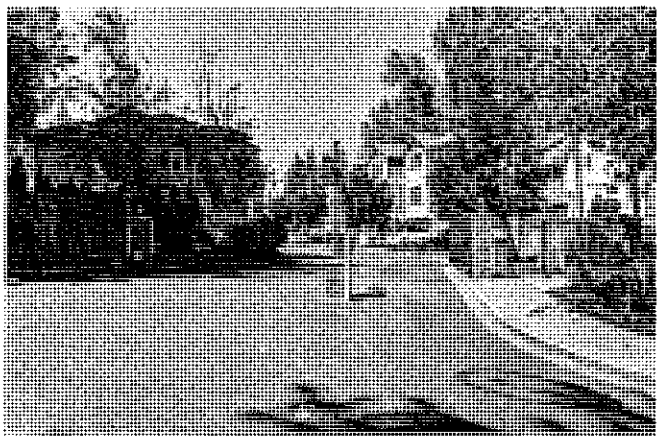
KAPPES·MILLER

Condominium Management & Services

Post Office Box 50330
Bellevue, WA 98015-0330

TOWNHOME MANAGEMENT AGREEMENT

For: Crystal Creek Townhomes II Homeowners Association



BUILDING DATA

- Year Built: 2007
- Number of Buildings: 15
- Number of Stories: 2 & 3 Story
- Number of Units: 57
- Construction: Wood Frame, Cement Board Siding, Comp Roof
- Parking: Individual Garages
- Average Unit Size: Unknown
- Common Property Features & Amenities: Gated

The undersigned Townhome Association (hereinafter called "Association"), duly incorporated and/or existing under the laws of the State of Washington, in consideration of the covenants herein contained, and KAPPES MILLER MANAGEMENT, LLC, a Washington limited liability company (hereinafter called "Agent"), agree as follows:

Section 1 DEFINITIONS

1. "Agent" shall mean Kappes Miller Management, LLC.
2. "Association" shall mean a unit owners' association organized as under RCW 64.34.300.
3. "Board" or "Board of Directors" shall mean the body, regardless of name, with primary authority to manage the affairs of the Association, as defined under RCW 64.34.020.

_____ / _____
Agent Association

4. "Common area" shall mean all elements of the Property with the exclusion of individual units.
5. "Declaration" shall mean the document that creates a Townhome by setting forth the information required by RCW 64.34.216 and any amendments to that document.
6. "Party" or "Parties" shall refer to the Agent as one party and the Association as the other party, as the context shall indicate.
7. "Property" shall mean Association property, including the operations thereon, as the context shall indicate.
8. "RCW" shall mean Revised Code of Washington.

Section 2 MISCELLANEOUS

The execution, interpretation, and performance of Agreement shall in all respects be construed in accordance with, and governed by, the laws of the State of Washington.

This Agreement, including any specified attachments, constitutes the entire agreement between Association and Agent with respect to the management and operation of the Property and supercedes and replaces any and all previous management agreements entered into and/or negotiated between Association and Agent relating to the Property covered by this Agreement. No change to this Agreement shall be valid unless made by a supplemental written agreement executed and approved by Association and Agent. Except as provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Association and Agent in writing. Association and Agent as parties to this Agreement hereby acknowledge and agree that the other party has made no warranties, representations, covenants, or agreements, express or implied, to such party, other than those set forth herein. Each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein. Any oral agreements or modifications are expressly invalid.

If any term, provision, covenant or condition of this Agreement, including the Scope of Services, should be found by a court of competent jurisdiction to be invalid, all other provisions shall continue in full force and effect, and shall be in no way affected, impaired, or invalidated. If the Association is incorporated, it is understood and so assured by the signer that the person signing on behalf of Association has corporate authority to execute this contract. If the Association is unincorporated, it is understood and so assured by the signer that the person signing on behalf of the Association is authorized to execute this contract. If the Association is unincorporated, and this Agreement is signed by both parties prior to the first (organizational) homeowner's meeting, it is understood and assured by the person signing on behalf of the Association that the Association automatically assumes or will assume the full legal obligations of this Agreement for the full term stated in this Agreement, and that no provisions to the contrary are or will be included in the Association's covenants, restrictions, or by-laws.

Section 3 APPOINTMENT OF MANAGING AGENT

3.1 APPOINTMENT AND ACCEPTANCE

Association hereby appoints Agent as sole and exclusive agent of Association to operate and manage the 57 unit Townhome property described in Paragraph 3.2 upon the terms and conditions provided within this Agreement. Agent accepts the appointment and agrees to furnish the services of its organization for the management of the Association as provided and specified in the

_____ / _____
Agent Association

Declaration for The Crystal Creek Townhomes II Homeowners Assoeiation (Townhome Association), hereinafter called the "Declaration."

The Agent will deliver services reasonably necessary to provide the Association with management under the supervision and direction of the Association's Board of Directors.

3.2 DESCRIPTION OF PROPERTY
The property/Association to be managed by Agent under this Agreement is commonly known as the Crystal Creek II Townhomes located in the area containing the address 1031 – 215th Place Southeast, Bothell, Washington, 98021.

3.3 TERM
The term of this Agreement shall be month to month for an initial period of five months, beginning on the first day of August, 2021, and thereafter for annual periods, unless terminated as provided in Section 20 herein

Section 4 FINANCIAL ACCOUNTS

4.1 OPERATING ACCOUNT
On behalf of, in the name of, and at the expense of Association, the Agent will establish and maintain Association's funds in one business checking account that shall be designated as the Association's "Operating Account." The bank or other institution wherein the account is established and maintained shall be solely of the Agent's choice and deposits made thereto shall be federally insured. All funds received on behalf of the Association shall be deposited into this account, with Agent having authority to draw thereon for any payments to be made by Agent to discharge any liabilities or obligations incurred pursuant to this Agreement. All payments are subjeet to the limitations of this Agreement. Agent is authorized to pay or reimburse itself for all expenses and costs of operating the Association and for all other sums due Agent under this Agreement, including Agent's compensation outlined under Section 17. Any funds deposited into the Operating Account, other than reserve funds of the Association, may be transferred by Agent from the Operating Account to other similar federally insured account maintained by Agent for particular purposes. Any funds designated by the Association as reserve shall be deposited and handled as provided in Paragraph 4.2. Funds of the Association shall not be commingled with funds belonging to the Agent, to any other association, or to any other party, for any reason whatsoever.

4.2 RESERVE ACCOUNT
On behalf of, in the name of, and at the expense of Association, the Agent will establish and maintain a separate account at a bank or other financial institution, for the purpose of maintaining a capital reserve for repairs and replacement of those common and limited common areas and facilities that can be expected to wear out during the useful life of the Association. The bank or other institution wherein the account is established and maintained shall be solely of the Agent's choice and deposits made thereto shall be federally insured. The account, hereinafter referred to as the "Reserve Account," shall be an interest-bearing money-market account and the interest earned on the Reserve Account shall be considered to be a part of the reserve funds for the purpose designated on the account. Any transaction involving funds in a Reserve Account shall only be made pursuant to a check or other written instrument signed as provided in this paragraph. Telephonic transfers of funds from the Reserve Account shall be prohibited, provided that this restriction shall not be construed to prohibit telephonic transfers of funds from the Association's Operating Account into the Reserve Account. Any check or other transaction involving

_____/_____
Agent Association

disbursement of funds from the Reserve Account shall be signed by two (2) officers or directors of the Association who shall be designated by resolution as required by RCW 64.34.372. The persons authorized to execute Reserve Account disbursements may only be changed by resolution of the Association.

4.3 INSURANCE RESERVE ACCOUNT

In the event the Association's Declaration requires a separate insurance reserve account, then on behalf of, in the name of, and at the expense of Association, the Agent will establish and maintain a separate account at a bank or other financial institution, for the purpose of maintaining an insurance reserve. The bank or other institution wherein the account is established and maintained shall be solely of the Agent's choice and deposits made thereto shall be federally insured. The account, hereinafter referred to as the "Insurance Reserve Account," shall be an interest-bearing money-market account and the interest earned on the Insurance Reserve Account shall be considered a part of the insurance reserve funds for the purpose designated on the account. Agent shall have exclusive authority to draw thereon for any payments to be made by the Agent to discharge any insurance payments, billings or obligations incurred pursuant to this Agreement. All payments shall be subject to the limitations of this Agreement.

4.4 SPECIAL ASSESSMENT ACCOUNT

In the event the Association initiates a special assessment, then on behalf of, in the name of, and at the expense of Association, the Agent will establish and maintain a separate account at a bank or other financial institution, for the purpose of maintaining a special assessment account. The bank or other institution wherein the account is established and maintained shall be solely of the Agent's choice and deposits made thereto shall be federally insured. The account, hereinafter referred to as the "Special Assessment Account," shall be an interest-bearing money-market account and the interest earned on the Special Assessment Account shall be considered to be a part of the special assessment funds for the purpose designated on the account. Agent shall have exclusive authority to draw thereon for any payments to be made by the Agent to discharge any obligations incurred pursuant to the Association's special assessment. All payments shall be subject to the limitations of this Agreement.

4.5 SPECIAL PROJECT ACCOUNT

In the event the Association obtains project funding from a loan, then on behalf of, in the name of, and at the expense of Association, the Agent will establish and maintain a separate account at a bank or other financial institution, for the purpose of maintaining a special project account. The bank or other institution wherein the account is established and maintained shall be solely of the Agent's choice and deposits made thereto shall be federally insured. The account, hereinafter referred to as the "Special Project Account," shall be an interest-bearing money-market account and the interest earned on the Special Project Account shall be considered to be part of the special project funds for the purpose designated on the account. Agent shall have exclusive authority to draw thereon for any payments to be made by the Agent to discharge any obligations incurred pursuant to the Association's special project. All payments shall be subject to the limitations of this Agreement.

4.6 AGENT NOT MONEY MANAGER

The Association understands that the Agent is not a licensed securities broker and does not provide money management services outside those designated accounts referred to in Sections 4.1, 4.2, 4.3, 4.4, and 4.5 of this Agreement. Should the Association desire its reserve funds be placed in an account other than the type abovementioned, the treasurer or other designated Association officer shall assume full responsibility for the selection and administration of such account, including but

_____ / _____
Agent Association

not limited to providing Agent with a monthly statement of interest and balances in time to be incorporated into the monthly financial statements produced by Agent.

4.7 FIDELITY BOND

Agent shall maintain a fidelity bond in favor of the Association for acts of the Agent in handling Association funds in the amount required by FannieMae and FreddieMac, at Agent's expense. Any additional coverage in excess of FannieMae and FreddieMac required by the Association shall be secured at Association's expense. Agent shall cause all on-site personnel and employees of the Association who handle or are responsible for the safekeeping of any monies of Association to be covered by a fidelity bond. Such bond shall be secured at Association's expense.

Section 5 COLLECTION OF MONTHLY ASSESSMENTS AND OTHER RECEIPTS

5.1 AGENT'S AUTHORITY

Agent shall collect for the Association all monthly assessments, charges, fees, and other amounts receivable on Association's account in connection with the management and operation of the Association. Such receipts shall be deposited in the Operating and Reserve account(s) maintained by Agent for the Association. Agent may also collect from homeowners or residents additional charges or fees, including but not limited to a move-in or move-out fee, an administrative charge for late payment of monthly and/or special assessments, a charge for returned or non-negotiable checks, a transfer of ownership fee, and related fees associated with the collection of a delinquency.

5.2 COLLECTIONS

Agent shall use best efforts to collect all regular monthly assessments and other charges as they become due and payable each month from all Association members and all other monies that due from other sources that are obligated to and for the benefit of the Association. Agent's collection responsibility is limited to twelve regular monthly assessment collections per year. Additional collections required for any other assessments, special or otherwise, shall be charged in accordance with the provisions outlined in Attachment "A." under "Special Assessment Charge."

5.3 ENFORCEMENT OF COLLECTION

Association hereby authorizes and directs Agent to request, demand, collect, receive, and receipt any and all charges that may be or at any time become due to the Association, and to take such action in the name of the Association by way of legal process or otherwise as may be required for the collection of delinquent monthly assessments and/or special assessments. Agent shall have the authority to utilize legal counsel designated by Agent in pursuit of delinquent amounts due to the Association according to Agent's established procedures and is authorized to pay from the Association's funds all costs, attorney's fees, and trustee's fees incurred or to be incurred in the collection of the Association's receivables. Agent is specifically authorized to turn delinquent accounts over to the legal counsel designated by Agent to initiate lien foreclosure or other collection activities on behalf of the Association in accordance with the Association's governing documents and collection policy resolution. A designated representative of Agent on behalf of the Association may execute notices of claim of liens and subsequent foreclosure documents.

Agent may charge the following collection fees to support the collection process. These fees are charged directly to the homeowner that is delinquent (these are not Association charges). The following fees are:

_____ / _____
Agent Association

Certified Letters:	$ 41.50/letter*
Delinquency: Notification & Follow Up	$ 27.50/letter*
Turn Over to Collection	$ 98.50*
NSF and Returned Checks:	$ 41.50/check*

***Note:** The above collection fees are charged to the applicable Homeowner not the Association. These fees are subject to change with 90 days notice.

The Association agrees to hold Agent free and harmless from any and all costs, expenses, and attorney's fees incurred by it in the collection of delinquent accounts, and further agrees to indemnify and pay Agent for the same where the Agent's collection efforts result in costs, expenses, and attorney's fees as a result of incorrect information supplied to Agent by Association.

Section 6 AGENT NOT REQUIRED TO ADVANCE FUNDS

6.1 INSUFFICIENT BALANCE

In the event that the balance in the Operating and Reserve account(s) is at any time insufficient to pay disbursements due and payable under Section 4 herein, Association shall, immediately upon notice, remit to Agent sufficient funds to cover the deficiency. In no event shall Agent be required to use its own funds to pay such disbursements.

6.2 AGENT NOT REQUIRED TO ADVANCE

Agent shall not be required to advance any monies to Association, to the Operating, Reserve, or Resident Deposit account(s). If Agent should decide to advance any monies, then the Association shall, upon notice, immediately remit sufficient funds to cover the advance.

6.3 HOLD AGENT HARMLESS

If, as a result of any shortfall in the aforementioned accounts, any liability is alleged or incurred, the Association shall hold Agent free and harmless for same.

Section 7 ADDITIONAL FINANCIAL SERVICES

7.1 FINANCIAL RECORDS

Agent agrees to keep a comprehensive system of financial records, books, and accounts showing the financial condition and revenues and expenses of the Association on an accrual basis. All books and records maintained by Agent shall belong to the Association. Financial records shall be maintained in Agent's current standard report format, which shall be adequate to allow the Association to comply with the requirements of RCW 64.34.372 and 64.34.425. Such records shall be available for inspection and copying during Agent's normal business hours, but Agent shall be entitled to charge and receive copying and document research cost, as set forth in Attachment "A," from anyone authorized to request copies of records or documents, before making such copies. Agent shall be entitled to reasonable notice prior to such copying of records.

_____ / _____
Agent Association

7.2 REPORTS

Agent shall furnish Association with financial statements on a monthly basis. The statements shall be mailed or electronically sent to the Association's Board of Directors in accordance with provisions outlined in Attachment "A." These statements shall include a statement of cash activity, a balance sheet, an income statement, a check register, an open accounts payable listing, and an accounts receivable aging report, from the operation of the Association during the previous month. In addition, Agent shall, on a mutually acceptable schedule, prepare and submit to Association such other reports as are agreed upon by both parties.

7.3 AUDITS

Periodic audits permitted or required by law or the Declaration shall be at Association's expense. Agent shall make the Association's records available and cooperate in the conduct of the audit.

7.4 TAX FILING

Agent is authorized to make, or cause to be made, through contracted services at Association's expense, the preparation of the annual Association federal income tax return.

7.5 RESIDENT LEDGERS

Agent shall keep an accurate record of homeowner occupancy and receipts.

7.6 ASSOCIATION INSURANCE

Agent shall review insurance coverage, solicit bids if necessary and place Association's insurance. Agent shall also maintain reasonable communication with Association's insurance agent, and will assist the Board in reviewing insurance coverage, if requested.

Section 8 RESALE CERTIFICATES AND OTHER DISCLOSURE DOCUMENTS

In accordance with the requirement of RCW 64.34.425, Agent shall furnish a resale certificate, within ten (10) days after written request by a unit homeowner or their agent, in connection with the proposed sale of a unit contained in the Property. Agent is authorized to charge a preparation fee for such certificate; however, the amount shall not exceed the allowable charge per the RCW. Agent is also authorized to charge a fee for the preparation or submission of other disclosure information related to the sale or refinance of a homeowners unit or lot/home. This fee shall be charged to, and become the responsibility of, the business or person(s) requesting the information. This is to include, but not be limited to, requests for disclosure information from mortgage companies, lenders, escrow companies, and real estate agents. Agent is further authorized to charge an additional fee, set by Agent at time of request, for the expedited preparation of a resale certificate or other disclosure documents.

Section 9 BUDGETING

9.1 ANNUAL BUDGET

Agent shall coordinate activities to develop a proposed annual budget for review by the budget committee and approval by the Board of Directors and/or Association sixty (60) days prior to the end of the fiscal accounting year.

_____/_____
Agent Association

Type text here

9.2 CAPITAL ASSET REPLACEMENT RESERVE STUDY

Agent shall assist in the preparation of a capital asset replacement reserve study to be identified in the annual operating budget. Agent recommends that a reserve study be performed by an outside independent agency specializing in reserve studies for associations.

Section 10 MEETINGS

10.1 ATTENDANCE

Agent shall attend up to one (1) annual general membership meeting per year and up to four (4) Board of Directors meetings per year. Meetings shall be held at mutually agreeable times and not be held on weekends, nor shall they exceed two hours in duration. Other meetings, or meetings exceeding two hours in duration or held on weekends or holidays, if agreeable to Agent shall be compensated at a rate of $135.00 per hour.

10.2 PREPARATION

Agent shall prepare and mail notices, proxies, ballots, and agendas under the established requirements of the Association's by-laws and as directed by the governing Board of Directors. Duplication and mailing costs shall be at the expense of the Association, as outlined in Attachment "A."

Section 11 RULES ENFORCEMENT

Agent shall, based upon Association policy, or at the direction of the Board of Directors, issue formal notices of violations of legal documents.

Section 12 EMPLOYEES

12.1 AGENT'S AUTHORITY

Agent is authorized to hire, supervise, discharge, and pay all employees, contractors, or other personnel necessary to be employed in the management, maintenance, and operation of the Property subject to the Board of Director's direction.

12.2 STATUS OF EMPLOYEES

All employees shall be deemed employees of the Association. The Association shall be responsible for all costs associated with payroll administration and processing, including payroll checks, data processing, and year-end W-2 and/or 1099 processing.

12.3 EMPLOYEE EXPENSES

All wages and fringe benefits payable to such employees hired per Paragraph 12.1 herein, and all local, state, and federal taxes and assessments (including but not limited to social security taxes, unemployment insurance, and workers' compensation insurance) incident to the employment of such personnel, shall be paid by Agent out of the Operating Account and shall be treated as Association operating expenses. Agent shall not be liable to such employees for their wages or compensation.

12.4 EMPLOYEE LIABILITY

Association will hold Agent free and harmless from any and all liability incurred by any employee hired per Paragraph 12.1, and will indemnify against such liability or expense that Agent might

Agent / Association

incur as a result thereof, except in the case of willful misconduct or gross negligence on the part of Agent. Both parties understand and agree that employees are employees of the Association and that, as such, Association rather than Agent has the right and obligation to control employees' actions while performing services for the Association. Association shall have the sole and entire responsibility for each employee while they are performing services for the Association.

12.5 WORKERS' COMPENSATION INSURANCE

Association will provide workers' compensation insurance coverage for such employees, which Agent will assist in procuring.

12.6 LABOR LAWS

Agent shall be responsible for compliance with all applicable state or federal labor laws. However, since employees are employees of the Association, Association shall indemnify, defend, and hold Agent harmless from all claims, investigations, and suits, with respect to alleged or actual violation of state or federal labor laws, except in the case of willful misconduct or gross negligence on the part of Agent. Association shall also indemnify, defend, and hold Agent harmless for any alleged or actual labor law violation caused by Association's actions or failure to act.

Section 13 PHYSICAL MANAGEMENT

13.1 GENERAL AUTHORIZATION

Agent is authorized to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements necessary to preserve the Property in present condition and for the operating efficiency of the Property, and all alterations required to comply with Declaration requirements, governmental regulations, or insurance requirements. Agent is also authorized to purchase or rent, on Association's behalf, all equipment, tools, appliances, materials, supplies, uniforms, and other items necessary for the management, maintenance, and operation of the Property. Such maintenance and repair expenses shall be paid out of the Operating account(s). This section applies except where maintenance and repair are at residents' expense as stipulated in the Declaration.

13.2 PHYSICAL PLANT SERVICES

Agent is authorized to conduct physical services on the Property, including but not limited to the following:

(a) INSPECTIONS. Agent is authorized to conduct periodic inspections of Association common areas, including property, grounds, equipment, and other facilities.

(b) PREVENTATIVE MAINTENANCE. Agent is authorized to follow an established preventative maintenance program for the buildings and grounds, if one exists. Agent may coordinate both scheduled and unscheduled maintenance activities.

(c) ON GOING MAINTENANCE. Subject to the limits described in Paragraph 13.4 and 13.5, herein, Agent is authorized to order requested or necessary maintenance. Agent will use Agent's best effort to monitor the work and inspect finished product for completeness and/or compliance with existing contracts, as necessary.

(d) RESIDENT RELATIONS. Agent is authorized to respond to complaints, concerns, suggestions, or questions in a prompt and systematic manner. Agent may arrange for common area maintenance and necessary repairs with a 24-hour voicemail system and on-site staff.

(e) REPAIRS. Subject to Paragraph 17.8 and 17.9, Agent is authorized to order requested or necessary repairs. Agent will use Agent's best effort to monitor the work and inspect finished product for completeness and/or compliance with contract, as necessary.

_____/_____
Agent Association

(f) LANDSCAPING. Agent is authorized to select and supervise landscaping services. Agent will work to assure that any landscape maintenance agreement is followed.

(g) ROOFS. Agent is authorized to monitor roofs to determine maintenance measures. Agent is also authorized to examine gutters and downspouts for debris and hire cleaning as necessary.

(h) FIRE AND SAFETY SYSTEMS. Agent is authorized to maintain fire and safety equipment properly. As far as possible, agent will ensure grounds are kept in a safe condition and enforce city and county fire prevention regulations.

13.3 INDIVIDUAL UNITS

Agent shall have no responsibility for maintenance of or repairs to individual units in the Property. Such maintenance and repairs shall be the sole responsibility of the owners or Association, as arranged by both.

13.4 APPROVAL OF MAINTENANCE EXPENSES

The expense to be incurred for any one item of maintenance, alteration, refurbishing, or repair shall not exceed the sum of $1,000, unless such expense is authorized by the approved annual budget or such expense is specifically authorized by Association, or is incurred under such circumstances as Agent shall reasonably deem to be an emergency. Emergency repairs involving imminent danger to life or property, or immediately necessary for the preservation and safety of the Property, or for the safety of any person, or required to avoid the suspension of any necessary service to the Property, may be made by Agent at Association's expense, without any prior approval and regardless of cost. Judgment as to the necessity of such emergency services shall be reserved to Agent's sole discretion.

13.5 BIDS FOR MAINTENANCE EXPENSES

Upon receipt of written instructions or upon resolution of the Board of Directors, Agent shall obtain at least two bids for any project or expenditure that Agent believes, in Agent's sole discretion, is likely to cost at least $2,000. The Association reserves the right to designate one or more contractors, suppliers, or vendors to receive a request for a bid.

Section 14 CONTRACTS, UTILITIES, AND SERVICES

14.1 THIRD PARTY CONTRACTS

Agent is authorized to negotiate contracts for nonrecurring items of expense, not to exceed $2,000, unless approved by Association or the approved annual operating budget, and reserves the right not to let them out for bid, at Agent's sole discretion. Agent is authorized to enter into agreements in Association's name for all necessary repairs, maintenance, minor alterations, and utility services. Any such contract will be a direct contract between the Association and the third party subcontractor. Agent will act solely as an agent of the Association in negotiation and maintenance of said contract and not as a contracting party. As such, Association will be responsible for any breach on the part of third party subcontractors.

14.2 UTILITIES AND SERVICES

Agent shall, in Association's name and at Association's expense, make contracts on Association's behalf for electricity, gas, telephone, fuel, water, sewer, garbage, landscaping, security alarm monitoring, and such other services as Agent shall deem necessary or prudent for the operation of the Property. Any such contract will be a direct contract between the Association and the third party. Agent will act solely as an agent of the Association in negotiation and maintenance of said

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Agent Association

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contract and not as a contracting party. All utility deposits shall be the Association's responsibility, except that Agent may pay same from the operating account at Association's request.

14.3 TERMINATION OF THIRD PARTY CONTRACTS OR UTILITIES AND SERVICES

Agent will, upon Board of Directors' written instructions or resolution, discharge subcontractors that the Board decides are not performing to necessary specifications or criteria decided upon by Board. Agent may also terminate third party contracts or utilities and services if Agent determines that subcontractors are not performing to necessary specifications.

Section 15 RELATIONSHIP OF AGENT TO ASSOCIATION

The relationship of the parties to this Agreement shall be that of Principal and Agent, and all duties to be performed by Agent under this Agreement shall be in good faith and shall be for and on behalf of Association, in Association's name, and for Association's account. In taking any action under this Agreement, Agent shall be acting only as Agent for Association. Nothing in this Agreement shall be construed as creating a partnership or any other relationship between the parties to this Agreement except that of Principal and Agent. Nor shall anything in this Agreement be construed as requiring Agent to bear any portion of losses arising out of or connected with the ownership or operation of the Property. As such, the Agent will not be personally liable for any action taken on behalf of the Association. Nor shall Agent at any time during the period of this Agreement be considered a direct employee of Association. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit of this Agreement.

Section 16 INDEMNIFICATION & LIABILITY

16.1 INDEMNIFICATION

Association hereby agrees to indemnify, hold harmless and defend at its own cost and expense, the Agent and its employees, agents, officers and directors, shareholders or representatives from and against any and all loss, liability, cost, expenses, or damage (including attorney's fees) in connection with or arising out of Agent's performance and/or nonperformance of Agent's duties, in connection with and/or arising, out of all contractual liabilities which may be alleged or imposed against Agent. Association further agrees to indemnify, defend and hold harmless Agent and its employees, agents, officers, shareholders, or representatives from any and all liability in connection with or arising from the management of the Association, the Association's property, or the acts, omissions, claims, demands, or suits, by the Association's employees, directors, officers, agents, vendors, members, guests, invitees, or trespassers. This provision shall survive any termination of this Agreement.

Agent shall be responsible only for any willful misconduct or gross negligence where such liability is due to the sole conduct of Agent and/or its employees in the performance of its duties under this Agreement.

16.2 PROCEDURE

If any claim, demand, or liability is asserted by any third party against Agent, the Association shall upon the written request of the Agent, defend any actions or proceedings brought against the Agent in respect of matters embraced in Section 16.1 herein. In any such action or proceeding, Agent and Association shall cooperate in the defense of all third party claims that may give rise to indemnifiable claims hereunder. In connection with the defense of any such claim, both parties

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Agent Association

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shall make available to each other any books, records, or other documents within each party's control that are reasonably requested in the course of or are appropriate for such defense.

16.3 EXPENSES

Association shall pay all expenses incurred by Agent in any third party litigation, including but not limited to, reasonable attorney's fees, Agent's cost and time, any liability, fines, penalties, and similar. This provision shall apply in any claim, proceeding, or suit involving an alleged violation by Agent or Association, or both, and brought against the Agent by any party, including but not limited to, those alleging any negligence of Agent or its employees in connection with the Property or management thereof and from liability for damage to property and injuries to or death of any employee, resident, or other person.

16.4 ASSOCIATION ACTIONS AND PREVIOUS ACTORS

Agent assumes no liability whatsoever for any acts or omissions of Association, or any previous owners of the Property, or any previous management or agent of either. Agent assumes no liability for any failure of or default by any resident in the payment of any monthly assessment or other charges due Association or in the performance of any obligations owed by any resident to Association. Nor does Agent assume any liability for previously unknown violations of environmental or other regulations that may become known during the period this Agreement is in effect. Any such regulatory violations or hazards discovered by Agent shall be brought to the attention of Association in writing, and Association shall promptly cure them.

16.5 LIABILITY INSURANCE

Agent shall obtain and keep in force adequate insurance against physical damage and against liability for loss, damage, or injury to property or persons that might arise out of the occupancy, management, operation, or maintenance of the Property. The amounts and types of insurance shall be acceptable to both Association and Agent, and any deductible required under such insurance policies shall be at Association's expense. Agent shall be covered as an additional insured on all liability insurance maintained with respect to the Property. Liability insurance shall be adequate to protect the interests of both Association and Agent and in form, substance, and amounts reasonable to Agent.

16.6 BUILDING COMPLIANCE

Agent shall not be responsible for the compliance of the Property or any of its equipment with the requirements of any building codes, or with any statutes, ordinances, laws, rules, or regulations (including those related to the existence and disposal of solid, liquid, and gaseous wastes, and toxic or hazardous substances) of any city, county, state, or federal governments or agencies, or any public authority or official thereof having jurisdiction over it. However, Agent shall notify the Association promptly or forward to the Association promptly any complaints, warnings, notices, or summonses received by Agent relating to such matters. The Association represents that to the best of its collective knowledge the Property complies with all such requirements, and the Association authorizes Agent to disclose the ownership of the Property to any such officials. The Association agrees to indemnify, defend, and hold harmless Agent, as provided in Paragraph 16.1, from all loss, cost, expense, and liability whatsoever that may be imposed upon them by any present or future violation or alleged violation of such laws, ordinances, rules, or regulations.

16.7 FEES FOR LEGAL ADVICE

Association shall pay reasonable expenses incurred by Agent in obtaining legal advice regarding compliance with any law affecting the Property or activities related to that Association.

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Agent Association

Section 17 MANAGING AGENT'S COMPENSATION AND EXPENSES

17.1 GENERALLY

As compensation for the services provided by Agent under this Agreement (exclusive of reimbursement of expenses to which Agent is entitled hereunder), Association agrees to pay Agent as follows:

17.2 FOR MANAGEMENT SERVICES

Managing Agent shall be entitled to receive for services performed under this Agreement a fee of One Thousand Eight Hundred Twenty-six Dollars and no/100s ($1,826.00) per month. Payments due Agent for periods of less than a calendar month shall be prorated over the number of days for which compensation is due. The base fee, as defined herein, shall be net to Agent and is exclusive of the Association's operating expenses and costs. Any base fees and costs due the Agent will be paid promptly each month by the first of the month.

17.3 ANNUAL ADJUSTMENT

The monthly base fee payable under this Agreement shall be adjusted annually on the anniversary date of this Agreement, beginning January 1, 2022 by the US Department of Labor, Bureau of Labor Statistics Employment Cost Index for Private Industry Workers (Table 13) by area (Seattle) and for Total Compensation, or by the increase in the All-Urban Consumer Price Index (CPI-U) for Seattle (1967 = 100), or by the increase in CPI for Urban Wage Earners and Clerical Workers (CPI-W) for Seattle (1967=100), or by the amount indicated on the approved annual budget for the Association in force at the time of each anniversary, whichever is greater, provided the increase is no less than three (3%) percent.

17.4 COPY DUPLICATION, POSTAGE, AND ENVELOPES

To be charged in accordance with provisions outlined in Attachment "A."

17.5 COLLECTION OF ADDITIONAL ASSESSMENTS

To be charged in accordance with provisions outlined in Attachment "A."

17.6 OCCASIONAL AND EXTRAORDINARY CHARGES

To be charged in accordance with provisions outlined in Attachment "A."

17.7 COURT TIME CHARGES

It is understood that in the case of a claim, proceeding, or suit involving an alleged violation by the Association or by Agent (when acting on behalf of the Association), time spent by Agent, including, but not limited to, testifying in court, meeting with attorneys, preparing for District or Small Claims Court, Agent shall be compensated per Agent's hourly rate of $135.00 per hour.

17.8 MAJOR AND MINOR MAINTENANCE, RECONSTRUCTION, AND RENOVATION

The determination of what maintenance, reconstruction and/or renovation work is considered major and what maintenance, reconstruction and/or renovation work is considered minor shall be the sole choice of Agent.

(a) MINOR MAINTENANCE, RECONSTRUCTION, AND RENOVATION

All preparation of bid packages, solicitation of bids, qualification or selection of contractors, course-of-performance observation, funds control management and similar functions in relation to minor maintenance, reconstruction, or renovation within the normal operating budget for the Association

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Agent Association

shall be included as part of the base management fee as outlined in Section 17.2. Association understands that Agent has limited experience with maintenance, reconstruction and renovation work related to townhome associations and does not act as a general or specialty contractor on such work. It is expressly agreed that Agent shall not be held liable for any loss or damage(s) to Association related to monitoring or supervision of any project of maintenance, reconstruction, renovation, or modernization. Further, all contracts and related expenses with respect to the work will be billed directly to the Association by the contractor, service provider or materialman providing the work and/or materials and will be the sole responsibility of the Association. In the event that any contractor, service provider or materialman and/or their agent(s) makes a claim or files suit naming Agent as a party in connection with the work, the Association agrees to indemnify and hold Agent harmless from any and all liability, cost, and expense of such suit or claim, including all attorney's fees and costs incurred in defending such suit or claim

(b) MAJOR MAINTENANCE, RECONSTRUCTION, AND RENOVATION
In such cases where Agent feels that the maintenance, reconstruction or renovation work that has been approved by the Board is major in nature and/or scope, or is outside the approved annual operating budget for the Association, Agent is not required to be involved at any level, including preparation of bid packages, solicitation of bids, qualification or selection of contractors, course-of-performance observation, funds control management and similar functions. If Agent feels the work would benefit from the involvement of an out-side third-party, Agent shall arrange for the services of Association Construction Services, LLC or other such construction consultant at no additional charge to Association. Any fees and/or costs associated with the involvement of such construction consultant shall be the responsibility of the Association and agreed to by the Board.

17.9 INSURANCE CLAIMS
It is understood that the administration of any loss resulting in property damage is not part of Agent's responsibility. In the event Association wishes Agent to administer the mitigation, remediation and repair/restoration of the loss, Agent shall be entitled to compensation in the amount of eight (8%) percent of the total amount of the loss, or $500.00, whichever is greater. Agent reserves the right to assign such administration to a designated related or unrelated third-party.

17.10 INTEREST ON UNPAID SUMS
Any sums due Agent under any provision of this Agreement, and not paid within thirty (30) days after such sums have become due, shall bear interest at the rate of 12 percent (12%) per annum.

17.11 WASHINGTON STATE BUSINESS & OCCUPATION AND SALES TAX
Any sums due Agent under any provision of this Agreement shall be subject to Washington State Business & Occupation Tax and WSST (Washington State Sales Tax).

Section 18 REPRESENTATIONS

Association represents and warrants: That Association has full power and authority to enter into this Agreement; that there are no written or oral agreements affecting the Property other than those that have been furnished to Agent; that there are no recorded easements, restrictions, reservations, or rights of way that adversely affect the use of the Property for the purposes intended under this Agreement. Additionally, that to the best of Association's knowledge, all permits for the operation of the Property have been secured and are current; the building(s) and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like; the building does not contain

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Agent Association

any asbestos, urea, formaldehyde, radon, or other toxic or hazardous substance; and no unsafe condition exists.

Section 19 STRUCTURAL CHANGES

Association expressly withholds from Agent any power or authority to make any structural changes in any building, or to make any other major alterations or additions in or to any such building or to any equipment in any such building, or to incur any expense chargeable to Association, with the exception of all expenses related to the express powers vested in Agent through this Agreement, without the written consent of Association.

Section 20 TERMINATION

20.1 TERMINATION BY EITHER PARTY

This Agreement may be terminated by either Agent or Association, with or without cause, upon thirty (30) days notice for the initial five- month term or any following term year, beginning January 1, 2022, upon giving of written notice of such termination at least sixty (60) days prior to the end of said following term year.

20.2 SURRENDER OF MATERIALS

Agent shall deliver to Association, within ten (10) days after the end of the month in which this Agreement is terminated, any balance of monies or resident deposits, or both, due to Association, which were held by Agent with respect to the Association. Agent shall also deliver to Association, within thirty (30) days after the end of the month in which this Agreement is terminated, a final accounting reflecting the balance of income and expenses with respect to the Association as of the date of termination or withdrawal, and all records, contracts, and other papers or documents that pertain to the Association.

20.3 TERMINATION FOR CAUSE

Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations that have accrued or arisen prior to termination, or that accrue pursuant to Paragraph 20.4 as a result of such termination, and obligations to insure and indemnify), upon the occurrence of any of the following:

(a) BREACH OF AGREEMENT. Either party to the Agreement determines there has been a material breach of the contract and gives written notice to the other party, specifying in detail the breach, and (i) such breach is of a nature that it cannot be cured within said thirty (30) day period or (ii) such breach cannot be cured within thirty (30) days but can be cured within a reasonable time thereafter. If, after thirty (30) days of receipt of notice by the breaching party, efforts to cure such breach have not commenced and/or such efforts are not proceeding and continuing diligently both during and after such thirty (30) day period prior to the breach being cured, then the Agreement shall terminate. HOWEVER, the breach of any obligation of either party hereunder to pay any monies to the other party under the terms of this Agreement shall be deemed to be curable within thirty (30) days.

(b) FAILURE TO ACT, ETC. Agent shall have the right to terminate this Agreement at any time in the event that any insurance required of the Association is not maintained without any lapse. Agent shall also have the right to cancel this Agreement at any time in the event it is alleged or charged that property or any equipment therein, or any act or failure to act by the Board or the Association

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Agent Association

with respect to the Property or the sale, rental, or other disposition thereof or with respect to the hiring of employees to manage it fails to comply with or is in violation of any requirement of any constitutional provision, statute, ordinance, law, or regulation of any governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction over it, and Agent in its sole and absolute discretion considers that the action or position of the Association or Board with respect thereto may result in damage or liability to Agent, or disciplinary proceeding with respect to Agent's license. Agent shall provide written notice to the Association of its election to terminate this Agreement, in which case termination shall be effective upon service of such notice. Any such termination shall not release the indemnities of Association set forth herein.

(c) EXCESSIVE DAMAGE. In the event of substantial damage or destruction of the Property by any cause, or the taking of all or a substantial portion of the Property by eminent domain, in either case making it impossible or impracticable to continue operations of the Property.

(d) INADEQUATE INSURANCE. If Agent deems that liability insurance obtained by Association per Paragraph 16.5 is not reasonably satisfactory to protect its interest under this Agreement, and if Association and Agent cannot agree as to adequate insurance, then Agent shall have the right to cancel this Agreement upon service of notice to the Association.

20.4 OUTSTANDING PAYMENTS

Upon termination or withdrawal from this Agreement, Association shall assume the obligations of any contract or outstanding bill executed by Agent under this Agreement for and on behalf of Association, and responsibility for payment of all unpaid bills. In addition, Agent shall retain appropriate operating funds, in an amount satisfactory to Agent, to be used to retire any obligations or liabilities that Agent may have properly incurred on Association's behalf under this Agreement. Said retained operating funds shall not be held for more than ninety (90) days, at which time any amounts remaining shall be returned to Association along with a detailed accounting for amounts disbursed.

Section 21 CONFIDENTIALITY

Association may have access to and be dealing with trade secrets or information of Agent, including but not limited to, client lists, processes and documentation relating to management of Agent's client Associations, and programs, software, procedures and techniques relating to data processing and financial reporting. Association agrees to hold any such trade secrets or proprietary or confidential information obtained during the course of this Agreement in the strictest confidence and shall retain a total confidentiality, giving value to protect them from Agent's competitors. Association agrees not to use any trade secrets or proprietary or confidential information commercially for its own benefit or to benefit anyone else. Association agrees to limit dissemination of and access to any trade secrets, proprietary, or confidential information only to persons within Association's immediate organization, and then only for those persons with a reasonable need for the information.

Section 22 ASSOCIATION AGREES NOT TO HIRE

Association agrees that in the event of termination of this Agreement, Association shall not hire or be connected in any manner with the employment of an employee of Agent, or former employee of Agent, for a period of two (2) years from the date of termination of this Agreement. The parties recognize that it is extremely difficult to ascertain or estimate the entire or exact cost, damage, or injury that Agent may

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Agent Association

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sustain by reason of breach of Paragraph 22 herein. Agent spends significant amounts of time and money to hire and train employees for the operation of this and other Associations. Association derives benefit from Agent's experience in managing, and their hiring and training procedures. Accordingly, in the event Association violates the provisions of Paragraph 22, Association agrees to pay Agent an amount equal to the total income from management fees, including extraordinary charges listed on Attachment "A," received by Agent in the two (2) calendar years immediately preceding the date of termination of this agreement, it being agreed that such damages constitute a reasonable forecast of the damage to be caused Agent for violation of the provision of Paragraph 22, and that such damages constitute liquidated damages, and not a penalty.

Section 23 SURVIVAL OF PROVISIONS

23.1 GENERALLY

All representations and warranties of the parties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require the Association to have insured or to defend, reimburse, or indemnify Agent shall survive termination.

23.2 LITIGATION

If Agent is or becomes involved in any proceeding or litigation by reason of having been Association's Agent, all provisions relating thereto contained in this Agreement shall apply as if this Agreement were still in effect.

Section 24 FORCE MAJEUR

Any delays in the performance of any obligation of Agent under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within control of Agent, and any time periods for performance shall be extended accordingly.

Section 25 NATURE OF RIGHTS AND REMEDIES

25.1 CUMULATIVE

No right or remedy herein conferred upon or reserved to Association or Agent as parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now or hereafter legally existing upon the occurrence of an even of default under this Agreement.

25.2 NO WAIVER

The failure of Association or Agent as parties to this Agreement to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy as provided in this Agreement, shall not impair any such right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent defaults. Every right or remedy given by this Agreement to the parties to it may be exercised from time to time and as often as may be deemed expedient by those parties.

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Agent Association

Section 26 NOTICES

Any notices, demands, consents, and reports necessary or provided for under this Agreement shall be in writing and shall be addressed as follows, or at such other address as Association and Agent individually may specify hereafter in writing:

Agent: Kappes Miller Management, LLC
Post Office Box 50330
Bellevue, WA 98015-0330

Association: Association President at the time of Notice

Such notice or other communication may be mailed by United States registered or certified mail, return receipt requested, postage prepaid, and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the post office. Such notices, demands, consents, and reports may also be delivered by hand or by any other receipted method or means permitted by law. For purposes of this Agreement, notice shall be deemed to have been "given" or "delivered" either upon personal delivery or forty-eight (48) hours after having been deposited in the United States mails as provided above.

Section 27 SUCCESSORS AND ASSIGNS

This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Agent and the heirs, administrators, executors, successors, and assigns of the Association. This Agreement shall be binding on the parties thereto, their heirs, executors, administrators, successors and assignees, and constitutes the full Agreement except that subsequent changes or additional provisions must be in writing and executed and agreed upon by all parties.

Section 28 AFFILIATED COMPANIES/CONFLICT OF INTEREST DISCLOSURE

Agent is a member of the Kappes Miller Family of Companies. Association understands that Agent may engage one or more companies associated with the Kappes Miller Family of Companies to perform services for Association, including but not limited to:

Association Underwriters of Washington, LLC
Association Collection Services, LLC
Association Construction Services, LLC
Association Employment Services
Condominium Construction Services, LLC
CCS Restoration Services
eCondoServices.com, LLC
Kappes Miller Association Funding and Mortgage Group, LLC
Kappes Miller Construction Defect Services, LLC
Kappes Miller Real Estate Services, LLC
Kappes Miller Risk Management, LLC
KM Homes
KMM Publications, LLC DBA MyCondoPortal.com
Yates Wood & MacDonald, Inc.

_____ / _____
Agent Association

Yates Wood Property Management, Inc.
Yates Wood Property Services

Association understands and acknowledges that some or all of the companies within the Kappes Miller Family of Companies has shared ownership and Agent's use of one or more of these companies will affect Agent's owner(s) profitability. Association agrees that no conflict of interest exists and that Association hereby agrees to indemnify, hold harmless and defend at its own cost and expense, the Agent and its employees, agents, officers and directors, shareholders or representatives from and against any and all loss, liability, cost, expenses, or damage (including attorney's fees) in connection with or arising out of Agent's use of one or more of these companies. This provision shall survive any termination of this Agreement.

Section 29 TRANSITION COMPENSATION

In the event Association or Agent terminates this Agreement, at the end of the initial term or any subsequent term year as provided in Paragraph 20.1, Agent shall be entitled to be paid a closing fee equivalent to one monthly base fee to compensate Agent for extraordinary costs in the transition period after termination, which may include such activities as the generation of special reports identifying the inventory of records, the inventory of current activities, preparation of final financial statements, closing of bank accounts, and/or forwarding of Association mail, records and documents. This transition compensation is not a termination fee or a penalty of any kind.

Section 30 RENTAL TRACKING COMPENSATION

In the event the Board of Directors directs Agent to track rental units within the Association, Agent is authorized to charge a rental tracking charge of $8.25 per unit within the Association for any unit that is a non-owner occupied unit. Agent shall use best efforts to track occupant information for each rental unit and such information shall be accessible to Association. Note: rental tracking fees are charged to the applicable homeowner and not to the Association.

_____ / _____
Agent Association

Section 30 SIGNATURES

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures this 4th day of AUGUST, 2021.

PROPERTY NAME CRYSTAL CREEK II TOWNHOMES

PROPERTY FEDERAL TAX ID# _____

ASSOCIATION

PAUL YOUNG
(Association President)

Cubby Fagan
(Association Secretary)

_____
(Address)

BOTHELL, WA 98021
(City/State/Zip)

AGENT

KAPPES MILLER MANAGEMENT, LLC

By _____
Mark Holmes, CEO and/or Managing Member

_____/_____
Agent Association

ATTACHMENT "A"
KAPPES MILLER MANAGEMENT, LLC
REIMBURSEMENTS, OCCASIONAL AND EXTRAORDINARY CHARGES
(Effective January 1, 2019)

1. Duplication and mailing costs:

duplication	$ .27/copy
envelopes	$ .27/envelope
postage	At cost plus $26.00 per month

2. Community Mailings:
   Standard duplication and mailing cost (above) plus labor at $39.00/hour

4. Special Assessment Charge:
   In the event Association directs Agent to bill/collect additional monthly assessments or to bill/collect a special assessment as described in paragraph 5.2, Association shall pay Agent a monthly accounting fee to be mutually agreed upon and not to exceed an amount per month calculated by multiplying $5.37 by the number of units in the complex. This added fee would apply only during the months that billing and collection work is done for the Association. KMM will produce a separate financial statement for special assessments for the same period of time.

5. Off-site Record Storage: $ 6.25 per bankers box/month

6. Other administrative expenses including but not limited to bank charges, coupon booklets, messenger service, and payroll service are charged at direct reimbursement cost.

Note: This Attachment "A" is subject to modification with ninety (90) day notice. All items subject to Washington State B&O and/or Sales Tax.

_____/_____
Agent Association

CRYSTAL CREEK II TOWNHOMES

09.

INSURANCE SUMMARY

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/7/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
HUB International Northwest LLC
12100 NE 195th Street, Suite 200
Bothell WA 98011

CONTACT NAME:
PHONE (A/C, No, Ext): 425-489-4500 **FAX (A/C, No):** 425-485-8489
E-MAIL ADDRESS: now.info@hubinternational.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Insurance Company	18058
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED CRYSCRE-06
Crystal Creek Townhomes II
Homeowners Association
c/o Kappes Miller Management, LLC
1500 - 112th Ave NE
Bellevue WA 98004

COVERAGES **CERTIFICATE NUMBER:** 1849528705 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X **COMMERCIAL GENERAL LIABILITY**			PHPK2300193	8/21/2021	8/21/2022	EACH OCCURRENCE	$ 1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 2,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:							$
A	**AUTOMOBILE LIABILITY**			PHPK2300193	8/21/2021	8/21/2022	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$
	DED RETENTION $							$
A	**WORKERS COMPENSATION AND EMPLOYERS' LIABILITY** Y / N	N / A		PHPK2300193	8/21/2021	8/21/2022	PER STATUTE / OTH-ER	WA Stop Gap
	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? **(Mandatory in NH)**						E.L. EACH ACCIDENT	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Crime: Fidelity			PCAC011599-0220	8/21/2021	8/21/2022	Empl. Dishonesty	25,000
A	Gates, Signs, & Fences			PHPK2300193	8/21/2021	8/21/2022	Limit	50,000
	Business Income w/ EE						Limit	100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Hold No Reserves; Prem. paid by Assn. Total Homes = 57. Separation of Insureds included in GL wording. Prop. Mgmt entity is covered under Fidelity. Association is not responsible for property insurance on the individual homes. Waiver of Subrogation details review association declarations. Property Values are reviewed annually. Owners will need to secure HO-3 coverage.

At least 30 days notice of cancellation will be provided to the association, except in the case of non-payment of premium which is 10 days.

CERTIFICATE HOLDER

.Evidence of Insurance
To add Unit Owner/Mortgagee Clause
Send Req to HUB NW, LLC at
now.info@hubinternational.com
or Fax: 425-485-8489

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CRYSTAL CREEK II TOWNHOMES

10.

RESERVE STUDY

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

CRYSTAL CREEK TOWNHOMES II HOMEOWNERS ASSOCIATION

Bothell, Washington

RESERVE STUDY

April 28th, 2015

DRAFT COPY

Report Period: January 1, 2015 - December 31, 2015

PREPARED BY:

Kappes – Miller
Consulting and Construction Management, LLC

James E. Miller · Reserve Professional · Senior Project Manager

Michael Arndt · Reserve Analyst · Project Manager

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Executive Summary

Crystal Creek Townhomes II Homeowners Association is a 57 unit, residential condominium community located in Bothell, Washington. The complex consists of fifteen 2-story wood framed Townhomes. Construction was completed in 2007; the complex is 7.5 years old.

This is an initial "Full Reserve Study" and consists of an evaluation of the current nature and physical condition of "common area" building and site features that are maintained by the condominium association (C.A). Normal, anticipated construction repairs, and cost for those repairs, are projected over a 30-year Study duration. These projected expenses are compared to the current Reserve balance, and a calculation is made of an annual Reserve Contribution sufficient to address projected expenses.

Based on our analysis, we recommend that the association set aside **$16,100 annually for Reserves beginning in 2015**, with that amount increasing annually with inflation. This recommended level of reserve funding is equivalent to an average of **$282 per unit per year, or about $24 per unit per month**. This "Threshold" funding level was calculated to meet all projected Reserve cost, over the 30-year Study duration, while maintaining a minimum "Threshold" reserve balance equal to the annual reserve contribution.

The fiscal year for the Reserve Study is a calendar year 2015.

Based on our analysis, the current **Fully Funded Balance for your condominium Reserve account in year 2015 would be $71,625**. We understand the current reserve account balance to be $47,655. **The association is 67% funded at this time**. We would consider this level of funding to put the association at moderate risk for future special assessments.

The condominium association should determine the best reserve funding level for their association. There is no legal requirement to fund reserves, only to have a Reserve Study and to know what reserve contribution rate is recommended. This Reserve Study must be updated annually to reflect contributions and expenditures made, actual reserve balances, and adjustments in anticipated future repair costs. Every three years the update must be based on a visual site inspection conducted by a reserve study professional.

This Reserve Study meets the requirements of the Washington Condominium Act RCW 64.34, and was prepared by a Reserve Study Professional.

Purpose, Benefits and Limitations of the Reserve Study

PURPOSE

The purpose of a Reserve Study is to identify an annual Reserve contribution rate that is sufficient to address projected "common" building expenses, over a 30-year Study duration. See the "Reserve Contribution Recommendation" section for a description of this analysis.

The Reserve Study also includes a calculation of the current "Fully Funded Balance". This calculation expresses the actual, current "Reserve Balance" (reported by the Community Association) *as a percentage of* a calculated "Fully Funded Balance". This calculation only applies to the current year and is frequently cited as a measure of the health of the Reserve account. See the "Fully Funded Balance" section for a description of this analysis.

SCOPE

The scope of the Study is limited to "common" building and site "components" that are the responsibility of the Condominium Association (C.A.) to maintain and does not consider; operational cost, expenses that are the responsibility of the individual condominium owner, municipal or utility owned and maintained infrastructure.

Examples of typical Reserve Study "components" may include; private roads and sidewalks, fencing and gates, roofing, exterior siding, doors and windows, waterproofing, exterior painting, mailboxes, signage and "common" mechanical and electrical systems.

The Reserve Study assumes that the buildings will be maintained to keep a good level of appearance with a special emphasis on retaining the original appearance of the building to the greatest possible extent.

The Study also assumes that the association will replace materials as they are required with good quality materials, installed by qualified contractors and that the building will experience the full typical useful life for the new materials installed.

SCOPE (CONTINUED)

There are several items that the individual condominium owners are responsible to maintain and pay for which may include but are not limited to:

Damage caused by owners, tenants, or pets

Unit interiors, including wallboard/plasterboard/sheetrock, appliances, lighting and plumbing fixtures

Unit entry doors, windows, decks and landings

Water heaters, heating/cooling units, furnaces and fireplaces

Roofing, Gutters and Downspouts, Siding, and Exterior Painting

The costs for these items have not been included in the Reserve Study unless noted otherwise. Individual owners should remember that they have the responsibility to pay for repairs to these elements and added items. The Association should establish policies and procedures regarding the maintenance on these "owner responsibility" items.

RESERVE STUDY BENEFITS

Provides disclosure to buyers and owners. No matter how the association chooses to fund its reserves, the reserve study will provide owners and prospective purchasers with information about future expenses for repair and replacement of the common elements so that they can make informed decisions about buying and owning a condominium. It will help eliminate the surprise of large unexpected repair costs which may be passed on to the owners.

Protects the owner's investment. By recommending that funds always exist to keep a community maintained and functional, each owner's investment in their unit is protected.

RESERVE STUDY BENEFITS (CONTINUED)

Increases salability / accountability. Savvy purchasers and lenders are closely examining association finances before making commitments. A good reserve study and adequate reserves illustrate an Association's financial health and endurance. Lenders now often require that associations have adequate reserve contributions or they will not offer loans for units within the association.

Reduces the risk of special assessments. By utilizing a reserve study to aid in long range planning, the need for special assessments is greatly reduced. This assists personal financial planning and reduces the uncertainty and fear of ownership.

Complies with the Washington Condominium Act. The Washington Condominium Act as amended on June 12, 2008, requires that all condominiums have a reserve study prepared by an independent professional qualified to perform this work.

RESERVE STUDY LIMITATIONS

The Reserve Study is fundamentally a "broad brush" Reserve budgeting tool intended to arrive at an annual Reserve Contribution recommendation. Due to the detailed nature of the Study process, we sometimes find that more is "read into" the Report than intended. Here is a list of limitations and qualifications to the Report.

Individual "component" cost cited in the Report should not be used for project budgeting. We expect actual cost will vary, in some cases significantly lower or higher than cost identified in the Report. The total of all cost, spread over the term of the Study duration, may be relied upon as an accurate estimate for the purpose of establishing a recommended Reserve Contribution.

We recommend that any actual repair/replacement project should start with a detailed evaluation by a qualified design or construction professional to determine at minimum; scope, budget, schedule and permitting requirements.

Costs projected in the Report were NOT based on repair/replacement contract documents (plans and specifications) and were NOT provided by construction firms bidding to perform the work. Unit cost utilized in the Study are provided by R.S. Means "Building Construction Cost Data", and our experience.

RESERVE STUDY LIMITATIONS (CONTINUED)

The Report should not be confused with a construction implementation plan. Budgeting and scheduling of repairs in the Report is primarily based on the estimated remaining life of individual components and, unless noted otherwise, no attempt was made to group anticipated repairs into related "projects".

Our recommendations are not based on a worst case scenario, but rather on what we expect is most likely to occur. It should be noted that our approach assumes that the Association will correct minor problems as they occur - before they become major problems.

This Reserve Study is not an investigation into or comment on the quality of the construction of the condominium, nor whether the construction complies with applicable building codes or the requirements of the Washington Condominium Act.

The observations are limited to a visual, non-destructive, inspection of a *sample* of the building's components. Our assumption is that the condominium is constructed in substantial compliance with building codes and industry standards, and that it will receive ordinary and reasonable maintenance and repair by the Association.

If your building is less than four years old, we recommend that you consider a Full Assessment/intrusive investigation of the building envelope to assess its actual construction, and how well it is performing in keeping water from the structure. You may also want to consider investigation of other common elements to determine whether the condominium was constructed in compliance with the requirements of the Washington Condominium Act.

The Washington Condominium Act requires the following disclosure in every reserve study:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

Study Process and Reserve Funding Options

The following is an outline of the Study process and Reserve Funding Options.

STUDY PROCESS

Confirm the list of "common" building and site "components" (the Condominium Association is responsible to repair/replace these items).

Evaluate the normal, anticipated useful life (in years) of each component "as if new".

Confirm current age and condition of components to determine "remaining useful life" - when it will need to be repaired or replaced. The "remaining useful life" can be adjusted, based upon an evaluation of a number of considerations, such as; initial quality, weather exposure, maintenance, etc.

Estimate approximate repair/replacement cost of each component.

At this point we calculate the annual component "expenses", for each year, over the 30-year Study duration

Confirm current Reserve Balance ($ figure provided by the C.A.).

Estimate anticipated construction cost escalation rate to be used over Study duration (typically 5%). This % is applied to the annual component "expense".

Estimate anticipated general inflation rate. This is applied as annual increase in Reserve Contribution (typically 4%).

Estimate anticipated interest rate on annual un-spent Reserve Balance (typically 3%).

Calculate an annual Reserve Contribution sufficient to meet projected annual "expenses". Three Reserve Funding Options are considered, outlined below.

FUNDING OPTIONS

The last step of the process involves calculating three Funding Options. We recommend one of the three options based on the objectives of the Condominium Association; with "Threshold Reserve Funding" the most frequently recommended option. The C.A. should determine the best reserve funding level for their association. There is no legal requirement to fund reserves, only to have a Reserve Study and to know what reserve contribution rate is recommended.

"Threshold Reserve Funding"; the annual Reserve Contribution is set to maintain a pre-determined minimum Reserve balance over the duration of the Study. We typically use a minimum reserve balance equal to the recommended annual Reserve Contribution, (considered in current year dollar value). Alternatively, the C.A. may define a minimum "threshold" balance they prefer. Example; if the recommended annual Reserve Contribution is $100,000, the minimum "threshold" balance, projected over the Study duration is $100,000.

"Minimum Reserve Funding"; the annual Reserve Contribution is set to maintain a non-zero (no deficit) Reserve balance. This is the least conservative funding option as any minor change in the projected remaining useful life of components, or higher than projected repair/replacement cost may cause the Reserve balance to be in deficit, resulting in a greater likelihood of special assessments.

"Fully Funded" Reserve Funding; the annual Reserve Contribution is set to achieve "Fully Funded" status within a predetermined number of years, typically within 20 years. "Fully Funded" means that the Reserve balance is equal to the current dollar value of all "expended" components. Example; if roofing replacement will cost $100,000 and the roof is 5 years old, with a 20 year service life, the "expended" cost is 5/20th of $100,000 or $25,000. Typically, the annual Reserve Contribution rate for "Fully Funded" status is significantly higher than the other funding options, because the actual Reserve Contribution has been less than the incurred component "expense".

Figure 1.1 "Component" List and Financial Assumptions

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit
2.1	Concrete Walkways	5	0	5,000	1300	LF
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF
2.4	Wood Fence - 6'	20	13	7,000	700	LF
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF
2.5	Landscaping - Refurbish	3	0	3,000	1	LS
2.8	Entry Monument - Replace	20	13	4,000	1	LS
3.6	Retaining walls - Replace	50	43	0	1	LS
8.3	Electric Gate & Operator	10	3	4,000	2	EA
10.4	Signage - Replacement	20	13	2,600	1	LS
10.5	Mailboxes - Replace	25	18	5,700	57	EA
10.6	Entry Access System - Replace	15	8	3,500	1	EA
12.1	Benches	30	23	2,500	4	EA
15.1	Plumbing - Repair	5	1	5,000	1	LS
15.2	Irrigation System	10	3	4,300	1	LS
15.5	Drainage - Repair	50	43	0	1	LS
15.9	Fire Alarm System	20	13	15,000	15	EA
16.1	Electrical - Repair	10	6	3,400	15	EA
16.1.2	Exterior Lighting	25	18	6,400	18	EA
20.1	Full Reserve Study	3	3	2,400	1	EA

Physical Condition Summary and Significant Reserve Components

PHYSICAL CONDITION

The overall appearance of the building and grounds is good. The property appears to be adequately maintained and we did not observe accumulated debris or evidence of significant damage or deterioration of building or site components.

SIGNIFICANT RESERVE COMPONENTS

The following is a brief summary of both near term repair items and the most significant cost items. See the Component Forms for more detailed information. All cost cited in this section are expressed in 2015 dollars.

Near term repairs are budgeted in years 1 or 2 as further deferral of these items may result in damage to building systems or affect tenancy of the facility.

Concrete Walkways (component 2.1) budgeted at $5,000. The concrete walkways are both exposed aggregate and brushed concrete with no sealer on them. We noted the walkways were clean with very little moss. To maintain this we recommend that the walkways are cleaned and sealed to keep the appearance of new fresh concrete. Budget for minor repairs to concrete walkways on a 5-year cycle, including sealing them.

Landscaping - Refurbish (component 2.5) budgeted at $3,000. The landscaping appears to be in good condition. We noted some bushes were missing along the driveway. It was also noted that the HOA is responsible for the maintenance of the wet lands area. We recommend that the landscaping be refurbished as the plants mature to keep the appearance. Budget for landscape refurbishing on a 3-year cycle, beginning this year.

Plumbing Repair (component 15.1) budgeted at $5,000. The plumbing main from the tap at the main thoroughfare, 9th Ave SE, into the HOA may be the HOA's responsibility, as well as, all hydrants, meters, and individual mains to each building. We recommend you contact the municipality and update this in your CC&R's. Until instructed otherwise, Budget for minor repairs to major plumbing components on a 5-year cycle.

Irrigation System (component 15.2) budgeted at $4,300. The landscaping irrigation system for the whole property is reaching 10 years Plants are maturing, components are experiencing normal damaging ware. We recommend you hire a professional irrigation tech. to evaluate the full system possibly, you may need to update with a new controller, rain sensors, or more efficient heads. Budget for minor repairs to the irrigation system components on a 10-year cycle.

SIGNIFICANT RESERVE COMPONENTS (CONTINUED)

Significant long term repair and replacement cost include the following;

Asphalt Pavement (component 2.2) budgeted at $23,100. The roadways from 9th Ave SE into and around the property are assumed the HOA's responsibility. We recommend you contact the municipality and update this in your CC&R's. We have noted that several locations were repaired recently. Budgeted for minor repairs and seal coating to be performed in year 4 coinciding with Concrete Curb- Painting (component 2.3) on an 8-year cycle.

Concrete Curbs – Paint (component 2.3) budgeted at $5,830. The painted surfaces of the curb fire lines, and roadway striping are included in this line item. Budgeted for minor repairs and painting to be performed in year 4 coinciding with Asphalt Pavement (component 2.2) on an 8-year cycle.

Wood Fence – 6' (component 2.4) budgeted at $7,000. The 6' cedar fencing at the perimeter of your property starting from 9th Ave SE into and around the property are assumed a shared responsibility with the neighbors. We recommend you contact the adjacent property owners and update this in your CC&R's. We have noted that this in good repair during the site inspection. Budget for minor repairs and sealing of the fencing in year 13, on a 20-year cycle.

Wood Fence – 6' (component 2.4) budgeted at $72,000. The split rail cedars fencing at the perimeter of your property starting from 9th Ave SE into and around the property are assumed the HOA's responsibility. We recommend you update this in your CC&R's. We have noted that is in good repair during the site inspection. Budget for minor repairs and sealing of the fencing in year 13, on a 20-year cycle.

Fire Alarm System (component 15.9) budgeted at $15,000. The fire alarm systems are on each building used for that building. We assume that your annual inspection and testing notes are retained for budgeting any future repairs and this will be updated on the next reserve study. Budget for repairs in year 13, on a 20-year cycle.

Exterior Lighting (component 16.1.2) budgeted at $15,000. The lighting at the perimeter of your property starting from 9th Ave SE into and around the property are assumed the HOA's responsibility. We have noted that they are in good repair during the site inspection. Budget for repairs of the exterior lighting in year 18, on a 20-year cycle.

Reserve Contribution Recommendations

➢ THRESHOLD FUNDING

For budgeting purposes, **we recommend that Condo Owner's Association set the contribution rate at $16,500 for Reserves beginning in year 2015**. This amount should increase annually with inflation. This amount is determined using the Cash Flow method and Threshold Funding, to provide adequate reserves each time an expense is anticipated, with a minimum (threshold) level of reserves equal to one year's contribution at all times during the study period, so that no special assessments will be required. These figures are based on a reserve balance on January 1, 2015 of $47,655 (figures provided by property management).

An annual Reserve contribution of $16,500 works out to **an average of $289 per year per unit or an average of $24 per unit per month.** This is approximately less than 1/10 of one percent (.09%) of the value of each unit per year based on an average unit value of approximately $325,000. This does not take in account of the building maintenance, which is each individual's responsibility to maintain.

This compares favorably with the one to two percent a single-family homeowner can expect to pay each year (on average) for major repairs. This also compares favorably to other condominium associations in the Puget Sound area, falling at the bottom of the average range of contributions as a percent of the unit value each year. Typically, we see contribution rates from ½% to 1% of the unit value each year. If there is substantial deferred maintenance, it may be higher.

➢ MINIMUM FUNDING OPTION

An alternative strategy the association could employ would be "Minimum Funding". Minimum Funding provides for necessary expenditures without maintaining a minimum reserve balance. To pursue such a strategy, the recommended annual contribution rate would be **$15,200**.

➢ FULLY FUNDED OPTION

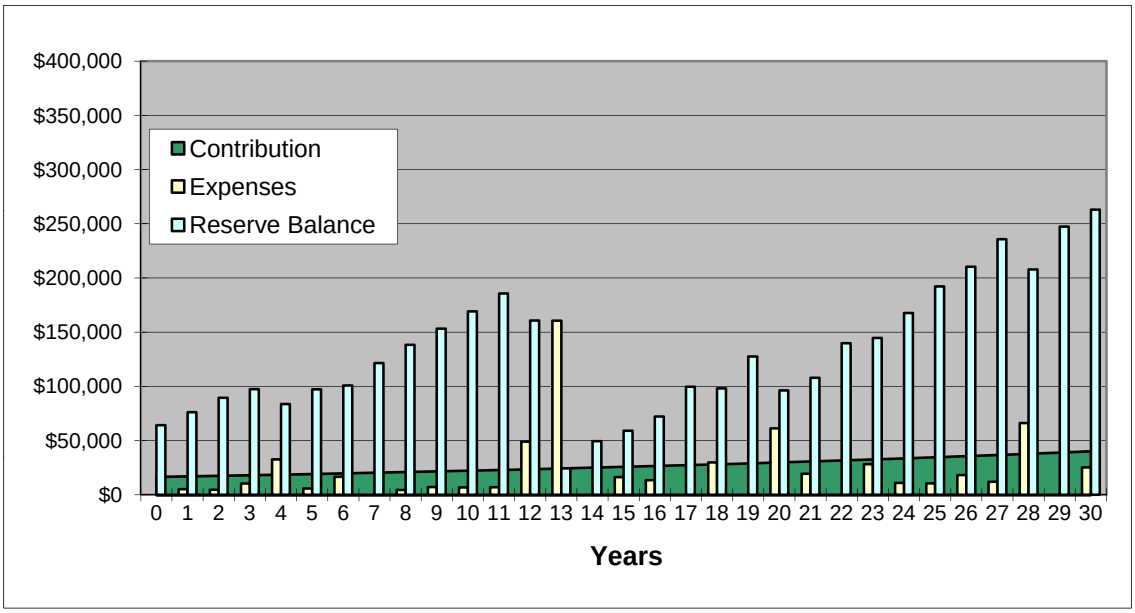
The association could also consider contributions to obtain and maintain the level of reserves to be Fully Funded (so that the percent funded builds to 100% over time). To pursue such a strategy, the recommended annual contribution rate would start at **$26,500 to become Fully Funded in 1 year.**

See the following charts and spreadsheets for depiction of each Funding Option and Calculations.

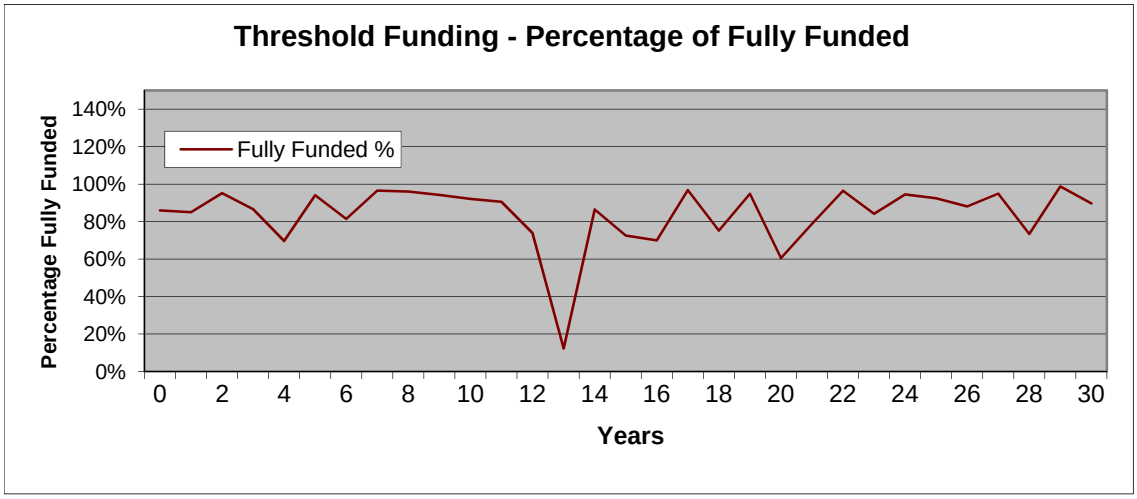
Figure 2.1

Name Crystal Creek

Threshold Reserve Funding Option	
Annual Reserve Contribution:	**$16,500**
Reserve Balance	$47,655
Interest on Reserves	0.35%
Construction Escalation	3.00%
Inflation Rate CPI	3.00%



Threshold funding is set to maintain a minimum yearly reserve balance equal to the annual yearly reserve contribution, or other minimum value the Association may identify. In the chart above the minimum threshold occurs in year 13, when the reserve balance is (nearly) equal to the annual reserve contribution.

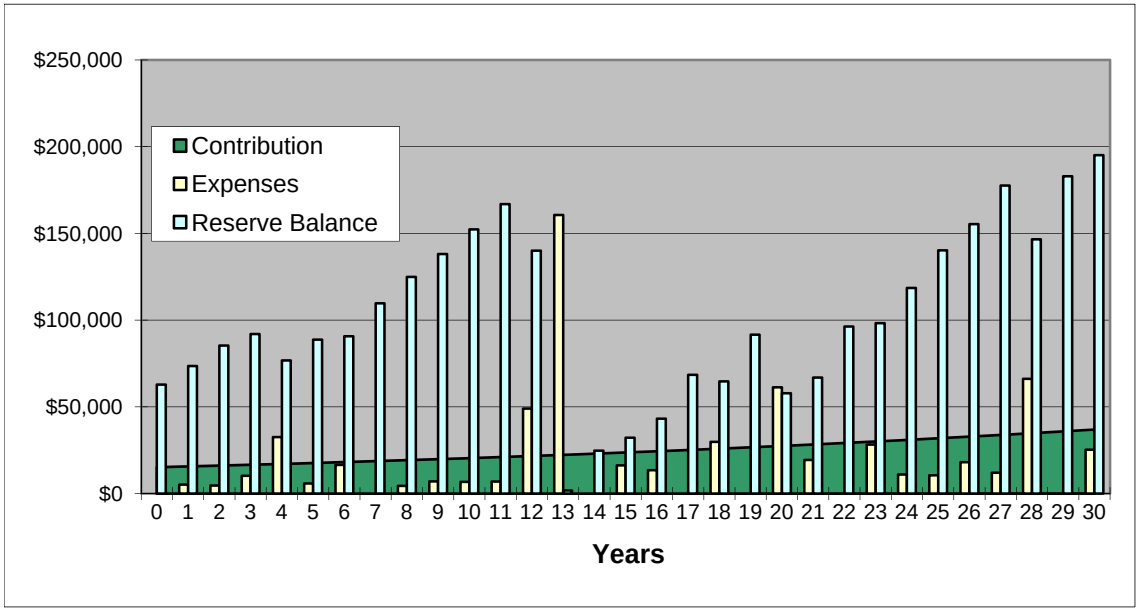


The chart above shows the projected yearly reserve balance as a % of the (optimum) Fully Funded Balance. See the Fully Funded Option for the annual contribution rate required to achieve 100% Fully Funded status.

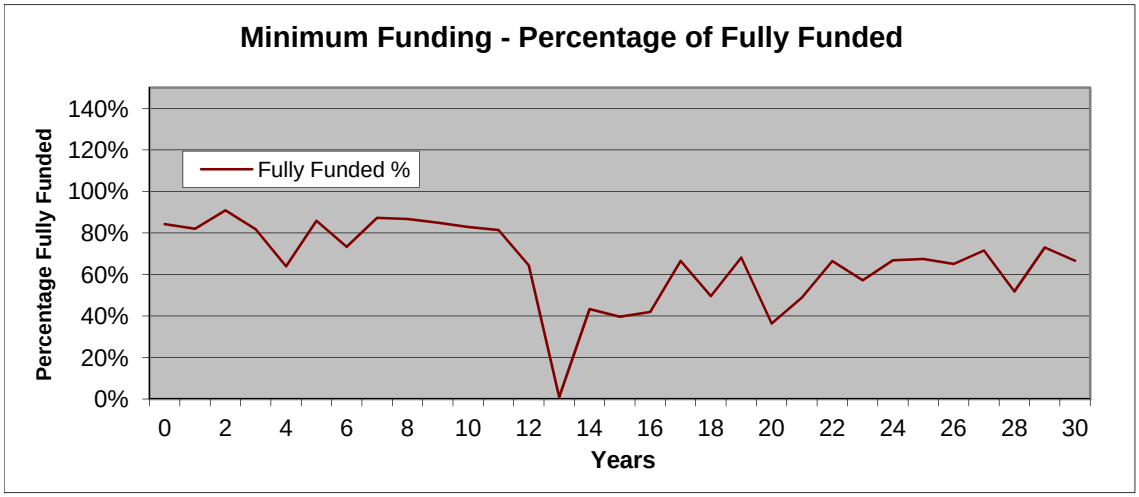
Figure 2.2

Name Crystal Creek

Minimum Reserve Funding Option	
Annual Reserve Contribution:	**$15,200**
Reserve Balance	$47,655
Interest on Reserves	0.35%
Construction Escalation	3.00%
Inflation Rate CPI	3.00%



Minimum funding is set to maintain a minimum, non-zero reserve balance, or other minimum value the Association may identify. In the chart above the minimum balance occurs in year 13, when the reserve balance is (nearly) equal zero.

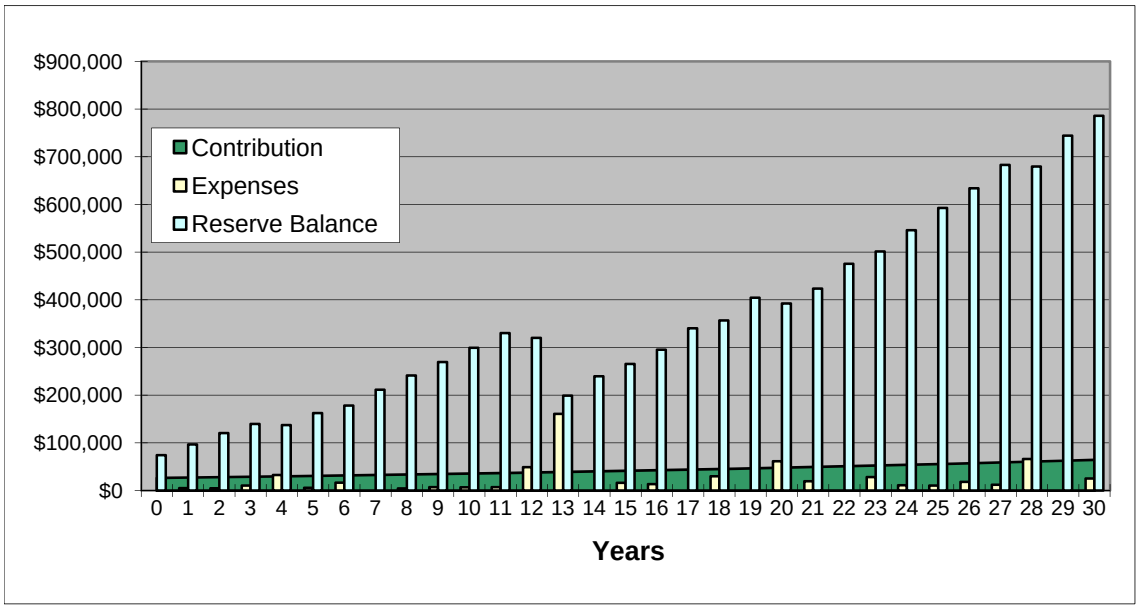


Assuming the Minimum funding contribution rate, the chart above shows the yearly reserve balance as a % of the (optimum) Fully Funded Balance.

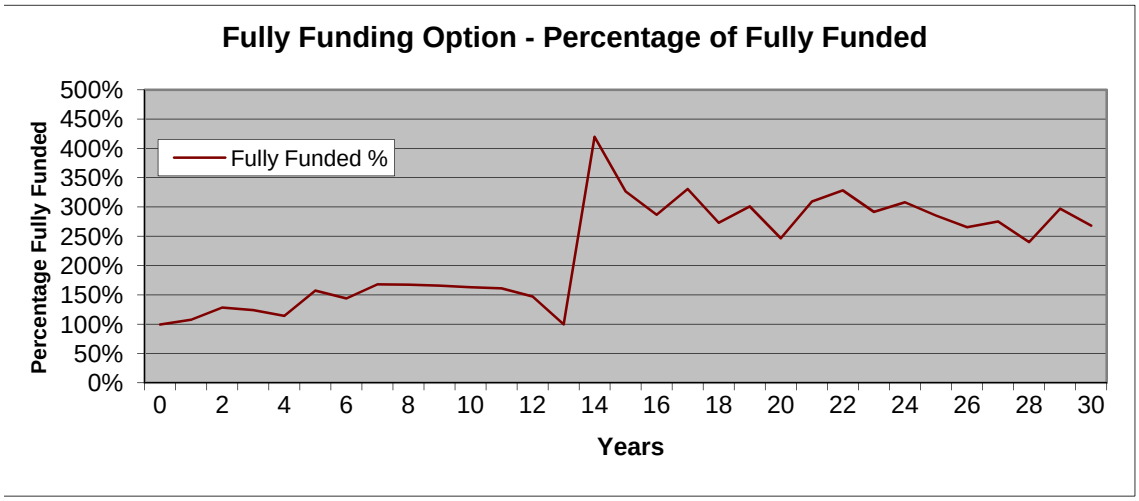
Figure 2.3

Name: Crystal Creek

Fully Funded Option	
Annual Reserve Contribution:	**$26,500**
Reserve Balance	$47,655
Interest on Reserves	0.35%
Construction Escalation	3.00%
Inflation Rate CPI	3.00%



The annual Reserve contribution rate is set to achieve Fully Funded status within 5-20 years, or date set by the Association. Typically, the annual Reserve contribution rate for Fully Funded status is significantly higher than the Threshold or Baseline Options.



The annual Reserve contribution rate is set to a value that will achieve Fully Funded status for the Reserve funds. Typically, we set the contribution rate to attain Fully Funded status within 20 years or a date set by the Association. The chart above indicates that Fully Funded status is projected to occur in year 13. It is assumed the contribution rate would then be re-set to approximate the annual cost of depreciated building components.

Fully Funded Balance Calculation

The Fully Funded Balance for Crystal Creek Townhomes II Homeowners Association is $74,625 The actual current funding is $47,655. The condominium is approximately 67% Fully Funded. This means that based on a straight line savings for each building component, you have a moderate risk of special assessments.

"Fully Funded Balance" means the value of the deteriorated portion of all the reserve components *(see chart at the end of this section for this calculation*). The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.34.020 (22). *Italics text added.*

An example; if roofing replacement will cost $100,000 and the roof is 5 years old, with a 20 year service life, the expended cost is 5/20th of $100,000 or $25,000. The Fully Funded Balance is the current sum of all "common" expended component cost.

We recommend that the association adopt a policy regarding their reserve funding, which would address the level of funding that the association would strive to maintain, and well as methods of investing reserve funds to best match risk with return, and investment length with expected expenses.

FUNDING STATUS

Generally, condominiums that are:

70% or more “Funded” are considered at low risk for special assessment;

30% to 70% “Funded” are considered at moderate risk for special assessment;

30% or less “Funded” are considered at high risk for special assessment.

At 67% funded, your condominium is considered at moderate risk for special assessment.

SEEKING FULLY FUNDED STATUS?

In an ideal world, the original Condominium Association would have begun setting aside Reserve funds equal to the annual component expense (loss of 1 year life on all components) commencing in the first year of occupancy, with yearly adjustments tied to construction cost escalation. In practice, most C.A.s begin with lower annual reserve contributions (if any), and few inflation adjustments. The effect of this practice is to postpone the recovery of these expenses to future years and future owners. This means that future reserve contributions will need to be higher than otherwise required, in order to "make-up" for low initial reserve contributions. Seeking Fully Funded status is a reasonable goal, although it is technically not necessary to maintain a viable Reserve account.

The essential funding consideration is to set the contribution rate at a level that will insure that the balance in the account, after expenses, does not reach zero, (or other "threshold" amount), over a sufficiently long (30-year minimum) duration. The contribution rate is the amount sufficient to pay for repairs as they occur, and does not have any mathematical connection to the fully funded balance, or the percent fully funded. The contribution rate is a look at the cash required each year to make the anticipated repairs, and whether or not there is enough money in the bank to pay for them.

SO WHY CARE ABOUT THE PERCENT FULLY FUNDED?

In effect the "percent fully funded" is a measure of how well an association can withstand the risk of unexpected expenses. Either unplanned emergency expenses (not covered by insurance), or expenses that are more expensive than predicted in the reserve study, or required earlier than in the reserve study. A higher percent funded means more money in the bank and lower risk of special assessment when these unexpected expenses occur.

We typically recommend that the association select a minimum reserve account balance (or Threshold) it wants to maintain, and select a contribution rate to maintain that minimum with a upward trend toward "fully funded" status. We often recommend that the HOA consider a threshold balance equal to one years reserve contribution, however each HOA must judge their unique risk tolerance.

Figure 3.1

Name: Crystal Creek

Current Fully Funded Balance Calculation

Date: 4/19/2015

Reserve Balance: $47,655
As of Date: 1/1/2015

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	Fully Funded Balance
2.10	Concrete Walkways	5	0	5000	1300	LF	$ 5,000
2.20	Asphalt Pavement - Seal	8	4	23100	66000	SF	$ 11,550
2.30	Concrete Curbs - Paint	8	4	5830	3500	LF	$ 2,915
2.40	Wood Fence - 6'	20	13	7000	700	LF	$ 2,450
2.4.1	Wood Fence - Split Rail	20	13	72500	2900	LF	$ 25,375
2.50	Landscaping - Refurbish	3	0	3000	1	LS	$ 3,000
2.80	Entry Monument - Replace	20	13	4000	1	LS	$ 1,400
3.60	Retaining walls - Replace	50	43	0	1	LS	$ -
8.30	Electric Gate & Operator	10	3	4000	2	EA	$ 2,800
10.40	Signage - Replacement	20	13	2600	1	LS	$ 910
10.50	Mailboxes - Replace	25	18	5700	57	EA	$ 1,596
10.60	Entry Access System - Replace	15	8	3500	1	EA	$ 1,633
12.10	Benches	30	23	2500	4	EA	$ 583
15.10	Plumbing - Repair	5	1	5000	1	LS	$ 4,000
15.20	Irrigation System	10	3	4300	1	LS	$ 3,010
15.50	Drainage - Repair	50	43	0	1	LS	$ -
15.90	Fire Alarm System	20	13	15000	15	EA	$ 5,250
16.10	Electrical - Repair	10	6	3400	15	EA	$ 1,360
16.1.2	Exterior Lighting	25	18	6400	18	EA	$ 1,792
20.10	Full Reserve Study	3	3	2400	1	EA	$ -
	Fully Funded Balance (Reserves required to be considered Fully Funded)						**$74,625**
	Current Reserve Balance (Not incl. current year contribution or expenses)						$47,655
	Current Reserve Balance - Percent Fully Funded						**64%**

The Current "Fully Funded Balance" is a calculation of the replacement cost of expended "common" building components. An example; if roofing replacement will cost $100,000 and the roof is 5 years old, with a 20 year service life, the expended cost is 5/20th. of $100,000 or $25,000. The Fully Funded Balance is the current sum of all "common" expended component cost.

HERE IS WHAT THE CONDOMINIUM ACT SAYS ABOUT THESE TERMS:

RCW 64.34.382(2)(i) says a reserve study shall include: "Recommended reserve account contribution rate"

"Contribution Rate" means, in a Reserve Study as described in RCW 64.34, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment. RCW 64.34.020 (10).

RCW 64.34.382(2)(j) says a reserve study shall include: "Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments"

RCW 64.34.382(2)(e) says a reserve study shall include "The percentage of the fully funded balance that the reserve account is funded".

"Fully Funded Balance" means the value of the deteriorated portion of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.34.020 (22).

Reserve Study Amendment to the Washington Condominium Act

RCW 64.34.380 to 64.34.390

Chapter 115, Laws of 2008

60th Legislature 2008 Regular Session

CONDOMINIUM ASSOCIATIONS--RESERVE ACCOUNTS AND STUDIES

EFFECTIVE DATE: 06/12/08

AN ACT Relating to reserve accounts and studies for condominium associations; amending RCW 64.34.010, 64.34.020, 64.34.304, 64.34.410,and 64.34.425; and adding new sections to chapter 64.34 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) An association is encouraged to establish a reserve account to fund major maintenance, repair, and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement within thirty years. A reserve account shall be established in the name of the association. The board of directors is responsible for administering the reserve account.

(2) Unless doing so would impose an unreasonable hardship, an association shall prepare and update a reserve study, in accordance with the association's governing documents and RCW 64.34.224(1). The initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.

(3) Unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

(4) This section and sections 2 through 6 of this act apply to condominiums governed by chapter 64.32 RCW or this chapter and intended in whole or in part for residential purposes. These sections do not apply to condominiums consisting solely of units that are restricted in the declaration to nonresidential use. An association's governing documents may contain stricter requirements.

NEW SECTION. Sec. 2. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) A reserve study as described in section 1 of this act is supplemental to the association's operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget.

(2) A reserve study shall include:

(a) A reserve component list, including quantities and estimates for useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;

(b) The date of the study and a statement that the study meets the requirements of this section;

(c) The level of reserve study performed: (i) Level I: Full reserve study funding analysis and plan; (ii) Level II: Update with visual site inspection; (iii) Level III: Update with no visual site inspection;

(d) The association's reserve account balance;

(e) The percentage of the fully funded balance that the reserve account is funded;

(f) Special assessments already implemented or planned;

(continued)

(g) Interest and inflation assumptions;
(h) Current reserve account contribution rate;
(i) Recommended reserve account contribution rate;
(j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments; and
(k) Whether the reserve study was prepared with the assistance of a reserve study professional.
(3) A reserve study shall include the following disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

NEW SECTION. Sec. 3. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

An association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs. The board of directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the unit owners.

NEW SECTION. Sec. 4. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) Where more than three years have passed since the date of the last reserve study prepared by a reserve study professional, the owners of the units to which at least twenty percent of the votes are allocated may demand, in writing, to the association that the cost of a reserve study be included in the next budget and that the study be obtained by the end of that budget year. The written demand must refer to this section. The board of directors shall, upon receipt of the written demand, provide unit owners making the demand reasonable assurance that the board of directors will include a reserve study in the next budget and, if the budget is not rejected by the owners, will arrange for the completion of a reserve study.

(2) In the event a written demand is made and a reserve study is not timely prepared, a court may order specific performance and award reasonable attorneys' fees to the prevailing party in any legal action brought to enforce this section. An association may assert unreasonable hardship as an affirmative defense in any action brought against it under this section. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a reserve study would exceed ten percent of the association's annual budget.

(3) A unit owner's duty to pay for common expenses shall not be excused because of the association's failure to comply with this section or sections 2 through 6 of this act. A budget ratified by the unit owners under RCW 64.34.308(3) may not be invalidated because of the association's failure to comply with this section or sections 2 through 6 of this act.

(continued)

NEW SECTION. Sec. 5. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

Subject to section 4 of this act, the decisions relating to the preparation and updating of a reserve study must be made by the board of directors of the association in the exercise of the reasonable discretion of the board. Such decisions must include whether a reserve study will be prepared or updated, and whether the assistance of a reserve study professional will be utilized.

NEW SECTION. Sec. 6. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

Monetary damages or any other liability may not be awarded against or imposed upon the association, the officers or board of directors of the association, or those persons who may have provided advice or assistance to the association or its officers or directors, for failure to: Establish a reserve account; have a current reserve study prepared or updated in accordance with sections 1 through 5 of this act; or make the reserve disclosures in accordance with section 2 of this act and RCW 64.34.410(1)(oo) and 64.34.425(1)(s).

NOTE: FOLLOWING SECTIONS REDACTED TO REFLECT CHANGES TO EXISTING LAW

Sec. 7. RCW 64.34.010 and 1993 c 429 s 12 are each amended to read as follows:

(1) This chapter applies to all condominiums created within this state after July 1, 1990. RCW 64.34.040 (separate titles and taxation), RCW 64.34.050 (applicability of local ordinances, regulations, and building codes), RCW 64.34.060 (condemnation), RCW 64.34.208 (construction and validity of declaration and bylaws), RCW 10 64.34.212 (description of units), RCW 64.34.304(1) (a) through (f) and (k) through (r) (powers of unit owners' association), RCW 64.34.308(1) (board of directors and officers), RCW 64.34.340 (voting-proxies), RCW 64.34.344 (tort and contract liability), RCW 64.34.354 (notification on sale of unit), RCW 64.34.360(3) (common expenses-assessments), RCW 64.34.364 (lien for assessments), RCW 64.34.372 (association records), RCW 64.34.425 (resales of units), RCW 64.34.455 (effect of violation on rights of action; attorney's fees), sections 1 through 6 of this act (reserve studies and accounts), and RCW 64.34.020 (definitions) to the extent necessary in construing any of those sections, apply to all condominiums created in this state before July 1, 1990; but those sections apply only with respect to events and circumstances occurring after July 1, 1990, and do not invalidate or supersede existing, inconsistent provisions of the declaration, bylaws, or survey maps or plans of those condominiums.

…

Sec. 8. RCW 64.34.020 and 2004 c 201 s are each amended to read as follows:

In the declaration and bylaws, unless specifically provided otherwise or the context requires otherwise, and in this chapter:

…

(10) "Contribution rate" means, in a reserve study as described in section 1 of this act, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.

…

(((18))) (19)”Effective age” means the difference between the useful life and the remaining useful life.

…

(((20))) (22) "Fully funded balance" means the value of the deteriorated portion of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance.

…

(((28)))(31)”Remaining useful life” means the estimated time, in years, that a reserve component can be expected to continue to serve its intended function.

(continued)

(32)"Replacement cost" means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition.

…

(((29))) (34) "Reserve components" means common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.

(35) "Reserve study professional" means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with sections 1 and 2 of this act.

…

(40) "useful life" means the estimated time, in years, that a reserve component can be expected to serve its intended function.

…

Sec. 9. RCW 64.34.304 and 1993 c 429 s 11 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, and subject to the provisions of the declaration, the association may:

(p) Establish and administer a reserve account as described in section 1 of this act;

(q) Prepare a reserve study as described in section 1 of this act; (r) Exercise any other powers conferred by the declaration or bylaws;

…

Sec. 10. RCW 64.34.410 and 2005 c 456 s 19 are each amended to read as follows:

(1) A public offering statement shall contain the following information:

…

(oo) If the association does not have a reserve study that has been prepared in accordance with sections 1 and 2 of this act or its governing documents, the following disclosure:

> "This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

…

(2) The public offering statement shall include copies of each of the following documents: The declaration, the survey map and plans, the articles of incorporation of the association, bylaws of the association, rules and regulations, if any, current or proposed budget for the association, the balance sheet of the association current within ninety days if assessments have been collected for ninety days or more, the association's current reserve study, if any, and the inspection and repair report or reports prepared in accordance with the requirements of RCW 64.55.090.

If any of the foregoing documents listed in this subsection are not available because they have not been executed, adopted, or recorded, drafts of such documents shall be provided with the public offering statement, and, before closing the sale of a unit, the purchaser shall be given copies of any material changes between the draft of the proposed documents and the final documents.

(continued)

Sec. 11. RCW 64.34.425 and 2004 c 201 s 4 are each amended to read as follows:

(1) Except in the case of a sale where delivery of a public offering statement is required, or unless exempt under RCW 64.34.400(2), a unit owner shall furnish to a purchaser before execution of any contract for sale of a unit, or otherwise before conveyance, a resale certificate, signed by an officer or authorized agent of the association and based on the books and records of the association and the actual knowledge of the person signing the certificate, containing:

…

(q) A copy of the declaration, the bylaws, the rules or regulations of the association, the association's current reserve study, if any, and any other information reasonably requested by mortgagees of prospective purchasers of units. Information requested generally by the federal national mortgage association, the federal home loan bank board, the government national mortgage association, the veterans administration and the department of housing and urban development shall be deemed reasonable, provided such information is reasonably available to the association; ((and))

…

(s) If the association does not have a reserve study that has been prepared in accordance with *sections RCW 64.34.380* and *64.34.382* of this act or its governing documents, the following disclosure:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

Passed by the Senate March 8, 2008.
Passed by the House March 4, 2008.
Approved by the Governor March 21, 2008.
Filed in Office of Secretary of State March 24, 2008.
Amended in 2011

Terms and Definitions

BUILDING CODES – Nationally recognized set of rules/standards that specify the minimum acceptable level of safety for constructed building structures, known as "Building Codes". Purpose is to protect public health, safety and general welfare as they relate to the construction and occupancy of buildings and structures and used to measure the acceptability of a particular material or building procedure. To state this is built to "code," it is acceptable to all concerned. Codes can include the following: International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC)(applicable to one and two family structures), Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC) , National Fire Protection Association Standards (NFPA). The practice of amending these building codes can vary considerably by each city or county.

BUILDING COMPONENT – see "Reserve Component".

CAULKING – A silicone, polyurethane, polyether, acrylic latex, and one-component sealants are commonly sold in cartridges (tube) which are loaded into a pistol-like caulking gun (opening at the side), used to seal cracks for painting, provide thermal insulation, control water penetration and noise mitigation. Also known as, "Sealant".

CIRCUIT BREAKERS – An automatically-operated electrical switch deigned to protect an electrical circuit from damage caused by overload or short circuit. Its basic function is to detect a fault condition and, by interrupting continuity, to immediately discontinue electrical flow.

COMPONENT NUMBER – A number assigned to each building component that allows orderly grouping for each component. Based on the Construction Specifications Institute's Numbers and Titles for the Building Industry.

COMMON ELEMENTS – Those portions of the building which are owned collectively by all Unit owners in a condominium, and for which the association is responsible.

CONDITION ASSESSMENT – The task of evaluating the current condition of the component based on observed or reported characteristics.

CONTRIBUTION RATE – In a Reserve Study as described in RCW 64.34, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.

EFFECTIVE AGE – The difference between the Useful Life and the Remaining Useful Life (UL – RUL).

Terms and Definitions (continued)

EIFS – **E**xterior **I**nsulation and **F**inish **S**ystem. An exterior building system with the stucco like appearance of traditional stucco, but is a synthetic stucco. It is actually a lightweight synthetic wall cladding that includes foam insulation board, a polymer and cement base coat that's applied to the top of the insulation, then reinforced with glass fiber mesh.and a thin colored textured finish coating. It is marketed as a waterproof, lifetime finish, but has had many problems in the Pacific Northwest.

ELECTRICAL SWITCH GEAR – Any switching and interrupting devices in combination with their associated control, regulating, metering, and protective devices for part or all of a building; includes electrical enclosures, fuses, large breakers, and connecting equipment. (See "Electrical" component)

EXPERIENCE – A phrase used in component worksheets to describe how a component Useful Life might be determined. This expression indicates that the person inspecting is using their past experience and knowledge of similar situations to predict a 'useful life'.

FLASHING – Typically refers to thin continuous pieces of sheet metal or other impervious material installed to prevent the passage of water into a structure from an angle or joint. between like or different materials on the exterior of a building. Flashing generally operates on the principle that, for water to penetrate a joint, it must work itself upward against the force of gravity or in the case of wind-driven rain, it would have to follow a tortuous path during which the driving force will be dissipated. Exterior building materials can be configured with a non-continuous profile to defeat water surface tension.

FULLY FUNDED BALANCE – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" (deteriorated portion) of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association's total fully funded balance. FFB = Current Replacement Cost * Effective Age / Useful Life.

FULLY FUNDED (CONTRIBUTION RATE) – A Reserve Contribution Rate that is constant, increasing with inflation, that will bring the Reserve Account balance up to the "Fully Funded Balance" level and keep it there.

HVAC – **H**eating, **V**entilation, and **A**ir **C**onditioning.

INFLATED DOLLARS – As opposed to current dollars, inflated dollars recognize that costs in the future will likely be higher than today. The rise in the general level of prices of goods and services over a period of time; which buys fewer goods and services in future years. A rate of inflation must be assumed and then applied to all future costs. Also referred to as future cost.

Terms and Definitions (continued)

INFLATION MULTIPLIER – 100% plus the assumed rate of inflation. Thus, for an assumed yearly inflation rate of 5%, the "multiplier" would be 105% or 1.05 if expressed as a decimal number rather than as a percentage. Each successive year the previous year's "multiplier" is multiplied by this number to arrive at the next year's "multiplier."

INTEREST RATE MULTIPLIER – The assumed rate of interest earned on the average annual reserve bank account balance. Thus, 4% interest would be 0.04 expressed as a decimal number. A rate of interest earned must be assumed for all future years. Typically this is lower than the rate of inflation.

LIFE AND VALUATION ESTIMATES – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

LIMITED COMMON ELEMENT – Those common elements which are assigned exclusively to one or some Units. Unit owners may be responsible for the cost to repair and maintain limited common elements.

MEANS – A term used in component sheets to describe how a component 'typical life' might be determined. This term refers to a book published by RS Means. The book lists various maintenance terms, problem solutions, and 'typical lives'.

MINIMUM FUNDING (CONTRIBUTION RATE) – A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses so that no special assessments are required for 30 years, but with no minimum balance above zero in some years.

PERCENT FULLY FUNDED – The ratio or percent of the Fully Funded Balance at any point in time of the actual (or projected) condominium Reserve Balance.

PHYSICAL ANALYSIS – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life & Valuation Estimate tasks are performed.

PREVENTIVE MAINTENANCE – All care and servicing by personnel for the purpose of maintaining equipment and facilities in satisfactory operating condition by providing for systematic inspection, detection, and correction of incipient failures either before they occur or before they develop into major defects.

RCW – the **R**evised **C**ode of **W**ashington. RCW 64.34 is the Washington Condominium Act, the statute that governs condominiums.

Terms and Definitions (continued)

REMAINING USEFUL LIFE – The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST – The current cost of replacing, repairing, or restoring a reserve component to its original functional condition.

RESERVE ACCOUNT – Money set aside for future repair and replacement projects. For condominiums, the RCW requires a separate Reserve Account be maintained to hold reserves to fund repair or replacement of Reserve Components.

RESERVE COMPONENTS – Individual line items in the Reserve Study developed or undated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes. Common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.

RESERVE CONTRIBUTION – The amount of money saved to fund "replacement Costs" for maintenance and repairs of Common Elements. See "Contribution Rate". Current contributions and recommended contributions may be different.

RESERVE STUDY – A Physical Assessment and a Financial Analysis of a building for the purpose of providing a budget planning tool which identifies the current status of the Reserve fund. And provides a stable and equitable Funding Plan to offset the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. The Washington Condominium Act sets out requirements for annual reserve studies.

RESERVE STUDY PROFESSIONAL – An independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34. RCW 64.34.020 (35)

SPECIAL ASSESSMENT – A charge or assessment levied against all unit owners that are necessary when a needed repair/replacement/upgrade has not been planned for and for which there wasn't enough money in the Reserve fund.

SURPLUS – An actual (or projected) Reserve Balance greater than the Fully Funded Balance.

Terms and Definitions (continued)

TOTAL COST – Total cost to replace entire quantity of component in today's dollars. =(Quantity x Unit Cost)

THRESHOLD FUNDING (CONTRIBUTION RATE) – A Reserve Contribution Rate that is constant, which increases with inflation, to keep the reserve balance above a determined minimum amount ("threshold") during the next 30 years.

TYP. – Abbreviation for 'typical' ; used on photographs and in text to refer to a problem that is shown or described once, but applies to many locations.

TYPICAL LIFE – An average expected life for an average building component. As in any statistical average, there is a range of years over which each individual item might fall. This is the same as "Useful life".

USEFUL LIFE (UL) – Total Useful Life, the estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

YEAR END BALANCE OR RESERVE BALANCE – What is projected to be left in the reserve account after the expected yearly expenses and contributions are added to the prior year's carryover balance. The balance assumes that the reserve contributions expenses occur as predicted.

YEARLY EXPENSES – The total labor and material costs associated with all of the repairs/maintenance that are scheduled in that particular year.

UNIT OF MEASURE – Unit used to measure component. (See explanation below)

SF – Square Feet
GSF – Gross Square Feet
SY – Square Yard
SQ – Square = 100 square feet
LF – Linear Feet
LS – Lump Sum
EA – Each = Per Single Unit
Allowance – Allowance for component repair or replacement
Contract – Cost obtained from actual contract or bid

Evaluators Credentials

James E. Miller Reserve Professional
Senior Project Manager

James Miller has an extensive background in residential, retail development and construction, with over 40 years of field and management experience in the industry. James' project knowledge in residential, multi-family, and mid-rise construction provides him the expertise in project materials/products, project scheduling, contractor and design team management, value engineering, and knowledge in multiple forms of construction, construction disciplines, and methods.

James has spent the last 22 years in Project Management and Construction Management developing condominium communities throughout Western Washington. As Senior Project Manager, the responsibilities included building design, entitlement, construction quality, schedules and budgets. Projects included townhome communities, condo flats, detached condos and urban mixed-use buildings with retail. James worked directly with Design Consultants, providing the lead for specific building details including critical exterior building envelope assemblies.

James is currently serving as the Senior Project Manager for Kappes Miller Consulting and Construction Management, providing Professional Reserve Studies and Project Management services to Kappes Miller's clients and other Condominium Associations throughout the region.

Evaluators Credentials

Michael L. Arndt, C.B.S.T. Reserve Analyst
Project Manager

Michael Arndt joined Kappes Miller Management, LLC in January 2015 as Project Manager/ Reserve Analyst.

Prior to Mr. Arndt's employment at Kappes Miller Management, LLC, he held a position as Project Manager at BEE Consulting, LLC. His Duties included: Project Manager for Existing Structures, in charge of multiple projects in the Greater Seattle area. A central aspect of his experience at BEE Consulting consisted of failure analysis of building envelope issues and assessments using Infrared Thermography. Mr. Arndt also has extensive experience in leak investigations, urethane deck coating issues and all other areas of the building envelope. As well as, developing a Building Envelope Commissioning Plan and assisting in Testing Division and the Inspection Division.

He also held a position as President of Fair & Square Contracting, Inc. His duties included: designing remedial repairs; conducting leak and structural investigations; HOA Assessments; and managing a variety of waterproofing projects and specialty projects on both Multi-family and single family structures.

During his studies at Edmonds C.C., he completed an internship with Dwayne Rowdy of AAA Pest and Home Inspections, performing Condominium assessments and home inspections.

Disclosures

1 – Kappes - Miller also provides Project Management services for major repair projects including roofing, decks, and building envelope replacement.

2 – No employee of Kappes - Miller has any interest in, or obligation to any construction company or development entity that creates condominiums.

This report and analysis is based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Kappes - Miller (and/or its representatives) make no representations regarding latent or concealed defects which may exist and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use/misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of nature and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of the inspection, but due to their nature are subject to deterioration without notice. Unless otherwise noted, all building components are assumed to meet the building code requirements in force at the time of construction. Information provided by the client is assumed to be accurate and reliable. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided to us by others is believed to be reliable, but we assume no responsibility for accuracy thereof.

Appendix A

COMPONENT DATA SHEETS

The following Component Sheets were used to document components and cost projections in the preparation of this Study.

Component Data Sheet

Component Number:	**2.1**
Component Name:	**Concrete Walkways**
Description:	Sidewalks - Repair
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	5
Age	5
Typical Remaining Years	0
Adjustment to Remaining Years	
Remaining Years (next expense)	0

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
0	2015	$5,000
5	2020	$5,000
10	2025	$5,000
15	2030	$5,000
20	2035	$5,000
25	2040	$5,000
30	2045	$5,000

Cost Projection
Quantity: 1300 Units: LF

The concrete walkways were observed to be in good condition.
Budget for minor repairs, pressure washing and sealer on a 5-year cycle, beginning in year 0.

Budget Allowance: $5000

Component Data Sheet

Component Number:	**2.2**
Component Name:	**Asphalt Pavement - Seal**
Description:	Asphalt Pavement - Seal
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	8
Age	4
Typical Remaining Years	4
Adjustment to Remaining Years	
Remaining Years (next expense)	4

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
4	2019	$23,100
12	2027	$23,100
20	2035	$23,100
28	2043	$23,100

Cost Projection
Quantity: 66,000 Units: SF

Asphalt pavement generally appears to be in good condition. Noted in several locations were repaired recently. Budget for seal coating to coincide with the Concrete Curb - Paint (Component 2.3).
Budget for seal coating to begin on year 4, on an 8-year cycle.

Budget for 66,000 SF @ $0.35/SF = $23,100

Component Data Sheet

Component Number:	**2.3**
Component Name:	**Concrete Curbs - Paint**
Description:	Restripe Curbs & Parking Lines
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	8
Age	4
Typical Remaining Years	4
Adjustment to Remaining Years	
Remaining Years (next expense)	4

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
4	2019	$5,830
12	2027	$5,830
20	2035	$5,830
28	2043	$5,830

Cost Projection
Quantity: 3500 Units: LF

Pressure washing and painting Fire Lanes per code requirements on an 8-year cycle with a good quality paint will provide a better appearance value as well.
Budget $5830 in year 4, on an 8-year cycle.

Budget 3500 LF @ $1.67/LF = $5,830

Component Data Sheet

Component Number:	**2.4**
Component Name:	**Wood Fence**
Description:	6' Cedar Fencing
Location:	West Entrance
Reviewed By:	MA

Typical Useful Life Cycle Yr.	20
Age	7
Typical Remaining Years	13
Adjustment to Remaining Years	
Remaining Years (next expense)	13

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
13	2028	$14,000

Cost Projection
Quantity: 700 Units: LF
Wood fencing was observed at the west entrance to be fair condition with
no noted damages. It is assumed this will not be a shared expense
with the neighboring property(s). Budget for replacement in year
13, on a 20-year cycle.
Budget 700 LF @ $20.00/LF = $14,000 for half of the expense
*Confirm with neighboring properties about shared expenses
and update CC&R's

Component Data Sheet

Component Number:	**2.4.1**
Component Name:	**Wood Fence**
Description:	Split Rail Fencing
Location:	Perimeter of Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	20
Age	7
Typical Remaining Years	13
Adjustment to Remaining Years	
Remaining Years (next expense)	13

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
13	2028	$72,500

Cost Projection
Quantity: 2900 Units: LF

Wood split rail fencing was observed to be good condition with no noted deterioration or damage. Budget for the replacement in year 13, on a 20-year cycle. Regular cleaning and sealing of this fence will extend the life span and increase the appearance of the property.

Budget 2900 LF @ $25.00/LF = $72,500

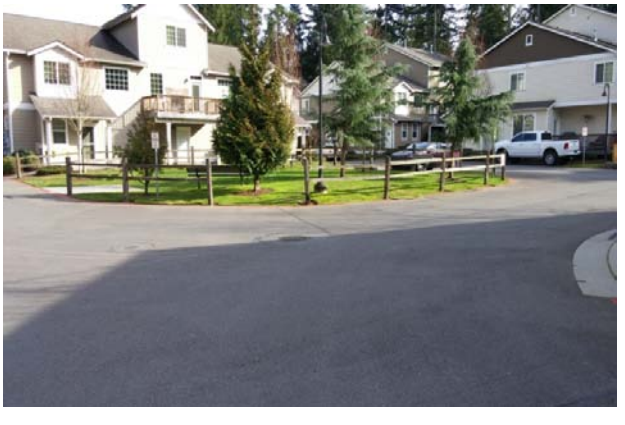
Component Data Sheet

Component Number:	**2.5**
Component Name:	**Landscaping - Refurbish**
Description:	Trees & Shrubs
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	3
Age	0
Typical Remaining Years	0
Adjustment to Remaining Years	
Remaining Years (next expense)	0

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
0	2015	$3,000
3	2018	$3,000
6	2021	$3,000
9	2024	$3,000
12	2027	$3,000
15	2030	$3,000
18	2033	$3,000
21	2036	$3,000
24	2039	$3,000
27	2042	$3,000



Cost Projection
Quantity: 1 Units: EA

Landscaping was observed to be in good condition, missing plantings are few. Minor landscaping repairs are assumed to be covered by operations funds. However, as the plants mature you will need to budget $3,000 on a 3-year cycle starting in year 0.

The wetlands maintenance is included in this component.

Budget Allowance: $3000

Component Data Sheet

Component Number:	**2.8**
Component Name:	**Entry Monument - Replace**
Description:	Steel on Stone backer
Location:	Community Entrance
Reviewed By:	MA

Typical Useful Life Cycle Yr.	20
Age	7
Typical Remaining Years	13
Adjustment to Remaining Years	
Remaining Years (next expense)	13

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
13	2028	$4,000

Cost Projection

Quantity: 1 Units: EA

Entry monument was observed to be in good condition with no deterioration noted on the sign itself, the stone backer shows damages to the top. Budget for cleaning, painting, and minor repairs out of operating fund. Budget for repainting and tuck pointing in year 13, on a 20-year cycle.

Budget Repainting Allowance:	$1,000
Budget for Tuck pointing:	$3,000
Total:	$4,000

Component Data Sheet

Component Number:	**3.6**
Component Name:	**Retaining Walls**
Description:	Concrete Landscape Blocks
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	50
Age	7
Typical Remaining Years	43
Adjustment to Remaining Years	
Remaining Years (next expense)	43

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost

Cost Projection
Quantity: 4000 Units: SF

Inspect these walls regularly for structural integrity. Due to the durability of these materials, the life cycle is 50 years, no budget is needed at this time. Future Reserve Studies will show updates for this item.

Component Data Sheet

Component Number:	**8.3**
Component Name:	**Electric Gate & Operator**
Description:	Replace
Location:	Driveway Entrances
Reviewed By:	MA

Typical Useful Life Cycle Yr.	10
Age	7
Typical Remaining Years	3
Adjustment to Remaining Years	
Remaining Years (next expense)	3

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
3	2018	$4,000
13	2028	$4,000
23	2038	$4,000

Cost Projection
Quantity: 2 Units: EA

It was reported that the emergency switching system was updated in 2014. The gates were observed to be in good condition with no noted damage at the time of our inspection. As the main gate is heavily used, inspect regularly and make any minor repairs as needed out of operating funds. Budget for replacement of the main gate openers in year 3, on a 10-year cycle. Check operation on emergency gate annually.

Budget Replacement Allowance: $4,000

Component Data Sheet

Component Number:	**10.4**
Component Name:	**Signage - Replacement**
Description:	Property and Building Signs
Location:	Throughout Common Areas
Reviewed By:	MA

Typical Useful Life Cycle Yr.	20
Age	7
Typical Remaining Years	13
Adjustment to Remaining Years	
Remaining Years (next expense)	13

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
13	2028	$2,600

Cost Projection

Quantity: 1 Units: LS

Signage consist of metal and plastic signs for building identification, parking, and recreation signs. Signage was observed to be in good to fair condition.

Maintain by cleaning regularly and repairing as needed out of operating fund.

Budget replacement in year 13, on a 20-year cycle.

Budget Allowance: $2,600

Component Data Sheet

Component Number:	**10.5**
Component Name:	**Mailboxes - Replace**
Description:	Aluminum
Location:	Exterior
Reviewed By:	MA

Typical Useful Life Cycle Yr.	25
Age	7
Typical Remaining Years	18
Adjustment to Remaining Years	
Remaining Years (next expense)	18

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
18	2033	$5,700

Cost Projection

Quantity: 57 Units: EA

Mailboxes appear to generally be in good to fair condition with no observed deterioration. Budget for repairs as an operating expense. Budget for full-scale replacement of mailboxes in year 18, on a 25-year cycle.

Budget Replacement: 57 @ $100/EA = $5,700

Component Data Sheet

Component Number:	**10.6**
Component Name:	**Entry Access Systems**
Description:	Replace
Location:	Main Entrance Driveway
Reviewed By:	MA

Typical Useful Life Cycle Yr.	15
Age	7
Typical Remaining Years	8
Adjustment to Remaining Years	
Remaining Years (next expense)	8

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
8	2023	$3,500
23	2038	$3,500

Cost Projection

Quantity: 1 Units: EA

The entry access system is located at the main entrance of the complex
Entry access system was observed to be in good condition and
functioning properly. Budget for maintenance and professional
inspections out of operating fund. Budget for replacement in year 8,
on a 15-year cycle.

Budget Replacement: $3,500

Component Data Sheet

Component Number:	**12.1**
Component Name:	**Benches**
Description:	Metal
Location:	Center Common Area
Reviewed By:	MA

Typical Useful Life Cycle Yr.	30
Age	7
Typical Remaining Years	23
Adjustment to Remaining Years	
Remaining Years (next expense)	23

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
23	2038	$2,500

Cost Projection

Quantity: 4 Units: EA

The metal benches were found to be in good condition. Budget in year 23, on a 30-year cycle for replacements.

Budget Allowance: $2,500

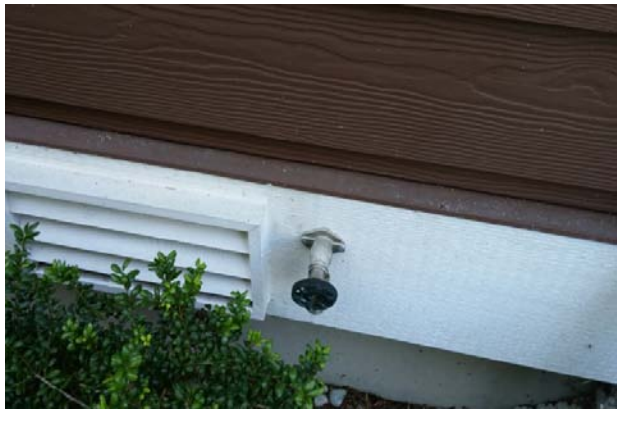
Component Data Sheet

Component Number:	**15.1**
Component Name:	**Plumbing -Repair**
Description:	Service & Repair
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	5
Age	4
Typical Remaining Years	1
Adjustment to Remaining Years	
Remaining Years (next expense)	1

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
1	2016	$5,000
6	2021	$5,000
11	2026	$5,000
16	2031	$5,000
21	2036	$5,000
26	2041	$5,000



Cost Projection

Quantity: 1 Units: LS

It is assumed the water line from the street main is yours to maintain. Budget for miscellaneous repairs to plumbing components on a 5-year cycle, beginning in year 1.

Budget Repair Allowance: $5,000 every 5 years

*Contact your Municipality about the responsibility of the Water main, hydrants, meters, and individual unit main lines.

Component Data Sheet

Component Number:	**15.2**
Component Name:	**Irrigation System**
Description:	Repair
Location:	Exterior - Throughout Landscaping
Reviewed By:	MA

Typical Useful Life Cycle Yr.	10
Age	7
Typical Remaining Years	3
Adjustment to Remaining Years	
Remaining Years (next expense)	3

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
3	2018	$4,300
13	2028	$4,300
23	2038	$4,300

Cost Projection

Quantity: 1 Units: LS

Several observed no major problems during our inspection. Inspect and test system annually; Winterize during cold months to avoid freezing and breaks.

Budget for major repairs to irrigation system on 10-year cycle, including timers, control valves, PRVs, etc. Budget repairs beginning in year 3.

Budget repairs: 3 man days @ $600/day plus $2,500 materials = $4,300

Component Data Sheet

Component Number:	**15.5**
Component Name:	**Drainage - Repair**
Description:	Storm System
Location:	Throughout
Reviewed By:	MA

Typical Useful Life Cycle Yr.	50
Age	7
Typical Remaining Years	43
Adjustment to Remaining Years	
Remaining Years (next expense)	43

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost

Cost Projection
Quantity: 1 Units: LS
System appears in good condition; inspect regularly, keep drains / grates free
of debris / flowing freely, and clean catch basins routinely. No expectation
of large scale repairs to the below grade system at this time.
Some vaults contain special filters, please review your vault and notify
management to have them inspected and place on your future
Reserve Studies.
No Reserve Funding for this reserve cycle unless there are filters in the vaults.
* Hire a Vacume Truck to clean vault and confirm.

Component Data Sheet

Component Number:	**15.9**
Component Name:	**Fire Alarm System**
Description:	Replace
Location:	Each Building
Reviewed By:	MA

Typical Useful Life Cycle Yr.	20
Age	7
Typical Remaining Years	13
Adjustment to Remaining Years	
Remaining Years (next expense)	13

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
13	2028	$15,000

Cost Projection
Quantity: 15 Units: EA

Normal minor repairs are considered covered under the monitoring service agreement. However code or fire department revisions may require replacement of panels/devices. Budget for major replacement in year 13, on a 20-year cycle.

Budget replacement allowance: $15,000

Component Data Sheet

Component Number:	**16.1**
Component Name:	**Electrical - Repair**
Description:	Main Service & Repairs
Location:	Building Exteriors
Reviewed By:	MA

Typical Useful Life Cycle Yr.	10
Age	4
Typical Remaining Years	6
Adjustment to Remaining Years	
Remaining Years (next expense)	6

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
6	2021	$3,400
16	2031	$3,400
26	2041	$3,400

Cost Projection
Quantity: 15 Units: EA

There are 15 service entrances with individual metering equipment
for each unit located on each building. Budget for maintenance of
main switchgear and panels in year 6, on a 10-year cycle.
These units are exposed to the elements and will lessen the life expectancy.

Budget Maintenance: 4 man days @ $700/day plus $600 materials = $3,400

Component Data Sheet

Component Number:	**16.2.1**
Component Name:	**Exterior lighting**
Description:	Replace
Location:	Throughout Property
Reviewed By:	MA

Typical Useful Life Cycle Yr.	25
Age	7
Typical Remaining Years	18
Adjustment to Remaining Years	
Remaining Years (next expense)	18

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
18	2033	$6,400

Cost Projection
Quantity: 18 Units: SF

The exterior lighting consists of post and pole lighting fixtures for entries, walkways, and parking; fixtures were observed to be in fair condition.

Budget for replacement of exterior lighting beginning in year 18, on a 25-year cycle.

Budget Allowance: 18 @~ $355/EA = $6,400

Component Data Sheet

Component Number:	**20.1**
Component Name:	**Full Reserve Study**
Description:	Full Onsite Study
Location:	Crystal Creek Townhomes II
Reviewed By:	MA

Typical Useful Life Cycle Yr.	3
Age	0
Typical Remaining Years	3
Adjustment to Remaining Years	
Remaining Years (next expense)	3

Reserve Funding Required? YES

Reserve Cost Per Year		
Year No.	Year	Cost
3	2018	$2,400
6	2021	$2,400
9	2024	$2,400
12	2027	$2,400
15	2030	$2,400
18	2033	$2,400
21	2036	$2,400
24	2039	$2,400
27	2042	$2,400
30	2045	$2,400

Cost Projection

Quantity: 1 Units: EA

Budget for new Full Reserve Study every 3 years.

Budget $2,400 on a 3-year cycle.

Appendix B

RESERVE CALCULATION SPREADSHEET

The following spreadsheet shows the component expenses and Funding Option calculations used in the preparation of this Study.

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	Current Yr. 0 2015	1 2016
2.1	Concrete Walkways	5	0	5,000	1300	LF	5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF		
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF		
2.4	Wood Fence - 6'	20	13	7,000	700	LF		
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF		
2.5	Landscaping - Refurbish	3	0	3,000	1	LS	3000	
2.8	Entry Monument - Replace	20	13	4,000	1	LS		
3.6	Retaining walls - Replace	50	43	0	1	LS		
8.3	Electric Gate & Operator	10	3	4,000	2	EA		
10.4	Signage - Replacement	20	13	2,600	1	LS		
10.5	Mailboxes - Replace	25	18	5,700	57	EA		
10.6	Entry Access System - Replace	15	8	3,500	1	EA		
12.1	Benches	30	23	2,500	4	EA		
15.1	Plumbing - Repair	5	1	5,000	1	LS		5000
15.2	Irrigation System	10	3	4,300	1	LS		
15.5	Drainage - Repair	50	43	0	1	LS		
15.9	Fire Alarm System	20	13	15,000	15	EA		
16.1	Electrical - Repair	10	6	3,400	15	EA		
16.1.2	Exterior Lighting	25	18	6,400	18	EA		
20.1	Full Reserve Study	3	3	2,400	1	EA		
Total Expenses By Year							$8,000	$5,000
Construction Cost Escalation								1.03
Total Expenses (Escalated)								**$5,150**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2015	2016
Total Expenses (Escalated)			$0	$5,150
Beginning Reserve Balance			47655	64155
Interest Earned on Reserve Balance				207
Recommended Reserve Contribution Adjusted For Inflation			16500	16995
Year End Balance (Adjusted For Inflation)			$64,155	**$76,206**
Year End Balance (expressed in current year dollars)			$64,155	$73,986

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2015	2016
Total Expenses (Escalated)			$0	$5,150
Beginning Reserve Balance			47655	62855
Interest Earned on Reserve Balance				202
Recommended Reserve Contribution Adjusted For Inflation			15200	15656
Year End Balance (Adjusted For Inflation)			$62,855	**$73,563**
Year End Balance (expressed in current year dollars)			$62,855	$71,420

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2015	2016
Total Expenses (Escalated)			$0	$5,150
Beginning Reserve Balance			47655	74155
Interest Earned on Reserve Balance				242
Recommended Reserve Contribution Adjusted For Inflation			26500	27295
Year End Balance (Adjusted For Inflation)			$74,155	**$96,541**
Year End Balance (expressed in current year dollars)			$74,155	$93,729

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	2 2017	3 2018	4 2019	5 2020	6 2021
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF			23,100		
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF			5830		
2.4	Wood Fence - 6'	20	13	7,000	700	LF					
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF					
2.5	Landscaping - Refurbish	3	0	3,000	1	LS		3000			3000
2.8	Entry Monument - Replace	20	13	4,000	1	LS					
3.6	Retaining walls - Replace	50	43	0	1	LS					
8.3	Electric Gate & Operator	10	3	4,000	2	EA		4000			
10.4	Signage - Replacement	20	13	2,600	1	LS					
10.5	Mailboxes - Replace	25	18	5,700	57	EA					
10.6	Entry Access System - Replace	15	8	3,500	1	EA					
12.1	Benches	30	23	2,500	4	EA					
15.1	Plumbing - Repair	5	1	5,000	1	LS					5000
15.2	Irrigation System	10	3	4,300	1	LS	4300				
15.5	Drainage - Repair	50	43	0	1	LS					
15.9	Fire Alarm System	20	13	15,000	15	EA					
16.1	Electrical - Repair	10	6	3,400	15	EA					3400
16.1.2	Exterior Lighting	25	18	6,400	18	EA					
20.1	Full Reserve Study	3	3	2,400	1	EA		2400			2400
Total Expenses By Year							$4,300	$9,400	$28,930	$5,000	$13,800
Construction Cost Escalation							1.06	1.09	1.13	1.16	1.19
Total Expenses (Escalated)							**$4,562**	**$10,272**	**$32,561**	**$5,796**	**$16,478**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2017	2018	2019	2020	2021
Total Expenses (Escalated)			$4,562	$10,272	$32,561	$5,796	$16,478
Beginning Reserve Balance			76206	89400	97435	83672	97276
Interest Earned on Reserve Balance			251	277	227	273	283
Recommended Reserve Contribution Adjusted For Inflation			17505	18030	18571	19128	19702
Year End Balance (Adjusted For Inflation)			**$89,400**	**$97,435**	**$83,672**	**$97,276**	**$100,783**
Year End Balance (expressed in current year dollars)			$84,268	$89,167	$74,342	$83,911	$84,404

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2017	2018	2019	2020	2021
Total Expenses (Escalated)			$4,562	$10,272	$32,561	$5,796	$16,478
Beginning Reserve Balance			73563	85368	91968	76723	88796
Interest Earned on Reserve Balance			242	263	208	248	253
Recommended Reserve Contribution Adjusted For Inflation			16126	16609	17108	17621	18150
Year End Balance (Adjusted For Inflation)			**$85,368**	**$91,968**	**$76,723**	**$88,796**	**$90,721**
Year End Balance (expressed in current year dollars)			$80,467	$84,164	$68,168	$76,596	$75,977

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2017	2018	2019	2020	2021
Total Expenses (Escalated)			$4,562	$10,272	$32,561	$5,796	$16,478
Beginning Reserve Balance			96541	120415	139486	137125	162509
Interest Earned on Reserve Balance			322	386	374	460	511
Recommended Reserve Contribution Adjusted For Inflation			28114	28957	29826	30721	31642
Year End Balance (Adjusted For Inflation)			**$120,415**	**$139,486**	**$137,125**	**$162,509**	**$178,185**
Year End Balance (expressed in current year dollars)			$113,503	$127,650	$121,834	$140,182	$149,227

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	7 2022	8 2023	9 2024	10 2025	11 2026
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF					
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF					
2.4	Wood Fence - 6'	20	13	7,000	700	LF					
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF					
2.5	Landscaping - Refurbish	3	0	3,000	1	LS			3000		
2.8	Entry Monument - Replace	20	13	4,000	1	LS					
3.6	Retaining walls - Replace	50	43	0	1	LS					
8.3	Electric Gate & Operator	10	3	4,000	2	EA					
10.4	Signage - Replacement	20	13	2,600	1	LS					
10.5	Mailboxes - Replace	25	18	5,700	57	EA					
10.6	Entry Access System - Replace	15	8	3,500	1	EA		3500			
12.1	Benches	30	23	2,500	4	EA					
15.1	Plumbing - Repair	5	1	5,000	1	LS					5000
15.2	Irrigation System	10	3	4,300	1	LS					
15.5	Drainage - Repair	50	43	0	1	LS					
15.9	Fire Alarm System	20	13	15,000	15	EA					
16.1	Electrical - Repair	10	6	3,400	15	EA					
16.1.2	Exterior Lighting	25	18	6,400	18	EA					
20.1	Full Reserve Study	3	3	2,400	1	EA			2400		
Total Expenses By Year							$0	$3,500	$5,400	$5,000	$5,000
Construction Cost Escalation							1.23	1.27	1.30	1.34	1.38
Total Expenses (Escalated)							**$0**	**$4,434**	**$7,046**	**$6,720**	**$6,921**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2022	2023	2024	2025	2026
Total Expenses (Escalated)			$0	$4,434	$7,046	$6,720	$6,921
Beginning Reserve Balance			100783	121429	138306	153249	169216
Interest Earned on Reserve Balance			353	409	459	513	568
Recommended Reserve Contribution Adjusted For Inflation			20293	20902	21529	22175	22840
Year End Balance (Adjusted For Inflation)			**$121,429**	**$138,306**	**$153,249**	**$169,216**	**$185,703**
Year End Balance (expressed in current year dollars)			$98,733	$109,180	$117,452	$125,913	$134,156

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2022	2023	2024	2025	2026
Total Expenses (Escalated)			$0	$4,434	$7,046	$6,720	$6,921
Beginning Reserve Balance			90721	109732	124922	138122	152289
Interest Earned on Reserve Balance			318	369	413	460	509
Recommended Reserve Contribution Adjusted For Inflation			18694	19255	19833	20428	21040
Year End Balance (Adjusted For Inflation)			**$109,732**	**$124,922**	**$138,122**	**$152,289**	**$166,917**
Year End Balance (expressed in current year dollars)			$89,222	$98,615	$105,859	$113,318	$120,585

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2022	2023	2024	2025	2026
Total Expenses (Escalated)			$0	$4,434	$7,046	$6,720	$6,921
Beginning Reserve Balance			178185	211400	241260	269611	299425
Interest Earned on Reserve Balance			624	724	820	920	1024
Recommended Reserve Contribution Adjusted For Inflation			32592	33569	34576	35614	36682
Year End Balance (Adjusted For Inflation)			**$211,400**	**$241,260**	**$269,611**	**$299,425**	**$330,210**
Year End Balance (expressed in current year dollars)			$171,888	$190,453	$206,634	$222,800	$238,551

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	12 2027	13 2028	14 2029	15 2030	16 2031
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF	23,100				
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF	5830				
2.4	Wood Fence - 6'	20	13	7,000	700	LF		7000			
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF		72,500			
2.5	Landscaping - Refurbish	3	0	3,000	1	LS	3000			3000	
2.8	Entry Monument - Replace	20	13	4,000	1	LS		4000			
3.6	Retaining walls - Replace	50	43	0	1	LS					
8.3	Electric Gate & Operator	10	3	4,000	2	EA		4000			
10.4	Signage - Replacement	20	13	2,600	1	LS		2600			
10.5	Mailboxes - Replace	25	18	5,700	57	EA					
10.6	Entry Access System - Replace	15	8	3,500	1	EA					
12.1	Benches	30	23	2,500	4	EA					
15.1	Plumbing - Repair	5	1	5,000	1	LS			`		5000
15.2	Irrigation System	10	3	4,300	1	LS		4300			
15.5	Drainage - Repair	50	43	0	1	LS					
15.9	Fire Alarm System	20	13	15,000	15	EA		15000			
16.1	Electrical - Repair	10	6	3,400	15	EA					3400
16.1.2	Exterior Lighting	25	18	6,400	18	EA					
20.1	Full Reserve Study	3	3	2,400	1	EA	2400			2400	
Total Expenses By Year							$34,330	$109,400	$0	$10,400	$8,400
Construction Cost Escalation							1.43	1.47	1.51	1.56	1.60
Total Expenses (Escalated)							**$48,946**	**$160,658**	**$0**	**$16,203**	**$13,480**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2027	2028	2029	2030	2031
Total Expenses (Escalated)			$48,946	$160,658	$0	$16,203	$13,480
Beginning Reserve Balance			185703	160761	24334	49377	58997
Interest Earned on Reserve Balance			479	0	85	116	159
Recommended Reserve Contribution Adjusted For Inflation			23525	24231	24958	25706	26478
Year End Balance (Adjusted For Inflation)			**$160,761**	**$24,334**	**$49,377**	**$58,997**	**$72,154**
Year End Balance (expressed in current year dollars)			$112,754	$16,570	$32,644	$37,868	$44,964

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2027	2028	2029	2030	2031
Total Expenses (Escalated)			$48,946	$160,658	$0	$16,203	$13,480
Beginning Reserve Balance			166917	140055	1720	24717	32225
Interest Earned on Reserve Balance			413	0	6	30	66
Recommended Reserve Contribution Adjusted For Inflation			21672	22322	22991	23681	24392
Year End Balance (Adjusted For Inflation)			**$140,055**	**$1,720**	**$24,717**	**$32,225**	**$43,203**
Year End Balance (expressed in current year dollars)			$98,232	$1,171	$16,341	$20,684	$26,922

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2027	2028	2029	2030	2031
Total Expenses (Escalated)			$48,946	$160,658	$0	$16,203	$13,480
Beginning Reserve Balance			330210	320031	198847	239627	265492
Interest Earned on Reserve Balance			984	558	696	782	882
Recommended Reserve Contribution Adjusted For Inflation			37783	38916	40084	41286	42525
Year End Balance (Adjusted For Inflation)			**$320,031**	**$198,847**	**$239,627**	**$265,492**	**$295,419**
Year End Balance (expressed in current year dollars)			$224,463	$135,405	$158,421	$170,409	$184,095

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	17 2032	18 2033	19 2034	20 2035	21 2036
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF				23,100	
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF				5830	
2.4	Wood Fence - 6'	20	13	7,000	700	LF					
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF					
2.5	Landscaping - Refurbish	3	0	3,000	1	LS		3000			3000
2.8	Entry Monument - Replace	20	13	4,000	1	LS					
3.6	Retaining walls - Replace	50	43	0	1	LS					
8.3	Electric Gate & Operator	10	3	4,000	2	EA					
10.4	Signage - Replacement	20	13	2,600	1	LS					
10.5	Mailboxes - Replace	25	18	5,700	57	EA		5700			
10.6	Entry Access System - Replace	15	8	3,500	1	EA					
12.1	Benches	30	23	2,500	4	EA					
15.1	Plumbing - Repair	5	1	5,000	1	LS					5000
15.2	Irrigation System	10	3	4,300	1	LS					
15.5	Drainage - Repair	50	43	0	1	LS					
15.9	Fire Alarm System	20	13	15,000	15	EA					
16.1	Electrical - Repair	10	6	3,400	15	EA					
16.1.2	Exterior Lighting	25	18	6,400	18	EA		6400			
20.1	Full Reserve Study	3	3	2,400	1	EA		2400			2400
Total Expenses By Year							$0	$17,500	$0	$33,930	$10,400
Construction Cost Escalation							1.65	1.70	1.75	1.81	1.86
Total Expenses (Escalated)							**$0**	**$29,793**	**$0**	**$61,281**	**$19,347**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2032	2033	2034	2035	2036
Total Expenses (Escalated)			$0	$29,793	$0	$61,281	$19,347
Beginning Reserve Balance			72154	99679	98221	127497	96249
Interest Earned on Reserve Balance			253	245	344	232	269
Recommended Reserve Contribution Adjusted For Inflation			27272	28090	28933	29801	30695
Year End Balance (Adjusted For Inflation)			**$99,679**	**$98,221**	**$127,497**	**$96,249**	**$107,866**
Year End Balance (expressed in current year dollars)			$60,307	$57,694	$72,710	$53,291	$57,983

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2032	2033	2034	2035	2036
Total Expenses (Escalated)			$0	$29,793	$0	$61,281	$19,347
Beginning Reserve Balance			43203	68477	64697	91577	57854
Interest Earned on Reserve Balance			151	135	226	106	135
Recommended Reserve Contribution Adjusted For Inflation			25123	25877	26653	27453	28276
Year End Balance (Adjusted For Inflation)			**$68,477**	**$64,697**	**$91,577**	**$57,854**	**$66,918**
Year End Balance (expressed in current year dollars)			$41,430	$38,003	$52,225	$32,032	$35,972

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2032	2033	2034	2035	2036
Total Expenses (Escalated)			$0	$29,793	$0	$61,281	$19,347
Beginning Reserve Balance			295419	340254	356662	404378	392160
Interest Earned on Reserve Balance			1034	1087	1248	1201	1305
Recommended Reserve Contribution Adjusted For Inflation			43800	45114	46468	47862	49298
Year End Balance (Adjusted For Inflation)			**$340,254**	**$356,662**	**$404,378**	**$392,160**	**$423,415**
Year End Balance (expressed in current year dollars)			$205,859	$209,501	$230,611	$217,129	$227,607

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	22 2037	23 2038	24 2039	25 2040	26 2041
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000	
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF					
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF					
2.4	Wood Fence - 6'	20	13	7,000	700	LF					
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF					
2.5	Landscaping - Refurbish	3	0	3,000	1	LS			3000		
2.8	Entry Monument - Replace	20	13	4,000	1	LS					
3.6	Retaining walls - Replace	50	43	0	1	LS					
8.3	Electric Gate & Operator	10	3	4,000	2	EA		4000			
10.4	Signage - Replacement	20	13	2,600	1	LS					
10.5	Mailboxes - Replace	25	18	5,700	57	EA					
10.6	Entry Access System - Replace	15	8	3,500	1	EA		3500			
12.1	Benches	30	23	2,500	4	EA		2500			
15.1	Plumbing - Repair	5	1	5,000	1	LS					5000
15.2	Irrigation System	10	3	4,300	1	LS		4300			
15.5	Drainage - Repair	50	43	0	1	LS					
15.9	Fire Alarm System	20	13	15,000	15	EA					
16.1	Electrical - Repair	10	6	3,400	15	EA					3400
16.1.2	Exterior Lighting	25	18	6,400	18	EA					
20.1	Full Reserve Study	3	3	2,400	1	EA			2400		
Total Expenses By Year							$0	$14,300	$5,400	$5,000	$8,400
Construction Cost Escalation							1.92	1.97	2.03	2.09	2.16
Total Expenses (Escalated)							**$0**	**$28,222**	**$10,977**	**$10,469**	**$18,115**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2037	2038	2039	2040	2041
Total Expenses (Escalated)			$0	$28,222	$10,977	$10,469	$18,115
Beginning Reserve Balance			107866	139859	144592	167623	192252
Interest Earned on Reserve Balance			378	391	468	550	609
Recommended Reserve Contribution Adjusted For Inflation			31616	32564	33541	34547	35584
Year End Balance (Adjusted For Inflation)			**$139,859**	**$144,592**	**$167,623**	**$192,252**	**$210,330**
Year End Balance (expressed in current year dollars)			$72,991	$73,263	$82,460	$91,820	$97,529

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2037	2038	2039	2040	2041
Total Expenses (Escalated)			$0	$28,222	$10,977	$10,469	$18,115
Beginning Reserve Balance			66918	96277	98292	118519	140253
Interest Earned on Reserve Balance			234	238	306	378	427
Recommended Reserve Contribution Adjusted For Inflation			29125	29999	30898	31825	32780
Year End Balance (Adjusted For Inflation)			**$96,277**	**$98,292**	**$118,519**	**$140,253**	**$155,346**
Year End Balance (expressed in current year dollars)			$50,246	$49,804	$58,303	$66,986	$72,033

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2037	2038	2039	2040	2041
Total Expenses (Escalated)			$0	$28,222	$10,977	$10,469	$18,115
Beginning Reserve Balance			423415	475674	501318	545926	592816
Interest Earned on Reserve Balance			1482	1566	1716	1874	2011
Recommended Reserve Contribution Adjusted For Inflation			50777	52300	53869	55485	57150
Year End Balance (Adjusted For Inflation)			**$475,674**	**$501,318**	**$545,926**	**$592,816**	**$633,862**
Year End Balance (expressed in current year dollars)			$248,251	$254,014	$268,559	$283,132	$293,918

Appendix B: Reserve Calculation Spreadsheet - Projected Cost Over 30 Years

Reserve Study Input Data & Reserve Option Calculations - DRAFT

Name:	**Crystal Creek**	Reserve Balance	1/1/2015	$47,655
Date:	4/19/2015	Interest on Reserves		0.35%
By:	M. Arndt	Construction Escalation		3.00%
		Inflation Rate CPI		3.00%

Projected Cost Per Year

No.	Component	Life Cycle Years	Remaining Years	Cost/Cycle	Quantity	Unit	27 2042	28 2043	29 2044	30 2045
2.1	Concrete Walkways	5	0	5,000	1300	LF				5000
2.2	Asphalt Pavement - Seal	8	4	23,100	66000	SF		23,100		
2.3	Concrete Curbs - Paint	8	4	5,830	3500	LF		5830		
2.4	Wood Fence - 6'	20	13	7,000	700	LF				
2.4.1	Wood Fence - Split Rail	20	13	72,500	2900	LF				
2.5	Landscaping - Refurbish	3	0	3,000	1	LS	3000			3000
2.8	Entry Monument - Replace	20	13	4,000	1	LS				
3.6	Retaining walls - Replace	50	43	0	1	LS				
8.3	Electric Gate & Operator	10	3	4,000	2	EA				
10.4	Signage - Replacement	20	13	2,600	1	LS				
10.5	Mailboxes - Replace	25	18	5,700	57	EA				
10.6	Entry Access System - Replace	15	8	3,500	1	EA				
12.1	Benches	30	23	2,500	4	EA				
15.1	Plumbing - Repair	5	1	5,000	1	LS				
15.2	Irrigation System	10	3	4,300	1	LS				
15.5	Drainage - Repair	50	43	0	1	LS				
15.9	Fire Alarm System	20	13	15,000	15	EA				
16.1	Electrical - Repair	10	6	3,400	15	EA				
16.1.2	Exterior Lighting	25	18	6,400	18	EA				
20.1	Full Reserve Study	3	3	2,400	1	EA	2400			2400
Total Expenses By Year							$5,400	$28,930	$0	$10,400
Construction Cost Escalation							2.22	2.29	2.36	2.43
Total Expenses (Escalated)							**$11,995**	**$66,190**	**$0**	**$25,244**

"THRESHOLD" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$16,500**	2042	2043	2044	2045
Total Expenses (Escalated)			$11,995	$66,190	$0	$25,244
Beginning Reserve Balance			210330	235680	207834	247445
Interest Earned on Reserve Balance			694	593	727	778
Recommended Reserve Contribution Adjusted For Inflation			36651	37751	38883	40050
Year End Balance (Adjusted For Inflation)			**$235,680**	**$207,834**	**$247,445**	**$263,029**
Year End Balance (expressed in current year dollars)			$106,101	$90,840	$105,002	$108,364

"MINIMUM" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$15,200**	2042	2043	2044	2045
Total Expenses (Escalated)			$11,995	$66,190	$0	$25,244
Beginning Reserve Balance			155346	177616	146593	182926
Interest Earned on Reserve Balance			502	390	513	552
Recommended Reserve Contribution Adjusted For Inflation			33764	34777	35820	36894
Year End Balance (Adjusted For Inflation)			**$177,616**	**$146,593**	**$182,926**	**$195,128**
Year End Balance (expressed in current year dollars)			$79,961	$64,072	$77,624	$80,390

"FULLY FUNDED" RESERVE FUNDING OPTION

Annual Reserve beginning in	2015	**$26,500**	2042	2043	2044	2045
Total Expenses (Escalated)			$11,995	$66,190	$0	$25,244
Beginning Reserve Balance			633862	682908	679507	744334
Interest Earned on Reserve Balance			2177	2159	2378	2517
Recommended Reserve Contribution Adjusted For Inflation			58864	60630	62449	64322
Year End Balance (Adjusted For Inflation)			**$682,908**	**$679,507**	**$744,334**	**$785,930**
Year End Balance (expressed in current year dollars)			$307,438	$296,997	$315,855	$323,793

CRYSTAL CREEK II TOWNHOMES

11.

MINUTES – NONE ORDERED

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services

CRYSTAL CREEK II TOWNHOMES

12.

ADDITIONAL ITEMS (IF ANY)

PREPARED BY:

KAPPES·MILLER

Condominium Management & Services