

COMMON INTEREST COMMUNITY (RCW 64.90) & CONDOMINIUM (RCW 64.34) RESALE CERTIFICATE

Unit Number/Address: 15410 134th PL NE , Woodinville, WA 98072

Community Name: Hawthorne Condominium Association

Buyer: TBD

Instructions: This form or a statutory equivalent must be prepared by the association's officer or its authorized agent. It cannot be prepared by the real estate broker. The preparer must answer each question and attach every exhibit listed. The preparer must sign this certificate. If there is insufficient space to fully answer any question, or there is additional information which would affect any answer, the preparer should include the additional information in Section 20 (Remarks).

A purchaser is not liable for any unpaid assessment or fee greater than the amount set forth below. A unit owner is not liable to a purchaser for the failure or delay of the association to provide the certificate in a timely manner, but the purchase contract is voidable by the purchaser until the certificate has been provided and for five days thereafter or until conveyance, whichever occurs first.

The information is based on the books and records of the association and the actual knowledge of the preparer.

1. RIGHT OF FIRST REFUSAL / RESTRAINT ON ALIENATION:

There is not a right of first refusal or other restraint on the free alienability of the unit contained in the declaration.

2. ASSESSMENT:

- (a) The assessment currently due for the unit is \$548.23.
- (b) Past due and unpaid Monthly assessments against the unit total \$0.00.
- (c) There are special assessments levied against the unit totaling \$0.00, of which \$0.00 is past due, and the balance is payable:

3. DELINQUENT ASSESSMENTS:

As of 1/31/2021 (must be a date within the past 45 days) there are assessments against units in the association that are past due over 30 days totaling: \$4,755.36

4. DELINQUENT ASSOCIATION OBLIGATIONS:

As of (must be a date within the past 45 days) there are no monetary obligations of the association which are past due over 30 days.

5. FEES:

The following fees are payable to the association by unit owners (check all that apply):

- | | |
|---------------------------------|---------------------------------------|
| ✓ Fines for Violation of Rules: | ✓ Late Payment: \$50.00 |
| ✓ Move-in / Move-out: \$50.00 | ✓ Resale Certificate: \$275.00 |
| ✓ Record Copying: | Parking: |
| Storage: | Use of Common Facilities: |
| Rental of Units: | ✓ Other: Transfer Fee \$85.00 Dollars |

Additional Information regarding the fees above:

6. ANTICIPATED EXPENDITURE, REPAIRS, AND REPLACEMENT COSTS:

- a) There are reasonably anticipated expenditures, repairs, or replacement costs in excess of 5% of the board-approved annual budget of the association, regardless of whether the unit owners are entitled to approve such costs. The amount is for See the current budget.
- b) The association has cash reserves for repairs and/or replacements as of 1/31/2021, totaling \$1,441,977.87.

7. RESERVE STUDY:

The association does have a reserve study prepared in accordance with RCW 64.90 and RCW 64.34.

8. UNSATISFIED JUDGMENTS AND LEGAL ACTIONS:

There are no unsatisfied judgments against the association.

There are no legal actions in which the association is a party or claimant.

9. INSURANCE:

- (a) The insurance broker or agent for the association's insurance policy is:

Name: Hub International Northwest
Agency: Hub International Northwest
Address:
Phone: 425-489-4500
Email: now.info@hubinternational.com

- (b) Describe any insurance coverage carried by the association:

10. EXISTING USES, ALTERATIONS, OR IMPROVEMENTS:

The board has not given or received notice in a record that any existing uses, occupancies, alterations, or improvements in or to the seller's unit or to the limited common elements allocated to that unit violate any provision of the governing documents.

11. DECLARANT:

- (a) There are 0 units in the association that are owned by the declarant.
- (b) The declarant transferred control of the association to the unit owners on .
- (c) The units are held as Fee Simple.
- (d) Total Number of Units: 140
- (e) Owner Occupied Units: 117
- (f) Rental Units: 23 Offsite Address/Rental
- (g) Does any entity own more than 10% of the units? No
If Yes, name the Owner(s) and the number of units they own:

12. ENVIRONMENTAL, HEALTH, AND BUILDING CODES:

The board has not received notice in a record from a governmental agency of any violation of environmental, health, or building codes with respect to the seller's unit, to the limited common elements allocated to that unit, or any other portion of the common interest community that has not been cured.

13. LEASEHOLD ESTATE:

There is no leasehold estate affecting the common interest community.

14. RESTRICTIONS ON AMOUNTS UPON SALE:

There are no restrictions in the declaration affecting the amount that may be received by a unit owner upon sale.

15. PENDING SALE OR ENCUMBRANCE OF COMMON ELEMENTS:

There is no pending sale or encumbrance of common elements unless described here:

16. RESTRICTIONS ON USE, OCCUPANCY, AND LEASE:

There are no restrictions on the owner's right to use or occupy the unit or to lease the unit to another person.

17. AGE RESTRICTIONS:

There are no age-related occupancy restrictions affecting the common interest community.

18. WARRANTIES AND WARRANTY CLAIMS:

- (a) The units are not covered by a qualified warranty.
- (b) The common elements are not covered by a qualified warranty.
- (c) Claims have not been made under the warranty.

19. EXHIBITS:

- (a) Declaration, any amendments thereto, and the organizational documents.
- (b) Association rules and regulations, and any amendments thereto.
- (c) Minutes of board meetings and association meetings for the last 24 months, or as available from the association.
- (d) Annual financial statement of the association, including the audit report if it has been prepared for the year immediately preceding the current year.
- (e) The most recent balance sheet and revenue and expense statement, if any, of the association.
- (f) Current operating budget of the association.
- (g) In a cooperative, an accountant's statement, if any is prepared, as to the deductibility for federal income tax purposes by the unit owner of real estate taxes and interest paid by the association.
- (h) The association's current reserve study is attached.

20. REMARKS:

Date: 3/5/21

I certify under penalty of perjury that I am the Association Manager of the association. I am authorized to make this certificate on behalf of the association. To the best of my knowledge and belief, the foregoing is true and correct.

Hawthorne Condominium Association
Association

By: Jordan Schafer
Preparer

I certify under penalty of perjury that, to the best of my knowledge and belief, the foregoing is true and correct.

 <small>3/7/2021 6:26:18 PM PST</small> 03/07/2021	 <small>3/8/2021 8:35:22 AM PST</small> Unit Owner / Seller 03/08/2021
---	--

Note: Buyer understands that the real estate broker(s), if any, has not researched this information and is not qualified to advise on or interpret it. Buyer should seek independent legal, financial, and/or other professional counsel with any questions or concerns.

I acknowledge receipt of the above Resale Certificate, including each of the exhibits listed.

Buyer Date

Buyer Date

Hawthorne Condominium Association

Community Rules and Regulations

I. Authority and Purpose

Whereas, Section 11.13 of the *Declaration and Covenants, Conditions, Restrictions, and Reservations Hawthorne, A condominium* expressly authorizes the Board or The Association membership to “pass, amend and revoke detailed, reasonable administrative Rules and Regulations, or ‘House Rules’ necessary or convenient from time to time to insure compliance with the general guidelines of the Article. Such House Rules shall be binding on all Unit Owners, lessees, guests and invitees upon adoptions by the Board of the Association.”

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, bylaws and these House Rules to promote 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 Hawthorne. Therefore, any reference in these Rules to “unit owner” or “owner” shall include their family members, guests, tenants and other occupants of the owners’ unit.

Whereas, the needs to the association from time to time change and require amendments to and restatement of the Rules and Regulations, now, therefore, be it resolved that the following Rules are adopted on 09/16/99 and shall become effective on 09/16/99.

- 1.1 **Definition of Common Area and Limited Common Areas.** The common area shall be defined as all exterior areas outside of the residential units, including the streets, lawns, side walks, green belt, landscaped areas and walking trails. Areas such as exterior walls and windows of residential buildings, porches, patios, driveways, and decks are a part of the designation of common area, but as they are intended for the exclusive use of the resident whose unit corresponds to these areas, these areas shall be specifically defined as limited common areas.
- 1.2 **Definition of the Association’s Agent.** Any individual representing a company under contract for services rendered to the Association, including, but not limited to, the property management company, the landscaping contractor, and inspectors retained by the Association.

II. Preamble & Enforcement

In order to foster harmonious interpersonal relationships, to promote cooperation and genuine friendship, preserve the peace and 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, religious faith, or disability. In keeping with the above goals, the Board requests that all issues between owners attempt to be resolved between the parties involved, prior to a complaint being directed to the Board or the Management Company. We strive to be a united community, where we will all feel welcome and a part of the community.

- 2.1 A unit owner may be penalized for violation of these Rules. 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.
- 2.2 Action will be taken by the Board regarding any violation if any of the following occur:
 - 2.2.1 The Board (or a member of the Board) directly encounters the violation.
 - 2.2.2 The association’s agent directly encounters the violation.
 - 2.2.3 Two written complaints about a violation have been received by the Board or The Management Company from two different unit owners (on behalf of themselves or their tenants) within a three (3) month period.

2.2.4 Through a decision of a panel of peers at a conciliation hearing as described below.

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

2.3 The action will generally consist of a warning letter, which will indicate a reasonable time frame (as determined by the Board), in which to correct the violation, prior to any fine being assessed. If the violation is not corrected/resolved during the time frame allotted, the fine will be due and payable immediately. An additional mailing will be sent to the violator/owner notifying them of the assessment and their association dues account will reflect the fine, plus late charges, until paid in full. 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, at its discretion, may cause the tenant(s) to be evicted at the expense of the owner.

2.4 Rules violations are categorized into three levels with corresponding monetary fines for each level. The rules outlined below are preceded with a “1”, “2” or “3” to indicate the level of violation. It should be noted that the purpose of these fines is not to produce revenue but to maintain quality of life standards at Hawthorne and to protect property values. All funds collected will go into the Association operating fund.

Level 1 (minor)	Level 2 (moderate)	Level 3 (serious)
1 st offense = warning	1 st offense = warning	1 st offense = warning
2 nd offense = \$40	2 nd offense = \$60	2 nd offense = \$80
Subsequent offense = \$80	Subsequent offense = \$120	Subsequent offense = \$160

2.5 Due Process Procedure & Conciliation Hearings.

2.5.1 If any owner feels that any action taken by the Association regarding a Rules violation has been erroneous, he 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 rules violation. This panel will consist of 3 disinterested homeowners with a minimum of one (1) 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 an owner or a member of the Board of Directors), the party requesting the “hearing” who must also be an owner, and any other owner(s) involved. Fines will not be ratified until the “due process” is completed, if it is called.

2.5.2 The meeting will be an informal meeting with a Board 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 panel or person designated by the panel.

2.5.3 To obtain a hearing, the Management Company for the association must be notified, in writing, within 10 business days of the notice indicating that a rules violation has been effected.

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

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

2.5.6 Either party may appeal the panel by repeating due process procedure. However, the Board of Directors may decline the appeal hearing if it feels that there is no pertinent new information to be considered.

If an owner feels that a violation of the Rules and Regulations has occurred but it has not qualified for action under sections 2.5.1 through 2.5.3 listed above, he may appeal for a conciliation hearing, which will be conducted in a similar manner to the Due Process Hearing. In this case the party bringing the complaint and the party accused of the violation shall both be present at the meeting along with the jury and the presiding Board member and any other owners that are involved.

III. Recreational Activities

In the interest of safety, quiet and privacy and the preservation of the value of Hawthorne property, the following regulations must be strictly observed.

Violation Level		
2	3.1	Riding bicycles, skateboards, big wheels, etc., in landscaped areas or in patio areas belonging to other homeowners is not allowed.
2	3.2	All riding or use of bicycles, skateboards, big wheels, etc., and the bouncing of basketballs, footballs, soccer balls, etc., in or on the streets or on sidewalks are at the sole risk and responsibility of each individual parent or guardian, and any damages incurred because of such action will be borne solely by the responsible parent or guardian, and not by Hawthorne Condominium Association.
1	3.3	Baby carriages, bicycles, playpens, wagons, toy benches, chairs or other articles of personal property are not to be left unattended in parking areas, sidewalks or lawns or elsewhere on the common area.
3	3.4	Fireworks are prohibited at all times within the community, pursuant to the City Ordinance of Woodinville (2000).

IV. Exterior Conditions

- | | | |
|---|-------|--|
| 3 | 4.1 | In order to preserve the uniform appearance of the buildings, and the common areas and facilities visible to the public, the Board of Directors has the sole authority to provide for the painting and other decorative finish of the buildings, decks, patios, or other common and limited common areas and facilities and to prescribe the type and color of such decorative finishes. The common and limited common areas and facilities shall not be reconstructed, rebuilt, altered, removed, or replaced except by the Association acting through the Board of Directors. Owners are prohibited from modifying the structure or decoration of the buildings, decks or patios, stairways, yard areas or other common or limited common areas and facilities, including screens, doors, rails or other portions of each unit and building visible from the exterior thereof, including window coverings (which must remain white-backed to all visible exteriors), without the prior approval of the Board of Directors. All resident-controlled exterior lighting, including front porch, rear patio, and rear deck areas, must use soft white light bulbs. Colored bulbs or lamps are not permitted. |
| | 4.1.1 | There are three approved exceptions to the exterior modifications rule stated in Paragraph 4.1 <ul style="list-style-type: none"> • The Board had approved the installation of external garage door openers mounted on the side of the frame of the garage door. These external door controls must be professionally installed with no cords, cables, or wires visible after the installation is complete. • The Board has approved the installation of ¾" "C" or "eye" hooks, mounted only into wood, for such purposes as hanging planter baskets of flowers. These hooks must never be inserted into the vinyl siding! Any damage done to the vinyl siding by these hooks will fall under the violations specified in Paragraph 4.1. There shall be a maximum of two hooks total installed per unit, front or back. • The Board has approved the installation of Mirage brand retractable screen doors using aluminum housing. The screen door must be the color of white and must be professionally installed to comply with this rule. |
| 2 | 4.2 | 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 & Regulations. |
| 1 | 4.3 | Littering is a violation. Do not throw cigarette butts, wrappers or other articles on the ground. Place these items in proper receptacles. Please clean up any spillage or breakage for which you are responsible. |
| 3 | 4.4 | The exterior storm drains shall be used only for the purposes designed. No foreign substances of any kind shall be thrown therein, or be allowed to flow therein, including but not limited to: oil, antifreeze, paint, solvents, pesticides, herbicides, fertilizers, or other toxic chemicals. Biodegradable soap is acceptable. This is a regulation by King County Surface Water Management. |

- 3 4.5 No motorcycles, automotive items, tires, equipment, appliances, sports gear (except bicycles, which may be stored on decks), tools or power tools, household furniture, pet kennels, feeders and litter boxes, potting supplies, garbage, waste, paper, boxes or large unattractive items shall be stored on any patio or deck. Decks and patios are to be maintained in a clean and neat condition at all times. No flammable liquids or dangerous chemicals are to be stored on patios or decks.
- 3 4.6 No plastic may be applied to any exterior surface or limited common property including windows and decks, except in Board-approved repair situations.
- 3 4.7 No signs, with the single exception of security company signs, are to be displayed anywhere outdoors in Hawthorne. "For Sale", "For Rent" or "For Lease" signs are permitted only in the window of the unit and shall not exceed four total square feet nor shall there be more than one sign per unit. All such signs shall be professionally constructed. No other signs, posters, images, objects, or decorations are permitted to be mounted on or placed up against the interior or exterior of the windows. In addition, flyer boxes may be placed within 5 feet of the front door of any unit for sale, so long as they are attached without penetration of any of the siding, trim or other components of the building, and may also be placed at another common area location that may from time-to-time be pre-designated by the Board. Owners are responsible for any damage to common areas from installation of flyer boxes. All flyer boxes must be professionally constructed.
- 1 4.8 No exterior clotheslines shall be erected or maintained and there shall be no drying or laundering of clothes, blankets, beach towels, etc., on the patios, decks or other common or limited common area.
- 1 4.9 Seasonal decorations may be installed providing such decorations do not violate the insurance and any law or ordinance, or cause any damage to the siding. All seasonal decorations must be removed within thirty (30) days after seasonal date. The Board has the right to limit any decorations. Any damage caused by the decorations will be the responsibility of the owner.
- 3 4.10 No owner or occupant shall install wiring for electrical, cable or telephone installation, except as authorized by the Board. In addition, all antennae, machines, permanently installed electrical generators, or air conditioning units (including window-mounted air conditioning units), etc., on the exterior of the buildings or that protrude through the walls or roof of the buildings are prohibited, except as authorized by the Board, in writing, prior to any work being done. The only exception for window-mounted devices is for electric fans. The fans used must be white on the side set externally to the unit and must be removed from the window after the season for warm weather has passed (typically between October and May). Any work done in violation of these rules or written approval from the Board, must be repaired to the original condition of the exterior (as determined by the Board) and the expense for such repair will be the responsibility of the unit owner. While not mandatory, the Board of Directors requests a notice to install any antenna or satellite dish. However, installation is automatically approved as long as the equipment and installation location are in agreement with Hawthorne Rules and the FCC Over-the-Air Reception Devices Rule. (More information on the FCC's rule can be found at <http://transition.fcc.gov/mb/facts/otard.html>). Dishes must be installed in a manner that minimizes their visibility to the neighbors. Under no circumstances can a satellite dish be mounted to the exterior siding of a building.
- 4.10.1 In order for central air conditioning systems to gain the approval of the Board will meet all of the following criteria: a maximum exterior noise rating of 80 decibels for the model installed; will require no more than one exterior penetration into the unit, the location of which should be identified to the Board; and written confirmation from the installer provided to the unit owner confirming that all wiring, seals, etc. will meet local building code requirements. Central air conditioning systems not meeting these requirements will not get installation permission of the Board. Any units installed without Board permission are at risk of the Board disallowing the unit to remain on community property. In all circumstances, the unit owner must first seek permission from the Board prior to the installation of the unit. Window-mounted air conditioners are not allowed under any circumstances.
- 3 4.11 No birdfeeders of any type, with the explicit exception of drip-less, liquid hummingbird feeders, are permitted in Hawthorne due to the attraction they create for mice and rats to the fallen bird feed. Hummingbird feeders cannot be mounted anywhere into the building structures, be it in the vinyl siding, fascia boards, gutters, deck planks or rails, or patio fences. These hummingbird feeders must be mounted on removable structures that do not require any mounting hardware permanently attached into the building, decks, and fences. In addition, no pet food can be left unattended outdoors in the common and limited common areas, such as porches, decks, patios, and driveways. See the definition of common areas and limited common areas in Paragraph 1.1.

- 3 4.12 The Board will consider official requests from unit owners for the installation of an external hose bibb (spigot assembly) in the rear of a unit only if the following conditions are met:
- 4.12.1 All spigot installations need to be approved by the Board at a cost of \$50 to the owner's account to offset future maintenance costs associated with the additional spigot such as insulating it during winter months, etc.
 - 4.12.2 Prior to approval, the Board will need to receive and review a professional quote for the work along with picture of placement.
 - 4.12.3 All spigot installations must be completed by licensed and bonded plumbing companies or contractors and must be no higher than 40" (inches) off the ground.
 - 4.12.4 The Owner must provide the Board with proof of invoice paid to demonstrate the work was actually performed by a professional.
 - 4.12.5 The only installations allowed are on the back porches of allowed units where the line can be fed off the existing kitchen sink line.
 - 4.12.6 Spigot installation must be "cut-to-fit" and "frost-free" to prevent any potential winter freeze issues.
 - 4.12.7 All costs associated with the installation, maintenance, and repair of the hose bibb, as well with the associated changes to the unit's external wall, will be borne solely by the unit owner.
 - 4.12.8 As the unit owner was solely responsible for the cost of the upgrade, the right to use that hose bibb, unlike those in the front of buildings, is reserved solely for the associated unit owner/resident. However, the Association and its agents (such as the landscaping contractor) may use the rear hose bibb as a source of water in the rear of the building with the understanding that any attachments originally connected by the owner to the hose bibb shall be reconnected after the Association's or agent's usage is finished.

V. Garbage

- 3 5.1 All garbage will be kept in an approved receptacle, with a lid, at all times.
- 3 5.2 All garbage cans and recycle receptacles must not be left outdoors more than 24 hours prior to collection. Garbage cans and recycle receptacles will be stored back inside each owner's unit within 24 hours after collection. Non-collection period storage of these containers on limited common areas, such as to the side or back of a unit, is prohibited.

VI. Insurance

- 3 6.1 No unit owner or occupant shall permit anything to be done or kept in the units or in the common or limited common areas and facilities which will increase the insurance premiums thereon or result in the cancellation of such insurance on any unit or any part of the common or limited common area facilities. Additionally, there shall be no storage of gasoline or combustibles on the premises, if the insurance company so requires.
- (**Note:** Residents are advised to purchase an association homeowners' policy or a tenant's policy to protect personal property of the owner/resident and any damage to the interior of the building for which the resident is responsible. Hawthorne Condominium Association is not responsible for the personal possessions/property of any unit or unit owner.)

VII. Noise and Offensive Activities

- 2 7.1 Noise and disturbances which would unreasonably annoy owners or occupants at Hawthorne are prohibited at any time. Keep TVs, stereos, radios, musical instruments, amplifiers, voices, etc., at a low enough level so that other residents around you will not be disturbed.
- 2 7.2 Quiet hours are from 10:00 p.m. to 8:00 a.m. seven days a week. Noise level must be held to a minimum during this period.

- 3 7.3 No noxious or offensive activity shall be carried on in any unit or 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.

VIII. Parking and Vehicles

- 8.1 Parking Spaces. Parking spaces are divided into two categories – Common Element and Limited Common Element. Common Element parking spaces are defined as those located exclusively on the street and are available for Owner and Guest use. Limited Common Element parking spaces are defined as the driveways located directly in front of an Owner’s unit and are available only for use at the discretion of the Owner.
- 2 8.2 Allowed Vehicles. Use of parking spaces is restricted to personal vehicles of Owners and their Guests; personal vehicles do not include boats, trailers, recreational vehicles, commercial vehicles, motor homes, RVs, campers or any vehicles larger than a parking space. Non-personal vehicles are not allowed on the property except for use during move-in/move-out or passenger pick up/drop off.
- 2 8.3 Legal Parking. Owners are granted exclusive parking privileges in the following locations (i) Owner’s garage; (ii) Owner’s drive way provided the parked vehicle does not extend into the street and/or beyond a fire lane (Note: “street” is defined as the black asphalt surface); (iii) on the street in front of the Owner’s driveway provided the space is not a fire lane (Note: the edge of driveways are actually fire lanes when there are fire lane markings on both sides of the driveway and parking is not permitted in that space). Owners are permitted to park a maximum of one vehicle in a common parking space at a time. Sleeping in vehicles is not permitted on the property.
- 2 8.4 Guest Parking. Guests are permitted to park in a Common Element space for a maximum of 72 hours.
- 2 8.5 Extended (Tow) Parking. Any vehicle stored in a Common Element parking space that remains parked for a period of time greater than 14 days is subject to towing unless prior approval has been granted by the Board. After a vehicle has remained parked for 96 hours the Board is authorized to place a notice on the parked vehicle warning the Owner they have 10 days to move their vehicle. If 10 days pass without contact from the Owner the vehicle shall be subject to towing at the Owner’s expense.
- 8.6 Illegal Parking:
- 3 8.6.1 Any vehicle parked in a manner that obstructs the sidewalk, a garage entrance or takes up more than one space is subject to a fine and/or towing at the Owner’s expense 24 hours after a notice from the Board has been placed on the vehicle.
- 3 8.6.2 Any vehicle that is parked in a fire lane, no parking zone or obstructs a mailbox, fire hydrant or another vehicle is subject to a fine and/or immediate towing at the Owner’s expense.
- 2 8.7 Excessive Noise. Excessive vehicle noise is not permitted. Honking of horns is prohibited on the property except to warn of imminent danger. When entering or exiting the community, do so as quietly as possible out of respect for your neighbors. Engine "revving" or long warm ups are not permitted. Turn stereo down when in the community. No vehicle shall be left running unattended for more than 2 minutes.
- 3 8.8 Licensed and Operable Vehicles. Any vehicle that is improperly licensed (without attached license plates and current tabs), damaged or destroyed or wrecked (to the point the vehicle is either inoperable or unsafe to operate), leaking any fluid (oil, gas, anti-freeze, etc.) stored in any parking space, Limited Common Element or otherwise, that remains parked and/or unattended 24 hours after the Board places a notice on the vehicle is subject to a fine and/or towing at the Owner’s expense.
- 2 8.9 Allowed Vehicle Work. No motor rebuilds, body work, or major vehicle repairs shall be done on the property, except in a unit Owner’s garage. Only minor adjustments of vehicles are to take place in common or limited common areas. No work that will produce spillage of any kind on asphalt or concrete - e.g. gas, oil, grease, anti-freeze or radiator water is allowed.
- 8.10 Summary. Any vehicle which violates the provisions of Section 8 is subject to being towed at the owner’s risk and expense. Vehicles which present an immediate danger to life or safety, or which are parked in a fire lane, postal lane, or other marked "No Parking Area," or obstructing traffic or another parked vehicle, may be towed without notice by the Board or Property Management Company.

IX. Pets

- 2 9.1 Dogs and cats are permitted and must be licensed, subject to the King County Animal Control Pet Ordinance. However, pet owners are responsible for their pets. If any resident keeps a dog or cat in his unit, he or she shall take all care required to ensure that said pet does not disturb other owners. 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 that their pets may do to the common areas or to the property of another owner or resident. Damage done by a pet to the property of another owner 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 or decks, or any other part of the common area. All dogs outside the confines of their unit must be leashed and accompanied by their owners on the common areas.
- 2 9.2 No animal waste is permitted on any common area. Animal waste must be cleaned up immediately. Bagging animal waste in plastic bags for disposal is required. Any damage to common areas in violation of these rules will be repaired and charged to the responsible pet owner(s).
- 3 9.3 There shall be no breeding of animals for private or commercial use on the premises.
- 3 9.4 The Board of Directors may require the removal of any animal 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.
- 2 9.5 Unrestrained and unleashed animals are subject to being reported to King County Animal Control (296-PETS) by any unit owner.

X. Rentals

- 3 10.1 Before a unit owner can rent their unit, they must first confirm with the Property Management Company that there is available space under the limits set forth by the Rental Cap Declarations Amendment passed in 2007, which limits the number of rental units in Hawthorne to a maximum of 20% (28) units total. If availability exists under the rental cap provisions, unit owners may lease their units, provided that the Management Company has a copy of the completed lease prior to occupancy and that: (1) the term of the lease shall be a minimum of six months; (2) the Lease specifically shall incorporate these Rules and Regulations as terms of the Lease; (3) the unit owner grants the Association authority to enforce these rules 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.
- 3 10.2 If an owner fails to evict a tenant who is in continuing violation of the rules, the Board of Directors may take appropriate action, including eviction (when allowable by state law) at the homeowner's expense. Owners are responsible and liable for tenant's actions.

XI. Residential Use

- 3 11.1 The units shall be used exclusively for single-family residential purposes, for the common social, recreational or other reasonable uses normally incident to those purposes and for purposes of operating the Association and managing the Association. Residential purposes include sleeping, eating, food preparation for onsite 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 owner or occupant resides as a primary or secondary personal residence, or an ownership, lease or invitee basis.
- 3 11.2 Each unit owner shall keep the unit in a good state of preservation, repair and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.
- 3 11.3 Nothing shall be done in any unit or on the common area which might impair the structural integrity of the buildings or which might structurally change the building, nor shall anything be altered or constructed on or removed from the common area, except upon prior written consent of the Board of Directors.

- 3 11.4 No unit shall be used as a rooming house, or other place of transient accommodation, nor to carry on any trade business (except as set forth in 11.5), including a bed and breakfast facility.
- 3 11.5 No trade or business or any kind may be conducted in or from any unit except that an owner or another occupant may conduct business activity within the unit only if:
- 11.5.1 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.
- 11.5.2 The business activity does not involve noticeably large volumes of persons coming onto the property who do not reside in the Association.
- 11.5.3 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.
- 11.5.4 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; and (c) a license is required to engage in the activity.
- 3 11.6 The unit's original interior structure, including walls, floors, and ceilings, shall not be modified in any way as to compromise the structural integrity of the original construction in a owner-sponsored remodel of any unit, without explicit, written approval from the Board. The Board shall have the right to seek guidance from an architectural consultant or structural engineer at the expense of the owner making the request on any proposed major changes.
- 3 11.7 Under no circumstances can a unit owner or resident make changes to, remove, cut holes into, or change in any way the external walls, siding, windows, building foundation, or external appearance and structure of any building. Violators of this rule will be liable for the repair costs to restore the modification back to its original condition. The property management company will select a qualified contractor to make necessary repairs.

XII. Moving

- 1 12.1 Move-ins and move-outs are restricted to the hours between 8:00 a.m. and 10:00 p.m., seven days a week.

XIII. Landscaping

- 3 13.1 The owner of each residence may plant annuals and perennials on their decks and/or patios of their units in suitable containers (i.e., clay pots or wooden planter boxes). No flowers, plants shrubs, trees, etc., are to be planted in the common areas by the homeowners at any time. Residents who choose to present plants and flowers in pots and planter boxes outside of their units are responsible for watering and maintaining the appearance of those plants. Any dead plants must be removed from sight in a timely manner.
- 3 13.2 No persons other than the Board-approved landscaping vendor shall remove, prune, transplant, alter, or kill any of the professionally-installed landscaping. If this occurs, the responsible party will be fined in addition to being charged for recovering the landscaper's cost to Hawthorne for restoring the landscaping to its original condition.
- 3 13.3 To minimize damage to the landscaping and to reduce water consumption in Hawthorne, the following recreational apparatus can no longer be used within the common areas of Hawthorne: swimming pools, wading pools, "Slip'n'Slides", and any other such apparatus that covers the landscaping.

XIV. Miscellaneous

- 3 14.1 Canvassing, soliciting (of any kind), and peddling are not permitted on the property. No advertisements or political endorsements shall be posted on the property, including all mailbox areas (except as noted in "Exterior Conditions," Section 4.7 above).

- 3 14.2 Hoses may be left in a neat position by the faucet. When in use, all hoses must have a nozzle with operable shut-off nozzle at all times. Water should never be left running when not in use.
- 1 14.3 All residents must make their own arrangements for the proper disposal of holiday seasonal greenery and trees. Under no circumstances are the holiday greenery or trees to be disposed of in the green belt or any common area.
- 1 14.4 Every new resident who moves into Hawthorne on or after January 1, 2000, will pay a one-time, moving-in fee of \$50 in addition to the first month's condominium fee paid to the Hawthorne property management company.
- 3 14.5 To be eligible to run for or be appointed to fill a vacated position on the Hawthorne Board of Directors, the candidate must be current in all homeowner assessments. For members already serving on the Board, in order to keep their position as a voting member of the Board, members must either 1) not fall more than two (2) months' worth in arrears of their homeowner assessments (including late fees or other charges), or 2) have a dues repayment plan in place with the property manager with no more than three (3) months' worth of their homeowner assessments owed (including late fees or other charges). Any Board member who is delinquent in homeowner assessments more than two (2) month's worth without a repayment plan in place with the property manager or more than three months' worth in any circumstances will be suspended from the Board until the dues are paid back in full. If any suspended Board member is unable to repay their homeowner assessments in full after six consecutive months, the remaining members of the Board can appoint a new Board member to fill the remainder of the term of the vacated Board position.

Hawthorne – Rules Amendment 06/01/15

WATER HEATERS

Homeowners are required to provide proof of age of the water heater that is installed in the unit upon request by the Association. Acceptable proof of age can be one of the following:

- a. Proof of Manufacturer's warranty life – Make, Serial number and model number
- b. Photocopies of the documentation or photographs of the plaques (dates) on the water tank

The Association will require that the water heater is replaced by the homeowner if the age exceeds two years from the manufacturer's warranty life.

Water heaters must be installed by licensed professional and appropriate permits must be obtained by the City Permit Department.

Prior to replacement of the water heater the owner must complete an Architectural Request form and submit to the management company for approval.

When scheduling for the replacement of the water heater 48 hours' notice must be provided. There are no individual shut offs to each unit, so that requires shutting off the water to the entire building. Please contact the management company to schedule the water shut off to the building.

The Board or designated agent may cause and shall require removal of any inoperable or improperly licensed vehicle, or any destroyed, damaged, leaking (oil, gas, anti-freeze, etc.), partially destroyed or unsightly vehicles, and any other equipment or item improperly stored in a parking space. The Board shall also require removal of any inoperative vehicles that remains parked and unattended for a period of time greater than two weeks, without prior written notification and subsequent approval by the board.

Hawthorne Condominium Association

Annual Board Meeting Minutes



CondoCerts

Hawthorne Townhomes HOA Annual Meeting June 22, 2020

A. Meeting called to order 6:59pm

B. Proof of notice of meeting – mailed by Best management

C. Roll Call & Establish Quorum of Members

Members Present: Therese Jardine, Nathan Merz, Cheryl Wilson, Liz Wertz
Tyler Weaver Present for Best Management

D. Committee Report

1. Summary of Key Activities in 2019
 - a. Gutter tuning and repair project
 - b. Buildings were pressure washed
 - c. Driveway repairs and replacements
 - d. Tree pruning, landscaping and emergency tree removals related to snowstorm
 - e. Unplanned expenses of 4 backflow preventers
2. Future Maintenance Plans for 2020 and forward
 - a. Wood trim replacement project: goal is to repair/replace rotten wood throughout neighborhood. Scope to include: column collars, pillars, facia, etc. in preparation of future building repainting
 - b. Fire sprinkler replacements
 - c. Ongoing landscaping: Clean-up of spotty areas. Additional trees will be removed where roots are damaging the surrounding areas. Trying to continue to beautify the neighborhood.
 - d. Drainage Issues: Identifying vendor to jet known clogged roots in drains
 - e. Skylights: Summary- NorthStar was our roofing contractor, they have said that there is no issue with install, Velux has said that there is no defect with their product. The HOA is disputing the installation with NorthStar and will hire a 3rd party roofing inspector per attorney recommendation. Therese researching companies, Tyler to provide list.
 - f. The 2020 painting project has been postponed, partially due to COVID and partially due to the fact that this is a new board and we need to do additional research as this is est \$500K. All wood trim, facia, garage doors will be repainted (not including vinyl siding). This is a planned expense and the money is set aside.

E. President's Report: SWOT Analysis

Strengths

- Hawthorne's financial position, we are well-funded
- Be assured that your board volunteers are working hard
- Real Estate market is strong
- Our landscaping is beautiful making our neighborhood attractive
- The roof project is completed. This is/was the largest project and replacement item in the neighborhood for 10 years. We can all rest assured that this large expense is something we don't need to worry about.

Weakness

- Lack of tenure on board which has resulted in a lack of institutional knowledge. Also record keeping has been lax so the availability of information related to our history is hard to come by.
- Owners may not understand their responsibility as a home owner. There is no "they" will fix it. We are all the "they"

- Communication and follow up issues with Best Management. Some of this is a result of Board turnover and record keeping
- Community communication strategy – no cohesive communication standard or strategy. We have a website, Facebook, and utilize email etc. but do not have an accurate one stop shop for all information for the neighborhood.

Opportunities

- Continuing to increase transparency to homeowners. Nothing is a secret. All information is available to all homeowners. Additional financial information has been posted on Best's site. Please ask questions if you are interested or have any concerns
- Community involvement (social, emergency preparedness, welcome committee, etc).
- Making this neighborhood a welcoming warm place to live!!

Threats

- Large insurance losses. Homeowners individual insurance covers walls in damages up to deductible and all personal property. An owner is responsible to pay the amount of a covered loss up to the deductible and the HOA covers the excess. Currently the deductible is \$25k but in September we plan to increase our deductible to \$50k to reduce the number of claims we have on our insurance policy. This will reduce costs to owners as a whole and make obtaining policy renewal, or new policy, easier to obtain.
 - Proper communication will occur prior to any changes are made, so owners are aware and are able to work with their insurance agent to ensure that they have the proper amount of coverage.
 - HOA carries earth movement policy. (If there is a shift in the earth, and it only affects 1 building the bare minimum is \$50k. 5% deductible.)
 - Difference between "movement" and earthquake – if there is a landslide not related to an earthquake, we would still be covered. ** Homeowners should note that condo insurance typically does not cover this.
- Unexpected Largescale project – we don't anticipate anything but always something to be aware of as a risk
- Lack of homeowner involvement
- A large-scale disaster like an earthquake, flood, pipe break. Every loss we have suffered recently has been water related. In some fashion a pipe broke or was damaged by an owner. Some is mitigation will come through education.
 - Everyone should know how to turn off the water/gas in their building. The first step is getting info to the neighborhood on where the shut offs are. Secondly, we plan to update original water shut offs, they are old, plastic and brittle. Previously a motion was approved to investigate this issue.

Treasurers report

- Expense Analysis provided via email to all before meeting
- Goals for 2019:
 - Increase financial visibility for all homeowners and getting a general understating of HOA accounting works.
 - Improved invoice approval process – now able to go into a portal and are visible for review and approval before they are paid
 - Reduce delinquency balances
 - Progress was made in all of these areas
- Operating income is slightly different because Best is accruing for assessments not was is received. Cash vs accrual – income is net lower by \$4,700 for regular monthly expenses
- For 2019 We came in \$25k under budget
- Water usage bill was under budget. For 2020 water usage, Best distributed to the board a report and proactively reached out to the buildings with higher than average usage. Some homeowners have reported leaks and made corrections. In one instance we believe that we have identified between the main line and the building which we can remedy and fix other ongoing issues

- Taxes & Audit – Tax filing will be done through GDF Financial Solutions. They specialize in HOA accounting, they do not perform Audits so Board is still looking for a company to audit, especially after a significant accounting system transition.
- 2020 goal is to continue to improve communication and visibility to owners. Going forward financial statements should be available 3 weeks after close of month on Best's site. The P&L is straight forward, the GL is every single penny spent. (On AppFolio site under "Shared Documents" on bottom left navigation area)

F. Election of Board of Directors

- Call for Nominations, time for introductions, and results:
 - Erin Dawson expresses interest to be elected as member at large
 - Liz Wertz requests formal election as secretary
 - Cheryl Wilson requests re-election as member at large
 - Therese Jardine requests formal election as treasurer
 - Nathan Merz requests formal election as president
- Larry Kees makes motion that board is unanimously approved
- Kim & Yvonne second the motion
- Motion carries

G. Questions/Comments/Concerns/New Business

- What is status of drainage issues? (Kim Schmidt) We think we have a comprehensive list of drain issues that we are looking to identify a vendor to come jet the lines

H. IRS Revenue 70-604 (Carryover of excess 2019 income to 2020, required)

- Larry Kees makes a motion to approve
- Cheryl Wilson seconded
- Motion carries

I. Adjournment

- **Closing remarks:**
 - We would like to see more community/outdoor meetings in the neighborhood as weather allows
 - Next year we will ensure that the annual meeting in Q1, per the bylaws
 - Next meeting is 4th Monday of the month – July 27th

Meeting adjourned – 8:14

Hawthorne Condominium Association

Insurance Declaration Pages



CondoCerts

2019-2020 Location Schedule

Loc #	Bldg #	Address	City	State	Zip
1	1	13215-13211 NE 154th Dr.	Woodinville	WA	98072
1	2	13221-13217 NE 154th Dr.	Woodinville	WA	98072
1	3	15501-15509 132nd Pl NE	Woodinville	WA	98072
1	4	15514-15508 132nd Pl NE	Woodinville	WA	98072
1	5	13225-13223 NE 154th Dr.	Woodinville	WA	98072
1	6	13229-13227 NE 154th Dr.	Woodinville	WA	98072
1	7	13334-13340 NE 154th Dr.	Woodinville	WA	98072
1	8	13330-13332 NE 154th Dr.	Woodinville	WA	98072
1	9	13324-13328 NE 154th Dr.	Woodinville	WA	98072
1	10	15501-15509 133rd Pl NE	Woodinville	WA	98072
1	11	15511-15515 133rd Pl NE	Woodinville	WA	98072
1	12	15517-15525 133rd Pl NE	Woodinville	WA	98072
1	13	15510-15504 133rd Pl NE	Woodinville	WA	98072
1	14	15516-15512 133rd Pl NE	Woodinville	WA	98072
1	15	15602-15606 133rd Pl NE	Woodinville	WA	98072
1	16	15601-15605 133rd Pl NE	Woodinville	WA	98072
1	17	15521-15529 134th Pl NE	Woodinville	WA	98072
1	18	15608-15602 134th Pl NE	Woodinville	WA	98072
1	19	15515-15519 134th Pl NE	Woodinville	WA	98072
1	20	15524-15520 134th Pl NE	Woodinville	WA	98072
1	21	15501-15509 134th Pl NE	Woodinville	WA	98072
1	22	15514-15510 134th Pl NE	Woodinville	WA	98072
1	23	15421-15417 134th Pl NE	Woodinville	WA	98072
1	24	15420-15416 134th Pl NE	Woodinville	WA	98072
1	25	15407-15415 134th Pl NE	Woodinville	WA	98072
1	26	15414-15408 134th Pl NE	Woodinville	WA	98072
1	27	15406-15402 134th Pl NE	Woodinville	WA	98072
1	28	13402-13406 NE 154th Dr.	Woodinville	WA	98072
1	29	15411-15415 135th Pl NE	Woodinville	WA	98072
1	30	15405-15409 135th Pl NE	Woodinville	WA	98072
1	31	15406-15402 135th Pl NE	Woodinville	WA	98072
1	32	15410-15414 135th Pl NE	Woodinville	WA	98072
1	33	15417-15424 135th Pl NE	Woodinville	WA	98072
1	34	15422-15416 135th Pl NE	Woodinville	WA	98072
1	35	15427-15431 135th Pl NE	Woodinville	WA	98072
1	36	15430-15426 135th Pl NE	Woodinville	WA	98072
1	37	15333-15541 135th Pl NE	Woodinville	WA	98072
1	38	15538-15532 135th Pl NE	Woodinville	WA	98072
1	39	15543-15547 135th Pl NE	Woodinville	WA	98072
1	40	15548-15544 135th Pl NE	Woodinville	WA	98072



Hawthorne Condominium Association

Condominium Declaration



CondoCerts

RETURN ADDRESS:

John E. Hanson
Hanson, Baker, Ludlow
and Drumheller, P.S.
10777 Main Street, #300
Bellevue, WA 98004

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein): Declaration of Hawthorne, a Condominium
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: n/a <input type="checkbox"/> Additional reference #s on page ___ of document(s)
GRANTOR(S) (Last name first, then first name and initials) Rolling Meadows, L.L.C. <input type="checkbox"/> Additional names on page ___ of document
GRANTEE(S) (Last name first, then first name and initials) County of King <input type="checkbox"/> Additional names on page ___ of document
LEGAL DESCRIPTION (abbreviated: i.e.. lot, block, plat or section, township, range) That portion of the north half of the northwest quarter of the southwest quarter and the southwest quarter, all in Section 15, Township 26 North, Range 5 East, W.M., in King County Washington. <input checked="" type="checkbox"/> Additional legal is on pages 60 and 61 of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER 152605-9007-02; 152605-9011-06; 162605-9006 <input type="checkbox"/> Assessor Tax # not yet assigned

KING COUNTY RECORDING
NO. 9709290653

DECLARATION
FOR
HAWTHORNE, A CONDOMINIUM

Table of Contents

SECTION 1 - DEFINITIONS	2
SECTION 2 - DESCRIPTION OF LAND	6
SECTION 3 - NUMBER OF UNITS CREATED	6
SECTION 4 - DESCRIPTION OF UNITS	6
SECTION 5 - BOUNDARIES	6
5.1 Unit Boundaries.	6
5.1.1 Interior Surfaces	6
5.1.2 Ducts, Wires, Etc	7
5.1.3 Partitions, Etc	7
5.1.4 Shutters, Etc	7
5.1.5 Building 13	7
5.2 Monuments as Boundaries.	7
5.3 Relocation of Boundaries; Adjoining Units.	7
5.3.1 In General	7
5.3.2 Survey Map and Plans	8
SECTION 6 - DESCRIPTION OF COMMON ELEMENTS	8
SECTION 7 - DESCRIPTION OF LIMITED COMMON ELEMENTS	8
7.1 Limited Common Elements.	9
7.1.1 Patio or Deck	9
7.1.2 Driveways	9
7.1.3 Garages	9
7.1.4 Boundary	9
7.2 Transfer of Limited Common Elements.	9
7.2.1 Reallocation Between Units	9
7.2.2 Common to Limited Common, Etc.	9
SECTION 8 - GARAGES AND PARKING SPACES	10
SECTION 9 - DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS RESERVED BY DECLARANT	10
SECTION 10 - ALLOCATION OF UNDIVIDED INTERESTS IN THE COMMON ELEMENTS, COMMON EXPENSES, AND VOTES IN THE ASSOCIATION	11

SECTION 11 - OCCUPANCY AND USE COVENANTS, CONDITIONS AND RESTRICTIONS	11
11.1 Residential Use.	11
11.2 Leasing of Units.	12
11.3 Timesharing.	12
11.4 Sales Facilities of Declarant.	12
11.5 Parking.	12
11.6 Maintenance of Interiors of Units.	13
11.7 Maintenance of Exteriors of the Buildings and the Common Elements.	13
11.8 Declarant's Liability for Real Property Subject to Development Rights.	13
11.9 Uniform Exterior Appearance.	14
11.10 Insurance.	14
11.11 Signs.	14
11.12 Pets.	14
11.13 Offensive Activity.	14
11.14 Alterations of Units.	15
11.15 Alterations of Common and Limited Common Elements.	15
11.16 Bylaws and Rules and Regulations.	15
11.17 Native Growth Protection Area	15
SECTION 12 - COMPLIANCE WITH DECLARATION	16
12.1 Enforcement.	16
12.2 No Waiver of Strict Performance.	16
SECTION 13 - SERVICE OF PROCESS	16
SECTION 14 - OWNERS' ASSOCIATION	17
14.1 Membership.	17
14.2 Voting.	17
14.2.1 Number of Votes	17
14.2.2 Person Authorized to Vote	17
14.2.3 Ownership of More Than One Unit	18
14.2.4 Quorum	18
14.3 Bylaws.	18
14.4 Management of the Association by the Board.	18
14.4.1 Initial Board of Directors	18
14.4.2 Election After Sale of Units	19
14.4.3 Election of Complete Board	19
14.4.4 Expansion of Board	19
14.4.5 Removal of Directors	19
14.4.6 Term	19
14.4.7 Quorum	20
14.4.8 Officers	20
14.4.9 Employment of Manager	20
14.4.10 Standard of Care	20
14.4.11 Limitations of Board Authority	20
14.5 Authority of the Association.	21

SECTION 15 - COMMON EXPENSES - ASSESSMENTS	22
15.1 Prior to Initial Assessment.	22
15.2 Assessments and Budget for Common Expenses.	22
15.2.1 Annual Budget of Common Expenses	22
15.2.2 Approval of Budget	23
15.2.3 Special Assessments	23
15.2.4 Initial Payment for Working Capital	23
15.2.5 Liability for Assessment Payments	24
15.2.6 Payment by Unit Owners	24
15.2.7 Commencement of Assessments	24
15.2.8 Payment by Mortgagees	25
15.2.9 Security Deposit	25
15.2.10 Interest, Late Charges, Expenses and Attorneys' Fees	25
15.2.11 Remedies Cumulative	25
15.3 Surplus Funds.	26
SECTION 16 - LIENS FOR ASSESSMENTS	26
16.1 Lien in Favor of Association.	26
16.2 Priority of Association Lien.	26
16.2.1 General Priority	26
16.2.2 Priority Over Mortgages Encumbering Individual Units	26
16.3 Recording Not Required.	27
16.4 Limitation on Enforcement.	27
16.5 Enforcement of Lien.	27
16.6 Appointment of Receiver.	28
16.7 Personal Liability of Unit Owners.	28
16.8 Certificate of Assessment.	28
SECTION 17 - ASSOCIATION ACCOUNTS AND RECORDS	28
17.1 Bank Accounts.	28
17.1.1 General Account	28
17.1.2 Reserve Account	28
17.1.3 Insurance Reserve Account	29
17.1.4 Working Capital Account	29
17.1.5 No Commingling	29
17.2 Financial Records.	29
17.2.1 Records for Resale Certificates	29
17.2.2 Financial Statements and Audits	29
SECTION 18 - DECLARANT CONTROL OF THE ASSOCIATION AND TRANSFER TO UNIT OWNERS	30
18.1 Declarant Control.	30
18.2 Transfer of Control of Association.	30
18.3 Audit of Records Transferred.	32
SECTION 19 - INSURANCE	32
19.1 Insurance Coverage Provided by the Association.	32
19.1.1 Property Insurance	32

19.1.2	Liability Insurance	32
19.2	Insurance Ratings.	33
19.3	Notices to Unit Owners Regarding Availability of Insurance Contracts.	33
19.4	Special Policy Requirements.	34
19.5	Unit Owner's Additional Insurance.	35
19.6	Insurance Proceeds.	35
SECTION 20 - DAMAGE OR DESTRUCTION - REPAIR AND RECONSTRUCTION		
20.1	Initial Board Determinations.	35
20.2	Notice of Damage or Destruction.	36
20.3	Definitions.	36
20.4	Reconstruction.	37
20.5	Limited Damage - Assessment Under \$3,500.	37
20.6	Major Damage - Assessment Over \$3,500.	37
20.7	Decision Not to Restore - Disposition.	38
20.8	Miscellaneous.	39
SECTION 21 - CONDEMNATION		
21.1	Total Condemnation or Taking of a Unit.	39
21.2	Partial Condemnation or Taking of a Unit.	39
21.3	Partial Condemnation or Taking of Common Elements.	40
SECTION 22 - MORTGAGE PROTECTION		
22.1	Construction Mortgage.	40
22.2	Retention and Extension of Declarant's Control.	40
22.3	Rights of Construction Lenders After Foreclosure.	41
22.3.1	Obtaining Declarant's Powers	41
22.3.2	Appointment of Receiver	41
22.3.3	Liability of Construction Lender	41
22.3.4	Signature by Construction Lender	41
22.3.5	Liability for Past Due Assessments	42
22.3.6	Option to Pay Past Due Assessments	42
22.3.7	Abandonment or Change of Condominium Status - Use of Hazard Insurance	42
22.3.8	Additional Rights and Privileges of Mortgagees	43
22.4	Termination of Professional Management.	44
22.5	Amendments of Declaration and Bylaws.	44
SECTION 23 - LIMITATION OF LIABILITY		
23.1	Liability for Utility Failure, Etc.	44
23.2	No Personal Liability.	44
23.3	Indemnification of Board Members.	45

SECTION 24 - EASEMENTS	45
24.1 In General.	45
24.2 Authority.	46
24.3 Association Functions.	46
24.4 Encroachments.	46
SECTION 25 - SUBDIVIDING OR COMBINING UNITS	46
25.1 Owner Proposal.	46
25.2 Owner/Mortgagee Approval.	47
25.3 Survey Map and Plans.	47
25.4 Allocated Interests.	47
25.5 Building 13	47
SECTION 26 - AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS	47
26.1 Approval of Unit Owners.	47
26.2 Execution of Amendment.	47
26.3 Recording.	48
26.4 Exceptions.	48
26.5 Special Declarant's Rights.	48
26.6 Subdivision of Building 13	48
26.7 Limitation of Action.	48
26.8 Approval by Mortgagees.	48
26.9 Amendment to Record Change in Service of Process.	49
26.10 Amendments by Declarant.	49
SECTION 27 - TERMINATION OF CONDOMINIUM	50
27.1 Approval by Unit Owners.	50
27.2 Termination Agreement.	50
27.3 Sale of Common Elements and Units.	51
27.4 Ownership after Termination.	51
27.5 Tenancy in Common.	51
27.6 Payment to Creditors.	51
27.7 Division of Ownership after Termination.	52
27.8 Suspension of Right of Partition.	52
SECTION 28 - COVENANTS RUNNING WITH THE LAND	52
SECTION 29 - WAIVER	52
SECTION 30 - ENTRY FOR REPAIRS	53
SECTION 31 - NOTICES	53
SECTION 32 - CABLE TELEVISION SYSTEM	53
SECTION 33 - PHASED DEVELOPMENT	54
33.1 Development in Phases.	54
33.2 Phase Allocation of Undivided Interests in Common Elements, Liability for Common Expenses and Votes in the Association.	55
33.3 Easement for Phased Developments.	55

33.4	Phased Amendment	56
33.5	Liens Arising in Connection with Future Phases	56
33.6	Development Rights and Special Declarant Rights Reserved by Declarant	56
33.7	Binding Effect	57
SECTION 34	- SEVERABILITY	57
SECTION 35	- INTERPRETATION	57
SECTION 36	- EFFECTIVE DATE	58
SECTION 37	- SURVEY MAP AND PLANS	58
SECTION 38	- INFLATIONARY INCREASES IN DOLLAR LIMITS	58

DECLARATION
FOR
HAWTHORNE, A CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM is made as of the date below by ROLLING MEADOWS, L.L.C., a Washington limited liability company, as sole owner of the Property located in King County, Washington hereinafter described, to submit the Property as a condominium pursuant to the Washington Condominium Act (Revised Code of Washington Chapter 64.34):

SECTION 1 - DEFINITIONS

As used in this Declaration unless the context requires otherwise:

1.1 The "Act" means the Washington Condominium Act (Revised Code of Washington Chapter 64.34), as amended from time to time.

1.2 "Allocated interests" means the undivided interest in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Unit.

1.3 "Airspace Unit" means an envelope of space, the horizontal boundaries of which represent an extension upward and downward of the side surface boundaries depicted on the Survey Map and Plans and the vertical boundaries of which are represented by the subsurface and above-surface elevations as shown on page 3 of the Survey Map and Plans. An Airspace Unit shall include all improvements and fixtures hereafter located within the Airspace Unit and is subject to the rights described in this Declaration, including, but not limited to, construction of the Airspace Unit and its subdivision into units, as referenced in paragraph 5.1.5. Any improvement within the Common Elements, such as a driveway which serves a specific Unit or Units shall be Limited Common Elements for that Unit.

1.4 "Assessment" means all sums chargeable by the Association against a Unit including, without limitation: (a)

regular and special assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

1.5 "Association", "HAWTHORNE Condominium Association", or "Unit Owners' Association" means the Unit Owners' Association organized pursuant to Section 14 below.

1.6 "Board of Directors" or "Board" means the body, with primary authority to manage the affairs of the Association.

1.7 "Building(s)" means the Building(s) containing the Units comprising a part of the Property of the Condominium.

1.8 "Bylaws" shall mean the Bylaws of the Association as initially promulgated by the Declarant, and as amended from time to time by the Association.

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

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

1.11 "Common Expense Liability" means the liability for Common Expenses allocated to each Unit pursuant to Section 15 below.

1.12 "Conveyance" means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

1.13 "Declarant" means ROLLING MEADOWS, L.L.C., a Washington limited liability company, its successors and assigns.

1.14 "Declarant Control" means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board of Directors pursuant to Section 14.4.5.

1.15 "Declaration" means this instrument by which the Property is submitted to provisions of the Act and as it may be, from time to time, lawfully amended.

1.16 "Development Rights" means any right or combination of rights reserved by a Declarant in the Declaration to (a) add Real Property or improvements to the Condominium or (b) create Units,

Common Elements, or Limited Common Elements within Real Property included or added to the Condominium.

1.17 "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchase of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

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

1.19 "Foreclosure" means a forfeiture of a real estate contract or a judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

1.20 "HAWTHORNE, a Condominium" means the Condominium development which is the subject of this Declaration.

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

1.22 "Limited Common Element" means a portion of the Common Elements allocated by the Declaration for the exclusive use of one or more, but fewer than all, of the Units.

1.23 "Majority" or "Majority of Unit Owners" means the Unit Owners with fifty-one percent (51%) or more of the votes in accordance with those assigned in this Declaration, as duly recorded or as it may be lawfully amended, to the Units for voting purposes.

1.24 "Mortgagee" means an institutional lender (i.e., a bank, savings and loan Association, insurance company, FHA-approved mortgage lender, Massachusetts-type Florida business trust, and Federal National Mortgage Association (FNMA) which is the holder of a note or the beneficiary of a deed of trust covering a Unit or other portion of the Property, and shall also mean the vendor under a real estate contract covering a Unit.

1.25 "Mortgage" means a mortgage, deed of trust, or a real estate contract covering a Unit or other portion of the Condominium.

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

1.27 "Real Property," "Property," or "Land" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance.

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

1.29 "Special Declarant Rights" means rights reserved for the benefit of a Declarant to: (a) complete improvements indicated on survey map and plans filed with the Declaration under RCW 64.34.232; (b) exercise any development right under RCW 64.34.236; (c) maintain sales offices, management offices, signs advertising the Condominium, and models under RCW 64.34.256; (d) use easements through the Common Elements for the purpose of making improvements within the Condominium or within Real Property which may be added to the Condominium under RCW 64.34.260; (e) make the Condominium subject to a master Association under RCW 64.34.276; or (f) appoint or remove any officer of the Association or any member of the Board of Directors during any period of Declarant Control under RCW 64.34.308(3).

1.30 "Survey Map and Plans" means the survey map and the set of plans filed or to be filed simultaneously with this Declaration showing the location, boundaries and other information relating to the Land, the Building(s) and the Units, as required by the Act, as further described in Section 37.

1.31 "Temporary Board of Directors" or "Temporary Board" shall mean the persons appointed by the Developer to manage and administer the Property for the Association until such time as the Unit Owners elect the Board of Directors as provided in this Declaration.

1.32 "Unit" means the parts of the Property intended for residential use and occupancy. All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit. The boundaries of the Unit shall be the interior surfaces of the exterior walls, the lowest floor and the highest ceiling which enclose the Unit. All lath furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Element. Any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit, and any portion thereof serves only that

Unit shall be Limited Common Element allocated solely to that Unit, and any portion which serves more than one Unit or any portion of the Common Elements shall be a part of the Common Elements. The existing physical boundaries of the Unit as originally constructed or as reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed or depicted in this Declaration, deed or Survey Map and Plans, regardless of minor variance between boundaries shown in the Declaration, deed, or Survey Map and Plans and those of Units in the Building(s) as actually constructed.

1.33 "Unit Owner" means a Declarant or other person who owns a Unit, but does not include a person who has an interest in a Unit solely as security for an obligation or debt. "Unit Owner" means the vendee, not the vendor of a Unit under a real estate contract.

SECTION 2 - DESCRIPTION OF LAND

The Land on which the Buildings and improvements are, or are to be, located is described on Appendix A to this Declaration.

SECTION 3 - NUMBER OF UNITS CREATED

HAWTHORNE, a Condominium, shall contain forty-two (42) Units which shall be located in thirteen (13) Buildings. Building 13 is an Airspace Unit which will be subdivided into four (4) units at a later time. All the Buildings and the Units are shown on the Survey Map and Plans.

SECTION 4 - DESCRIPTION OF UNITS

The number and description of each existing Unit is set forth in Appendix B to this Declaration.

SECTION 5 - BOUNDARIES

5.1 Unit Boundaries.

5.1.1 Interior Surfaces. The Interior Surfaces of perimeter walls, floors, and ceilings are designated as boundaries of a Unit. Decorative and finished surface coverings are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.

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

5.1.3 Partitions, Etc. Subject to the provisions of Section 5.1.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

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

5.1.5 Building 13. The boundaries of the Unit in Building 13 extend in height from ten feet (10') below the surface of the land in the building footprint upward to thirty five feet (35'). After subdivision, the Units in Building 13 shall be the same as all other Units.

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

5.3 Relocation of Boundaries: Adjoining Units.

5.3.1 In General. Subject to the provisions of the Declaration and other provisions of law, the boundaries between adjoining Units may only be relocated by an amendment to the Declaration upon application to the Association by the Owners of those Units. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application must state the proposed reallocations. Unless the Board determines within thirty (30) days that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations, is executed by those Unit Owners, contains words of conveyance between them, and is recorded in the names of the grantor and grantee.

5.3.2 Survey Map and Plans. The Association shall obtain and record Survey Maps and Plans with the requirements of RCW 64.34.232(4) necessary to show the altered boundaries between adjoining Units, their dimensions and identifying numbers.

SECTION 6 - DESCRIPTION OF COMMON ELEMENTS

Except as otherwise specifically allocated by the provisions of Section 5.1, Section 7 or any other provisions of this Declaration or amendments thereto, the Common Elements consist of all portions of the Condominium except Units and shall include the following:

6.1 The Real Property described in Exhibit A.

6.2 The windows, roofs, foundations, columns, girders, studs, joists, beams, supports, walls (excluding non-bearing interior partitions of Units), chimneys, and all other structural parts of the Buildings, to the boundaries of the Units as the boundaries are defined in Section 5.1, and any replacements thereto.

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

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

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

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

SECTION 7 - DESCRIPTION OF LIMITED COMMON ELEMENTS

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

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

7.1.2 Driveways. The driveway leading from the street to the garage in each unit as shown on the Survey Map and Plans.

7.1.3 Garages. The single car garages in Building 5 and the two (2) single car garages in Building 6. (See Section 8.2 below).

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

7.2 Transfer of Limited Common Elements.

7.2.1 Reallocation Between Units. A Limited Common Element may only be reallocated between Units with the approval of the Board and by an amendment to the Declaration executed by the Owners of, and approved in writing by the Mortgagees holding Mortgages against, the Units to which the Limited Common Element was and will be allocated. The Board shall approve the request of the Owner or Owners under this Section within thirty (30) days unless the proposed reallocation does not comply with the Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Condominium.

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

respect to any such reallocation or incorporation made as a result of the exercise of any Development Right reserved by Declarant.

SECTION 8 - GARAGES AND PARKING SPACES

8.1 Each Unit contains a single or double garage, as shown on the Survey Map and Plans.

8.2 The two (2) single car garages in Building 5 and the two (2) single car garages in Building 6 maybe sold and transferred by Declarant to any Owner as an additional Limited Common Area for the Unit of that Owner. If any such garage remains unsold when the last Unit is conveyed by Declarant, it shall be conveyed to the Association as Common Area to be managed, rented or used in any way determined by the Board. The Board may impose any restriction on the use or regulate the activities in any such garage so that the use of such garages does not adversely affect the use and enjoyment of the Units adjacent thereto.

8.3 There are five (5) uncovered parking spaces available for Unit Owners and guests subject to the control of the Association.

8.4 Parking is also allowed on the driveway leading to each unit except for those leading to units in Buildings 5, 6 and 7.

SECTION 9 - DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS RESERVED BY DECLARANT

9.1 The following development rights are hereby reserved for use by Declarant:

9.1.1 Declarant may add up to ninety-five (95) additional Units on the Property, pursuant to the terms set forth in Section 33 below.

9.1.2 Declarant shall subdivide Building 13 into four (4) Units.

9.1.3 All of the Buildings and Units which are built pursuant to Section 9.1.1 shall be substantially the same architecture and substantially the same exterior finish materials as the Building containing the existing Units on the Property of the Condominium.

9.1.4 Declarant shall have seven (7) years from the date of the recording of this Declaration to construct and add the additional Units pursuant to Section 9.1.1.

9.2 The following Special Declarant Rights are hereby reserved for use by Declarant:

9.2.1 Declarant may complete the improvements indicated on the Survey Map and Plans, and as described in this Declaration; and

9.2.2 Declarant may maintain a sales office, management office, signs advertising the Units for sale, and models on the Property until all Units are sold.

9.2.3 Declarant may use easements through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising the development rights and Special Declarant Rights or making improvements within the Condominium.

9.2.4 Appoint or remove any officer of the Association during the period of Declarant Control pursuant to Section 14.4.

9.3 Declarant shall have seven (7) years from the date of the recording of this Declaration to convey to the City of Woodinville that portion of the Property designated on the Survey Map and Plans as "Storm Drainage Tract."

SECTION 10 - ALLOCATION OF UNDIVIDED INTERESTS IN THE COMMON ELEMENTS, COMMON EXPENSES, AND VOTES IN THE ASSOCIATION

10.1 The undivided interest in the Common Elements and liability for Common Expenses for each Unit Owner are set forth on Appendix C attached hereto.

10.2 In all matters relating to voting in the Association, each Unit shall be entitled to one (1) vote and all votes shall be of equal weight.

SECTION 11 - OCCUPANCY AND USE COVENANTS, CONDITIONS AND RESTRICTIONS

11.1 Residential Use. The Building(s) and Units shall be used for single family residential purposes only, on an ownership, rental or lease basis, and for social, recreational or other reasonable uses normally incident to such purposes. The Building(s) and Units may also be used by the Association for the purposes of operating and managing HAWTHORNE, a Condominium, and

for such additional uses or purposes as are from time to time determined to be appropriate by the Board.

11.2 Leasing of Units. Although Declarant intends to sell the Units as Condominium Units, it is recognized that the Units may be leased or rented by the Declarant or any Unit Owner at any time. No Unit may be leased or rented by any party for a period of less than thirty (30) days. Each lease or rental agreement shall be in writing, a copy shall be filed with the Board, and by its terms shall provide that the terms of the lease or rental agreement are subject in all respects to the provisions of this Declaration and the Bylaws of the Association, and all rules and regulations thereunder. Any failure by the lessee to comply with the terms contained in said documents shall be a default in any lease or rental agreement. No Owner may lease less than an entire Unit. The Association shall supervise all leasing, renting or subleasing of Units to ensure compliance with this paragraph and, at the discretion of the Board, may require the Owner to deposit not more than \$500.00 with the Association as a security deposit to cover move-in and/or move-out damage to the Common Elements. The Association shall not consent to any lease, sublease or rental agreement, the effect of which will result in noncompliance with this paragraph.

11.3 Timesharing. Timesharing of any unit as defined in Revised Code of Washington, Chapter 34.36, is prohibited.

11.4 Sales Facilities of Declarant. Notwithstanding the provisions in Section 11.1, Declarant, its agents, employees and contractors, may maintain during the period of sale of the Units upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the sale, rental or management of such facilities, including, but not limited to, two (2) model Units, a business or sales office, signs, storage facilities, and parking areas for prospective purchasers or tenants.

11.5 Parking. Parking outside of garages is restricted to parking of operative automobiles. Trailers, trucks, campers, recreation vehicles, boats and other vehicles and equipment may be parked or kept outside garages only subject to the rules and regulations of the Association. The Board may require removal of any inoperative or unsightly vehicle, and any other equipment or item which is improperly stored outside a garage. Thereafter, if that vehicle or equipment is not removed, the Board may cause removal at the risk and expense of the Owner thereof.

11.6 Maintenance of Interiors of Units.

11.6.1 Each Unit Owner shall, at his sole expense, have the right and the duty to keep the interior of his Unit and its equipment, appliances, and appurtenances in good order, condition and repair, and shall do all redecorating and painting at any time necessary to maintain the good appearance and condition of the interior of his Unit. Each Unit Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, fans, heating or other equipment, fireplace flues, electrical fixtures or appliances, deck and/or patio which may be in or connected with his Unit.

11.6.2 Without limiting the generality of the foregoing, each Unit Owner shall have the right and the duty, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim, and the perimeter walls of his Unit and the surfaces of the bearing walls located within his Unit, and shall not permit or commit waste of his Unit or the Common Elements. Each Unit Owner shall have the right to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls. Each Unit Owner shall have the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. This Section shall not be construed to permit interference with or damage to the structural integrity of the Buildings or interference with the use and enjoyment of the Common Elements or of the other Units.

11.6.3 Unit Owners may not modify, paint, or otherwise decorate, or in any way alter their respective Limited Common Elements without prior written approval of the Board or pursuant to the rules and regulations adopted thereby.

11.7 Maintenance of Exteriors of the Buildings and the Common Elements. Except to the extent provided by this Declaration, the Association is responsible for maintenance, repair, and replacement of the Common Elements, including the Limited Common Elements. Each Unit Owner shall afford to the Association and the other Unit Owners, and to their agents or employees, access through the Owner's Unit and Limited Common Elements reasonably necessary for those purposes. If damage is inflicted on the Common Elements, or on any Unit through which access is taken, the Unit Owner responsible for the damage, or the Association if it is responsible, shall be liable for the expense of the repair or replacement thereof.

11.8 Declarant's Liability for Real Property Subject to Development Rights. Declarant alone is liable for all expenses in connection with Real Property subject to development rights,

except that the expenses associated with the operation, maintenance, repair, and replacement of a Common Element that the Owners have a right to use shall be paid by the Association as a Common Expense. No other Unit Owner and no other portion of the Condominium is subject to a claim for payment of those expenses. Any income or proceeds from Real Property subject to Development Rights shall inure to Declarant.

11.9 Uniform Exterior Appearance. In order to preserve the uniform exterior appearance of the Buildings, and the Common and Limited Common Elements visible to the public, the Board may require and provide for the painting and other decorative finish of the Building(s), patios, decks, fences, or other common or Limited Common Elements, and prescribe the type and color of such decorative finishes, and may prohibit, require or regulate any modification or decoration of the Building(s), patios, decks, fences, trellises, or other common or Limited Common Elements, including screens, doors, awnings, rails or other portions of each Unit and Building visible from the exterior thereof. The Board may regulate and control the items stored or used on the patios and decks in order to present a good appearance to the entire Condominium. The Declarant will require and later the Board may also require that window coverings visible from the exterior of the Buildings be of a uniform color and style.

11.10 Insurance. The Unit Owners shall not permit anything to be done or kept in the Units or in the Common or Limited Common Elements which will increase the fire insurance premiums thereon or result in the cancellation of such insurance on any Unit or any part of the Common or Limited Common Elements, without the consent of the Board or pursuant to rules and regulations adopted thereby.

11.11 Signs. No sign of any kind shall be displayed to the public view on or from any Unit or from the Common or Limited Common Elements without the consent of the Board or pursuant to rules and regulations adopted thereby; provided, that this Section shall not apply to sales activities of Developer permitted pursuant to Section 1.29 and 11.3 above.

11.12 Pets. Domestic household pets, such as dogs and cats, may be kept by the Unit Owners; provided, that the keeping of pets shall be subject to such reasonable rules and regulations as the Board may from time to time adopt. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds disturbing other Unit Owners unreasonably, and may exercise this authority for specific animals even though other animals are permitted to remain.

11.13 Offensive Activity. No noxious or offensive activity shall be carried on in any Unit or Common or Limited Common

Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Unit Owners, or which would be in violation of any laws.

11.14 Alterations of Units. A Unit Owner:

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

11.14.2 May not change the appearance of the Common Elements or the exterior appearance of a Unit without the prior written approval of the Association;

11.14.3 After acquiring an adjoining Unit or an adjoining part of an adjoining Unit may, with approval of the Board, remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not adversely affect the structural integrity or mechanical or electrical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this subsection is not a relocation of boundaries. The Board shall approve a Unit Owner's request, which request shall include submission of the plans and specifications for the proposed removal or alteration, under this subsection within thirty (30) days, unless the proposed alteration does not comply with the Act or with this Declaration or impairs the structural integrity or mechanical or electrical systems in the Condominium. The failure of the Board to act upon a request within such time period shall be deemed approval thereof.

11.15 Alterations of Common and Limited Common Elements. The Common and Limited Common Elements shall not be reconstructed, rebuilt, altered, removed or replaced except by the Association acting through the Board, subject to the rights of mortgagees set forth in Section 22.

11.16 Bylaws and Rules and Regulations. The Association may from time to time adopt reasonable additional provisions in the Bylaws or in the rules and regulations of the Association as may be necessary or advisable to ensure compliance with or to supplement the foregoing covenants, conditions and restrictions, and the Unit Owners shall comply in all respects therewith.

11.17 Native Growth Protection Area. That portion of the Common Elements designated on the Survey Map and Plans as "Native Growth Protection Area Tract" is designated as a native growth protective area.

SECTION 12 - COMPLIANCE WITH DECLARATION

12.1 Enforcement. Failure of any Unit Owner to comply strictly with the provisions of this Declaration and with the Bylaws and rules and regulations of the Association, as they may be lawfully amended from time to time, and with all decisions of the Board or the Association adopted pursuant to this Declaration and the Bylaws and administrative rules and regulations shall be grounds for an action against the noncomplying Unit Owner to recover sums due for damages, or for injunctive relief, or both, maintainable by the Board acting through its officers on behalf of the Owners, or by any aggrieved Unit Owner on his own.

12.2 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of the Bylaws or rules and regulations, or to exercise any right or option contained in these documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction which shall remain in full force and effect. The receipt by the Board of any assessment from an Owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed for by the Board. This Section also extends to Declarant or Declarant's managing agent, exercising the powers of the Board during the period of Declarant Control of the Association and the Condominium development.

SECTION 13 - SERVICE OF PROCESS

The person initially designated by Declarant to receive service of process in cases provided for in the Act is Scott Hall, whose place of business is 1215 - 120th NE, Suite 201, Bellevue, Washington 98005-2135. After the election of the Board under Section 14.4.3, service of process for the purposes provided in the Act may also be made upon the president of the Association. After the election of the Board, the Board shall designate a new or different person or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then president of the Association. Declarant may, at any time before the Board is elected, change such designation by amendment to the Declaration signed and acknowledged only by Declarant.

SECTION 14 - OWNERS' ASSOCIATION

The Association shall be a nonprofit corporation. The rights and duties of the members and of such corporation shall be governed by the provisions of the Act and of this Declaration. The Association may use the name "HAWTHORNE Condominium Association," or such other names, as may be selected by the Board.

14.1 Membership. Each Unit Owner shall automatically become a member of the Association and shall be subject to its Bylaws and such rules and regulations as may from time to time be adopted by the Association. The membership shall be appurtenant to and nonseverable from the ownership of each Unit. The membership shall automatically pass to the succeeding Owner with the conveyance of each Unit.

14.2 Voting.

14.2.1 Number of Votes. For the purposes of determining voting rights under the Act and with respect to the administration of HAWTHORNE, a Condominium, through the Association, the total voting power of all Units shall be equal to the number of Units then in the Condominium. At the time this Declaration is recorded, that number is forty-two (42). After Building 13 is subdivided into four (4) Units, the number shall be forty-five (45). Whenever the approval of a stated percentage of the Unit Owners is required in this Declaration or the Bylaws, unless expressly stated otherwise, the percentage shall be determined by reference to the voting power of the Units as defined above.

14.2.2 Person Authorized to Vote. There shall be one (1) voting Owner for each Unit. The voting Owner shall be designated by the Unit Owner or Owners of each Unit by written notice to the Board and need not be a Unit Owner. The designation may be revoked at any time by the Unit Owner or Owners by written notice to the Board, and the death or judicially declared incompetence of the Unit Owner shall revoke the designation, provided that such designation shall not be effective until the Board has been notified thereof. The powers of designation and revocation may be exercised by the guardian, trustee, administrator or executor of a Unit Owner or his estate. Where no designation is made, or where a designation has been made, but is revoked and no new designations have been made, the voting power of each Unit shall be the group composed of all of its Owners. The Association may recognize the vote of any one or more of such Owners present in person or by proxy at any meetings of the Association as the vote of all such Owners. If there is more than one such Owner and they do not vote unanimously, the Association may divide the vote in accordance with their

respective interests if they shall agree thereon or have furnished sufficient written evidence thereof. Otherwise, the vote for that Unit may be disregarded by the Board. For purposes of electing members of the Board, the Owners may use cumulative voting.

14.2.3 Ownership of More Than One Unit. If a person shall own more than one Unit, he shall be entitled to exercise the votes for the combined total of all Units owned. Declarant, and any person acquiring under or by virtue of the deed of trust referred to in Section 22, shall be entitled to the same voting privileges as other Unit Owners, until all Units owned by Declarant are sold.

14.2.4 Quorum. A quorum of Unit Owners at any annual or special meeting of the Association shall be the presence, in person or by proxy, of persons holding twenty-five percent (25%) or more of the total votes, unless otherwise expressly provided herein. If a quorum is present at any such meeting, any action may be taken by an affirmative vote of a majority of the total votes present at the meeting, except as otherwise expressly provided in the Act, this Declaration, or the Bylaws.

14.3 Bylaws. Declarant, on behalf of the Temporary Board of Directors, shall adopt the initial Bylaws of the Association to provide for the administration of the Property and the organization of the Association, consistent with this Declaration and the Act. The Bylaws shall designate the time and specify the procedures for the holding of annual and special meetings of the Association and may specify other procedures applicable to the organization and administration of the Association. The Bylaws may be amended by Declarant, on behalf of the Temporary Board, at any time prior to the replacement of the Temporary Board by the Board pursuant to Section 14.4.3. Thereafter, the Bylaws may be amended in whole or in part, by a vote of Unit Owners accounting for not less than sixty percent (60%) of the total votes at a meeting of the Association duly held for that purpose. Written notice of the time, place and purpose of such meeting shall be delivered in person or mailed to each Unit Owner at least ten (10) days prior to the date of such meeting.

14.4 Management of the Association by the Board. The Association shall be administered and managed by a Board of three (3) persons who shall serve during the interim period described below, and thereafter as established by the Bylaws.

14.4.1 Initial Board of Directors. Declarant may, at such time as it deems appropriate, appoint a Board of three (3) persons who need not be Unit Owners. The Board (and Declarant, until the Board is appointed) shall exercise the rights, duties and functions of the Board as set forth in this Declaration until

the entire Board is elected by the Unit Owners pursuant to Section 14.4.3.

14.4.2 Election After Sale of Units. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board must be elected by Unit Owners other than Declarant.

14.4.3 Election of Complete Board. Within thirty (30) days after the termination of any period of Declarant Control, the Unit Owners shall elect a Board of at least three (3) directors, at least a majority of whom must be Unit Owners. The Board shall elect the officers of the Association from among the Board members. Such directors and officers shall take office upon this election.

14.4.4 Expansion of Board. In the event the number of Units in HAWTHORNE, a Condominium, increases to a total of fifty-one (51) or more, the number of directors on the Board shall be increased to five (5).

14.4.5 Removal of Directors. During the period of Declarant Control, Declarant may remove any director appointed by Declarant at any time and for any reason. The Unit Owners, by a two-thirds (2/3) vote of the voting power in the Association present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any director with or without cause, except for a director appointed by Declarant. Declarant may not remove any director elected by the Unit Owners. Prior to the termination of the period of Declarant Control, the Unit Owners, other than Declarant, may remove any director elected by the Unit Owners by a two-thirds (2/3) vote.

14.4.6 Term. The term of office of each director shall be two (2) years, with two (2) directors being elected at each annual meeting during even-numbered years, and one (1) director being elected at each annual meeting during odd-numbered years. (If there are five (5) directors on the Board, three (3) directors shall be elected at each annual meeting during even-numbered years and two (2) directors shall be elected in odd-numbered years.) At the special meeting called for the purpose

of electing the directors, pursuant to Section 14.4.3 of this Declaration, the three (3) directors so elected shall, by lot, determine which shall have one (1) or two (2) year terms, to stagger the expiration dates of the terms of the appropriate number of directors. Any director may be elected to serve for an additional term or terms.

14.4.7 Quorum. A majority of the members of the Board shall constitute a quorum. The Board shall act by majority vote of those present at its meetings where a quorum exists. Meetings shall be called, held and conducted in accordance with the Bylaws.

14.4.8 Officers. The Board shall elect a president, a secretary and a treasurer of the Association from among members of the Board. Each officer shall hold office for one (1) year, or until his successor is elected. Any officer of the Association may be reelected by the Board for any number of successive terms.

14.4.9 Employment of Manager. The Board may, to the extent it deems advisable, employ a person or firm to manage HAWTHORNE, a Condominium, as well as such other persons as are necessary in its opinion for the proper operation thereof; provided, that the employment of a person or firm to manage HAWTHORNE, shall be under a written contract for a term not in excess of one (1) year and shall permit the Board to revoke the same without cause and without payment of a termination fee, upon no more than thirty (30) days notice.

14.4.10 Standard of Care. Except as provided in this Declaration and the Bylaws, the Board shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board are required to exercise the following standards of care: (a) If appointed by Declarant, the care required as fiduciaries of the Unit Owners; or (b) if elected by the Unit Owners, ordinary and reasonable care.

14.4.11 Limitations of Board Authority. The Board shall not act on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners to terminate the Condominium, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board pursuant to Section 14.4.3 of this Declaration. The Board may, however, fill vacancies in its membership for the unexpired portion of any term.

14.5 Authority of the Association. The Association, acting by and through the Board, its officers, manager or other duly authorized agents or representatives, may:

14.5.1 Adopt and amend Bylaws, rules and regulations;

14.5.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for Common Expenses from Unit Owners;

14.5.3 Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;

14.5.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium;

14.5.5 Make contracts and incur liabilities;

14.5.6 Regulate the use, maintenance, repair, replacement, and modification of Common Elements and contract with third parties to accomplish these objectives;

14.5.7 Cause additional improvements to be made as a part of the Common Elements;

14.5.8 Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal Property, but Common Elements may be conveyed or subjected to a security interest only pursuant to the Act;

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

14.5.10 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Section 7 of this Declaration, and for services provided to Unit Owners;

14.5.11 Impose and collect charges for late payment of assessments and interest thereon pursuant to Section 15.2.10.1 of this Declaration, and after notice and an opportunity to be heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in the Declaration or Bylaws or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of the Declaration, Bylaws, and rules and regulations of the Association;

14.5.12 Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, for resale certificates required by RCW 64.34.425, and for statements of unpaid assessments;

14.5.13 Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

14.5.14 Assign its right to future income, including the right to receive Common Expense assessments, but only to the extent the Declaration provides;

14.5.15 Exercise any other powers conferred by the Declaration or Bylaws;

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

14.5.17 Exercise any other powers necessary and proper for the governance and operation of the Association.

SECTION 15 - COMMON EXPENSES - ASSESSMENTS

15.1 Prior to Initial Assessment. Until the Association makes a Common Expense assessment, Declarant shall pay all Common Expenses.

15.2 Assessments and Budget for Common Expenses.

15.2.1 Annual Budget of Common Expenses. Prior to the sale of the first Unit by Declarant, and thereafter within sixty (60) days prior to the beginning of each fiscal year, the Board (or Declarant, prior to the appointment or election of the Board) shall estimate the Common Expenses which it anticipates will be incurred during the forthcoming fiscal year, and determine the monthly assessments and any special assessments to be paid during such year. The Board shall establish the dates for the fiscal year consistent with the needs of the Association. The Board shall also make provision for creating, funding and maintaining reasonable reserves for contingencies, operations, and repair, replacement and acquisition of Common Elements; and shall take into account any expected income and any surplus

available from the prior year's operations. The determination and collection of assessments for any initial partial year of operation of HAWTHORNE, a Condominium, may be made by Declarant or the Board at any reasonable time. The initial assessments for all Units shall commence in accordance with Section 15.2.7 below. If at any time during the budget year the sums estimated and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any Unit Owner's assessment(s)), the Board may at any time levy further assessments, which shall be assessed to the Unit Owners.

15.2.2 Approval of Budget. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of Units to which a majority of the votes in the Association are allocated or any larger percentage specified in the Declaration reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

15.2.3 Special Assessments. The Board may also, from time to time, impose such special assessments as may be determined by the Board, subject to the restrictions in this Declaration and the Bylaws.

15.2.4 Initial Payment for Working Capital. Declarant shall collect from each purchaser an amount equal to at least two (2) months' assessments at the time of the first conveyance of each Unit to establish a sufficient initial working capital fund. This initial payment into the fund shall be in addition to the assessment for the first month which each purchaser of a Unit from Declarant will pay at the time of closing of the sale. Each Unit's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each Unit, and maintained in a segregated account for the use and benefit of the Association segregated from all other funds of the Association. The purpose of the fund is to ensure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board. Amounts paid into the fund are not to be considered as advance payments of regular assessments. Declarant shall deposit a sum equal to at least two (2) months' assessments in the working capital fund for each

existing but unsold Unit within sixty (60) days after conveyance of the first Unit. Thereafter, at the time of the conveyance of each Unit, Declarant shall be reimbursed for the working capital deposit from the funds collected from the purchaser of the conveyance.

15.2.5 Liability for Assessment Payments. All Common Expenses shall be assessed against all Units in the percentages set forth in Appendix C, except that assessments to pay a judgment against the Association resulting from a foreclosure of a lien against the Association shall be made only against the Units in the Condominium at the time the judgment was entered in proportion to their allocated Common Expense liabilities at the time the judgment was entered. To the extent that any Common Expense is caused by the misconduct of any Unit Owner(s), the Association may assess that expense against that Unit(s).

The Board may, in its discretion, allocate

15.2.5.1 any Common Expense associated with the operation, maintenance, repair, or replacement of a Limited Common Element against the Owner(s) of the Unit(s) to which that Limited Common Element is assigned, in equal shares.

15.2.5.2 any Common Expense or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Unit(s) benefitted.

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

15.2.7 Commencement of Assessments. Assessments for each Unit Owner shall begin on the date said Owner closes the transaction in which he acquires right, title or interest in the Unit. Declarant shall commence payment of assessments for existing but unsold Units no later than sixty (60) days after the conveyance of the first Unit in each Building. In the alternative, Declarant may, at its option, elect to continue to pay all operating expenses for HAWTHORNE, a Condominium, after conveyance of the first Unit in each Building and commence the assessments at a later time. Whenever assessments are thereafter commenced and required from any Unit Owners, assessments shall be required from all Unit Owners, including Declarant for existing Units then owned by Declarant. Assessments for the initial month

shall be prorated if closing occurs on other than the first of the month.

15.2.8 Payment by Mortgagees. Subject to Section 16.2, the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure shall not be liable for assessments that became due prior to such right of possession. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such mortgagee or other purchaser of such Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for assessments accruing against the Unit prior to the date of such sale as provided in this Section.

15.2.9 Security Deposit. From time to time, the Board may, at its sole discretion, require a Unit Owner to make and maintain a security deposit not in excess of three (3) months estimated monthly assessments, which may be collected in the same manner as other assessments. Such deposit shall be held in a separate fund, credited to such Unit Owner, and resort may be had thereto at any time when such Owner is fifteen (15) days or more delinquent in paying his monthly or other assessments.

15.2.10 Interest, Late Charges, Expenses and Attorneys' Fees. As part of its collection of delinquent assessments, the Association shall be entitled to recover interest for the period of delinquency, late charges, expenses of collection, and attorneys' fees incurred by the Association whether or not a suit is commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and those incurred in the enforcement of a judgment.

15.2.10.1 The Association may, from time to time, establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent assessments or installments thereof. Delinquent assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the assessments became delinquent.

15.2.10.2 The Association may impose a late charge in an amount not exceeding twenty-five percent (25%) of any unpaid assessment or charge which had remained delinquent for more than fifteen (15) days.

15.2.11 Remedies Cumulative. The remedies provided are cumulative, and the Board may pursue them concurrently, as well as any other remedies which may be available under law although not expressed in this Declaration.

15.3 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves shall, in the discretion of the Board, either be paid to the Unit Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense assessments.

SECTION 16 - LIENS FOR ASSESSMENTS

16.1 Lien in Favor of Association. The Association has a lien on a Unit for any unpaid assessments levied against a Unit from the time the assessment is due. Fees, late charges, fines, and interest charged by the Association are enforceable as assessments. If an assessment is payable in installments, the Association has a lien for the full amount of the assessment from the time the first installment is due.

16.2 Priority of Association Lien.

16.2.1 General Priority. The lien of the Association under this Section shall be prior to all other liens and encumbrances on a Unit, except: (a) liens and encumbrances recorded before the recording of the Declaration; (b) a mortgage on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; or (c) liens for Real Property taxes and other governmental assessments or charges against the Unit.

16.2.2 Priority Over Mortgages Encumbering Individual Units.

16.2.2.1 If the Association elects to foreclose its lien under Section 16.5 of this Declaration, the lien shall also be prior to the mortgages described in Section 16.2.2 of this Declaration to the extent of assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association pursuant to this Declaration which would have become due, in the absence of acceleration, during the six (6) months immediately preceding institution of an action to enforce the lien.

16.2.2.2 The priority of the Association's lien against Units encumbered by a mortgage held by an eligible mortgagee or by a first mortgagee which has given the Association a written request for a notice of delinquent assessments shall be reduced by up to three (3) months if and to the extent its foreclosure includes delinquencies which relate to a period after such holder becomes an eligible mortgagee or has given such

notice and before the Association gives the holder a written notice of the delinquency.

16.2.2.3 This subsection 16.2.2 does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other assessments made by the Association.

16.3 Recording Not Required. Recording of this Declaration constitutes record notice and perfection of the lien for assessments of the Association. While no further recording of any claim of lien for assessment under this Section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for assessments under this Section in the Real Property records of King County. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in Section 16.2.2.2 of this Declaration.

16.4 Limitation on Enforcement. A lien for unpaid assessments is extinguished unless legal proceedings to enforce the lien are instituted within three (3) years after the amount of the assessments sought to be recovered becomes due.

16.5 Enforcement of Lien.

16.5.1 The lien arising under this Section may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW or nonjudicially in the manner set forth in Chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Chicago Title Insurance Company or its successors or assigns ("Trustee"), to secure the obligations of each Unit Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in Assessments. The Units are not used principally for agricultural or farming purposes.

16.5.2 The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale whether judicial or non-judicial and to acquire, hold, lease, mortgage, or convey the Unit to a third party. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. Nothing in this Section shall prohibit an Association from accepting a deed in lieu of foreclosure from the Owner of the Unit subject to the lien.

16.6 Appointment of Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments against a Unit that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rental is not paid, the receiver may obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Unit, then to applicable charges, then to costs, other fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. A receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

16.7 Personal Liability of Unit Owners. In addition to constituting a lien on the Unit, each assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same are assessed as of the time the assessment is due. Suit to recover a personal judgment for any delinquent assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

16.8 Certificate of Assessment. The Association, upon written request, shall furnish to a Unit Owner or a mortgagee of a Unit a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid assessments against that Unit. The statement shall be furnished within fifteen (15) days after receipt of the request and is binding on the Association, the Board, and every Unit Owner, unless and to the extent known by the recipient to be false.

SECTION 17 - ASSOCIATION ACCOUNTS AND RECORDS

17.1 Bank Accounts. The Association shall maintain four (4) separate bank accounts, one each for its general account, reserve fund, insurance reserve account, and working capital account.

17.1.1 General Account. All assessment payments shall be deposited in the general account and thereafter distributed to other accounts or paid out for current expenses.

17.1.2 Reserve Account. Any reserve funds of the Association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of

checks, shall require the signature of at least two persons who are officers or directors of the Association.

17.1.3 Insurance Reserve Account. Each month the Board shall first deposit to the insurance reserve account that portion of the Common Expense assessments necessary to pay at least one-twelfth (1/12) of the total cost of all of the insurance coverage then in effect pursuant to Section 19 and such insurance reserve account shall be held separately and inviolate until utilized for payment of such premiums.

17.1.4 Working Capital Account. This account shall contain the funds paid to the Association collected pursuant to Section 15.2.4.

17.1.5 No Commingling. The funds of the Association shall not be commingled with the funds of any other Association, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds.

17.2 Financial Records. The Board shall keep complete and accurate books and records of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred, together with any additional information which may from time to time be designated by the Board. Such books and records and the vouchers authorizing payments shall be available for examination by the Unit Owners, their mortgagees, agents or attorneys, at any reasonable time or times. All books and records shall be kept in accordance with good accounting procedures.

17.2.1 Records for Resale Certificates. The Association shall keep financial records sufficiently detailed to enable the Association to comply with requests for resale certificates pursuant to RCW 64.34.425.

17.2.2 Financial Statements and Audits.

17.2.2.1 At least one (1) copy of the annual financial statements shall be furnished to each Unit Owner and any mortgagee requesting the same within sixty (60) days following the end of the fiscal year covered thereby or as soon thereafter as the statement shall be completed.

17.2.2.2 An annual audit shall be made of the records and accounts of the Association, unless it is waived annually by Unit Owners other than the Declarant of Units to which sixty percent (60%) of the votes are allocated, excluding the votes allocated to Units owned by the Declarant.

SECTION 18 - DECLARANT CONTROL OF THE ASSOCIATION AND TRANSFER TO UNIT OWNERS

18.1 Declarant Control. Subject to Section 14.4, Declarant may control the Association, and, acting alone, appoint and remove the officers and members of the Board until the earlier of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than a Declarant; (b) two (2) years after the last conveyance or transfer of record of a Unit except as security for a debt; (c) two (2) years after any development right to add new Units was last exercised; or (d) the date on which Declarant records an amendment to the Declaration pursuant to which Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of that period pursuant to (a), (b) and (c) of this Section, but in that event Declarant may require, for the duration of the period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

18.2 Transfer of Control of Association. Within sixty (60) days after termination of the period of Declarant Control pursuant to Section 18.1 of this Declaration, Declarant shall deliver to the Association all Property of the Unit Owners and of the Association held or controlled by Declarant, including, but not limited to:

18.2.1 The original or a photocopy of the recorded Declaration and each recorded amendment to the Declaration;

18.2.2 The Certificate of Incorporation and a copy or duplicate original of the Articles of Incorporation of the Association as filed with the Secretary of State;

18.2.3 The Bylaws of the Association;

18.2.4 The minute books, including all minutes, and other books and records of the Association;

18.2.5 Any rules and regulations that have been adopted;

18.2.6 Resignations of officers and members of the Board who are required to resign because Declarant is required to relinquish control of the Association;

18.2.7 The financial records, including canceled checks, bank statements, and financial statements of the

Association, and source documents from the time of incorporation of the Association through the date of transfer of control to the Unit Owners;

18.2.8 Association funds or the control of the funds of the Association;

18.2.9 All tangible personal Property of the Association, if any, represented by Declarant to be the Property of the Association, or ostensibly the Property of the Association, and an inventory of the Property;

18.2.10 Except for alterations to a Unit done by a Unit Owner other than Declarant, a copy of Declarant's plans and specifications utilized in the construction or remodeling of the Condominium, with a certificate of Declarant or a licensed architect or engineer that the plans and specifications represent, to the best of their knowledge and belief, the actual plans and specifications utilized by Declarant in the construction or remodeling of the Condominium;

18.2.11 Insurance policies or copies thereof for the Condominium and Association;

18.2.12 Copies of any certificate(s) of occupancy that may have been issued for the Condominium;

18.2.13 All other permits issued by governmental bodies applicable to the Condominium in force or issued within one (1) year before the date of transfer of control to the Unit Owners.

18.2.14 All written warranties that are still in effect for the Common Elements, or any other areas or facilities which the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all Owners' manuals or instructions furnished to Declarant with respect to installed equipment or Building systems;

18.2.15 A roster of Unit Owners and eligible mortgagees and their addresses and telephone numbers, if known, as shown on Declarant's records and the date of closing of the first sale of each Unit sold by Declarant;

18.2.16 All leases of the Common Elements and other leases to which the Association is a party;

18.2.17 All employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Unit Owners have an obligation or a responsibility, directly or indirectly,

to pay some or all of the fee or charge of the person performing the service; and

18.2.18 All other contracts to which the Association is then a party.

18.3 Audit of Records Transferred. Upon the transfer of control to the Unit Owners, the records of the Association shall be audited as of the date of transfer by an independent Certified Public Accountant in accordance with generally accepted auditing standards unless the Unit Owners, other than Declarant, by two-thirds (2/3) vote elect to waive the audit. The cost of the audit shall be a Common Expense. The accountant performing the audit shall examine supporting documents and records, including the cash disbursements and related paid invoices, to determine if expenditures were for Association purposes and the billings, cash receipts, and related records to determine if Declarant was charged for and paid the proper amount of assessments.

SECTION 19 - INSURANCE

19.1 Insurance Coverage Provided by the Association. Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the Association shall maintain, to the extent reasonably available:

19.1.1 Property Insurance. Fire insurance, with extended coverage endorsements, in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation, but less any other deductions which the Board may find reasonable after consultation with insurance consultants), covering the Units and Common and Limited Common Elements, and including all equipment, improvements, and betterments in a Unit installed by Declarant or the Unit Owners, insuring against all risks of direct physical loss commonly insured against. The full insurable replacement shall be reviewed and adjusted as necessary, and at each renewal date, exclusive of Land, excavations, foundations, and other items normally excluded from Property policies of property insurance.

19.1.2 Liability Insurance. General comprehensive liability insurance, including medical payments insurance and insuring the Unit Owners, the Association, the Board, Declarant, and such others as may be designated by the Board against liability to the public or to the Unit Owners, and their invitees, guests, or tenants, incident to the ownership or use of the Units and Common and Limited Common Elements (including but not limited to owned and nonowned automobile liability) with coverage limits determined by the Board, but not less than \$1,000,000 for personal injuries and deaths arising out of a

single occurrence, and \$50,000 (per accident) for Property damage. Each such policy shall contain a Severability of Interest Endorsement or its equivalent which would preclude the insurer from denying a claim of the negligent acts or omissions of the Association or another Unit Owner. Each such policy shall contain protection against water damage liability, liability for nonowned and hired automobiles, liability for the Property of others and any other coverage which may, from time to time, be required by regulations of the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Housing Authority (FHA), Veterans Administration (VA), Government National Mortgage Association (GNMA), or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as it may be a mortgagee or Owner of a Unit within the project, except to the extent such coverage is not available or has been waived by such agency.

19.1.3 Workmen's compensation insurance to the extent required by applicable laws.

19.1.4 Insurance against loss of personal Property of the Association by fire, theft and other losses, with such deductible provisions as the Board deems advisable.

19.1.5 Insurance coverage, in such amounts as the Board may in its discretion determine, to indemnify the directors, officers and agents of the Association pursuant to Section 23.2.

19.1.6 Such other insurance as the Board deems advisable.

19.2 Insurance Ratings. All insurance shall be obtained from an insurance carrier or carriers rated Class IV or better by "Best's Key Rating Guide" or equivalent rating service, and licensed to do business in the State of Washington, or from Lloyd's of London. The Board shall have the insurance coverage reviewed by the insurance consultants of the Association not less often than once every year with respect to the adequacy of the policy limits and coverage.

19.3 Notices to Unit Owners Regarding Availability of Insurance Contracts. If the insurance described in this Section 19 is not reasonably available, the Association promptly shall send notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Unit Owners, to each eligible mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

19.4 Special Policy Requirements. Insurance policies carried pursuant to Section 19.1.1 shall provide that:

19.4.1 Each Unit Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

19.4.2 The insurer waives its right to subrogation under the policy against any Unit Owner, member of the Owner's household, and lessee of the Owner;

19.4.3 No act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;

19.4.4 If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance;

19.4.5 The insurer shall not be relieved from liability for loss occurring while the hazard to such Building(s) is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board, the Unit Owners or any other persons acting under authority of any of them;

19.4.6 The policy may not be cancelled (whether or not requested by the Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board and every other person in interest who shall have requested such notice of the insurer;

19.4.7 The policy contain a cross-liability endorsement wherein the rights of an insured party under the policy or policies shall not be prejudiced with respect to actions against another insured party thereunder, or other equivalent coverage in cases of liability of the Association or Unit Owners to other Unit Owners;

19.4.8 The policy contains a standard mortgagee clause which shall:

19.4.8.1 Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of a Unit or Unit lease or sublease, in their respective order and preference, whether or not named therein;

19.4.8.2 Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or

neglect of the Board, and Unit Owners or any persons acting under authority of any of them;

19.4.8.3 Waive any provision invalidating such mortgage clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

19.5 Unit Owner's Additional Insurance. Each Unit Owner may, at his own expense, obtain additional insurance covering his Unit and its contents. However, no Unit Owner shall be entitled to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all of the Unit Owners, would otherwise realize under any insurance policy which the Board may have in force at any particular time. Each Unit Owner shall notify the Board of all improvements made by the Unit Owner to his Unit, if the value thereof is in excess of \$1,000. Any Unit Owner who obtains individual insurance policies covering any portion of HAWTHORNE, a Condominium, other than personal Property belonging to such Unit Owner shall file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance, and the Board may review its effect with the Association's insurance consultants.

19.6 Insurance Proceeds. Insurance proceeds for damage or destruction to any part of the Property shall be paid to an insurance trustee designated by the Board, on behalf of the Association, which shall segregate such proceeds from other funds of the Association for use and payment as provided for in Section 19. The Association, acting through the Board, shall have the authority to settle and compromise any claim under insurance obtained by the Association and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy; provided, however, that no provision of this Declaration shall entitle the Owner of any Unit or any other party, to priority over the mortgagee of that Unit with respect to the distribution of any insurance proceeds. Subject to the provisions of Section 20.1, the proceeds must be disbursed first for the repair or restoration of the damaged Property, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium is terminated.

SECTION 20 - DAMAGE OR DESTRUCTION - REPAIR AND RECONSTRUCTION

20.1 Initial Board Determinations. In the event of damage or destruction to any part of the Property, the Board shall

promptly, and in all events within thirty (30) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board deems advisable:

20.1.1 The nature and extent of the damage or destruction, together with an inventory of the improvements and Property directly affected thereby.

20.1.2 An estimate of the cost to repair and reconstruct the damage and destruction, which estimate shall, if practicable, be based upon two or more firm bids obtained from responsible contractors.

20.1.3 The anticipated insurance proceeds, if any, which will be available from insurance covering the loss, based on the amount paid or initially offered by the insurer.

20.1.4 The amount, if any, that the estimated cost of repair and reconstruction will exceed the anticipated insurance proceeds, and the amount of any special assessment which will be necessary in such event.

20.1.5 The Board's recommendations as to whether such damage or destruction should be repaired or reconstructed.

20.2 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of damage or destruction, provide each Unit Owner, and each mortgagee, with a written notice summarizing the initial Board determinations made under Section 20.1. If the Board fails to do so within said thirty (30) days, then any Unit Owner or mortgagee may make the determinations required under Section 20.1 and give the notice required under this Section 20.2.

20.3 Definitions. As used in this Section 20, the words "repair," "reconstruct," "rebuild" or "restore" mean restoring the Buildings, the Common and Limited Common Elements to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Modifications to conform to then applicable governmental rules and regulations or available means or construction may be made. As used in this Section 20, the term "emergency work" means that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Unit Owners from liability from the condition of the site.

20.4 Reconstruction.

20.4.1 Unless prior to the commencement of repair and restoration work (other than emergency work) the Unit Owners shall have decided not to repair and reconstruct in accordance with the provisions of either subsection 20.5.3 or 20.6.3, the Board shall promptly repair and reconstruct the damage and destruction, use the available insurance proceeds therefor, and pay for the actual cost of repair and reconstruction in excess of insurance proceeds secured as a Common Expense which shall be specially assessed against all Units in proportion to their allocated undivided interests in the Common Elements.

20.4.2 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to accomplish the repair and reconstruction. The Board may, in its discretion, authorize the insurance carrier involved to proceed with the repair and reconstruction.

20.5 Limited Damage - Assessment Under \$3,500. If the amount of the estimated assessment determined under Section 20.1.4 does not exceed \$3,500 for any one Unit, the following provisions shall apply:

20.5.1 Either the Board or a requisite number of Unit Owners, within fifteen (15) days after the notice required under Section 20.2 has been given, may, but shall not be required to, call a special meeting of the Association to consider such repair and reconstruction.

20.5.2 Except for emergency work, no repair or reconstruction shall commence until after said fifteen (15) day period and until after the conclusion of said special meeting if such meeting is called within said fifteen (15) days.

20.5.3 A unanimous decision of the Unit Owners will be required to avoid the provisions of subsection 20.4.1 and to determine not to repair and rebuild the damage and destruction; provided, that the failure of the Board or the Unit Owners within said fifteen (15) day period to call for said special meeting shall be conclusively deemed a unanimous decision to undertake such work.

20.6 Major Damage - Assessment Over \$3,500. If the amount of the estimated assessment determined under subsection 20.1.4 exceeds \$3,500 for any one Unit, the following provisions shall apply:

20.6.1 The Board shall promptly, and in all events within thirty (30) days after the date of damage or destruction, call a special meeting of the Association to consider repair and reconstruction of such damage or destruction. If the Board fails to do so within said thirty (30) day period, then any Unit Owner or mortgagee may convene and conduct the meeting required under this Section 20.6.1.

20.6.2 Except for emergency work, no repair or reconstruction shall commence until the conclusion of the special meeting of the Association required under subsection 20.6.1.

20.6.3 A concurring vote of eighty percent (80%) or more of the total voting power will be required to avoid the provision of Section 20.4.1 and to determine not to repair or reconstruct the damage and destruction; provided, that failure of the Board, the Unit Owners, or mortgagees to convene the special meeting required under subsection 20.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision not to undertake such repair and reconstruction.

20.7 Decision Not to Restore - Disposition. In the event of a decision under either subsection 20.5.3 or 20.6.3 not to repair or reconstruct damage and destruction, the Board may nevertheless expend such of the insurance proceeds and Common Expense funds as the Board deems reasonably necessary for emergency work (which emergency work may include, but is not necessarily limited to, removal of the damaged or destroyed Buildings, and clearing, filling and grading the Land), and any remaining funds and the Property shall thereafter be held and distributed as follows: (a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (b) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and (c) the remainder of the proceeds shall be distributed to all the Unit Owners or lienholders, as their interest may appear, in proportion to their allocated undivided interests of all the Units in the Common Elements. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned pursuant to Section 21 of the Declaration, and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this Section, Section 20.1 of

this Declaration governs the distribution of insurance proceeds if the Condominium is terminated.

20.8 Miscellaneous. The provisions of this Section 20 shall constitute the procedure by which a determination is made by the Unit Owners to repair or reconstruct as provided in the Act. By accepting an interest in the Property, each Unit Owner and party claiming by, through or under such Unit Owner hereby consents and agrees to the provisions hereof. In the event that any provision of this Section 20 shall be determined to be invalid or unenforceable by any court of competent jurisdiction, such determination shall not affect the validity of any other provision of this Declaration. The purpose of this Section 20 shall be to provide a fair and equitable method of allocating the costs of repair and reconstruction and making a determination for repair and reconstruction, if all or a portion of the improvements are damaged or destroyed, and the provisions hereof shall be liberally construed to accomplish such purpose.

SECTION 21 - CONDEMNATION

21.1 Total Condemnation or Taking of a Unit. If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit which may not practically or lawfully be used for any purpose permitted by the Declaration, the award must compensate the Unit Owner for the Owner's Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's allocated interests are automatically reallocated to the remaining Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken as described in this Section is thereafter a Common Element.

21.2 Partial Condemnation or Taking of a Unit. If part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides: (a) That Unit's allocated undivided interest shall be reduced in proportion to the reduction in the size of the Unit, or on any other basis specified in the Declaration; and (b) the portion of the allocated interests divested from the partially acquired Unit shall be automatically reallocated to that Unit and the remaining Units in proportion to the respective allocated interests of those Units before the

taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced allocated interests.

21.3 Partial Condemnation or Taking of Common Elements. If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Board, which shall use the award to repair and reconstruct the damage done to the remaining Common Elements, and the remaining sum shall be treated as surplus funds under Section 15.3 of this Declaration.

SECTION 22 - MORTGAGE PROTECTION

22.1 Construction Mortgage. SeaFirst Bank ("construction lender") has financed the construction of the Buildings and improvements on the Property and holds a Deed of Trust on each separate Unit which will be reconveyed upon sale by Declarant. Construction lender does not waive or consent to any modification of its rights thereunder, and retains all security interests against the Buildings, the Units, and the Common Elements, except insofar as the same may be specifically relinquished by reconveyance of the Deeds of Trust signed by construction lender from time to time, for each Unit and its percentage of interest in the Common Elements, as each Unit is sold and conveyed, pursuant to agreement for such reconveyance made apart from the Declaration.

22.2 Retention and Extension of Declarant's Control. In the event that Declarant's control obligation to any mortgagee or deed of trust financing construction of the Condominium has not been paid in full at the time Declarant's control has expired, then said powers conferred upon Declarant in this Declaration shall be extended for an additional two (2) years if the construction lender so requests in writing; provided, however, that said control extended under this Section shall not be extended, or if previously extended, shall terminate, when Units are sold, and sales closed according to Section 18.1 of this Declaration, and provided further that the construction lender will not unreasonably refuse to permit Declarant to relinquish Declarant's control, nor insist on retention should such retention at any time conflict with provisions of law, or if the relinquishment thereof be required by any proposed institutional first mortgagee of a Unit or by a mortgage insurer, or corporation or agency administering any program creating any form of market for mortgages.

22.3 Rights of Construction Lenders After Foreclosure. Although no such rights are warranted to such mortgagee by any party, the following rights shall be accorded to the construction lender of the Condominium to the extent permitted by law.

22.3.1 Obtaining Declarant's Powers. If the lender of the Condominium forecloses its mortgage or deed of trust or acquires a deed in lieu of foreclosure, and obtains possessory rights, legal title, or certificates of sale to the unsold Units and appurtenant Common Elements to which the deed of trust or mortgage liens extend, then the construction lender may succeed to and assume, to the exclusion of the Declarant, the rights, powers and privileges of Declarant as set forth in this Declaration, and may further assign and transfer such rights or the right to have or obtain such rights to any other person.

22.3.2 Appointment of Receiver. The construction lender shall be entitled to appointment of a receiver during the pendency of any foreclosure of its security instruments, if it accelerates its indebtedness, and said receiver shall immediately, upon appointment, succeed to and assume the rights and power of Declarant as set forth in this Declaration, and the receiver shall be entitled to sell unsold Units during the pendency of said foreclosure, and said sales shall be subject to confirmation by court order. All proceeds of such sales shall be accounted for and, after reasonable receiver's fees and costs of sale approved by the court, shall be applied in reduction of the indebtedness to the construction lender.

22.3.3 Liability of Construction Lender. In the event the construction lender obtains possessory rights, or any rights which may subject it to liability for Common Expense assessments for any Unit, in any way as a result of the foreclosure of the mortgage or deed of trust financing construction of the Condominium, or by taking of a transfer in lieu of foreclosure, then said construction lender shall be liable for only that portion of any assessments against any Unit to which said construction lender is so entitled for which Declarant is liable under law and this Declaration. In no event will the construction lender be liable for any past due assessments which accrued or became due prior to the time the construction lender obtained possession by foreclosure or by deed in lieu of foreclosure, except as provided in this Declaration or the Act.

22.3.4 Signature by Construction Lender. If this Declaration is signed by the construction lender of the Condominium, such signature indicates that arrangements have been made to partially reconvey Units for sale, and that upon the first such release, the said construction lender accepts the Condominium status of the project, but until such first

reconveyance the rights of the construction lender against the entire Property and each Unit are superior to the rights of any purchaser of the project or of any portion or Unit thereof.

22.3.5 Liability for Past Due Assessments. The liens created under this Declaration upon any Unit for assessments in favor of the Association shall be subject to the rights of the secured party in the case of any indebtedness secured by mortgages made in good faith and for value of the Unit or of all or a part of the Property which extend to the Unit, subject to the provisions of Section 16.2.2 of this Declaration. Where a mortgagee of a mortgage of record or other purchaser obtains possession of a Unit as a result of mortgage foreclosure (including sale under deed of trust), such possessor and his successors and assigns shall not be liable for the share of the Common Expenses or assessments due prior to such possession. To the extent there are unpaid assessments for Common Expenses after foreclosure of any mortgage as described in this Section, the unpaid assessments shall be an additional Common Expense collectible from all of the Unit Owners, including the foreclosing mortgagee, its successor or assignee.

22.3.6 Option to Pay Past Due Assessments. Unless otherwise prohibited by law, any mortgagee may pay any unpaid Common Expenses payable with respect to the Unit on which he has a mortgage, and upon such payment the mortgagee shall have a lien on the Unit for the amounts paid of the same rank as the lien of his encumbrance.

22.3.7 Abandonment or Change of Condominium Status - Use of Hazard Insurance. Except for consequences provided by the Act for certain situations involving damage or destruction, or in cases of condemnation effected by judicial action, neither the Association nor the Board, nor the Owners shall, without prior written approval of sixty-seven percent (67%) of all first priority institutional lenders: seek by act or omission to abandon or terminate the Condominium status of the Property; partition or subdivide any Unit; seek to abandon, partition, subdivide, encumber, or sell the Common Elements (but easements or grants to public utilities or governmental agencies, or for utility or public purposes, are permitted if they are required or if they are consistent with the use of the Property for purposes of this Condominium); use hazard insurance proceeds from losses to any Condominium Property for other than repair, restoration, rebuilding, reconstruction, or replacement of the Property; or seek to change the single family residential or related uses as defined and limited in this Declaration to which any Unit of the Common Elements is restricted.

22.3.8 Additional Rights and Privileges of Mortgagees.
Each mortgagee shall be entitled to the following rights and privileges upon written request to the Association:

22.3.8.1 In the event a Unit Owner has pledged his vote to a mortgagee, to cast the vote pursuant to the authority given under the terms of the pledge involved; provided, however, that a Unit Owner may only pledge his vote to a mortgagee during the period of a pending foreclosure.

22.3.8.2 To receive written notice contemporaneously with notice sent to the Unit Owner at the address designated by the mortgagee of:

22.3.8.2.1 All annual or special meetings of the Association;

22.3.8.2.2 Any default by the Unit Owner in the performance of any obligations under this Declaration, the Bylaws or the Act which is not cured within thirty (30) days;

22.3.8.2.3 Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which the mortgagee holds the mortgage;

22.3.8.2.4 Any condemnation or eminent domain proceeding affecting the Property;

22.3.8.2.5 Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

22.3.8.2.6 All other matters for which the Unit Owner is entitled to written notice under the terms of this Declaration, the Bylaws, the Act, or other applicable laws, ordinances or administrative rules and regulations.

(The notices required under subparagraphs 22.3.8.2.1 and 22.3.8.2.4 shall be given to the mortgagee on or before the time or times that comparable notices are to be given to the Unit Owners.)

22.3.8.3 To examine the books and records of the Association and to be given a copy of the annual financial statement and report of the Association, as provided in Section 16.2.2. If no audited statement is required by Section 16.2.2, the mortgagee may have an audited statement prepared at its own expense.

22.3.8.4 To be given the endorsements of insurance policies and the notices, and to exercise all other rights and privileges with respect to insurance matters which are specified in Section 19 for the benefit of mortgagees.

22.3.8.5 To be permitted to designate a representative to attend all meetings of the Association.

22.4 Termination of Professional Management. The prior written approval of fifty-one percent (51%) of all institutional holders of a first mortgage on Units in HAWTHORNE, a Condominium, including all institutional holders which have previously required professional management, shall be required before any decision by the Association to terminate professional management and to assume self-management.

22.5 Amendments of Declaration and Bylaws. Notwithstanding any other provision contained in this Declaration, no amendment of this Section or of any other provision of this Declaration or of the Bylaws shall affect the rights of the holder of any mortgage recorded prior to the recordation of such amendment, unless the holder shall have consented to such amendment in writing.

SECTION 23 - LIMITATION OF LIABILITY

23.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to Section 19, neither the Association nor the Board (or the Declarant or the managing agent exercising the powers of the Board) shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or Property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; or from inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Common Expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

23.2 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or Declarant or Declarant's managing agent exercising the powers of the Board, has acted in good faith within the applicable standard of care set forth in Section 14.4.10, without willful or

intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Section 19.

23.3 Indemnification of Board Members. Each Board member Association committee member, Association officer, Declarant, or Declarant's managing agent exercising the powers of the Board, shall be indemnified by the Owners against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

SECTION 24 - EASEMENTS

24.1 In General. It is intended that in addition to rights under the Act and other easements rights created in this Declaration, each Unit has an easement in and through each other Unit and the Common and Limited Common Elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of this Condominium plan. Without limiting the generality of the foregoing, each Unit and all Common and Limited Common Elements are specifically subject to an easement for the benefit of each of the other Units in the Building for all duct work for fireplaces and associated flues or chimneys, for the intercom and electrical entry system, if any, for the electrical wiring and plumbing, for all air conditioning lines and equipment for each Unit, if any, for the vacuum system roughed-in in each Unit, if any, and for the master antenna cable system, if any. Finally, each Unit, as it is constructed, is granted an easement to which each other Unit and all Common and Limited Common Elements are subject for the location and maintenance of all of the original equipment, facilities and utilities for such Units. The specific mention or reservation of any easement in this

Declaration does not limit or negate the general easement through common elements reserved by the Act.

24.2 Authority. The Board, on behalf of the Association and all members thereof, shall have authority to grant utility and similar easements under, through or over the Common Elements, which easements the Board determines are reasonably necessary for the ongoing development and operation of the Property.

24.3 Association Functions. There are hereby reserved to the Association (and to Declarant prior to the transfer of Declarant Control pursuant to Section 18.2) a reasonable right of entry to any Unit or limited common area to perform the proper maintenance of the Property, and such easements as are necessary to perform the duties and obligations of the Association as set forth in this Declaration, the Bylaws, and the Act.

24.4 Encroachments. Each Unit and all Common and Limited Common Elements are hereby declared to have easements over all adjoining Units and Common and Limited Common Elements for the purpose of accommodating and maintaining any encroachment due to engineering errors, errors in original construction, settlement or shifting of any Buildings, or any other similar cause, and any encroachment due to Building overhang or projection; provided, that in no event shall a valid easement for encroachment be created in favor of a Unit Owner if said encroachment occurred due to the willful act or acts with full knowledge of said Unit Owner. In the event a Unit or any Common or Limited Common Element is partially or totally destroyed, and subsequently repaired or rebuilt, minor encroachments over adjoining Units and Common and Limited Common Elements shall be permitted, and there shall be valid easements for the maintenance of said encroachments so long as they shall exist. Said encroachments, if any, and resulting easements, shall not be construed as encumbrances affecting the marketability of title to any Unit.

SECTION 25 - SUBDIVIDING OR COMBINING UNITS

Subdivision and/or combining of any Unit or Units, are authorized as follows:

25.1 Owner Proposal. Any Owner of any Unit or Units may propose any subdivision or combination of any Unit or Units, and appurtenant Limited Common Elements in writing, together with complete plans and specifications for accomplishing the same and a proposed amendment to this Declaration, the Survey Map and Plans covering such subdivision or combination, to the Board, which shall then notify all other Unit Owners of the requested subdivision or combination.

25.2 Owner/Mortgagee Approval. Upon written approval of such proposal by sixty-seven percent (67%) of the Owners and sixty-seven percent (67%) of the Eligible Mortgagees, including all Eligible Mortgagee(s) and Owner(s) of the Unit(s) to be combined or subdivided, the Owner(s) making the proposal may proceed according to such plans and specifications; provided that the Board may in its discretion (but it is not mandatory that the Board exercise this authority) require that the Board administer the work or that provisions for the protection of other Units or Common Elements or reasonable deadlines for completion of the work be inserted in the contracts for the work.

25.3 Survey Map and Plans. The changes in the Survey Map and Plans, if any, and the changes in the Declaration shall be recorded as amendments to the Survey Map and Plans, and Declaration in accordance with the provisions of Section 26.

25.4 Allocated Interests. The Allocated Interests formerly allocated to the subdivided Unit shall be reallocated to the new Units in any reasonable and equitable manner prescribed by that Owner of the subdivided Unit. The Allocated Interests of the New Unit resulting from a combination of new Units shall be the aggregate of the Allocated Interests allocated to the Units prior to the combination thereof.

25.5 Building 13. Nothing in this Section shall impair the right of Declarant to subdivide Building 13 into four (4) Units.

SECTION 26 - AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS

26.1 Approval of Unit Owners. Except in cases of amendments which may be made by Declarant, under RCW 64.34.232(6) or RCW 64.34.236, the Association under RCW 64.34.060, 64.34.220(5), 64.34.228(3), 64.34.244(1), 64.34.248, or 64.34.268(8), or certain Unit Owners under RCW 64.34.228(2), 64.34.244(1), 64.34.248(2), or Section 26.4 below, the Declaration and the Survey Maps and Plans may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

26.2 Execution of Amendment. Amendments to the Declaration required by the Act to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association and without any other signature.

26.3 Recording. Every amendment to the Declaration must be recorded in each county in which any portion of the Condominium is located, and is effective only upon recording.

26.4 Exceptions. Except to the extent expressly permitted or required by the Act and as set forth in this Declaration, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, the allocated interests of a Unit, or the uses to which any Unit is restricted, in the absence of the vote or agreement of the Owner of each Unit particularly affected and the Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated excluding the votes allocated to Declarant or such larger percentage as this Declaration provides.

26.5 Special Declarant's Rights. No amendment may restrict, eliminate, or otherwise modify any special Declarant right provided in the Declaration without the consent of Declarant and any mortgagee of record with a security interest in the special Declarant right or in any Real Property subject thereto, excluding mortgagees of Units owned by persons other than Declarant.

26.6 Subdivision of Building 13. Upon the subdivision of Building 13, Declarant shall execute (by its signature only) and record amendments to this Declaration (and Appendices) and the Survey Map and Plans to reflect all of the information regarding the newly created Units in the same manner as all other Units in HAWTHORNE, a Condominium.

26.7 Limitation of Action. No action to challenge the validity of an amendment adopted by the Association pursuant to this Section may be brought more than one year after the amendment is recorded.

26.8 Approval by Mortgagees. Notwithstanding any of the foregoing, fifty-one percent (51%) of all mortgagees who have requested notification of amendments must give prior written approval to any material amendment to the Declaration, including any of the following:

26.8.1 Voting rights;

26.8.2 Assessments, assessment liens and subordination of such liens;

26.8.3 Reserves for maintenance, repair and replacement of Common Elements;

- 26.8.4 Insurance or fidelity bonds;
- 26.8.5 Responsibility for maintenance and repair;
- 26.8.6 Expansion or contraction of the project or the addition, annexation or withdrawal of Property to or from the Condominium;
- 26.8.7 Boundaries of any Unit;
- 26.8.8 Reallocation of interest in the Common or Limited Common Elements, or rights to their use;
- 26.8.9 Convertibility of Units into Common Elements or of Common Elements into Units;
- 26.8.10 Leasing of Units other than as set forth in this Declaration;
- 26.8.11 Imposition of any restrictions on the right of a Unit Owner to sell or transfer his or her Unit;
- 26.8.12 Decision by the Association to establish self-management when professional management had been required previously by an eligible mortgage holder;
- 26.8.13 Restoration or repair (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
- 26.8.14 Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- 26.8.15 Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgage on Units.

26.9 Amendment to Record Change in Service of Process. The Board (or Temporary Board) may record any changes in the name or address of the person authorized to receive service of process under Section 13 without any approval of the Unit Owners; provided, that any such amendment shall recite the approval of the Board (or Temporary Board) and shall be signed by any officer of the Association designated for that purpose or in the absence of any other designation by the president of the Association.

26.10 Amendments by Declarant. In addition to the foregoing, Declarant may amend this Declaration and the Survey

Map and Plans without the consent or approval of the Board or the Unit Owners, as follows:

26.10.1 To add additional units or real property to the condominium pursuant to the exercise of Declarant's Development Rights and Special Declarant's Rights created in this Declaration.

26.10.2 To correct or revise the boundaries or descriptions of the Buildings, Units, and Common Elements to reflect their locations as built;

26.10.3 To make such reasonable changes as may from time to time be required by a mortgagee; provided, that any such changes shall not affect the allocation of undivided interest in the Common Elements or materially and adversely affect the rights of the Unit Owners or other mortgagees.

26.10.4 To execute and record amendments.

26.10.5 To commemorate the exercise of development rights and Special Declarant Rights pursuant to this Declaration.

26.10.6 Neither the Declaration nor the Survey Map and Plans shall be amended without the prior written consent of the Veterans' Administration until the Board has been elected pursuant to Section 14.4.3.

SECTION 27 - TERMINATION OF CONDOMINIUM

27.1 Approval by Unit Owners. Except in the case of a taking of all the Units by condemnation, the Condominium may be terminated only by agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated.

27.2 Termination Agreement. An agreement to terminate must be evidenced by the execution of a termination agreement or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners. The termination agreement must specify a date after which the agreement will be void unless it is recorded before that date and shall contain a description of the manner in which the creditors of the Association will be paid or provided for. A termination agreement and all ratifications thereof must be recorded in King County and is effective only upon recording. A termination agreement may be amended by complying with all of the requirements of this Section and the Act.

27.3 Sale of Common Elements and Units. A termination agreement may provide that all the Common Elements and Units of the Condominium shall be sold following termination. If, pursuant to the agreement, any Real Property in the Condominium is to be sold following termination, the termination agreement must set forth the minimum terms of the sale.

27.4 Ownership after Termination. The Association, on behalf of the Unit Owners, may contract for the sale of Real Property in the Condominium, but the contract is not binding on the Unit Owners until approved pursuant to Sections 27.1 and 27.2 above. If any Real Property in the Condominium is to be sold following termination, title to that Real Property, upon termination, vests in the Association as trustee for the holders of all interests in the Units. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association shall continue in existence with all powers it had before termination. Proceeds of the sale must be distributed to Unit Owners and lien holders as their interests may appear, in proportion to the respective interests of Unit Owners as provided in Section 27.7 below. Unless otherwise specified in the termination agreement, as long as the Association holds title to the Real Property, each Unit Owner and the Owner's successors in interest have an exclusive right to occupancy of the portion of the Real Property that formerly constituted the Owner's Unit. During the period of that occupancy, each Unit Owner and the Owner's successors in interest shall remain liable for all assessments and other obligations imposed on Unit Owners by the Act or this Declaration.

27.5 Tenancy in Common. If the Real Property constituting the Condominium is not to be sold following termination, title to all the Real Property in the Condominium vests in the Unit Owners upon termination as tenants-in-common in proportion to their respective interests as provided in Section 27.7, and liens on the Units shift accordingly. While the tenancy-in-common exists, each Unit Owner and the Owner's successors in interest have an exclusive right to occupancy of the portion of the Real Property that formerly constituted the Owner's Unit.

27.6 Payment to Creditors. Following termination of the Condominium, the proceeds of any sale of Real Property, together with the assets of the Association, are held by the Association as trustee for Unit Owners and holders of liens on the Units and creditors of the Association as their interests may appear. No such proceeds or assets may be disbursed to the Owners until all of the creditors of the Association have been paid or provided for. Following termination, creditors of the Association holding liens on the Units, which were recorded or perfected under RCW

4.64.020 before termination, may enforce those liens in the same manner as any such lien holder.

27.7 Division of Ownership after Termination. The respective interests of Unit Owners after termination are as follows:

27.7.1 Except as provided in Section 27.7.2 of this Section, the respective interests of Unit Owners are the fair market values of their Units, Limited Common Elements, and Common Element interests immediately before the termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Unit Owners and becomes final unless disapproved, within thirty days after distribution, by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Unit Owner's Unit and Common Element interest by the total fair market values of all the Units and Common Elements.

27.7.2 If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof before destruction cannot be made, the interests of all Unit Owners shall be their respective Common Element interests immediately before the termination.

27.8 Suspension of Right of Partition. The right of partition under Chapter 7.52 RCW shall be suspended and it shall continue unless and until no binding obligation to sell exists three months after the recording of the termination agreement, the binding sale agreement is terminated, or one year after the termination agreement is recorded, whichever first occurs.

SECTION 28 - COVENANTS RUNNING WITH THE LAND

The covenants, conditions, restrictions, uses, limitations and obligations contained in this Declaration shall be deemed to run with the Land, shall be a burden and benefit upon the Units and all other portions of the Property, shall be binding upon all persons acquiring or owning any interest therein, their grantees, successors, heirs, executors, administrators and assigns, and shall supplement the Act and be and remain effective independently of the Act, if it should for any reason or in any respect be or become inapplicable. This Declaration shall no longer apply if the Property is removed upon submission from under the Act and discontinued as a Condominium.

SECTION 29 - WAIVER

The failure of the Association, the Board of Directors, its officers or agents, or Declarant, to require in any one or more instances a strict performance of or compliance with any of the terms, covenants, conditions or restrictions contained in this Declaration, the Bylaws, or the Act, or to serve any notice or to institute any action or proceeding, shall not be construed as a waiver or release thereof, but they shall continue and remain in full force and effect. The receipt by any of said parties of any sum paid by a Unit Owner, with or without the knowledge of the breach of or failure to comply with any such provision, shall not be deemed a waiver thereof. No waiver, express or implied, of any such provision shall be effective unless made in writing pursuant to procedures specified herein, or in the Bylaws or in the Act, or if no such procedures are specified, then in writing and signed by the president of the Association pursuant to the authority contained in a resolution of the Board.

SECTION 30 - ENTRY FOR REPAIRS

The Association shall have the right to have access to each Unit from time to time during reasonable hours as may be necessary for maintenance, repair, or replacement of any of the Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to any other Unit or Units.

SECTION 31 - NOTICES

Any notice permitted or required to be delivered under the provisions of this Declaration, the Bylaws or the Act may be delivered either personally or by mail. If delivery is by mail, any such notice shall be deemed to have been delivered forty-eight (48) hours after a copy has been deposited in the United States mail, postage prepaid for first class mail, addressed to the person entitled to such notice at the most recent address given in writing by such person to the Association. Notice to a Unit Owner or Owners shall be sufficient if delivered or addressed to the Unit if no other mailing address has been given the Association. Notices to be given to the Association may be given to the person named in Section 13 hereof until the Board of Directors has been elected pursuant to Section 14.4.3, and thereafter shall be given to the president or secretary of the Association.

SECTION 32 - CABLE TELEVISION SYSTEM

The Real Property described in Appendix A, all of the Units located thereof, and the Owners thereof are subject to and bound

by that certain letter of agreement executed by Declarant and TCI Cablevision of Washington, Inc. providing for the installation, maintenance and operation of a cable television and FM signal distribution system for the entire Condominium project. A copy of the agreement is available upon request to Declarant or to the Board. The agreement permits the Board to revoke the same without cause and without payment of a termination fee, upon no more than thirty (30) days notice.

SECTION 33 - PHASED DEVELOPMENT

33.1 Development in Phases.

33.1.1 Declarant intends to develop and establish this Condominium in three (3) phases: HAWTHORNE, a Condominium, which is created by recording this Declaration and Phases 2 and 3 which will be added in the future. HAWTHORNE, a Condominium contains forty-five (45) Units. All phases will be built upon the Land described on Appendix A. Phase 2 will contain fifty (50) Units and Phase 3 will contain forty-five (45) Units. Section 33.6 states the development rights and Special Declarant Rights reserved for Declarant in Phases 2 and 3. Future phases may be added in any order selected solely by Declarant. The Survey Map and Plans, filed simultaneously herewith, depict a survey of the surface of the location of the Buildings, the plans of the Buildings, showing the vertical and horizontal boundaries of each Unit in HAWTHORNE, a Condominium, the location of each Unit, and the number and dimensions of each Unit. The provisions of this Declaration shall be effective immediately to establish HAWTHORNE (including the Land and all Units, Building and other improvements constructed thereon) as a Condominium under the Act. No provisions regarding each future phase shall be effective to establish that phase (including the Units, Building and improvements constructed on the Land) as part of the Condominium under the Act until Declarant records an amendment to the Declaration for a future phase (and an amendment to the Survey Map and Plans, if necessary) pursuant to Section 33.1.3.

33.1.2 The Declarant expects to complete all three phases, but it is not required to complete Phases 2 and 3. If Phases 2 and/or 3 are not, in fact, completed within seven (7) years from the date of the recording of this Declaration, HAWTHORNE, a Condominium (or HAWTHORNE, a Condominium and any combination with Phases 2 and/or 3) shall constitute a complete Condominium, the Land described for the uncompleted phase or phases shall remain within the Condominium.

33.1.3 Declarant shall execute and record an amendment to this Declaration stating that HAWTHORNE, a Condominium and any future phase, and subsequently any additional future phases(s)

(including the Units, Buildings and other improvements thereon), are established as a Condominium under the Act. From and after the recording of said amendment, all of the Units, Buildings and other improvements constructed in Phase 2 (and later in Phase 3), shall constitute a single Condominium pursuant to the Act and the provisions of this Declaration. In conjunction with said amendment to the Declaration, an updated or revised Survey Map and Plans shall be recorded describing HAWTHORNE, a Condominium and each future phase as it is added, including as-built certification or other matters required under the Act.

33.1.4 All Common Elements for each phase will be utilized by Unit Owners of the next succeeding phase as it is established, and the additional Owners will, after the effective date of the subsequent phase, also share in the expenses of the Common Elements in the succeeding phase. Owners in each prior phase shall utilize the Common Elements for the subsequent phase and also share in the expenses therefor.

33.1.5 Each future phase shall be completed in accordance with the plans and specifications prepared from time to time by Declarant's architect, and as approved from time to time by governmental authorities and lenders financing the construction of that phase. Completion of each future phase will be pursued by Declarant as expeditiously as reasonably possible after commencement of construction, subject to delays for reasons (including, but not limited to, labor disputes, material shortages, and acts of God) reasonably beyond the control of Declarant.

33.2 Phase Allocation of Undivided Interests in Common Elements, Liability for Common Expenses and Votes in the Association.

33.2.1 After each future phase is incorporated into the Condominium the undivided interest in the Common Elements and the liability for Common Expenses for each Unit shall be according to the percentage of undivided ownership for each Unit stated in the Amendment to this Declaration recorded by Declarant, provided that the allocation of undivided interests shall be in accordance with the ratio of the square footage of living area in each Unit compared with the total of the square footage of living area in all the Units then incorporated into the Condominium.

33.2.2 In all matters relating to the Association, each Unit shall be entitled to one (1) vote and all votes shall be equal.

33.3 Easement for Phased Developments. In addition to the general easements reserved by the Act and by reference in other

Sections of this Declaration, there is reserved a nonexclusive easement in favor of the Declarant and Declarant's successors and assigns, over and across HAWTHORNE, a Condominium and, for ingress and egress, and over and across easements, roadways and utility lines specified or established in and for HAWTHORNE, a Condominium for the benefit of all future phases. This reserved easement shall entitle Declarant and Declarant's successors and assigns, for development of all future phases, to tie into water, sewer, storm sewer, electrical, gas, telephone or other utility lines of all variety, and to connect with roadways or utilities systems developed and located in the completed phases of the Condominium; provided, however, that Declarant shall bear the cost of tie-ins to said utilities, and shall not tie into such utilities in a manner that impairs or significantly reduces the quality of utility service to the Units in HAWTHORNE, a Condominium.

33.4 Phased Amendment. Declarant, upon Declarant's sole signature, may execute and file the amendments to the Declaration (and to the initial Survey Map and Plans, if necessary) as provided under subsection 33.1.3, said amendments to contain and depict such information and data as is necessary to establish the Units in Phase 2 and Phase 3. Said amendments shall contain and depict such information and data as is necessary to establish the Units in Phase 2 and Phase 3, as part of the Condominium pursuant to the Act. Such amendments shall not require the consent of any other Owner, other than Declarant.

33.5 Liens Arising in Connection with Future Phases. At the time the amendments are made incorporating each future phase, into the Condominium, no lien arising in connection with Declarant's ownership of and construction of the improvements in phases not yet added to the Condominium, will adversely affect the rights of the existing Unit Owners, or the priority of the first mortgages on Units existing Condominium Property. All taxes, assessments, mechanics liens and other charges affecting the Land in future phases not yet added to the Condominium, will be paid or otherwise satisfactorily provided for by Declarant.

33.6 Development Rights and Special Declarant Rights Reserved by Declarant. The following Development Rights are hereby reserved for use by Declarant in each of the future phases;

33.6.1 Declarant may create and add fifty (50) Units in Phase 2 and forty-five (45) Units in Phase 3.

33.6.2 All of the Buildings and Units which are built pursuant to Section 33.6.1 shall be substantially the same architecture and substantially the same exterior finishes as the Units on the Property of Phase 1 of the Condominium.

33.6.3 Declarant shall have seven (7) years from the date of recording of this Declaration to construct and add the additional Units pursuant to Section 33.6.1.

33.6.4 The following Special Declarant Rights are hereby reserved for use by Declarant in Phases 2 and 3:

33.6.4.1 Declarant may complete the improvements indicated on the Survey Map and Plans for the respective phases, and as described in this Declaration;

33.6.4.2 Declarant may maintain a sales office, management office, signs advertising the Units for sale, and models on the Property until all Units are sold;

33.6.4.3 Declarant may use easements through the Common Elements as may be reasonably necessary for the purposes of discharging Declarant's obligations or exercising the development rights and Special Declarant Rights or making improvements within the Condominium and in Phases 2 and 3; and

33.6.4.4 Upon the completion of construction of the Building(s) and Units, or any portion thereof referred to in Section 33.6.1, Declarant shall execute and record an amendment to this Declaration and an amendment to the Survey Map and Plans to reflect the addition of the Buildings and Units. No signature other than Declarant's shall be required on any such amendment. Upon the recordation of each such amendment, the Units described therein shall be added to the Condominium and shall thereafter share in the ownership of the Common Elements, the liability for Common Expenses, and shall have the right to vote in matters of the Association as set forth in Section 10.

33.7 Binding Effect. The provisions of this Section 33 shall constitute irrevocable covenants running with all Phases and shall be irrevocably binding upon Declarant (and its successors and assigns) with respect to all Phases.

SECTION 34 - SEVERABILITY

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

SECTION 35 - INTERPRETATION

The provisions of this Declaration shall be liberally construed to effectuate its purposes to create a uniform plan for

she is a designated signor of Rolling Meadows, L.L.C., a Washington limited liability company, and that she is authorized to act on behalf of said limited liability company and she executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act of said limited liability company for the uses and purposes stated therein, and on oath stated she is authorized to execute the said instrument on behalf of said limited liability company.

SUBSCRIBED AND SWORN to before me this 26th day of September 1997.



Kristen Strissel
Printed Name: KRISTEN STRISSEL
Notary Public in and for the
State of Washington, residing at
Bellevue
Expiration Date: 4-25-98

APPENDIX A TO
DECLARATION FOR
HAWTHORNE, A Condominium

LEGAL DESCRIPTION OF ENTIRE SITE

LOT 1, KING COUNTY SHORT PLAT NUMBER 128J001, RECORDED UNDER RECORDING NUMBER 8411020512, IN KING COUNTY, WASHINGTON, TOGETHER WITH THAT PORTION OF VACATED W.C. SORENSON ROAD REVISION AND EXTENSION (NORTHEAST 131ST PLACE) LYING WITHIN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 26 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, AS VACATED UNDER KING COUNTY ORDINANCE NUMBER 9988;

TOGETHER WITH THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING WESTERLY OF THE NORTHERN PACIFIC RAILWAY COMPANY'S BELTLINE RIGHT-OF-WAY;

TOGETHER WITH THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING WESTERLY OF THE NORTHERN PACIFIC RAILWAY COMPANY'S BELTLINE RIGHT-OF-WAY;

EXCEPT THAT PORTION OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER CONVEYED TO KING COUNTY FOR 132ND AVENUE NORTHEAST BY DEED RECORDED UNDER RECORDING NO. 2750921.

ALSO EXCEPT THAT PORTION OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15; THENCE S88°17'45"E, ALONG THE SOUTH LINE THEREOF, A DISTANCE OF 248.62 TO THE EAST MARGIN OF AN EASEMENT GRANTED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENT RECORDED UNDER RECORDING NO. 2525713 AND THE TRUE POINT OF BEGINNING OF THIS EXCEPTION;

THENCE CONTINUING S88°17'45"E, 168 FEET; THENCE N25°52'12"W PARALLEL WITH SAID EASTERLY MARGIN, A DISTANCE OF 290 FEET; THENCE N88°17'45"W PARALLEL WITH SAID SOUTH LINE, A DISTANCE OF 168 FEET TO THE EAST MARGIN OF SAID EASEMENT; THENCE S25°52'12"E ALONG THE EASTERLY MARGIN OF SAID TRANSMISSION LINE EASEMENT, A DISTANCE OF 290 FEET TO THE TRUE POINT OF BEGINNING.

Appendix A (cont).

LEGAL DESCRIPTION OF PHASE I

THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, ALL IN SECTION 15, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15; THENCE N56°34'19"E 139.00 FEET; THENCE S64°00'00"E 147.81 FEET; THENCE S26°00'00"W 44.49 FEET; THENCE S28°00'00"E 139.90 FEET; THENCE N62°00'00"E 98.41 FEET; THENCE S28°00'00"E 94.86 FEET; THENCE S00°00'00"E 174.00 FEET; THENCE S32°00'00"E 199.00 FEET; THENCE N90°00'00"E 113.13 FEET; THENCE S01°42'15"W 137.03 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 15; THENCE N88°17'45"W, ALONG SAID SOUTH LINE, 250.71 FEET TO A POINT 168.00 FEET EAST OF THE EAST MARGIN OF AN EASEMENT GRANTED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENT RECORDED UNDER RECORDING NO. 2525713, RECORDS OF SAID COUNTY; SAID 168.00 FEET MEASURED ALONG THE SOUTH LINE OF SAID SUBDIVISION; THENCE N25°4'04"W PARALLEL WITH SAID EAST MARGIN, 290.00 FEET; THENCE N88°17'45"W, PARALLEL WITH THE SOUTH LINE OF SAID SUBDIVISION, 168.00 FEET TO THE EAST MARGIN OF SAID PUGET SOUND POWER AND LIGHT EASEMENT; THENCE S26°14'04"E, ALONG SAID EAST MARGIN, 290.00 FEET TO THE SOUTH LINE OF SAID SUBDIVISION; THENCE N88°17'45"W, ALONG SAID SOUTH LINE, 218.61 FEET TO THE EAST RIGHT-OF-WAY MARGIN OF 132ND AVENUE N.E. AS DEED TO KING COUNTY BY DEED RECORDED UNDER RECORDING NO. 2750921, RECORDS OF SAID COUNTY; THENCE N02°17'56"E, ALONG SAID MARGIN, 182.12 FEET TO A POINT OF TANGENCY WITH A 746.34 FOOT RADIUS CURVE TO THE LEFT; THENCE NORTHERLY, ALONG SAID CURVE AND MARGIN, THROUGH A CENTRAL ANGLE OF 16°18'01", A DISTANCE OF 212.33 FEET TO THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 15; THENCE N02°17'56"E, ALONG SAID WEST LINE, 257.80 FEET TO THE POINT OF BEGINNING.

APPENDIX B TO
DECLARATION FOR
HAWTHORNE, A Condominium

<u>Bldg/Unit</u>	<u>Floor</u>	<u>Floor Plan</u> <u>(See Note 1)</u>	<u>Area</u> <u>(Approx. Sq. Ft.)</u>		
			<u>Unit</u>	<u>Garage</u>	<u>Total</u>
1A	1&2	F	1607	667	2274
1B	1&2	E	1308	561	1869
1C	1&2	F	1607	667	2274
2A	1&2	F	1607	667	2274
2B	1&2	E	1308	561	1869
2C	1&2	F	1607	667	2274
3A	1&2	F	1607	667	2274
3B	1&2	E	1308	561	1869
3C	1&2	E	1308	561	1869
3D	1&2	E	1308	561	1869
3E	1&2	F	1607	667	2274
4A	1	A	1056	233	1289
4B	1&2	B	1337	233	1570
4C	1&2	B	1337	233	1570
4D	1	A	1056	233	1289
5A	1&2	G	1099	891	1990
5B	1&2	G	1099	891	1990
6A	1&2	G	1099	891	1990
6B	1&2	G	1099	891	1990
7A	1&2	F	1607	667	2274
7B	1&2	E	1308	561	1869
7C	1&2	E	1308	561	1869
7D	1&2	F	1607	667	2274
8A	1&2	C	1242	233	1475
8B	1&2	D-1	1548	400	1948
9A	1&2	D-2	2285	400	2685
9B	1&2	C	1242	233	1475
9C	1&2	D-2	2285	400	2685

<u>Bldg/Unit</u>	<u>Floor</u>	<u>Floor Plan</u> (See Note 1)	<u>Area</u> (Approx. Sq. Ft.)		
			<u>Unit</u>	<u>Garage</u>	<u>Total</u>
10A	1&2	F	1607	667	2274
10B	1&2	E	1308	561	1869
10C	1&2	E	1308	561	1869
10D	1&2	E	1308	561	1869
10E	1&2	F	1607	667	2274
11A	1&2	F	1607	667	2274
11B	1&2	E	1308	561	1869
11C	1&2	F	1607	667	2274
12A	1&2	F	1607	667	2274
12B	1&2	E	1308	561	1869
12C	1&2	E	1308	561	1869
12D	1&2	E	1308	561	1869
12E	1&2	F	1607	667	2274
13					5718

NOTE 1. Floor plans are as follows:

Floor Plan A: Great room/dining room, kitchen, master bedroom, master bath, second bedroom, second bath, entry and garage.

Floor Plan B:

Lower level: Great room/dining room, kitchen, powder room, garage and entry.

Upper level: Master bedroom, master bath, second bedroom, second bath and den.

APPENDIX B (cont.)

Floor Plan C:

Lower level: Great room/dining room, kitchen, powder room, entry and garage.

Upper level: Master bedroom, master bath, second bedroom and second bath.

Floor Plan D-1:

Lower level: Great room/dining room, kitchen, master bedroom, master bath, powder room, entry and garage.

Upper level: Second bedroom, second bath and third bedroom.

Floor Plan D-2:

Basement: Unfinished

Lower level: Great room/dining room, kitchen, master bedroom, master bath, powder room, entry and garage.

Upper level: Second bedroom, second bath and third bedroom.

Floor Plan E:

Garage level: Garage and entry.

Lower level: Great room/dining room, kitchen and powder room.

Upper level: Master bedroom, master bath, second bedroom and second bath.

Floor Plan F:

Garage level: Garage and storage.

Lower level: Great room/dining room, kitchen nook, powder room and entry.

Upper level: Master bedroom, master bath, second bedroom, second bath, third bedroom and laundry.

APPENDIX B (cont.)

Floor Plan G:

Garage level: Garage and entry.

Lower level: Great room/dining room, kitchen, master bedroom, master bath, second bedroom, second bath and laundry.

NOTE 2. Each Unit has one (1) fireplace.

NOTE 3. All Units have gas heat.

APPENDIX C TO
DECLARATION FOR
HAWTHORNE, A CONDOMINIUM

<u>Unit</u>	<u>Percentage of Undivided Interest in Common Elements and Liability for Common Expenses Per Unit (See Note 1)</u>
1A	2.54
1B	2.06
1C	2.54
2A	2.54
2B	2.06
2C	2.54
3A	2.54
3B	2.06
3C	2.06
3D	2.06
3E	2.54
4A	1.67
4B	2.11
4C	2.11
4D	1.67
5A	1.73
5B	1.73
6A	1.73
6B	1.73
7A	2.54
7B	2.06
7C	2.06
7D	2.54
8A	1.96
8B	2.44
9A	3.60
9B	1.96
9C	3.60

<u>Unit</u>	<u>Percentage of Undivided Interest in Common Elements and Liability for Common Expenses Per Unit (See Note 1)</u>
10A	2.54
10B	2.06
10C	2.06
10D	2.06
10E	2.54
11A	2.54
11B	2.06
11C	2.54
12A	2.54
12B	2.06
12C	2.06
12D	2.06
12E	2.54
13	<u>7.56</u>
	<u>100.00</u>

Note 1 The percentages on this Appendix C have been calculated by the ratio that the square footage of living area in each Unit compares with the total square footage in all the Units presently incorporated into the Condominium.

HAWTHORNE, A CONDOMINIUM

PHASE I

NW 1/4 AND SW 1/4, SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M.
CITY OF WOODINVILLE, KING COUNTY, WASHINGTON

LEGAL DESCRIPTION OF ENTIRE SITE

LOT 1 KING COUNTY SHIRT PLAT NUMBER 128001 RECORDED UNDER RECORDING NUMBER 841020512 IN KING COUNTY WASHINGTON TOGETHER WITH THAT PORTION OF VACATED W.C. SPRENGER ROAD AND EXTENSION (NORTH-EAST 1/2) (1/2) ACRES LING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN IN KING COUNTY, WASHINGTON, AS VACATED UNDER KING COUNTY ORDINANCE NUMBER 4486.

TOGETHER WITH THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M. IN KING COUNTY, WASHINGTON LYING WESTERLY OF THE NORTHERN PACIFIC RAILWAY COMPANY'S BELTLINE RIGHT-OF-WAY.

TOGETHER WITH THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M. IN KING COUNTY, WASHINGTON LYING WESTERLY OF THE NORTHERN PACIFIC RAILWAY COMPANY'S BELTLINE RIGHT-OF-WAY.

EXCEPT THAT PORTION OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER CONVEYED TO KING COUNTY FOR 13240 AVENUE NORTH-EAST BY DEED RECORDED UNDER RECORDING NO. 2750821.

ALSO EXCEPT THAT PORTION OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, THENCE S84°15'15"E ALONG THE SOUTH LINE THEREOF A DISTANCE OF 248.82 TO THE EAST WAGON OF AN EASEMENT GRANTED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENT RECORDED UNDER RECORDING NO. 2252713 AND THE TRUE POINT OF BEGINNING OF THIS EXCEPTION.

THENCE CONTINUING S84°15'15"E 188 FEET, THENCE 423°27'12"W PARALLEL WITH SAID EASTERN WAGON A DISTANCE OF 280 FEET, THENCE N88°17'45"W PARALLEL WITH SAID SOUTH LINE A DISTANCE OF 188 FEET TO THE EAST WAGON OF SAID EASEMENT, THENCE 123°27'12"E ALONG THE EASTERN WAGON OF SAID TRANSMISSION LINE EASEMENT, A DISTANCE OF 280 FEET TO THE TRUE POINT OF BEGINNING.

LEGAL DESCRIPTION OF PHASE I

THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER ALL IN SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M. IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 15, THENCE N88°17'45"E 128.00 FEET, THENCE S84°15'15"E 141.81 FEET, THENCE 228°50'00"W 44.48 FEET, THENCE 328°00'00"E 128.80 FEET, THENCE N82°00'00"E 84.48 FEET, THENCE 500°00'00"E 174.00 FEET, THENCE 132°00'00"E 196.00 FEET, THENCE 480°00'00"E 113.11 FEET, THENCE 301°42'15"W 137.93 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 15, THENCE N88°17'45"W ALONG SAID SOUTH LINE 250.00 FEET TO A POINT 188.00 FEET EAST OF THE EAST WAGON OF AN EASEMENT GRANTED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENT RECORDED UNDER RECORDING NO. 2252713, RECORDS OF SAID COUNTY, SAID 188.00 FEET MEASURED ALONG THE SOUTH LINE OF SAID SUBDIVISION; THENCE N28°14'04"W PARALLEL WITH SAID EAST WAGON 280.00 FEET, THENCE N88°17'45"W PARALLEL WITH THE SOUTH LINE OF SAID SUBDIVISION 188.00 FEET TO THE EAST WAGON OF SAID PUGET SOUND POWER AND LIGHT EASEMENT, THENCE 328°14'04"E ALONG SAID EAST WAGON 280.00 FEET TO THE SOUTH LINE OF SAID SUBDIVISION, THENCE N88°17'45"W ALONG SAID SOUTH LINE 218.81 FEET TO THE EAST WAGON, 182.12 FEET TO A POINT OF TANGENCY WITH A 148.12 FOOT RADIUS CURVE, TO THE LEFT, THENCE NORTHERLY ALONG SAID CURVE AND WAGON THROUGH A CENTRAL ANGLE OF 187°02' A DISTANCE OF 212.33 FEET TO THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 15, THENCE N02°17'45"E ALONG SAID WEST LINE 227.30 FEET TO THE POINT OF BEGINNING.

CONTAINS 280.3275 SQUARE FEET (3.8753 ACRES).

STATE OF _____ }
COUNTY OF _____ } 5

THIS IS TO CERTIFY THAT ON THIS _____ DAY OF _____ 1987, BEFORE ME, A NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON, DUTY COMMISSIONED AND SWORN, KEVIN JAMES STE, PERSONALLY KNOWN OR HAVING PRESENTED SATISFACTORY EVIDENCE THAT SHE IS A DESIGNATED SIGNOR OF ROLLING MEADOWS, L.L.C., A WASHINGTON LIMITED LIABILITY COMPANY, AND THAT SHE IS AUTHORIZED TO ACT ON BEHALF OF SAID ROLLING MEADOWS COMPANY AND SHE EXECUTED THE FOREGOING INSTRUMENT AND ACKNOWLEDGED SAID INSTRUMENT TO BE THE FREE AND VOLUNTARY ACT OF SAID LIMITED LIABILITY COMPANY FOR THE USES AND PURPOSES STATED THEREIN, AND ON OATH STATED SHE IS AUTHORIZED TO EXECUTE THE SAID INSTRUMENT ON BEHALF OF SAID LIMITED LIABILITY COMPANY.

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____ 1987.

PRINTED NAME _____
NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON
RESIDING AT _____
EXPIRATION DATE _____

RESTRICTIONS

- THIS SITE IS SUBJECT TO AN EASEMENT TO PUGET SOUND POWER AND LIGHT COMPANY FOR A PULL LINE. THE DESCRIPTION CONTAINED THEREIN IS NOT SUFFICIENT TO DETERMINE ITS EXACT LOCATION AS DISCLOSED BY INSTRUMENT RECORDED UNDER RECORDING NO. 2252713.
- THIS SITE IS SUBJECT TO AN EASEMENT TO WASHINGTON NATURAL GAS COMPANY FOR A GAS PIPELINE OVER AN UNDISCLOSED PORTION OF THIS SITE AS CONSTRUCTED OR TO BE CONSTRUCTED AS DISCLOSED BY INSTRUMENT RECORDED UNDER RECORDING NO. 841210281.
- THIS SITE IS SUBJECT TO AN EASEMENT TO THE BENEFIT OF SITE NORTHWEST INC. FOR UNDERGROUND COMMUNICATION FACILITIES OVER AN UNDISCLOSED PORTION OF THIS SITE AS CONSTRUCTED OR TO BE CONSTRUCTED, AS DISCLOSED BY INSTRUMENT RECORDED UNDER RECORDING NO. 870803180.
- THIS SITE IS SUBJECT TO COVENANTS, CONDITIONS, RESTRICTIONS, ETC. CONTAINED IN KING COUNTY SHIRT PLAT NO. 128001, RECORDED UNDER RECORDING NO. 841020512.
- THIS SITE IS SUBJECT TO AN AGREEMENT BETWEEN NORTHERN PACIFIC RAILROAD COMPANY AND T. B. ALICK AND HIS HEIR ALOR REGARDING WATER DRAINAGE AS DISCLOSED BY INSTRUMENT UNDER RECORDING NO. 2177118.
- THE SITE IS SUBJECT TO AGREEMENTS BETWEEN SLOAN BUILDING COMPANY AND NEWTON PLACE DEVELOPMENT COMPANY AND BURNSTEAD CONSTRUCTION COMPANY REGARDING THE MAINTENANCE OF AN EASEMENT AND RIGHTS OF ADJOINING OWNERS TO CONNECT TO UTILITIES AS DISCLOSED BY INSTRUMENTS UNDER RECORDING NOS. 820720487 AND 820713048.
- THIS SITE IS SUBJECT TO AN AGREEMENT BETWEEN THE CITY OF WOODINVILLE AND BURNSTEAD CONSTRUCTION COMPANY REGARDING A CONCOMITANT AGREEMENT AS DISCLOSED BY INSTRUMENT UNDER RECORDING NO. 830120231.
- THIS SITE IS SUBJECT TO AN AGREEMENT BETWEEN TELEVIEW SYSTEMS AND ROLLING MEADOWS, L.L.C. REGARDING CABLE TELEVISION SERVICE AS DISCLOSED BY INSTRUMENT UNDER RECORDING NO. 841101180.

RECITAL

KNOW ALL MEN BY THESE PRESENTS THAT WE, THE UNDERSIGNED OWNERS IN FEE SAMPLE OF THE PROPERTY SHOWN HEREBY DECLARE THIS SURVEY MAP AND PLANS FOR HAWTHORNE, A CONDOMINIUM, AND DEDICATE THE SAME FOR CONDOMINIUM PURPOSES. THIS SURVEY MAP AND PLANS OR ANY PORTION THEREOF SHALL BE RESTRICTED BY THE TERMS OF THE CONDOMINIUM DECLARATION FOR HAWTHORNE RECORDED IN CONJUNCTION HEREBY UNDER KING COUNTY RECORDING NUMBER _____. THIS DECLARATION IS NOT FOR PUBLIC PURPOSES, BUT SOLELY TO MEET THE REQUIREMENTS OF AND TO SUBJECT THE PROPERTY TO THE WASHINGTON CONDOMINIUM ACT, RCW 64.34 AS PROVIDED IN THE CONDOMINIUM DECLARATION. WE FURTHER CLARIFY THAT ALL STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS OF ALL BUILDINGS CONTAINING OR CONTAINING ANY UNITS HEREBY CREATED ARE SUBSTANTIALLY COMPLETED.

IN WITNESS WHEREOF, DECLARANT HAS EXECUTED THIS RECITAL THIS _____ DAY OF _____ 1987.

DECLARANT BY: ROLLING MEADOWS, L.L.C. A WASHINGTON LIMITED LIABILITY COMPANY

BY: JS
KEVIN JAMES STE, DESIGNATED SIGNOR
PURSUANT TO REGULATION DATED 7/28/87

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THIS SURVEY MAP AND PLANS FOR HAWTHORNE, A CONDOMINIUM, PHASE I, IS BASED ON ON A SURVEY AND SUBDIVISION OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., THAT THE COURSES AND DISTANCES ARE SHOWN CORRECTLY HEREON; THAT THE LOCATION OF THE BUILDING AND THE SUBDIVISIONS OF THE UNITS, AS BUILT, ARE CORRECT; THAT ALL IMPROVEMENTS ARE SUBSTANTIALLY COMPLETE; THAT ALL INFORMATION REQUIRED BY RCW 64.34.212 IS SHOWN CORRECTLY HEREON; AND THAT I HAVE FULLY COMPLIED WITH ALL APPLICABLE STATUTES AND REGULATIONS.



BY: JS
KEVIN J. VANDERZANDEN
PROFESSIONAL LAND SURVEYOR
LICENSE NO. 30317
STATE OF WASHINGTON

STATE OF WASHINGTON }
COUNTY OF KING } 5

KEVIN J. VANDERZANDEN BEING FIRST DULY SWORN ON OATH, DEPOSES AND SAYS: I AM A REGISTERED LAND SURVEYOR IN THE STATE OF WASHINGTON AND AM THE PERSON WHO MADE AND EXECUTED THE FOREGOING CERTIFICATE. I HAVE READ THE SAME, KNOW THE CONTENTS THEREOF, AND BELIEVE THE SAME TO BE TRUE.

BY: JS
KEVIN J. VANDERZANDEN, P.L.S.

SUBSCRIBED AND SWORN TO THIS _____ DAY OF _____ 1987.

BY: _____
NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON
MY COMMISSION EXPIRES _____

DEPARTMENT OF ASSESSMENTS

EXAMINED AND APPROVED THIS _____ DAY OF _____ 19____

ASSESSOR _____ DEPUTY ASSESSOR _____

RECORDING CERTIFICATE

FILED FOR RECORD AT THE REQUEST OF BURNSTEAD CONSTRUCTION COMPANY THIS _____ DAY OF _____ 19____ AT _____ MINUTES PAST _____ O'CLOCK _____ M. IN VOLUME _____ OF CONDOMINIUMS, PAGES _____ TO _____ UNDER RECORDING NO. _____ RECORDS OF KING COUNTY, WASHINGTON.

MANAGED BY: SUPERINTENDENT OF RECORDS

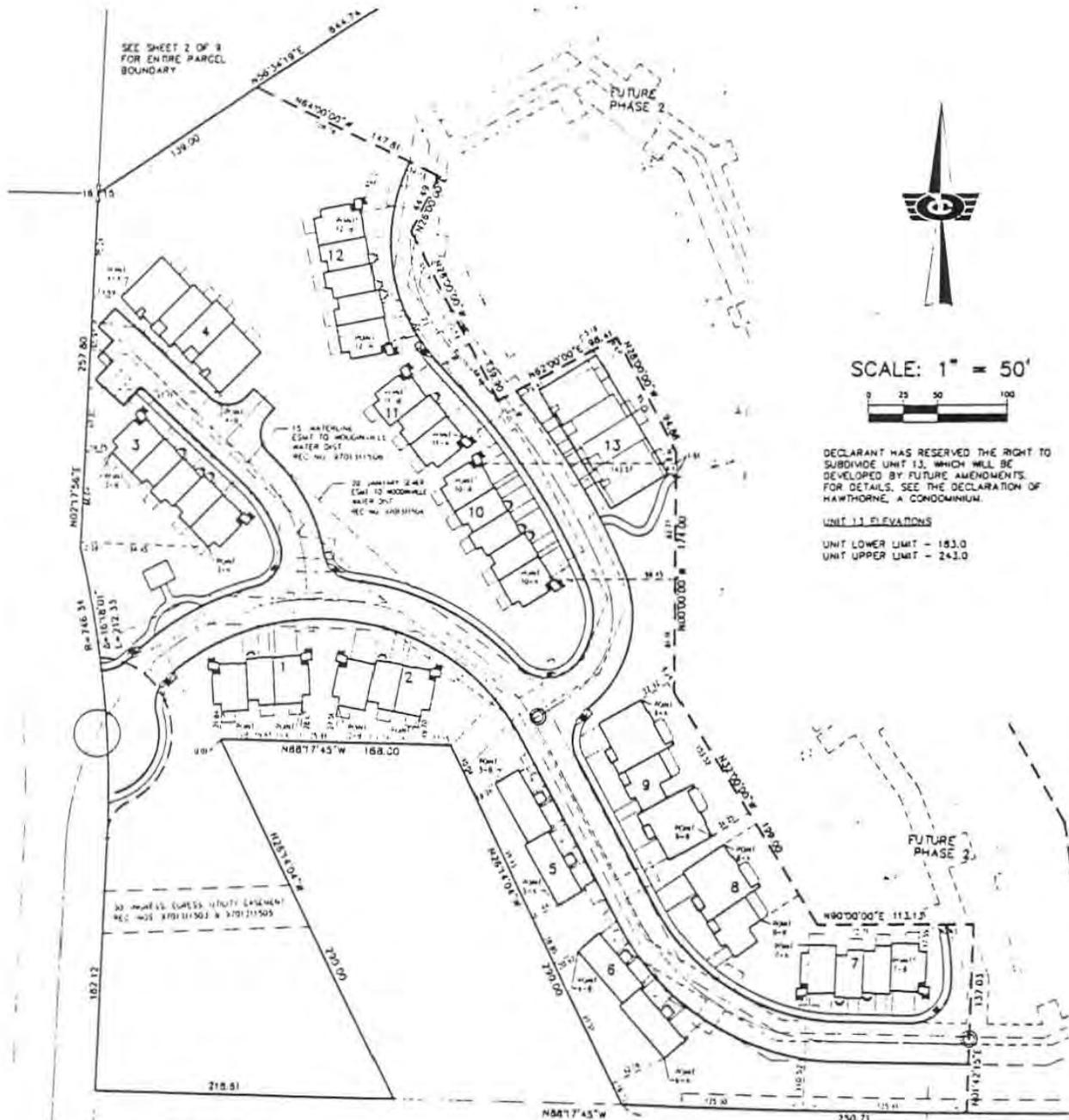


DODDS ENGINEERS, INC.
4205-148th AVE. N.E. BELLEVUE, WA 98007
JOB NO. 95119

SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM
 PHASE I

SHEET 3 OF 9

NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



SCALE: 1" = 50'



DECLARANT HAS RESERVED THE RIGHT TO SUBDIVIDE UNIT 13, WHICH WILL BE DEVELOPED BY FUTURE AMENDMENTS. FOR DETAILS, SEE THE DECLARATION OF HAWTHORNE, A CONDOMINIUM.

UNIT 13 ELEVATIONS
 UNIT LOWER LIMIT - 183.0
 UNIT UPPER LIMIT - 243.0

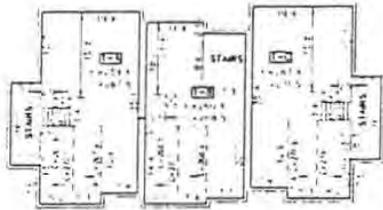


DODDS ENGINEERS, INC.
 4205-148th AVE. N.E., BELLEVUE, WA 98007
 JOB NO. 95119

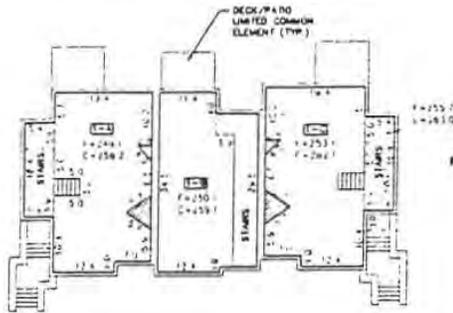
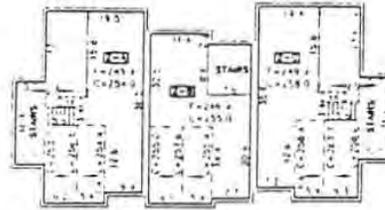
SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM

SHEET 4 OF 9

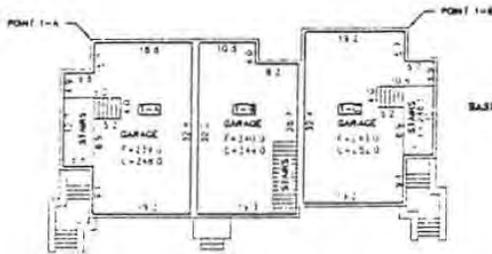
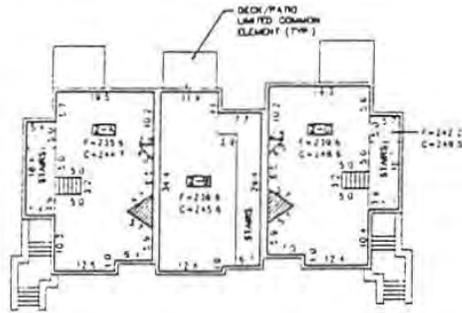
PHASE I
 NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



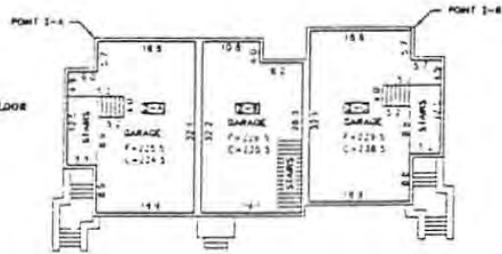
SECOND FLOOR



FIRST FLOOR

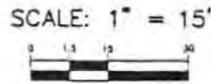


BASEMENT FLOOR



BUILDING 1

BUILDING 2



GENERAL NOTES

1. UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STUD WALL AND ARE SHOWN WITHIN A 0.18 FEET.
2. CEILING ELEVATIONS ARE TO THE LOWER SURFACE OF THE CEILING SHEET ROCK AND ARE SHOWN WITHIN A 0.18 FEET.
3. FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR (EXCLUDING OF CARPETING AND ARE SHOWN WITHIN A 0.18 FEET).

LEGEND

- MOST EXTERIOR SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN
- F FLOOR ELEVATION
- C CEILING ELEVATION
- CEILING DOWNLOPES
- [A] UNIT DESIGNATION
- 1" PORTLAND CEMENT MASONRY WALL UNLESS OTHERWISE INDICATED
- BREAK - CEILING ELEVATION
- BREAK - FLOOR ELEVATION
- FINISH - CEILING ELEVATION
- FINISH - FLOOR ELEVATION
- FINISH - LIMITED COMMON ELEMENT
- FINISH - AS SHOWN

BENCHMARK
 TOP OF MORTAR AT NORTH CORNER,
 SECTION 14, TOWNSHIP 26 NORTH,
 RANGE 5 EAST, N.M. ELEV. = 126.18

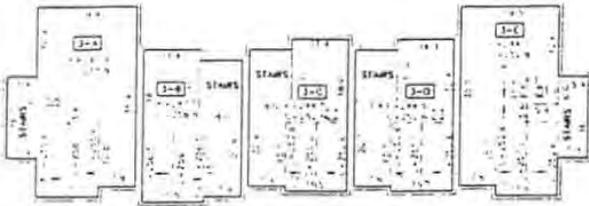
VERTICAL DATUM
 NGVD

DODDS ENGINEERS, INC.
 4205-148TH AVE. N.E., BELLEVUE, WA 98007
 JOB NO. 95119

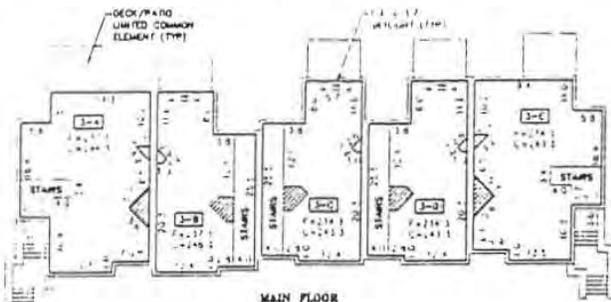
SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM
 PHASE I

SHEET 6 OF 9

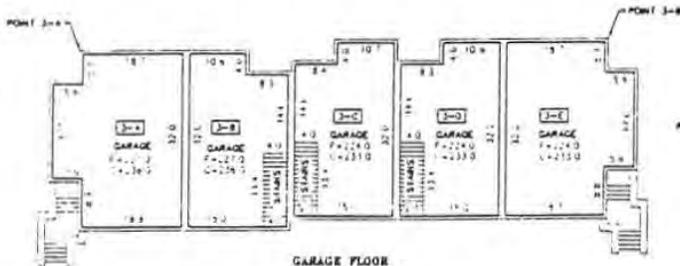
NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 3 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



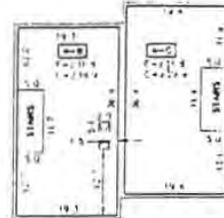
SECOND FLOOR



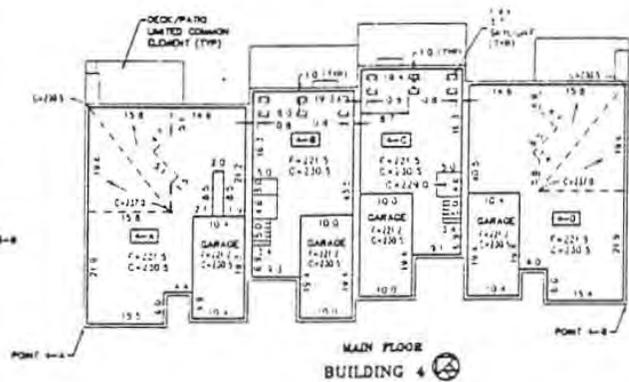
MAIN FLOOR



GARAGE FLOOR
 BUILDING 3



SECOND FLOOR



MAIN FLOOR
 BUILDING 4

GENERAL NOTES

1. UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STUD WALL AND ARE SHOWN WITHIN A 0.16 FEET.
2. CEILING ELEVATIONS ARE TO THE LOWER SURFACE OF THE CEILING SHEET ROOF AND ARE SHOWN WITHIN A 0.16 FEET.
3. FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR (EXCLUDING OF CARPETING AND ARE SHOWN WITHIN A 0.16 FEET).

LEGEND

- MOST EXTERIOR SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN.
- F FLOOR ELEVATION
- C CEILING ELEVATION
- CEILING CONTOUR
- 3-1 UNIT DESIGNATION
- 1/2" MINIMUM THICK WALL UNDER FINISHING REQUIREMENTS
- - - BREAK IN CEILING ELEVATION
- - - BREAK IN FLOOR ELEVATION
- DECK/PATIO LIMITED COMMON ELEMENT



SCALE: 1" = 15'



BENCHMARK

TOP OF MONUMENT AT NORTH QUARTER, SECTION 16, TOWNSHIP 26 NORTH, RANGE 3 EAST, NAD. ELEV. = 436.86

VERTICAL DATUM

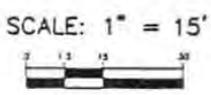
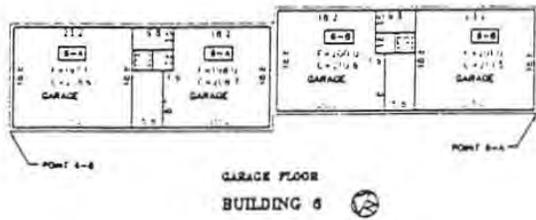
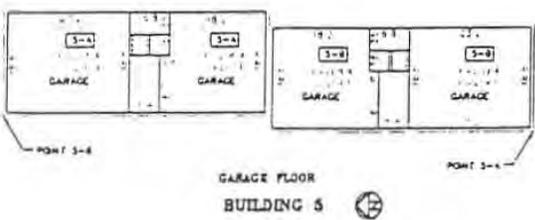
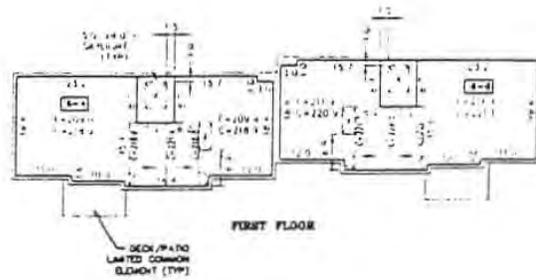
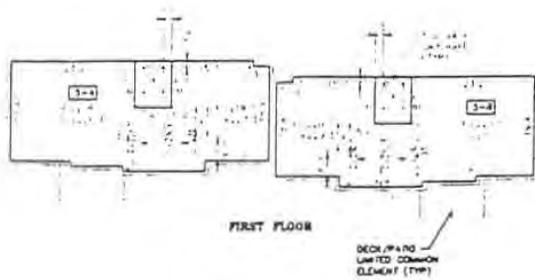
NGVD



DODDS ENGINEERS, INC.
 4205-148th AVE. N.E., BELLEVUE, WA 98007
 JOB NO. 95119

SURVEY MAP AND PLANS FOR SHEET 6 OF 9
HAWTHORNE, A CONDOMINIUM

PHASE I
 NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 3 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



- GENERAL NOTES**
1. UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STUD WALL AND ARE SHOWN WITHIN 2 1/8 FEET.
 2. DECKLINE ELEVATIONS ARE TO THE LOWER SURFACE OF THE DECKLINE SHEET ROCK AND ARE SHOWN WITHIN 2 1/8 FEET.
 3. FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR (EXCEPT WHERE SHOWN OTHERWISE AND ARE SHOWN WITHIN 2 1/8 FEET).

- LEGEND**
- JOINT EXTERIOR SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN
 - F FLOOR ELEVATION
 - C DECKLINE ELEVATION
 - DECKLINE CONTOUR
 - 3-A UNIT DESIGNATION
 - IF INDICATED WALL UNLESS OTHERWISE INDICATED
 - BRICK - DECKLINE ELEVATION
 - BRICK - FLOOR ELEVATION
 - FINISH FLOOR - LIMITED COMMON ELEMENT

BENCHMARK
 TOP OF MONUMENT AT NORTH QUARTER, SECTION 15, TOWNSHIP 26 NORTH, RANGE 3 EAST, W.M. ELEV. = 528.84

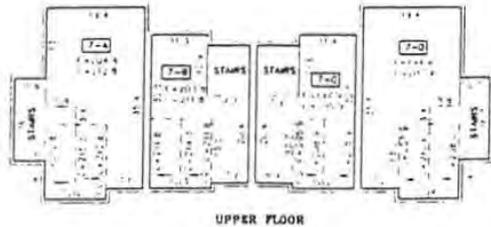
VERTICAL DATUM
 CGM

DOODS ENGINEERS, INC.
 4205-148TH AVE. N.E., BELLEVUE, WA 98007
 JOB NO. 95119

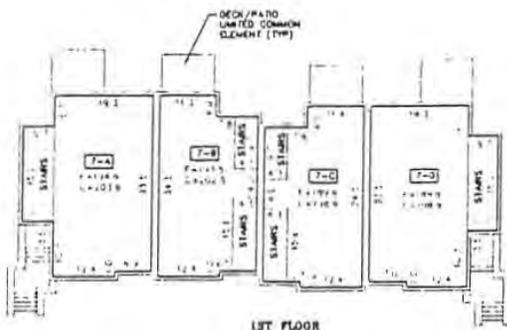
SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM
 PHASE I

SHEET 7 OF 9

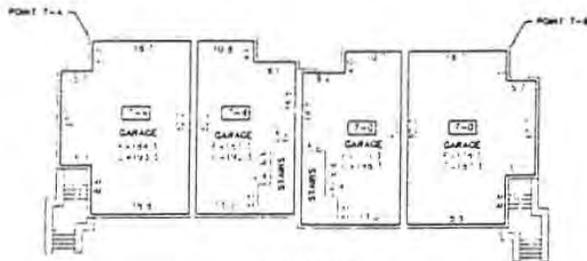
NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



UPPER FLOOR

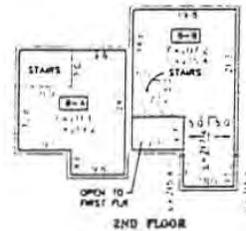


1ST FLOOR

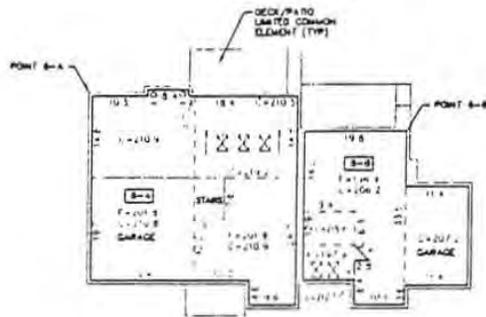


GARAGE FLOOR

BLDG 7



2ND FLOOR



1ST FLOOR

BLDG 8



GENERAL NOTES

1. UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STAIR HALL AND ARE SHOWN WITHIN ± 0.10 FEET.
2. CEILING ELEVATIONS ARE TO THE LOWER SURFACE OF THE CEILING FINISH ROCK AND ARE SHOWN WITHIN ± 0.10 FEET.
3. FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR EXCLUSIVE OF CARPETING AND ARE SHOWN WITHIN ± 0.10 FEET.

LEGEND

- UNIT EXTERIOR SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN
- F FLOOR ELEVATION
- C CEILING ELEVATION
- CEILING DOWNLIGHT
- 7-A UNIT DESIGNATION
- 1" FINISH TO WALL UNLESS OTHERWISE INDICATED
- BREAK IN CEILING ELEVATION
- BREAK IN FLOOR ELEVATION
- FINISH TO CHANGING TO LIMITED COMMON ELEMENT



SCALE: 1" = 15'



BENCHMARK

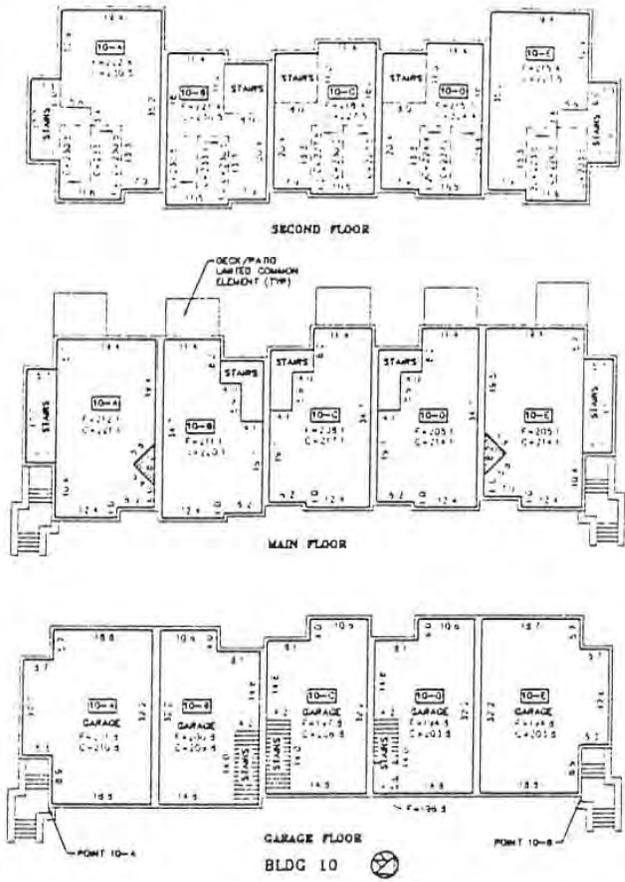
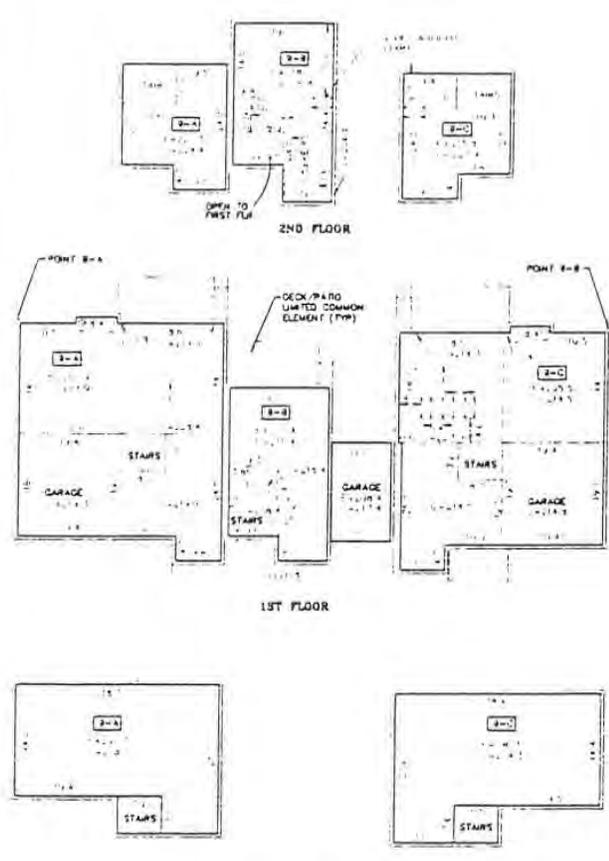
TOP OF MONUMENT AT NORTH QUARTER, SECTION 16, TOWNSHIP 28 NORTH, RANGE 5 EAST, P.M. ELEV. = 326.96

VERTICAL DATUM

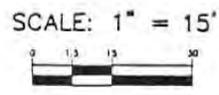
NGD

SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM
 PHASE I

NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



- GENERAL NOTES**
1. UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STUD WALL AND ARE SHOWN WITHIN ± 2.16 FEET.
 2. CEILING ELEVATIONS ARE TO THE LOWER SURFACE OF THE CEILING SHEET ROOF AND ARE SHOWN WITHIN ± 2.16 FEET.
 3. FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR (EXCLUSIVE OF CARPETING AND ARE SHOWN WITHIN ± 2.16 FEET).



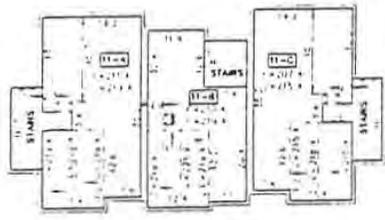
- LEGEND**
- MOST EXTENSIVE SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN
 - F FLOOR ELEVATION
 - C CEILING ELEVATION
 - CEILING SCHEDULE
 - 9-A UNIT DESIGNATION
 - 6" PERIMETER WALL UNLESS OTHERWISE INDICATED
 - - - BREAK IN CEILING ELEVATION
 - - - BREAK IN FLOOR ELEVATION
 - ▨ FINISH & OWNER'S LIMITED COMMON ELEMENT
 - SHIFTLIGHT AS SHOWN

BENCHMARK
 TOP OF MONUMENT AT NORTH QUARTER, SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, P.M. SLEV. = 325.89

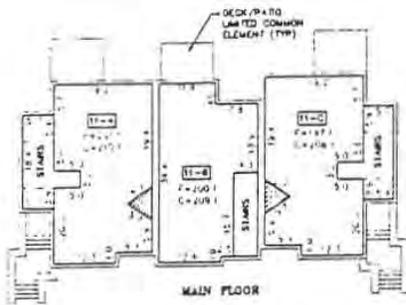
VERTICAL DATUM
 NGVD

SURVEY MAP AND PLANS FOR
HAWTHORNE, A CONDOMINIUM
 PHASE I

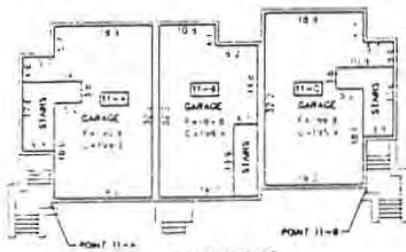
NW 1/4 AND SW1/4, SECTION 15, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M.
 CITY OF WOODINVILLE, KING COUNTY, WASHINGTON



SECOND FLOOR

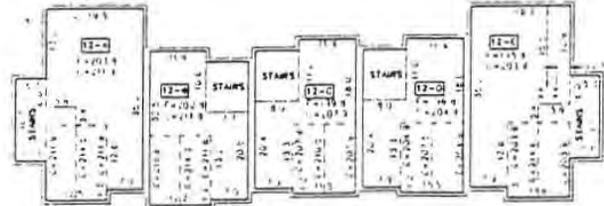


MAIN FLOOR

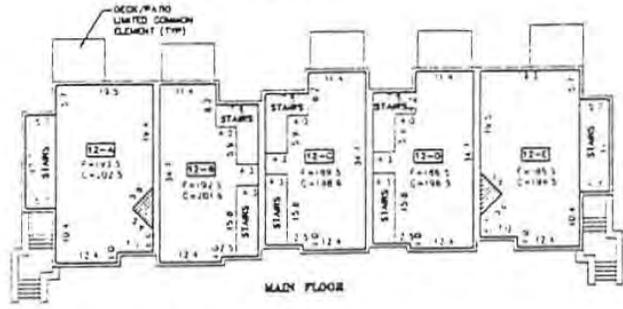


GARAGE FLOOR

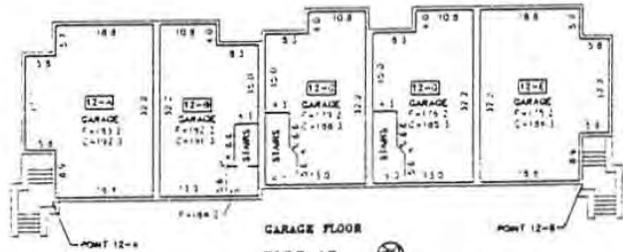
BLDG 11



SECOND FLOOR



MAIN FLOOR



GARAGE FLOOR

BLDG 12



SCALE: 1" = 15'



GENERAL NOTES

- UNIT DIMENSIONS ARE TO THE INTERIOR SURFACE OF THE STUD WALL AND ARE SHOWN WITHIN 2.5 FEET.
- DECKING ELEVATIONS ARE TO THE LOWER SURFACE OF THE DECKING SHEET ROOF AND ARE SHOWN WITHIN 2.5 FEET.
- FLOOR ELEVATIONS ARE TO THE UPPER SURFACE OF THE FLOOR (EXCLUDING OF CARPETING) AND ARE SHOWN WITHIN 2.5 FEET.

LEGEND

- UNIT EXTERIOR SURFACE OF UNIT BOUNDARY AT LEVEL SHOWN
- F FLOOR ELEVATION
- D DECKING ELEVATION
- DECKING DIMENSION
- 11-A UNIT IDENTIFICATION
- ST STAIRS TO WALL UNDER PREVIOUS BACKGROUND
- BREAK IN DECKING ELEVATION
- BREAK IN FLOOR ELEVATION
- PROPOSED 4 INCHETS LIMITED COMMON ELEMENT

BENCHMARK

TOP OF MONUMENT AT NORTH QUARTER, SECTION 14, TOWNSHIP 26 NORTH, RANGE 5 EAST, P.M. ELEV. = 326.89

VERTICAL DATUM

MSL



DODDS ENGINEERS, INC.
 4205-148TH AVE. N.E., BELLEVUE, WA 98007
 JOB NO. 95119

Hawthorne Condominium Association

Articles of Incorporation



CondoCerts

FILED
STATE OF WASHINGTON

OCT - 1 1997

RALPH MUNRO
SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

HAWTHORNE CONDOMINIUM ASSOCIATION

A Washington Nonprofit Corporation

The undersigned, acting as incorporator of a corporation under the Washington Nonprofit Corporation Act, adopts the following Articles of Incorporation:

ARTICLE 1

Name

The name of this corporation shall be Hawthorne Condominium Association.

ARTICLE 2

Duration

The duration of this corporation shall be perpetual.

ARTICLE 3

Purposes

The purposes for which the corporation is organized are to provide an entity pursuant to the Washington Condominium Act (Ch. 64.34 RCW), hereinafter called the "Act," for the operation of Hawthorne, a Condominium, located in King County, Washington, and to engage in all such activities as are incidental or conducive to the attainment of the objectives of the corporation and all

DUPLICATE
ORIGINAL

activities which are permitted to be done by a nonprofit corporation under any laws that may now or hereafter be applicable or available to this corporation. The powers of this corporation shall be subject to and shall be exercised in accordance with the provisions of the Declaration for Hawthorne, a Condominium, filed with the Recorder of King County, Washington, under File No. _____, as it may from time to time be amended, hereinafter referred to as the "Declaration."

ARTICLE 4

Dissolution

On dissolution or final liquidation of the corporation, the assets of the corporation shall be distributed among the members of the corporation in accordance with the Declaration and the Act.

ARTICLE 5

Members

The corporation shall have one class of members, which shall consist of the owners of the units of Hawthorne, a Condominium.

ARTICLE 6

Registered Office and Agent

The address of the initial registered office of the corporation is 1215 - 120th Avenue NE, Suite 201, Bellevue, WA 98005-2135, and the name of the initial registered agent at such address is Scott Hall.

ARTICLE 7

Directors

The number of directors of this corporation shall be fixed by the bylaws and may be increased or decreased from time to time in the manner specified therein. The initial board of directors shall consist of three (3) directors. The names and addresses of the persons who shall serve as directors until the first meeting of the members and until their successors are elected and qualify, unless they resign or are removed, are:

<u>NAME</u>	<u>ADDRESS</u>
F. H. Burnstead	1215 - 120th Avenue NE, Suite 201 Bellevue, WA 98005-2135
Scott Hall	1215 - 120th Avenue NE, Suite 201 Bellevue, WA 98005-2135
Mary Jane Slye	1215 - 120th Avenue NE, Suite 201 Bellevue, WA 98005-2135

ARTICLE 8

Indemnification

To the full extent permitted by the Washington Nonprofit Corporation Act, each member of the board of directors, each member of a corporation committee, each officer of the corporation, the Declarant who filed the Declaration, and the managing agent of Hawthorne, a Condominium, shall be indemnified by the corporation against all expenses and liabilities, including attorneys' fees reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in

which he may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses or liabilities are covered by insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification shall apply only when the board of directors approves such settlement and reimbursement as being for the best interests of the corporation.

ARTICLE 9

Incorporator

The name and address of the incorporator are:

F. H. Burnstead
1215 - 120th Avenue NE, Suite 201
Bellevue, WA 98005-2135

EXECUTED in duplicate on August 10, 1997.

F. H. Burnstead
F. H. Burnstead

CONSENT TO SERVE AS REGISTERED AGENT

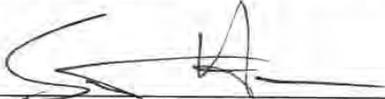
I, Scott Hall, hereby consent to serve as Registered Agent, in the State of Washington, for the following corporation:

HAWTHORNE Condominium Association

I understand that as agent for the corporation, it will be my responsibility:

1. To receive service of process in the name of the corporation;
2. To forward all mail to the corporation; and
3. To immediately notify the office of the Secretary of State in the event of my resignation, or of any changes in the registered office address of the corporation for which I am agent.

DATED this 30th day of SEPTEMBER, 1997.



Scott Hall

Address:

1215 - 120th Avenue NE, Suite 201
Bellevue, Washington 98005

Hawthorne Condominium Association

Current Unaudited Financial Documents



CondoCerts

Balance Sheet

Hawthorne Condominium

As Of 1/31/2021



Name	Operating	Reserve	Other	Total
Assets				
10000 - Operating Checking Account - CIT 0385	51,766.00	0.00	0.00	51,766.00
11000 - Operating Savings Account	65,373.62	0.00	0.00	65,373.62
12500 - Insurance Reserve Account CIT 3393	63,218.01	0.00	0.00	63,218.01
12510 - Prior Mgmt Insurance Reserve	181,264.07	0.00	0.00	181,264.07
Columbia Bank 3570				
13000 - Reserve Account - CIT 3385	0.00	1,285,845.71	0.00	1,285,845.71
14000 - Homestreet CD 0132 - Prior Mgmt	0.00	97,934.60	0.00	97,934.60
16000 - Assessments Receivable	25,647.11	0.00	0.00	25,647.11
16300 - Late Fees Receivable	250.00	0.00	0.00	250.00
16310 - NSF Fees Receivable	175.00	0.00	0.00	175.00
16340 - Administrative Fee Receivable	105.00	0.00	0.00	105.00
16400 - Parking Receivable	297.48	0.00	0.00	297.48
16600 - Misc Income Receivable	528.00	0.00	0.00	528.00
16990 - Allowance for Doubtful Accounts	(1,694.65)	0.00	0.00	(1,694.65)
17100 - Prepaid Insurance	51,621.90	0.00	0.00	51,621.90
18300 - Due Between Funds - Operating	(8,044.00)	0.00	0.00	(8,044.00)
18310 - Due Between Funds - Reserves	0.00	8,044.00	0.00	8,044.00
18311 - Due Between Funds - Reserve Special Assessment	0.00	50,153.56	0.00	50,153.56
Total: Assets	430,507.54	1,441,977.87	0.00	1,872,485.41
Liability				
Total: Asset Liability	430,507.54	1,441,977.87	0.00	1,872,485.41
Liabilities				
20000 - Accounts Payable	38,590.39	0.00	0.00	38,590.39
20010 - Accounts Payable- Prior Management	7,815.00	0.00	0.00	7,815.00
20550 - SPA Payable to Reserve	50,153.56	0.00	0.00	50,153.56
21000 - Prepaid Assessments	13,711.20	0.00	0.00	13,711.20
22120 - NSF Fee Liability	35.00	0.00	0.00	35.00
29000 - Reserve Funds Contract Liability	0.00	1,441,537.38	0.00	1,441,537.38
Total: Liabilities	110,305.15	1,441,537.38	0.00	1,551,842.53
Total: Liability Equity	110,305.15	1,441,537.38	0.00	1,551,842.53

Balance Sheet

Hawthorne Condominium

As Of 1/31/2021



Name	Operating	Reserve	Other	Total
34000 - Prior Year Adjustments	14,744.49	0.00	0.00	14,744.49
35000 - Retained Earnings - Operating	313,846.64	0.00	0.00	313,846.64
Total: Equity	328,591.13	0.00	0.00	328,591.13
Total: Equity	328,591.13	0.00	0.00	328,591.13
Net Income	(8,388.74)	440.49	0.00	(7,948.25)
Total Liabilities and Equity	430,507.54	1,441,977.87	0.00	1,872,485.41

Income Statement - Operating

Hawthorne Condominium

From 01/01/2021 - 01/31/2021



	Current Period			Year-to-date			Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Revenue							
Revenue							
40000 - Regular Assessment Income	70,016.94	70,016.67	0.27	70,016.94	70,016.67	0.27	840,200.00
43200 - Move In/Out Fee Income	0.00	0.00	0.00	0.00	0.00	0.00	500.00
44000 - Parking Income	400.00	400.00	0.00	400.00	400.00	0.00	4,800.00
45000 - Interest Income - Operating	61.54	0.00	61.54	61.54	0.00	61.54	0.00
Total: Revenue	70,478.48	70,416.67	61.81	70,478.48	70,416.67	61.81	845,500.00
Total: Revenue	70,478.48	70,416.67	61.81	70,478.48	70,416.67	61.81	845,500.00
Expense							
Operating Expense 50000-59999							
Administrative Expenses 50000-50899							
50000 - Office Supplies	225.00	0.00	225.00	225.00	0.00	225.00	3,200.00
50210 - Permits & Licenses	0.00	0.00	0.00	0.00	0.00	0.00	10.00
50220 - Bank Fees	0.00	0.00	0.00	0.00	0.00	0.00	36.00
50290 - Web Site	63.00	66.67	(3.67)	63.00	66.67	(3.67)	800.00
50300 - Management Fees	2,647.00	2,647.00	0.00	2,647.00	2,647.00	0.00	31,764.00
50320 - Legal Fees	0.00	500.00	(500.00)	0.00	500.00	(500.00)	6,000.00
50340 - Accounting/Audit Services	0.00	0.00	0.00	0.00	0.00	0.00	3,200.00
50360 - Reserve Study / Update	0.00	0.00	0.00	0.00	0.00	0.00	2,600.00
50400 - Insurance	3,173.01	3,212.42	(39.41)	3,173.01	3,212.42	(39.41)	38,549.00
50420 - Insurance - Earthquake	6,140.46	6,674.83	(534.37)	6,140.46	6,674.83	(534.37)	80,098.00
50500 - Federal Income Taxes	0.00	0.00	0.00	0.00	0.00	0.00	500.00
Total: Administrative Expenses 50000-50899	12,248.47	13,100.92	(852.45)	12,248.47	13,100.92	(852.45)	166,757.00
Maintenance & Repairs 51000-55999							
52000 - Repair & Maintenance Services	5,761.40	3,750.00	2,011.40	5,761.40	3,750.00	2,011.40	45,000.00
52300 - Electrical Repairs	0.00	0.00	0.00	0.00	0.00	0.00	250.00
52600 - Pest Control Services	358.40	475.00	(116.60)	358.40	475.00	(116.60)	5,700.00
53500 - Landscape - Contract	5,279.59	5,631.08	(351.49)	5,279.59	5,631.08	(351.49)	67,573.00
53510 - Landscape - Irrigation Repairs	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
53575 - Landscape - Tree Service	0.00	1,000.00	(1,000.00)	0.00	1,000.00	(1,000.00)	12,000.00
53590 - Landscape - Other	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00
54100 - Fire & Safety	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00
54160 - Fire Alarm Inspection	0.00	0.00	0.00	0.00	0.00	0.00	8,580.00
55050 - Dryer Vent Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	3,971.00
55170 - Snow Removal	2,394.70	500.00	1,894.70	2,394.70	500.00	1,894.70	2,300.00
55250 - Gutter Services	0.00	0.00	0.00	0.00	0.00	0.00	17,600.00
55350 - Backflow Testing	0.00	0.00	0.00	0.00	0.00	0.00	1,290.00
Total: Maintenance & Repairs 51000-55999	13,794.09	11,356.08	2,438.01	13,794.09	11,356.08	2,438.01	182,764.00
Utilities 56000-58999							
56000 - Electricity	441.95	319.33	122.62	441.95	319.33	122.62	3,832.00
56610 - Water - Irrigation	456.40	500.00	(43.60)	456.40	500.00	(43.60)	12,680.00
56630 - Water / Sewer	24,084.64	24,228.00	(143.36)	24,084.64	24,228.00	(143.36)	145,368.00
Total: Utilities 56000-58999	24,982.99	25,047.33	(64.34)	24,982.99	25,047.33	(64.34)	161,880.00
Reserve Contributions 59900-59999							
59900 - Reserve Contribution	27,841.67	27,841.67	0.00	27,841.67	27,841.67	0.00	334,100.00
Total: Reserve Contributions 59900-59999	27,841.67	27,841.67	0.00	27,841.67	27,841.67	0.00	334,100.00
Total: Operating Expense 50000-59999	78,867.22	77,346.00	1,521.22	78,867.22	77,346.00	1,521.22	845,501.00
Total: Expense	78,867.22	77,346.00	1,521.22	78,867.22	77,346.00	1,521.22	845,501.00
Net Income	(8,388.74)	(6,929.33)	(1,459.41)	(8,388.74)	(6,929.33)	(1,459.41)	(1.00)

Income Statement - Reserve
Hawthorne Condominium
 From 01/01/2021 - 01/31/2021



	Current Period			Year-to-date			Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Revenue							
Revenue							
47100 - Interest Income - Reserves	440.49	0.00	440.49	440.49	0.00	440.49	0.00
Total: Revenue	440.49	0.00	440.49	440.49	0.00	440.49	0.00
Total: Revenue	440.49	0.00	440.49	440.49	0.00	440.49	0.00
Net Income	440.49	0.00	440.49	440.49	0.00	440.49	0.00

12 Month Income Statement - Operating

Hawthorne Condominium

Year 2021



	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Total
Revenue													
40000 - Regular Assessment Income	70,016.94	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.67	70,016.63	840,200.27
43200 - Move In/Out Fee Income	0.00	125.00	0.00	0.00	125.00	0.00	0.00	125.00	0.00	0.00	125.00	0.00	500.00
44000 - Parking Income	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	4,800.00
45000 - Interest Income - Operating	61.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61.54
Total: Revenue	70,478.48	70,541.67	70,416.67	70,416.67	70,541.67	70,416.67	70,416.67	70,541.67	70,416.67	70,416.67	70,541.67	70,416.63	845,561.81
Expense													
Operating Expense 50000-59999													
Administrative Expenses 50000-50899													
50000 - Office Supplies	225.00	266.67	266.67	266.67	266.67	266.67	266.67	266.67	266.67	266.67	266.67	266.67	3,425.00
50210 - Permits & Licenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00
50220 - Bank Fees	0.00	0.00	0.00	0.00	0.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00	36.00
50290 - Web Site	63.00	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.67	66.63	796.33
50300 - Management Fees	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	2,647.00	31,764.00
50320 - Legal Fees	0.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	5,500.00
50340 - Accounting/Audit Services	0.00	0.00	0.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00	3,200.00
50360 - Reserve Study / Update	0.00	0.00	0.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00	2,600.00
50400 - Insurance	3,173.01	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.42	3,212.38	38,509.59
50420 - Insurance - Earthquake	6,140.46	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.83	6,674.87	79,563.63
50500 - Federal Income Taxes	0.00	0.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
Total: Administrative Expenses 50000-50899	12,248.47	13,367.59	13,367.59	13,367.59	13,867.59	19,203.59	13,367.59	13,377.59	13,367.59	13,367.59	13,367.59	13,634.18	165,904.55
Maintenance & Repairs 51000-55999													
52000 - Repair & Maintenance Services	5,761.40	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	47,011.40
52300 - Electrical Repairs	0.00	0.00	0.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00
52600 - Pest Control Services	358.40	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	475.00	5,583.40
53500 - Landscape - Contract	5,279.59	5,631.08	5,631.08	5,631.08	5,631.08	5,631.08	5,631.08	5,631.08	5,631.08	5,631.08	5,631.12	5,631.12	67,221.51
53510 - Landscape - Irrigation Repairs	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	0.00	0.00	0.00	4,000.00
53575 - Landscape - Tree Service	0.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	11,000.00
53590 - Landscape - Other	0.00	0.00	3,000.00	0.00	0.00	3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	12,000.00
54100 - Fire & Safety	0.00	0.00	625.00	0.00	0.00	625.00	0.00	0.00	625.00	0.00	0.00	0.00	2,500.00
54160 - Fire Alarm Inspection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,580.00
55050 - Dryer Vent Cleaning	0.00	0.00	0.00	0.00	3,971.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,971.00
55170 - Snow Removal	2,394.70	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00	4,194.70

12 Month Income Statement - Operating

Hawthorne Condominium

Year 2021



Association Management Partners

	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Total
55250 - Gutter Services	0.00	8,800.00	0.00	0.00	0.00	0.00	0.00	8,800.00	0.00	0.00	0.00	0.00	17,600.00
55350 - Backflow Testing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,290.00	1,290.00
Total Maintenance & Repairs	13,794.09	21,156.08	16,481.08	10,856.08	15,077.08	14,481.08	10,856.08	19,656.08	16,481.08	10,856.08	10,856.08	24,651.12	185,202.01
51000-55999													
Utilities 56000-58999													
56000 - Electricity	441.95	319.33	319.33	319.33	319.33	319.33	319.33	319.33	319.33	319.33	319.33	319.37	3,954.62
56610 - Water - Irrigation	456.40	0.00	500.00	0.00	1,000.00	0.00	5,000.00	0.00	4,680.00	0.00	1,000.00	0.00	12,656.40
56630 - Water / Sewer	24,084.64	0.00	24,228.00	0.00	24,228.00	0.00	24,228.00	0.00	24,228.00	0.00	24,228.00	0.00	145,224.64
Total: Utilities 56000-58999	24,982.99	319.33	25,047.33	319.33	25,547.33	319.33	29,547.33	319.33	29,227.33	319.33	25,547.33	319.37	161,815.66
Reserve Contributions 59000-59999													
59900 - Reserve Contribution	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.67	27,841.63	334,100.00
Total: Reserve Contributions 59000-59999	27,841.67	27,841.63	334,100.00										
Total: Operating Expense 50000-59999	78,867.22	62,684.67	82,737.67	52,384.67	82,333.67	61,845.67	81,612.67	61,194.67	86,917.67	52,384.67	77,612.67	66,446.30	847,022.22
Total: Expense	78,867.22	62,684.67	82,737.67	52,384.67	82,333.67	61,845.67	81,612.67	61,194.67	86,917.67	52,384.67	77,612.67	66,446.30	847,022.22
Net Income	(8,388.74)	7,857.00	(12,321.00)	18,032.00	(11,792.00)	8,571.00	(11,196.00)	9,347.00	(16,501.00)	18,032.00	(7,071.00)	3,970.33	(1,460.41)

12 Month Income Statement - Reserve

Hawthorne Condominium

Year 2021



Association Management Partners

	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Total
Revenue													
47100 - Interest Income - Reserves	440.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	440.49
Total: Revenue	440.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	440.49
Total: Revenue	440.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	440.49
Net Income	440.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	440.49

Hawthorne Condominium Association

Bylaws



CondoCerts

BYLAWS
OF
HAWTHORNE CONDOMINIUM ASSOCIATION

Prepared by:

HANSON, BAKER, LUDLOW AND DRUMHELLER, P.S.
Attorneys at Law
300 Surrey Building
10777 Main Street
Bellevue, Washington 98004
Telephone: (206) 454-3374

ORIGINAL

BYLAWS
OF
HAWTHORNE CONDOMINIUM ASSOCIATION

Table of Contents

ARTICLE I	Definitions	1
ARTICLE II	Membership - Voting - Register	1
ARTICLE III	Meetings of the Association	2
ARTICLE IV	Board of Directors - Submission of Official Business	3
ARTICLE V	Officers	5
ARTICLE VI	Committees and Manager	6
ARTICLE VII	Obligation of Unit Owners	7
ARTICLE VIII	Handling of Funds	9
ARTICLE IX	Keeping Records and Reports	10
ARTICLE X	Amendments	10
ARTICLE XI	Miscellaneous	10

BYLAWS
OF
HAWTHORNE CONDOMINIUM ASSOCIATION

The following are the Bylaws of Hawthorne Condominium Association (the "Association"). These Bylaws apply to the entire condominium, each unit therein and all common and limited common areas. Each unit owner is a member of this Association. All present and future owners, mortgagees and other encumbrancers, lessees, tenants, licensees and occupants of units, and their guests and employees, and any other person who may use the facilities of the condominium are subject to these Bylaws, the Declaration and the Rules and Regulations established from time to time by the Association for the use and operation of the condominium. These Bylaws have been established by the Developer, and may be amended as provided herein.

ARTICLE I - DEFINITIONS

As used in these Bylaws, unless the context requires otherwise, the definitions given in Section 1 or elsewhere in the Declaration for Hawthorne, a Condominium, as recorded under King County Recorder's No. _____, as amended from time to time, shall apply.

ARTICLE II - MEMBERSHIP - VOTING - REGISTER

1. Membership. The Association shall be composed of the person or persons owning each unit, who shall participate personally or through designated representatives, as set forth in the Declaration.

2. Voting. The total voting power of all units is equal to the number of units in the Condominium (forty-two (42), initially). After subdivision of Building 13, the number shall be forty-five (45). Each unit is entitled to one (1) vote.

3. Register of Members. The Board of Directors of the Association shall maintain a register containing the names and addresses of all owners of units, their designated representatives, and any voting rights pledges that have been filed with the Association. Owners who sell or convey their interests in a unit shall promptly report to the Board of Directors the name and address of their successor in interest. Persons claiming membership in the Association shall, upon request, furnish the Board of Directors with a copy of any document under which they assert ownership of a unit, or any

interest therein. The Board of Directors may require unit owners to supply it with copies of any mortgage or other security instrument affecting their interests.

ARTICLE III - MEETINGS OF THE ASSOCIATION

1. Place. Meetings of the Association shall be held at such reasonable place as may be designated from time to time by the Board of Directors.

2. Annual Meeting. The annual meeting of the Association shall be held in the first quarter of each calendar year, on a date fixed by the Board of Directors. At the annual meeting the unit owners shall elect Directors or fill vacancies in the Board of Directors as provided in the Declaration and shall consider such other business as may properly come before the meeting.

3. Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the Association when so directed by resolution of a majority of the Board of Directors, or upon the written request of unit owners having thirty-three percent (33%) or more of the total votes.

4. Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual and special meeting. If it is a special meeting, the notice shall state the purpose thereof as well as the time and place where it is to be held. Each notice shall be sent to each unit owner (and such other persons as provided in the Declaration) at the address of the unit involved or at such other address as the unit owner shall have furnished in writing to the Board of Directors. Said notice shall be given at least ten (10) days prior to an annual or special meeting. Notice of any meeting of the Association may be waived in writing at any time and is waived by actual attendance at such meeting, unless such appearance be limited expressly to object to the legality of the meeting. A declaration of such limited appearance shall be filed in writing with the Board of Directors at or prior to the meeting attended in such limited capacity.

5. Quorum. The presence in person or by proxy of unit owners having twenty-five percent (25%) or more of the total votes shall constitute a quorum for the transaction of business at any meeting of the Association.

6. Adjourned Meetings. If any meeting of the Association cannot be held because a quorum is not in attendance, the unit owners or their designated representatives may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called, and the unit owners or their designated representatives who attend such an adjourned meeting, holding at least twenty-five percent (25%) of the votes, in person or by proxy, shall nevertheless constitute a quorum for

the purpose of said meeting; provided that no amendment to the Declaration shall be adopted except as prescribed by the Declaration, and no amendment to these Bylaws shall be adopted unless unit owners holding fifty percent (50%) or more votes are present in person or by proxy.

7. Proxies. Any unit owner may vote by proxy. Proxies shall be in writing, signed by the unit owner, and filed with the Board of Directors prior to the vote in which such proxies are cast. A proxy must be for all the voting power of the unit.

8. Majority Vote. Except as otherwise provided by the Declaration, these Bylaws, or the Act, passage of any matter submitted to vote at a meeting or adjourned meeting duly called, where a quorum is in attendance in person or by proxy, shall require the affirmative vote of a majority of the total votes present in person or by proxy.

9. Order of Business for First Meeting. The order of business at the first meeting of the Association (called pursuant to Section 13.4.3 of the Declaration) shall be as follows:

- (a) Roll call
- (b) Review of Bylaws
- (c) Election of Board of Directors
- (d) Adjournment.

10. Order of Business at All Other Meetings. Except for the meeting called by Declarant pursuant to Section 13.4.3 of the Declaration, the order of business at meetings of the Association shall be as follows unless dispensed with or altered by motion:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice
- (c) Minutes of preceding meeting
- (d) Reports of officers
- (e) Reports of committees
- (f) Election of Directors (annual meeting or special meeting called for such purpose)
- (g) Unfinished business
- (h) Adjournment.

11. Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the current available edition of Roberts Rules of Order, Revised.

ARTICLE IV - BOARD OF DIRECTORS - SUBMISSION OF OFFICIAL BUSINESS

1. Temporary Board - Appointment. Declarant shall appoint a temporary Board of Directors comprised of three (3) persons who need not be unit owners. This temporary board shall exercise the rights, duties and functions of the Board as set forth in the

Declaration and these Bylaws until the entire Board is elected by the unit owners.

2. Unit Owners on Temporary Board. Within sixty (60) days after Declarant has conveyed twenty-five percent (25%) of the units which may be created by Declarant in all phases, twenty-five percent (25%) of the Temporary Board shall be elected by the then unit owners. Within sixty (60) days after Declarant has conveyed fifty percent (50%) of the units which may be created by Declarant in all phases, thirty-three and one-third percent (33-1/3%) of the Temporary Board shall be elected by the then unit owners.

3. Board of Directors - Election. Within thirty (30) days after termination of the period of Declarant control as set forth in the Declaration, the unit owners shall elect a Board of Directors which shall elect the officers of the Association. There shall be three (3) directors on the Board. In the event the number of units increases to fifty-one (51) or more, then the Board shall consist of five (5) persons.

4. Removal of Directors - Vacancies. Any Director may be removed and vacancies in the Board of Directors may be filled as provided in the Declaration. A Director elected to fill any vacancy caused by the resignation or removal of a Director shall serve for the unexpired portion of the previous Director's term. The Declarant may remove members of the Temporary Board of Directors previously appointed by the Declarant with or without cause, and appoint Directors to fill the vacancies thus created without a meeting of the Association.

5. Compensation. No compensation shall be paid to Directors for their services as Directors.

6. Organization Meeting. The first meeting of the Temporary and elected Board of Directors shall be held within ten (10) days of their appointment or election at such place as shall be fixed by agreement of the Board members elected or appointed, and no notice of such meeting shall be necessary, provided a majority of the elected or appointed Board of Directors shall be present.

7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director at least three (3) days prior to the day fixed for such meeting, which notice shall state the time and place of the meeting.

8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' prior notice to each Director, which notice shall state the time, place

and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President in like manner and on like notice at the written request of a majority of the Board of Directors.

9. Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

10. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

11. Official Business. All official business shall be transmitted to the Board of Directors in writing, emergencies excepted, and such written business shall be submitted to the Board of Directors through the President if available, and the Secretary of the Association, if the President is not available.

ARTICLE V - OFFICERS

1. Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint a Vice President, an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Association shall be elected each year at the annual meeting of the Board of Directors and shall hold office at the pleasure of the Board.

3. Removal of Officers. At any regular meeting of the Board of Directors or at any special meeting called for that purpose, any officer may be removed, with or without cause, and his successor elected, upon an affirmative vote of a majority of the members of the Board of Directors.

4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors and shall have all powers and shall perform all duties usually incident to the office of President of a business corporation.

5. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the Association and

shall also maintain the Register of unit owners, designated representatives and voting rights pledges. In addition, the Secretary shall perform all duties usually incident to the office of Secretary of a business corporation.

6. Treasurer. The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

7. Other Officers, Assistants, Employees. Other officers of the Association, assistants to the officers, or persons employed to assist the officers, shall have such authority and shall perform such duties as the Board of Directors may prescribe within the provisions of the Act or other applicable statutes, the Declaration and these Bylaws. A Vice President, an Assistant Secretary and an Assistant Treasurer, if any are elected, shall also have all powers of the President, Secretary and Treasurer, respectively, in the absence of such officers.

8. Compensation. The Board may pay reasonable compensation to any officer, assistant or unit owner who performs substantial services for the Association in carrying out the management functions.

ARTICLE VI - COMMITTEES AND MANAGER

1. Committees of Directors. The Board of Directors may designate one or more committees, each of which shall consist of one or more Directors. Such committees shall have and exercise to the extent provided in the resolution establishing the committee, the authority of the Board of Directors in the management of the Association, but the designation of such committees shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

2. Other Committees. Other committees, not having or exercising the authority of the Board of Directors in the management of the Association, may be designated by the President or by the Board of Directors, and such committees may be composed of one or more non-Director members of the Association, but each committee shall have at least one Director as a member.

3. Delegation to Manager. The Board of Directors may delegate any of its duties, powers or functions to any person or persons, to act as Manager of Hawthorne, a Condominium, as provided in the Declaration; provided, that the Board shall not delegate its power to elect officers or directors of the Association, to amend these Bylaws, or to adopt rules and regulations.

ARTICLE VII - OBLIGATION OF UNIT OWNERS

1. Assessments. The unit owners are obligated to pay the assessments imposed by the Association to meet all common expenses of the property as set forth in the Declaration, and the Board of Directors shall act to establish, assess, collect and expend such assessments as therein provided.

2. Priority of Association Lien.

2.1 General Priority. The lien of the Association for assessments shall be prior to all other liens and encumbrances on a unit, except: (a) liens and encumbrances recorded before the recording of the Declaration; (b) a mortgage on the unit recorded before the date on which the assessment sought to be enforced became delinquent; or (c) liens for real property taxes and other governmental assessments or charges against the unit.

2.2 Priority Over Mortgages Encumbering Individual Units.

2.2.1 If the Association elects to foreclose its lien under the Declaration, the lien shall also be prior to the mortgages described in Section 15.2.2 of the Declaration to the extent of assessments for common expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association pursuant to this Declaration which would have become due, in the absence of acceleration, during the six (6) months immediately preceding institution of an action to enforce the lien.

2.2.2 The priority of the Association's lien against units encumbered by a mortgage held by an eligible mortgagee or by a first mortgagee which has given the Association a written request for a notice of delinquent assessments shall be reduced by up to three (3) months if and to the extent its foreclosure includes delinquencies which relate to a period after such holder becomes an eligible mortgagee or has given such notice and before the Association gives the holder a written notice of the delinquency.

2.2.3 This subsection 2.2 does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other assessments made by the Association.

3. Recording Not Required. Recording of the Declaration constituted record notice and perfection of the lien for assessments. While no further recording of any claim of lien for assessment under this section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for assessments under this section in the real property records of King County.

4. Limitation on Enforcement. A lien for unpaid assessments is extinguished unless legal proceedings to enforce the lien are instituted within three (3) years after the amount of the assessments sought to be recovered becomes due.

5. Foreclosure of Lien.

5.1 The lien arising under this section may be foreclosed judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW or nonjudicially in the manner set forth in Chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust.

5.2 The Association or its authorized representative shall have the power to purchase the unit at the foreclosure sale whether judicial or non-judicial and to acquire, hold, lease, mortgage, or convey the unit to a third party. In the event of a judicial foreclosure upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight (8) months. Nothing in this section shall prohibit an association from accepting a deed in lieu of foreclosure from the owner of the unit subject to the lien.

6. Appointment of Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent assessments against a unit that is not occupied by the owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the unit as and when due. If the rent is not paid, the receiver may obtain possession of the unit, refurbish it for rent up to a reasonable standard for rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver shall not be appointed less than ninety (90) days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the unit.

7. Rules and Regulations. The Association may, from time to time, adopt such Rules and Regulations as may be reasonably required for the use, occupancy and maintenance of the units, common elements and limited common elements and when so adopted, such Rules and Regulations shall be binding upon all of the unit owners and occupants of the property and shall be a part of these Bylaws. The Board of Directors may from time to time amend any such Rules and Regulations.

ARTICLE VIII - HANDLING OF FUNDS

1. Accounts. The Association shall establish the necessary funds or accounts to properly provide for the operation and maintenance of the property, as required by the Declaration. Overall management of these funds shall be the responsibility of the Treasurer of the Association, who shall be authorized to open such accounts and adopt such procedures as may be advisable to properly secure the accounts and funds of the Association.

2. General Account. The Treasurer shall establish a checking account in a commercial bank to be known as the General Account. This account will be the working capital account for the current operations of Hawthorne, a Condominium, and will normally receive all monthly assessments, and all income and other funds received by the Association. Checks shall be issued from this account for all management, maintenance, and operation expenditures necessary for the Condominium. Funds for the Insurance Account and Reserve Account will normally be received and deposited in the General Account and checks issued to the other accounts immediately so that an overall accounting of the funds received and disbursed by the Association is centralized in the check register of the General Account.

3. Reserve Account. The Treasurer shall establish an interest bearing savings account in a commercial bank, savings bank or savings and loan association, to be known as the Reserve Account. The purpose of the Reserve Account is to provide for major renovating of interior and exterior common areas, for replacement of structural elements and mechanical equipment, for financial stability during periods of special stress, and to meet deficiencies in the general funds that may occur, from time to time, as a result of delinquent payments of assessments, and for other contingencies. A portion of the monthly assessments chargeable to the unit owners shall be allocated to the Reserve Account. The amount of such allocation shall be determined in the discretion of the Board of Directors, and may be adjusted from time to time by the Board of Directors.

4. Insurance Reserve Account. The Treasurer shall establish an interest bearing commercial bank, savings account in a savings bank or savings and loan association, to be known as the Insurance Reserve Account, and shall make the monthly deposits therein as required by the Declaration.

5. Working Capital Account. The Treasurer shall establish an interest-bearing savings account in a commercial bank, savings bank or a savings and loan association to be known as the Working Capital Account into which the funds collected pursuant to Section 14.2.4 of the Declaration shall be deposited and held for the purposes stated in Section 14.2.4.1.

ARTICLE IX - KEEPING RECORDS AND REPORTS

1. General. The Treasurer shall keep complete and accurate books and records of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred, as required by the Declaration. Such books and records, and all contracts, documents, papers and other records of the Association, shall be available for examination by the unit owners or their authorized representatives, agents or attorneys, at any reasonable time or times.

2. Financial Reports. The Board of Directors shall cause to be issued and mailed to all unit owners at least one copy of each annual financial statement and report of the Association prepared by the outside auditor, and a statement from the President indicating the general condition of the Association and providing a comparison between the actual expenses of the Condominium and the projected expenses outlined in the current budget upon which the current assessments are based.

ARTICLE X - AMENDMENTS

These Bylaws may be amended by a vote of not less than sixty percent (60%) of the total vote of the unit owners; provided, that the unit owners shall not amend these Bylaws without the Declarant's written consent until the election of the Board of Directors pursuant to Section 13.4.3 of the Declaration. A vote of the unit owners to amend the Bylaws may occur at any annual meeting or at a special meeting called for that purpose.

ARTICLE XI - MISCELLANEOUS

1. Individual Items. Certain items which would ordinarily be considered common areas, such as, but not limited to, screen doors, window screens, other screens, awnings, storm windows, planter boxes, antennae, and the like may, pursuant to decision of the Board of Directors, be designated as items to be furnished and/or maintained at individual expense in good order according to standards and requirements established by the Board of Directors or by the Rules and Regulations.

2. Notices for All Purposes. Any notice permitted or required to be delivered under the provisions of these Bylaws may be delivered either personally or by mail as provided in Section 25 of the Declaration. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board may be given to Declarant until the Board of Directors has been appointed or elected and, thereafter, shall be given to the President or Secretary of the Board of Directors.

3. Waiver. The failure of the Board of Directors in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of these Bylaws, or any Rules and Regulations established by the Board of Directors contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future as to such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of Directors of any assessment from a unit owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of Directors of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

4. Limitation of Liability. The Board of Directors of the Association shall not be liable for any failure of any utility or other service to be obtained and paid for by the Board of Directors or for injury or damage to person or property caused by the elements, or by another unit owner or person; or resulting from electricity, water, rain, dust or sand which may lead or flow from outside or from any parts of the buildings, or from any pipes, drains, conduits, appliances, or equipment, or from any other place; or resulting from loss, damage, or theft of articles used or stored by unit owners on the property or in units. No diminution or abatement of assessment shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common areas, or from any action taken to comply with any law, ordinance, or order of a governmental authority. This section shall not be interpreted to impose any form of liability by any implication upon the Board of Directors or upon the Association.

5. Interpretation. The provisions of the Declaration and these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of Hawthorne as a condominium. It is intended also that, insofar as it affects the Declaration, these Bylaws and this Condominium, the provisions of the Act shall be liberally construed to effect the intent of the Declaration and these Bylaws insofar as reasonably possible.

////

////

////

////

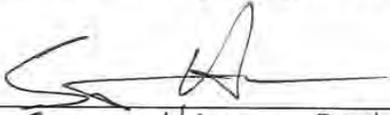
////

////

IN WITNESS WHEREOF, Declarant has adopted these Bylaws on
this 30th day of SEPTEMBER, 1997.

DECLARANT:

ROLLING MEADOWS, L.L.C., a Washington
limited liability corporation

By 
Scott Hale, Designated Signor
Pursuant to Resolution dated 7/28/97

Hawthorne Condominium Association

Regular Meeting Minutes



CondoCerts

Hawthorne Townhomes 2021 Budget Ratification Meeting

December 21, 2020; Zoom Meeting

2020 Review & Highlights; Therese Jardine, HOA Treasurer

The process: we take a look at 2020 budget, assess where we are and factor in year-end expenses to forecast for next year. For example, in 2020 we are over in management fees, taxes/audit expense, repairs/maintenance, legal fees, etc.

- The main driver of the increase for 2021 comes from the increase in the premium for the insurance master policy (5%) and a 44% increase in the earth movement insurance.
- Landscaping – we allowed for additional tree removal and replacement expenses as we've been having many trees coming to end of life and dying, or encroaching into driveways causing the need for removal.
- Maintenance Reserve funding is also a big driver. For 2020 reserve funding was \$350,000. The reserve study recommended a lower amount (\$334,100; Page 14 of the reserve study). The board thought it was prudent to maintain the same level of funding since we know that 2021 is going to be a significant spend out of our reserves.

In the budget notice, there was a per unit deficit mentioned by homeowner. As clarification, (Page 26 of reserve study) the approximately \$12,000 was the difference between projected reserves and being 100% funded for the next 20-30 years. This would require a significant cost to homeowners, and not suggested.

Q&A Session:

Larry Kees – clarification on building and maintenance account and additional funding.

- We are setting aside funding for additional drainage repairs as an additional line item for visibility only. The total repair and maintenance next year is going to be \$55k.

Henrik Rodshagen– clarification on the insurance & taxes lines which do not seem to be rolling up, it is not a sum of the rows.

- The insurance total \$38,548 and \$80,098 sum represent the insurance reserve contribution further down in the template, which is a wash. The budget draft came from Best in this format, next year Nova will prepare the documentation.
- Also income and expenses, appears income is higher than expenses, yet NOI appears to be negative.

Yvonne Griffin – RE: concerned about 8% increase, several questions:

- 44% earth movement seems significant
 - The policy was renewed by Best and risk changes over time, and this was the best price we could obtain at the time.
 - In general earthquake insurance has gone up significantly across the industry
 - Risk assessed as a whole, with a disappearing type of coverage
 - Our insurance policy has paid out 4-5 times our premiums, so we're surprised its not a larger increase. One of the reasons we made a management change is by the time Tyler presented the quote to us we didn't have time to shop, moving forward being proactive in obtaining a quote in a more competitive environment will be critical
- Why is the amount for gutter cleaning doubling?
 - The board has decided to add a second cleaning based on neighborhood needs. There was conversation about this issue during regular HOA meeting.
 - We are trying to be more proactive with regards to maintenance. Due to the age of our neighborhood, much of the damage we currently have is the result of neglected maintenance.

- (Kim Schmidt) in a year of COVID it may be good to be more conservative and reduce
- (Angie West) my pay has been reduced by 20% and many of us are having significant hardships. With the neglect of past submitted maintenance tickets, an increase in dues is really hard to swallow right now.
- Legal fees increase
 - We had quite a few meetings with lawyers over 2020. Some were related to roofing claim where the board had to engage for legal interpretation. Some was related ongoing repair maintenance due to water claims, requiring advice on liabilities and obligations
 - Skylights issue hasn't been addressed – inspection was completed, now we need to go to attorney to go back to the company to get it corrected)
 - We are mindful of the expense but the board requires legal guidance and the expense is justified
 - It was suggested we look into a flat fee service
- Fire and safety repair increase
 - Our community was built with sprinkler system in each building, maintenance was ignored for years. Sprinklers and systems must be inspected. This was not included in the budget in the past, that's why its in there now, and this is not an optional item.
 - AAA provided a report with the deficiencies, awaiting quote for repairs or recalls. Mostly looking for recalled sprinkler heads and batteries that are out of date in control panels rooms.
 - Claudia & Carmen had their unit inspection and it did not seem extensive nor complete. Also contacted Best multiple times with no reply.
 - Please submit a new maintenance request with Nova; after multiple requests Best did not share this info with the board or Nova.
 - (Xiaoling Song) – unit was not fully inspected. Concerns about the communication and expectations for inspection
 - (Erin Dawson) There are a few different sprinklers. The ones on the slanted surface without a cover, in general, are the ones they were looking for. The ones with a cover on a flat ceiling are fine. The exposed type in the garage are also fine, this is an entirely different head than indoor one they're looking for. It is mandatory to replace these, the report will be provided to the board and the fire department, we will then repair/replace where necessary.
- Audit & tax increases
 - (Nathan Merz) Having a 3rd party CPA verify that safeguards are in place is a good thing. Making sure that money is where it is supposed to be and goes where it is supposed to is critical. They ask the right questions and owners should feel good about an independent party (other than Nova and board members) accounting for where their funds are. The previous auditor seems to have disappeared and never provided a final report on 2018's audit. We are currently in the 2019 audit now, which is quite thorough.
 - (Therese Jardine) We now have a new firm that will also be doing our taxes. While there is an increase, this is a much larger and better resourced organization, they are being thorough and asking a lot of questions. The board feels more comfortable with the situation. Another reason for the switch in management companies was the delay and inaccuracy of our financial statements and packages from Best Management.
 - It is not an option to have an audit, we are required to audit annually per RCW. This is a good thing to do and provides us all assurances of checks and balances.
- Office expense
 - We're required to send out a hardcopy of a number of mandatory mailings. Also we have to pay for delinquency mailings, violations, etc.
- Website fees - 433% expense increase is too much
 - Its really not an option to not have a place to submit requests, store electronic documents, make payments, etc. The focus seems to be on the % of increase vs actual cost amount, which is .44 cents per unit per month
 - It's a straight cost, there is no profit to Nova for this service
 - This is where we manage work orders, violations, owners can make payments, submit architectural review requests. We plan to roll out surveys, e-voting, proxies etc.

Xiaoling Song - water usage per unit is a significant expense. What possibility do we have to move this to be based on each owner?

- In an ideal world we would do this, but the way that the developer built the neighborhood makes this very difficult. At this point it would require a massive retrofit project, well in excess of what we would ever save.
- Best had started assessing high water usage, which we have talked to Nova about working on, also some potential Energy Star reporting that we may be able to use to help drive this.

Kim Schmidt – We need to consider how continual increases in dues affect prospective buyers

- The three main things we're thinking about with regards to this:
 - Maintenance and upkeep – what do people see when they drive through
 - What is the dues pricing like in relation to other neighborhoods
 - (Natalie Bain) The higher dues in Hawthorne are known in the area on various social media sites
 - What does the financial health of the neighborhood look like

Summary/Review; Nathan Merz, HOA President

The 3 largest expenses that could be debated:

1. Reserve funding at \$350,000
 - The reserve study says we can reduce \$341k
 - The minimum contribution is \$303,700
2. Drainage could be cut back, but water along foundations will cause significant issues
3. We can reduce gutter cleaning to once in the year.

Next steps: The board will take this feedback and reconfigure the budget. Meghan will provide hard copy version via USPS with a 14 day notification period. Then we can have another ratification meeting for approval.

Owners should pay their 2020 monthly dues rate for January, then we will have to have a true up later in the year

Meeting adjourned 5:42

**Hawthorne Condos Association
Board of Directors Meeting Agenda
Zoom Virtual Meeting
February 22, 2021; 4pm**

Call to Order / Establish Quorum

- Call to order 4:06 (Nathan)
- Board members present- Erin Dawson, Therese Jardine Nathan Merz, Liz Wertz
- Nova representatives present: Jordan Schafer

Approve Meeting Minutes – January

- Posted to Nova’s website 1/27/2021
- Motion to approve (Nathan) seconded (Erin). Minutes approved

New Business

- Community Gutter Cleaning – TC Quality Solutions
 - To be completed February 22nd – 24th from 8am until dusk
- Dryer Vent Cleaning
 - Miracle Vent Cleaning cost is \$23 per unit
 - Work is scheduled for April
 - Motion to approve (Nathan) Seconded (Therese), expense approved.
- RW Anderson Proposals
 - 15525 133rd Place - Approved proposal for insulation repair due to rodent damage
- Sign repairs - Approved proposal for speed/street signs
- 15413 134th Place - Proposal to repair drywall from roof vent leak
 - Motion to approve (Therese) Seconded (Nathan), expense approved
 - Reminder to owners that the roofing company went out of business which leaves Hawthorne without a warranty. We already know we have skylight defects, minor roof repairs, and now drywall repairs etc. we know that this will add up over time. Board asks Nova to look into filing a claim against their bond.
- CondoCare – ongoing maintenance, proposal from RW
 - At this time, we need to establish an ongoing maintenance list and process and are not interested in participating. We need to tackle our largest reserve projects as the priority
- Reserve Projects
 - Project Coordination Contracts - Board to review in executive session
 - Garage doors – owners are going to be required to make necessary repairs to panels that are dented prior to painting project as painting garage doors is included. It may be faster and more cost effective for us to make the necessary repairs and charge back to owners.
- AAA Fire (tabled)
 - Fire Alarm Panel Batteries/Correct deficiency in Compliance Engine
 - Removal and Replacement of 160 Dry Type Heads

Treasurer’s Report

- Compliments to Nova - Best provided a different set of financials to Nova than to Board so Nova has done a good job reconciling
- Audit needs to begin for 2020, an engagement letter was sent but not yet returned. Therese to follow up
- Delinquencies are up again, due mostly to transition between Best and Nova. Many are a small amount due to the “true up” payment required from January’s payment which didn’t include the new 2021 rates.
 - 30 days \$1,000
 - 60-90 day \$5,600
 - 90-120 \$1,400
 - 120+ \$4,900

- Repairs and maintenance category is slightly over for this month
- Snow removal and ice mitigation will be significantly over budget for the year. The January budget was \$500 and we spent \$2,400. For 2021 the total budget is \$2,300. We also have not yet been invoiced for the plow service
- Some owners are getting notifications on December's payment to Best
- Errors on multiple resale certificates over the last few weeks. Board asks Nova to provide a clean copy to the board for reference, the issue has been resolved in Nova's system
- 2 bank accounts transfers have not been finalized yet from Best
 - CD \$97k
 - Columbia Bank insurance reserve \$181K. A former board member is the authorized signer, we are going to close this account and open a new account through Nova
 - Board will implement best practices of contract review and account signers to make sure that appropriate controls exist
 - Need to make sure that accounts are spread appropriately to ensure FDIC insurance

Q&A / Open Forum

- Does the Jan payment "true up" due come out of autopay? – If you are set up on variable auto pay it will. If you are on a fixed amount payment it will not.
- Is it possible to research bringing a new internet provider to the community? – Unfortunately, the government determines providers in locations so nothing much we can do
- Dog poop left around neighborhood –
 - Many neighbors have complained about the abundance of large piles of dog poop left around the neighborhood, specifically the top around the circle
 - We could add another dog waste station at the top around the roundabout. Though this behavior isn't about lack of access to bags. Erin to submit maintenance request to install additional station.
 - We could also put up a sign as a deterrent
 - We can also try to figure out who the person/people are that are doing it and take their photos to publish via email and Facebook to identify
 - Cameras have been proposed, but involve issues around cost, storage, and legality so that is not something we are going to pursue
 - Doing dog DNA is also cost prohibitive, and assumes that all those who are leaving poop behind are owners, not people passing through

Next meeting will be the Annual Meeting; March 22nd, 4pm via Zoom

Motion to close meeting (Nathan), seconded (Therese).

Meeting Adjourned 5:16

Hawthorne Condos Association
2021 Budget Ratification Meeting & January 2021 Monthly Board Meeting
Zoom Virtual Meeting
January 25, 2021

Call to Order / Establish Quorum

- Call to order 4:02 (Nathan)
- Board members present: Erin Dawson, Therese Jardine Nathan Merz, Liz Wertz
- Nova representatives present: Meghan Saxton, Jordan Schafer

Approve Meeting Minutes – December

- Distributed via email 12/21/21 to the Google Group by Liz
- Motion to approve (Nathan), seconded (Therese). Minutes approved

Budget Ratification

- Initial proposal was for an 8% increase at the December 2020 Meeting
- Based on owner feedback we have revised the 2021 budget and we've reduced the increase to 4%
- The main driver of this is an 80% in premium payment for on our earth movement insurance coverage. (Please keep in mind that this is for earthquake and landslide which is a huge benefit to all owners)
- The other ~20% of the increase is driven by water & sewer rate increases from Woodinville Water District
- The remaining increases fund small increases in the Fire & Safety & Landscape categories
- We kept the amount lower per owners' requests, but we were only able to accomplish this by contributing less money into the reserve account. So, please keep in mind that to fund our reserve accounts in the future this reduction should be made up.
- Motion to approve 2021 budget (Nathan), seconded (Therese). Motion passes with no opposition raised

Treasurer's Report

- We have received the first set of financials from Nova after the transition
- Things are in pretty good shape, though we are still sorting through everything as it is presented in a different format.
- There are a number of documents still outstanding from Best, the list is being reconciled to follow up again on final transfer of information
- Therese to work with Nova's accounting team to sort through a few items
- 2021 Dues – True up
 - After today's meeting Nova will send a balance due letter with the "true up" amount due to cover the difference in rates for January's payment. The new 2021 rate will be in effect for February payment and forward.
 - Any previous balance due (overdue amounts) will be included in the letter as a separate line item which will be very clear which amounts are for which items.
 - Mailing will take 3+ business days but updates can be made to the portal immediately
 - Homeowners are encouraged to check their account; in some cases, we see small dollar amount errors in payments resulting in minor balances owed (less than \$5).

Committee Reports

- Call for assistance – is there someone who knows Slack or another communication platform) that could help the board set up and get organized so we can start fresh and drive initiatives forward?
 - Claudia & Carmen can help the board to facilitate
- Reminder there is an open board position, so if someone would like to volunteer, we need help moving projects forward in the community
- While there are no official committees within Hawthorne currently, we have had a number of owners

reach out willing to help out in many different areas. The board has been somewhat disorganized and unable to make too much of all these efforts in the last year – the sheer volume of issues/emails/projects coupled with COVID and transferring management companies are a few examples. This year we plan to streamline out communication among the board to be better able to facilitate all these wonderful volunteers!

Unfinished Business

- Fire Sprinkler/Alarm Testing – AAA Fire
 - Bids for Repairs Pending – Horn/Alarm & Battery replacement
 - Recalled sprinkler heads – will this be included in the bid?
 - Homeowners report the inspection did not seem very thorough, many units were not inspected due to limited notice, work schedules or concerns about COVID.
 - Nova will facilitate a full report and bid from AAA
- Financial Transition from Best Management
 - There are still a few items outstanding from Best. They are contractually obligated to provide all documents, statements and funds. We are reconciling the list for one final request to Best to provide any outstanding items.

New Business

- Board Waivers – Hawthorne’s existing vendors who do not sign up in Compliance Depot (Nova’s screening vendor, ensuring proper insurance and licenses) require a Board Waiver form.
 - Board to review list of any vendors who are not willing to sign up for Compliance Depot
- 2020 Audit – Newman & Assoc.
 - The 2019 Audit just completed and we have received a final report. A number of correcting journal entries are required to correct our books for the year.
 - There was a finding on the report of insufficient backup for a reserve account transfer. They did not follow internal controls to properly document
 - Therese to provide a copy of the report to Nova to post on HOA Portal for owners to view if interested
 - A bank account that had been listed on our account was never closed. This was an account during the time between the switch from GFK and Best Management. The funds are no longer there, we assume that the fund account was the account that was to be used to close out any final invoices or payments during a transition of management companies, which is standard practice
 - The total was just shy of \$4,600 and is written off
 - Additionally, it was brought to the board’s attention that there was an account with no board signatories, only the owner of Best Management was a signer.
 - Board has implemented new procedures to ensure that neither of these situations can happen again
- Roof Leak Building 25 – NorthStar Warranty
 - Update – the board has ultimately determined that NorthStar has gone out of business, which ultimately leaves us with no warranty on the workmanship.
 - Our only recourse would be to go against their bond. We would still have a warranty against materials from the manufacture.
 - Previously an inspection was performed, and many defects were found around skylights and fasteners
 - Board to engage with lawyer used to draft the roofing contract on next steps
- The 2021 Annual Meeting will be on March 22nd at 4pm via Zoom
- Next regular HOA Meeting will be on February 22nd at 4pm via zoom

Q&A

- Can we move meetings outside of business hours?
 - It is more economical for us to have the meeting during business hours, at the end of the day than in the evening
 - Also we used to have a 7pm meeting which was not ideal either, we currently have more people

- participating than ever before.
- Can the agenda be sent out prior to meeting?
 - This is our usual business practice which fell through the cracks this time. We will get agenda out before the meeting next month.

Motion to close meeting (Therese), seconded (Nathan).

Meeting Adjourned 4:58

Hawthorne HOA Meeting – November 23 2020

Call to Order – Nathan Merz at 7:02pm

Roll Call:

- Board members present: Erin Dawson, Therese Jardine, Nathan Merz, Liz Wertz
- Tyler Weaver not present for Best Management

Approval of October 26 Meeting Minutes

- Distributed via email November 1
- Motion to approve by Nathan, seconded by Therese, all in favor. Motion approved
- Attendees are informed that video recording was requested by an owner, will be distributing access to the video for those unable to attend and who are interested

President's Update

- Transition Status – unfortunately Nova's welcome letter has not gone out yet but should have gone out last week. Once we have a PDF we will share via Facebook and google group.
- Owners will need to then create their accounts, confirm contact information, and make arrangements for payments.
- Hawthorne's Facebook page: <https://www.facebook.com/groups/1101211846890820/>
- The 2021 Budget Ratification meeting will be held on December 21st at 4pm.
- Once the draft is finalized it will be distributed to owners along with reserve study for review. All owners are encouraged to attend the meeting.
- HOA Board meetings will be during business hours moving forward. This is to try to engage additional owners and Nova's cost of meeting times outside of the normal business day. We welcome feedback and will adjust if necessary. Additionally, the meetings will be video recorded for those unable to attend to view as well.

Treasurer's Report

- Financial Review – Overall looking very good. Delinquencies look good. On budget for most line items, one area of risk continues to be repair and maintenance based on significant drainage concerns which require more work than originally anticipated.
- Operating expense is \$7,600 over budget YTD. Considering all the things that have happened is not terrible. We always try to stay on budget but not at the expense of neglecting significant issues
- 2021 Budget & Ratification – Tyler provided a draft budget and the board has met with the new manager to review and make edits. Once Nathan finalizes, we will send to owners for review.
 - Owners should note: Contributions to reserves has been higher than reserve study recommends
 - The advantages of continuing to make higher than recommended contributions means that we remain well funded and mitigates some risk of assessments later.
 - Alternatively, we can reduce the amount of contribution down to the reserve recommendation to keep any increase to a more modest percentage.
 - This will be something for discussion for owners.
- Homeowner question ** Natalie: if we reduce funding, what happens to the siding project?
 - The siding project is not for 10 years but 2021 will be a year with significant reserve expenses; wood replacement, facia & painting projects, etc are all scheduled to be

completed. In addition the board added replacing the staircase between 134th and 135th – it has become a trip hazard with rotten wood. Also we have moved up the scheduled mailbox replacement line item, some have not yet been upgraded for a more secure unit which should include a parcel box.

- Homeowner question: Clarification requested on paying too much to the reserve, yet we are increasing dues to pay more?
 - Therese clarified: for 2020 we are depositing \$350,000 to our reserve account. 2021's "fully funded" contribution is \$368,000, and the recommended amount is \$334,100, which is less than we are contributing for 2020.
 - We will have an increase regardless of which option we choose. The amount we contribute to reserves will determine the amount of increase, the other items driving the increase (utility rates and maintenance) are less flexible than additional reserve contributions.
- Audit Update – Best Management still has not yet provided all the requested information to the auditor. A final report expected by end of year. This audit will give homeowners assurances that someone other than the Board and the Management company is verifying that community funds are being appropriately accounted for.

Landscape Update

- Landscaping – no updates, bi-weekly is working out fine with the level of leaves
- Snow Removal Contract – we are a little late to the game in getting a contract executed but the board has multiple quotes to review in executive session. Getting residents in an out safely is the main priority, yet our goal is to get the proper level of service based on needs and local weather conditions.

Open Projects:

- Skylights – no movement from last month. We have the report and next steps are to contact attorney to draft a response to NorthStar
- Drainage
 - Building 25 - has a clog in the line along the stairs, we are hoping it is not under the concrete.
 - Building 26 – had the 4" line behind Kim's until fully replaced. The 4" lines behind each unit all lead to a 6" line for the building where another clog is located. They haven't been able to find the lid or clean out based on the neighborhood as-builts, so they're going to have to start doing some digging to determine if they can clean it out or if they should lay a new line and just bypass the issue area.
 - There was also a newly observed issue between buildings 35 & 38, which is potentially lined to the issue with the line behind 26, if it is crushed or broken it could be the cause of this observed ground flow.
 - For 2021 we have set aside some additional funds to continue to address the issue of drainage.
 - Any open maintenance items may need to be resubmitted as we transition as Tyler has not provided a status report to the board or Nova
- Fire Sprinklers – this was discussed during the budgeting call with Nova. We are due for an inspection in November, so Nova will coordinate an annual inspection. Remediations also discovered in last year's inspection need to be addressed so those items have been incorporated into the 2021 budget.
- Eastrail Construction, Terry Thomas – no standards published or direct communication though they have been responsive. Completion is estimated 2025/2026. At some point do we ask city of Woodinville to contribute or inform?

Q&A / Open Forum

- Status of Master shut off valve issue: Board needs to issue a mandate and deadline to everyone informing them of the necessity to schedule the repair and then provide proof of completion. Every unit needs a working shut off valve and every resident needs to know where their building shut off is as well.
- Question on sprinkler system shut off: Each home has two water lines, a fresh line and sprinkler line. Unit and building shut offs are for fresh line only, not sprinklers. The fire department should be contacted for any sprinkler issues, homeowners should not attempt to disable or shut off, this could result in fines and is against the law.
- Comment related to a comment from last month's meeting minutes related to mismatching doorknobs: Nobody wants to live in a community where the HOA is policing tiny details, or deal with an HOA with strict rules that don't matter.
 - The HOA is all of us, so there is no "they". The board's main goal is safety of owners and making sure we efficiently manage repairs and expenses - not policing small items.

Motion to adjourn made by Nathan, seconded by Therese

Meeting adjournment – 8:08pm

Hawthorne HOA Meeting – October 26 2020

Call to order 7pm

Roll Call: Erin Dawson, Therese Jardine, Nathan Merz, Liz Wertz
Tyler Weaver present for Best Management

Approval of September Meeting Minutes

- Distributed via email 10/25
- Liz to correct a typo and clarify in Larry's comment in open forum/Q&A section
- Nathan motion to approve, Erin seconded. All in favor

President's Announcements

- Charcoal grills – They are not permitted on property due to insurance rules. Propane grills or Trager/pellet grills are permitted.
- Flushable Wipes are **not** flushable – they clog and back up the sewer lines. Units share 1 wastewater line per building so any wipes flushed risk a back-up or flood in your neighbor's home. We recently had to reimburse a homeowner for the cost of plumbing in the shared line. Please don't flush them!
- Change of meeting time going forward to be during business hours – more to come

Treasurer's Report

- Financial Review
 - Tyler provided board packet to review on 10/25 and financials posted to Best's site on 10/26
 - Income is on target
 - Delinquencies have ticked up since last month currently at \$7,777. One owner is 6 months in arrears, and another is 3 months in arrears. Other than that, it is looking good so a huge thank you to those who have worked to get account current!
 - The legal counsel category is over budget, but this has been necessary. The board has requested legal consultation on a number of items this year
 - The "Repairs & Maintenance" line item is currently under budget but given the ongoing drainage issues we may overrun the budget, but we do have money in reserves available vs putting things off and risking more damage
 - Irrigation maintenance is over budget, a number of repairs have been made to broken heads
 - Water is over budget, which is not a big surprise given an undetected leak for almost a year. Tyler has been updating a report for building use for us to follow up with if we see any overages or red flags
- Audit for 2019 underway, which is significantly delayed. The prior auditor unable to be contacted, but we were able to get a group that specialized in HOA audit and taxes to perform this audit.
 - There is an initial discrepancy identified which everyone should be made aware of- the accounts receivable, prepaid and accounts payable amounts on the balance sheets do not line up with corresponding AP, open invoice listing, or prepaid reports.
 - Auditor has asked Tyler & Best Management for additional information
- Reserve Study received this week from Tyler.
 - What has been received is in draft form and does not include all priorities and tasks that we need to have identified; example:

- Stairs at trail need to be replaced as they are almost fully rotten
 - Mailbox replacements should likely be moved up and external lighting could be moved further out, unless we do it at the same time as the painting project
- Tyler Weaver: you have the ability to move things up on the timeline but cannot remove items, as it is the reserve specialist's responsibility to represent future expenses to potential buyers. With appropriate reasoning items could potentially be moved further out
- We need to ensure that we're refunding the reserves as we plan for projects for next year
- Transition Plan: Tyler and Nova have been introduced and they are in the process of transferring information. Best is our Management company through Nov 30th, Nova is working in the background to get everything set up on their end and they will begin sending out information soon. We appreciate everyone's patience and anticipate a smooth transition with a small bump or two
- 2021 Budget: draft version received, and the board needs to make some adjustments. The board will present the final version to the community to ratify at our December meeting. A quorum is not required, but attendance is highly encouraged, this is our money – your money!, so we want everyone involved and to understand where our money is being spent.

Landscape Update

- Fresh fall/winter planting just completed
- Landscapers are coming on a bi-weekly schedule for our winter schedule, this includes leaf blowing. If you happen to see a storm drain clogged, please kick the leaves aside to clear the drain so we don't have any additional surface flooding
- Next year we'll adjust so we can add an additional service visit (or rebid the service contract). We did attempt to add some leaf pick up dates, and the cost was prohibitive.
- Sprinkler blow out was done today, in preparation for winter
- Gutter cleaning this week: TC construction will be on-site Thursday/Friday/Saturday. Therese will send out an announcement to community
- Some grass areas have been burned out and damaged by bunnies. Erin is discussing a potential solution with Premier.

Open Projects:

- Skylights
 - Roofing Technical Services came out 2 weeks ago and got on top of 3 of the 5 identified buildings. The buildings that are three stories were too high to access on the date of the visit.
 - The results of the investigation reported that the skylights were not installed to industry or manufacturer's standards:
 - Skylights didn't have enough screws attached
 - Fasteners didn't penetrate wood appropriately
 - No pick-up flashing installed on gutter wall
 - Improper started shingles used.
 - Recommended solutions:
 - Add fasteners to skylights, they should be tightened to adhere better
 - In some cases, the drywall should be extended up to glass
 - Some may need to have sheet metal installed
 - Started shingles reinstalled
 - Gutter alterations should be made if there is water pooling

- Robert McDermott: the sheetrock being extended to the glass should not be a homeowner responsibility
- Board will discuss and potentially consult with association's attorney
- Drainage – Monarch has been identified as the new vendor. Contract to be executed today. Once we determine working days and schedule, I'll send out an announcement to the neighborhood. They need to do a utility locate prior to beginning work but they can move forward immediately
- Fire Sprinkler situation – an expensive inspection was performed last year and the report provided to the board today after multiple requests. Less than half of the units were inspected on the interior and we are due for fire inspection next month. Board to discuss with Tyler, stay tuned
- Eastrail Construction - Terry Thomas Representative
 - The global plan is for a protected trail that extends from Bellingham to Olympia
 - King County has hosted a number of community engagement meetings
 - Neighborhoods can connect to the trail
 - Assumption is that all costs associated would be borne by neighborhoods who want to make the connection
 - Terry is interested in determining what the requirements are, then he will present that information to the board for consideration in Hawthorne's participation
 - Meeting this Thursday, Terry plans to attend

Property Manager Report out

- Maintenance Items:
 - Fire sprinkler 21E awaiting sheetrock repair
 - Sprinkler covers inspected in additional unit parts ordered
 - Lighting inspected at roundabout for potential addition. Options would be to transfer light from the closest light source (which involves trenching, permit, installation) or installation of solar lighting
 - Building 12 has rodent infestation
 - 38C – cracked brick inspected suggested that it is likely a foundation footing problem. Quote to be priced to entire board for review

Q&A / Open Forum

- Robert McDermott– question on actions to be taken related to bunny infestation.
 - Potentially cut out burnt spots and replant the grass. At this point Erin is in initial discussion, no actions have been taken
- Yvonne Griffin – mismatched doorknobs, who is responsible for replacement?
 - These should be all the same/similar throughout the neighborhood, likely over time as people needed to repair or replace they slowly started becoming less standardized
- Kim Schmidt – many garage doors and door panels don't match
 - The board is aware of this issue. All panels and doors should be consistent and the same color. This will be addressed during the upcoming painting project. Homeowners will be responsible for repair or replacement of their garage door if it is damaged or dented at their own expense. Plenty of communication will come from Nova in advance of this project including deadlines and options

Nathan Wrap Up

- We sincerely appreciate Tyler's dedication to our neighborhood and owners over the last 4 years

- A lot of thought, deliberation, time and effort went into the decision to change management companies. Based on feedback of residents and board's opinion we haven't been able to get the proper level of service necessary
- An RFP was prepared, we did a walk through with potential vendors, we interviewed companies and were able to virtually meet staff, ask questions and talk to references
- We are excited about working with Nova as they have a whole office staff and team of people working to support the neighborhood.
- Working with a smaller company has resulted in inaccurate and delayed financial accounting. Maintenance is currently not on point. Fees and fines are not enforced consistently. Access to information has been spotty. In general we need a higher level of service and Nova has systems in place and more automation we expect to see an improvement.

- **Marne Sall** – as we transition to a new management company, how does that affect our dues?
 - Nathan: dues are related to our budgeting process, not our management company. Everyone should stay tuned to next meetings as we go over the draft budget and reserve study we will review and present additional information to homeowners. The projects that are necessary for maintenance and repair of our neighborhood will determine dues.

Best is officially our manager until 11/30. Nova is on board in the background transitioning everything over on their end. They will send out communication on their website, making payments, systems, etc.

Meeting adjournment

Motion to adjourn 8:22pm

Hawthorne HOA Meeting – September 28, 2020

Call to order – 7:02pm

Roll Call – Erin Dawson, Therese Jardine, Nathan Merz, Liz Wertz
Tyler Weaver present for Best Management

Approval of August Meeting Minutes

- Distributed via email 8/29/2020
- Nathan made motion to approve, Erin seconded. None opposed.

Treasurer's Report

- Good news is that we've been chipping away at the delinquency report. We appreciate everyone who has taken action that was in arrears that got caught up. There is only about \$6,000 which remains outstanding
- A risk we have is the drainage situation which has become a much larger project than anticipated, though the Repair & Maintenance category does have 2020 funds remaining, we also have reserves to fund this project if necessary.
- Financial package will be posted to Best's website

Landscape Update

- Schedule updates
- Storm Drain Issues
 - Trail on 135th has some disruption from the recent storm lids
 - Catch basins and storm drains ownership/responsibility under review

Open Projects:

- Skylights
 - We have identified a vendor who is able to do this work for us
 - We have identified a variety of unit types to have inspected to have a broad cross-section to review
 - Project is just pending approval and a signature from board to proceed
 - Will coordinate with the affected homeowners for inspection
- Drainage
 - We put a significant dent in the list working with AcesFour to address our known issues list. Unfortunately, as we approached the top end of our bid, they made the decision to go out of business due to a COVID related slowdown, which left them unable to scope and take on additional work.
 - We are actively working to identify a vendor who can come as soon as possible to address the remaining areas of concern. We have a handful of downspouts that need to be addressed and then at least 3 areas that need to be excavated and repaired.
 - As we move forward, we're going to need to budget for this on an ongoing basis
 - Tyler will have a bid for Board review this week
 - Gutters will be addressed at the end of October and beginning of December to address leaves and debris

Insurance

- Review any open claims
 - None currently

- Revisit deductible increase
 - If an owner suffers a loss in unit (water/fire) they are responsible for \$25k, anything above that would go against the HOA Master policy. If one owner has a significant loss, we do run the risk of that costing us higher premiums upon renewal
 - We previously discussed raising the deductible to \$50k, which is not out of line with other HOAs in the area
 - This would be shifting more liability onto homeowners vs the entire association
 - Larry – just a comment to recognize the additional cost burden to the homeowners. Also, would like to point out that an increase does not necessarily make homeowners any more contentious.

Property Manager Report out

- Water Usage Report
- Open Maintenance items
 - Still significant issues with logging issues, communicating with owners on updates/progress/vendors assigned. Need a better way to manage this
 - Tyler will provide an excel sheet report for board to review with all outstanding items
 - Water leak in unit requesting to be included in skylight inspection, but this should be addressed immediately as it is a clear defect and is urgent.
 - Miss matched vinyl sheets in skylight bay
- Review of past min – 6B adjuster says leak is common and tried to put financial responsibility back to association

Q&A / Open Forum

- The email from Tyler upon high water usage was really helpful, since owners don't see a bill they don't know about high water usage so the tips were great for trying to address a potential issue.
- ACC request for railing install was missing from the ACC request. Board needs the spec package uploaded into the request. Would include bid, specs and materials, etc. We have no information to approve
- What sort of protections does Best's site have to protect against data breaches? Program is called AppFolio, credentials reviewed when signed in March 2020. All data is stored, no software integrations, solely located within the system which makes it far more secure than many other sites.
- Maintenance request for repainting front door

Meeting adjournment

- Motion to adjourn made by Nathan, seconded by Therese. Meeting adjourned 8:12pm

**Hawthorne Townhomes HOA Board Meeting
May 27, 2020**

Meeting called to order: 7:00

Roll Call:

Members Present: Therese Jardine, Nathan Merz, Cheryl Wilson, Liz Wertz

- Quorum determined

Tyler Weaver Present for Best Management

Approval of April Meeting Minutes – not completed, could not be located on the website

Last call for volunteers & board member

- Thank you to those who have reached out to create/join committees to help Hawthorne become a better place to live.
- Reminder that we need one additional board member, anyone interested should reach out to the board asap. We have one person who has expressed interest, if no additional interest is expressed, we will nominate this person for the open board position at the annual meeting TBD in June.

Treasurers Report

- Best has implemented a new site, working through the kinks to ensure we have access to all the correct reports necessary
- It is noted that the Operating income doesn't align with statements, Therese will further dig into this issue with Tyler to clarify
- Hawthorne is due for an audit. We reached out to past auditor used and reviewing other providers who can provide an audit and take over filing 2019 taxes
- Tax return issue:
 - Board requested verification from Tyler on past taxes, first request made 2/25, copy of 2017 taxes provided to board 5/27.
 - Why did this take so long and why was 2018 not provided?
 - Tyler provided a verbal confirmation about 2018 but cannot produce a copy. Board to investigate further
 - 2019 has not been filed. Therese researching new CPA to facilitate
 - Issue tabled, Board to review 2018 taxes in executive session

Landscape Update

- Premier continues to remove dead bushes, clean things up and turn off dead sprinkler heads.
- They have been asked not to prune the rhododendrons as only a fraction of the ones we have bloomed.
 - Cheryl will investigate and see if we can get someone more specialized to prune them correctly.

Fire Lane Update

- There has been some discussion about parking and fire lanes. Specifically, on 135th and the roundabout which has conflicting directions of fire lane/no parking and also 5 parking spaces outlined.
- Cheryl met with fire marshal on site and he determined that the fire lane in the roundabout should be categorized as a Fire Lane, not parking but after a review of the past documents and consult with Robinson Noble, we believe that we can maintain the 5 parking spaces in the roundabout
- We do need to add a 10' yellow fire lane stripe to be in compliance
- It has also been determined that the fire lane at the other end of 135th indeed a fire lane, not street parking.
- Please observe proper parking areas, we are seeing people parking in fire lanes throughout the community more often.

Welcome Committee

- Diane Trafton has volunteered to lead the newly created Welcome Committee with the goal of welcoming all new residents and ensuring that they have all the necessary information about our neighborhood.
- Tyler typically provides meeting minutes, financials, budget etc. with the resale certificate when a unit sells. He includes a welcome letter and info pertinent to their particular account. If there is additional info to be included Best will provide along with existing info.
- Once compiled all this welcome information will also be distributed out to all owners via google email list as well.
- Action Items:
 1. Tyler will send Diane his standard "new owner" welcome packet
 2. Board to review Diane's draft, edit and provide feedback

Drainage Update

- Bolles Construction was on site last week to camera the lines at building 5 & 6. They did find roots clogging some drains. They removed what they could and dye tested the line and confirmed flow through. They also cleared the yard drains that were covered with beauty bark.
- They referred us to a roto-roter provider who we can have come out and fully clean the lines which will be the next steps. After that we will determine if we need to have Bolles resolve any issues that cannot be cleared.

Open Insurance Claims & Projects

- No new items since last month
- The only project is Building 6:
 - Water accumulating near front door, sump continues to run. We still need to determine the source of the water before we move forward with additional construction.
 - Tyler confirmed that he did a chlorine test to conclude water is not coming from inside the house.

Annual Meeting Update

- Hawthorne's annual meeting should occur in Q1 per the bylaws but given new board members and COVID we missed this deadline. We plan to host the meeting in the neighborhood in June this year with community event (bbq, bounce house, etc). then hold meeting and voting.
- Approval of budget and election of board officers are the main objective of the annual meeting
- Moving forward all meetings will occur in Q1
- Tyler will include final request for volunteers in hard copies mailer notice that will be send out to all home owners with announcement of annual meeting

Issues with Neighbors

- We are all a community of neighbors. Let's all try to be courteous and respectful neighbors.
- Please reach out directly to your neighbor to resolve issues prior to reaching out to the board or Best Management

Emergency Preparedness Committee

- Nicole Kraft-Canitz wants to lead a committee to be able to respond in the event of an emergency. She will review some FEMA documentation and try to solicit additional volunteers
- Potentially can use map my neighborhood tool to identify doctors, nurses, community members needing special assistance, etc.
- Tyler will provide map of neighborhood and resources related to water shut off locations

Delinquencies - Nathan

- The board requested from Best Management that communications go out to those with delinquent accounts.
- In February we crafted a friendly reminder that was to be distributed via email and hard copy in the mail. We are not confident that this communication was distributed to homeowners. A second

level communication with stronger language was crafted and unfortunately the distribution of that happened to coincide with new software and potentially took some people by surprise.

- We have had a number of homeowners reach out and clear their accounts, which is great but also still have a number of outstanding delinquencies
 - 4 owners owe full balance of special assessment
 - 1 owner is 60 days past due
 - 15 owners owe small amounts

Skylights/Bugs - Therese

- The SOW provided from NorthStar provided a 5 year warranty
- Attorney recommends hiring someone to perform a skylight inspection to get a neutral perspective on what should have been done. We are currently looking for a contractor

New Portal/HOA Software/Accounting System at BEST- Tyler

- Received last minute notification that previous software was being retired so a transition has been made
- Some additional accounting functionality has been added
- Community Management site has also changed: <https://bestpmc.appfolio.com/>
- Board was not notified of any of these changes prior to switch was made
- Board requests that Tyler include communication about this site with the annual meeting notification mailers

Homeowner unresolved issues-Tyler

- 32C: Crawl Space Vent, Fire System Alarm – homeowner will follow up offline with board and Tyler

Meeting adjourned: 8:08

Executive session

Property Manager's review

- Trying to fine tune new system. Figuring out what isn't working and what is missing
- Will be a benefit to delinquency collection
- Violations set ups and templates will be more streamlined
- Potentially a weekly check in session/summary/email to eliminate items falling through the cracks. Tyler & Nathan 8:30 am on Fridays

Board needs a better method for tracking topics and workflow. Google groups is not an effective way for us to manage the many projects we're trying to move forward

New Website – Tyler to update all board member accounts

Adjourned 8:28

Hawthorne Townhomes HOA Board Meeting March 23, 2020

Agenda:

Call to Order – Nathan 7:01

Roll Call

- Members present: Therese Jardine, Nathan Merz, Liz Wertz, Cheryl Wilson
- Members absent Neil Ross
- Quorum determined
- Owners Present
 - Rebecca Gannon, Ken, Jeremy, Ken, Henrik, Sarah & Courtney, Marne Sall, Surabhi Sharma, Erin, Justin, Kim Schmitt, Sonam Gupta
- Tyler Weaver present for Best Management

Approval of February Meeting Minutes

- Board minutes were not presented
- Neighborhood was notified that Meeting Minutes were posted to Best's website on 3/2/20, no corrections were received

Treasurer's Report - Therese

- Invoices/Financial package was not posted prior to meeting.
- Annual Tax Return filing
- Audit – needs to be scheduled
- Delinquencies – \$28k, most are 90 days or more late

Landscape Update - Cheryl

- Hillside project between 134th and 135th project to be completed in the next two weeks. Some additional drainage issues were identified in this area. Additional plantings should help soak up some of this runoff water
- ~ \$1,500 estimated cost which includes planting 15 ferns and dogwoods
- The goal is to stabilize the hillside for a longer-term solution

Other Business – Nathan and others

- Resolution of water damage to 15515 134th – homeowner was doing work in attic, a major claim ensued, resulted in lengthy repairs and issues for the homeowner
 - Therese and Nathan negotiated a reduced payment to the contractor as the homeowner performed much of the work.
 - Board is waiting for waiver of lien to make final payment to contractor.
- Progress of water damage to 35-A – homeowner undertook a remodel where a pipe was broken, a floor resulted from water running for an hour.
 - Therese and Liz met with association's attorney. The determination was made by the board, that the association will pay the difference in excess of the insurance deductible should be paid in cash vs filing an insurance claim.
 - Claims under \$25,000 are borne by the homeowner, claims in excess of \$25,000 typically hit the Master policy and require the association manage the project
 - Per Hawthorne bylaws, homeowners are required to submit an architectural review request. This provides the opportunity to ensure permits are in place, making sure people are aware of how to shut of the water, etc.
- Owner Feedback related to Flood claims
 - Ken's comment: Believes that this cost should be borne by homeowner
 - According to the WA statutes in this incident, these expenses are a liability borne by the association. This was the determination of the association's attorney

- Rebecca Gannon's suggestion: Water and Gas shut off information could be included for new homeowners in their welcome information.
- Water intrusion in 6B
 - We still need to identify the ultimate cause of the intrusion
 - A sump pump installed, which mitigated the issues some. There is still water under the entry way.
- Drainage repairs (including issue at 6B)
 - Around the East side of Building 5, when there is a rain event, water cascades down the foundation. A French drain that was installed but it is not sufficient
 - Therese provided a list of known issues via email to neighborhood.
 - The board requests that homeowners go out during the next significant rain and walk the perimeter of the buildings.
 - Please note and report any issues to add to the list. (Clogged drains, bubbling, surface run-off, washed out bark etc.)
- Possibility of raising insurance deductible
 - Exploratory discussion at this point. Board needs to determine legality and evaluate the pros & cons of doing this.
 - The current deductible is \$25,000
 - Our concern is that too many small claims will increase our premiums in the future
 - Tyler Weaver: Raising policy deductible is a good idea in this current case. Shifts some additional liability to homeowner's insurance and lessens the burden on the HOA. This would help keep premiums lower
 - Most recent events have been in the \$20k - \$30k range
 - Tyler indicates that most companies go from \$25k to \$50K deductible
 - We renew in September, so the board could facilitate a vote and solicit
 - Board would need to ensure that everyone is aware and communicated to
 - 3 instances of homeowners not having insurance when needed
 - It would remain the HOA's responsibility to ensure that repairs are done
 - Owner feedback:
 - Ken – most neighbors likely believe that they are on the hook for all indoor repairs, and likely not aware of requirements of board involvement/master policy information.
- Roof Warranty
 - There was a recent leak, NorthStar was called out to repair and then sent a bill
 - Initial contract document outlined a 5-year warranty, somehow NorthStar made a change where they thought they had a 1-year warranty
 - Nathan and Therese disputing this topic with attorney and contractor. 5-year warranty should be in place and the necessary repairs will be covered
 - New procedure implemented: When the board speaks with the attorney, 2 board members to attend to get the information
- Repairs to exterior wood trim
 - The damage to wood trim is significant
 - Therese has created a template for a Scope of Work, and will be soliciting bids
 - New homeowner Erin may be able to help facilitate some addition
 - Once the SOW is completed it will go out to bid
- Painting
 - Board sent out requests for bids which came in between \$300k - \$500k
 - Board will inquire with contractor if postponing painting is suggested if wood repairs are completed this year.
 - The funds for this major project are already set aside
 - Nathan suggests pushing this project out due to lack of capacity to take on more additional projects and current virus/economic situation IF the contractor recommends using a phased approach. If not, we need to review recommendations and adjust
 - Garage doors – mismatched in the same buildings, some are two toned colors, many are scratched, dented or damaged.
 - There is a provider that can replace panels in the garage door. They can assess which units need replacement/repairs. Need to identify which are damaged beyond repair

- Owner Feedback:
 - Kim Schmidt: asked for clarifying on painting.
 - All wood exteriors, pillars and garage doors.
 - Yvonne Griffin comment: Pointed out the dents/damaged doors and how homeowners arrange these repairs prior to painting progresses

Manager's report – Tyler

- 12 owners represent a total of over \$24,000 for special assessment fees due 12/31/2019
 - Tyler to send out another notice to them, courtesy notice sent last month
- Some owners made payments to dues vs to the special assessment, Tyler has contacted them to correct.
- Notices have been sent out related to Garbage/Recycling & Parking etiquette reminders. Board communication to go out to entire neighborhood
- Building 33 – significantly high for water usages. 4 times as high as usual. Tyler contacted all owners in building and nobody came forward.
 - Tyler to copy board when these go out
- Building 35 Fire panel has been rescheduled from to 3/26

Wrap up

Don't forget – we have a neighborhood Facebook page. Participation is optional and all important communication will go through the google email. Please join us here:

<https://www.facebook.com/groups/1101211846890820/?ref=share>

The board requests that if anyone is interested in volunteering for a committee or specific project - please reach out to us!

hawthorne-townhomes-board@googlegroups.com

Meeting adjourned - 8:07pm

Executive Session

- In the future when we resume in person meetings, we should continue to offer conference call option
- Painting project logistics – not formally approved the project, so given the current situation we should put this off until next year
- We need to get some additional volunteers or committees set up to help facilitate
- Review the standard neighborhood welcome packet. – welcome packet, most important things to know. (water/gas shut off) insurance items, maintenance etc. Notify board of water run-off, approval of
- Board needs to look into platform for housing notes, project docs etc. Nathan to look into Slack for the group
- Economic impact of COVID-19 may be significant and we need to be cognizant

Executive Session Adjourned 8:52

Hawthorne Meeting Minutes
Feb 24, 2019

Board attendees: Therese Jardin, Liz Wertz
4 Owners in attendance
Management Company: Tyler Weaver

Meeting called to order 7:02

Unit 6B Update

- Owner present looking for an update to the status of this project. 2 bids are in Tyler's possession. McLeod & Sabre both are approximately \$8,000.
- Promaxx painting (for drywall only estimate) is available to come out and provide a quote tomorrow
- The major problem of water coming through foundation has been taken care of. The area under entry is still wet
- Tyler recommends that we get a camera into the drain for 05 & 06 to evaluate the pipe conditions, which was previously recommended by Bodine Construction
- Aces4 drainage and TechCity plumbing are options for drain scope and clearing
- Tyler will provide a status report by Wed, via email to owner and the board

Tyler Weaver joined meeting: 7:10

Review of Previous Meeting Minutes

- Board member attendees is not accurate – Cheryl Wilson was unable to attend, and Liz Wertz was present
- Board requests a change to current minutes review process. We would like minutes to be sent via email for the board to review and finalize, then they will be posted online for homeowners to see vs waiting until next session to review
- Motion to approve January Meeting minutes, no objections, meeting minutes accepted

Treasure Update

- Instituted increased controls related to invoice processes with Best Management to increase transparency to board
- Inquiry into the additional costs related to Best fees for the month of January for photocopying – fees were related to budget ratification meeting printed materials which are required to be mailed to each homeowner.
- Therese requests that the water invoices be added for her review
- The Board has approved the non-budgeted expense of having the gutters cleaned again. This project has been initiated and crews on site in neighborhood from 2/24 – 2/26 to remove leaves and debris that have collected in many places in the newly cleaned gutters, causing leaking and flooding.
- Additional flooding and drainage issues are not budgeted expenses – potentially a reserve expense
- Roof assessments – there were several homeowners that had not paid the balance. A reminder was sent out for all past due accounts. If accounts are not cleared, then Best Management will move forward with the procedures outlined in our bylaws.

Landscape update

- The trees causing driveway issues have been removed. Some have been replaced with slow growing dogwoods which are less damaging than cherry trees. Where replacement was not practical, the landscapers were instructed to fill in the holes and plant grass which appears to be completed.
- It has been recommended that some of our tallest cedar trees, which are close to or touching roofs/gutters, be topped.

Manager's report

- 36 homes with late balance on the 2019 special assessment totaling \$38,195.25, 14 owners owe the full amount

- Building 33 – Best is initiating an investigation for significant increase in water usage. Usage has doubled in usage in the last month. Tyler will immediately notify all homeowners in this building to address the issue.
 - Charging back these fees to homeowners was proposed as we're seeing more significant spikes in water usage
- The cost of installing individual meters would be \$300 - \$600 per unit.
 - To make this change in the community, we would need to officially change water from Common Element to a Limited Common Element, which would require an amendment.
 - The legal cost of amendment would be approximately \$1600.
 - The result would be a reduction in HOA dues for the water for each unit.
 - This action would require an affirmative 67% response
- Fire Panel in building 35 to be replaced March 12th, after multiple failed attempts to repair and replace battery.
- Therese asked for clarification of AAA and fire and battery replacement fees. Tyler to prepare fire inspection report for board review. Tyler will ask AAA to waive their fees to come back out as we already paid them for their service, and they have not completed repairs.
- Board is re-requesting the sprinkler testing information. This was a \$9,500 report discussed at last board meeting.
 - What did we ask AAA to do, what documentation did they provide to us for their service?
 - There is no formal scope or instruction in writing. Tyler scheduled this proactively without approval.
 - What is the required remedy/ next steps?

Open forum:

- Plumbing issues – it is suggested that if owners are interested in combining efforts for repairs, that they should connect directly and work together
 - Replacing couplings will greatly reduce risk in flooding
 - See google emails for past information
- Deicer – Clarification of what was purchased, what was used and what remains
 - The pallet will be moved out of the current parking space by the end of the week
- Master Insurance Policy (Flood) inquiry – Hawthorne does have a surface water policy, deductible is \$50k. A copy is on Best's website, it is suggested home owners download a copy and discuss with their insurance broker for questions.
- The Board desires additional members (and volunteers) to help support necessary projects in the neighborhood. We do not have enough capacity to move all projects forward as we see increased issues due to our community's age

Follow up & Action Items:

- Tyler to provide an update in writing to Board and homeowner for repairs related to 6B
- Moving forward bids to be sent to board for all work as quickly as possible
- Board will take a holistic look at our surface water issues, including the failed drains, clogged pipes, roots in storm drains, surface water flooding etc.
- Best Management to institute a "status report" approach for each major project; including summary, actions taken, bids, next steps to be provided to the board with meeting packets.
- Tyler to review and provide Board a report back on battery and fire panel expenses and status
- Tyler to perform a review of declarations for maintenance ownership related to sprinkler/fire suppression systems and update Board. Board to review and determine best approach forward
- Tyler to provide Therese the invoice history for AAA fire services for review

Meeting adjourned 8:23pm

Executive Session

- Deicer Issue
 - Clarification on Mechanized invoices to date – we only have received 1 invoice to date. 2 additional invoices pending for February service.
 - Determined that remaining deicer bag counts are in line with all service provided, including the outstanding invoices
 - Tyler to ask landscaping company to move deicer this week to sidewalk. Then allow homeowners to take a bag at the end of March. We will not plan to pre-purchase for next year, as savings was not significant to warrant the inconvenience of storage.
- On March 15th Best Management needs to provide a revised delinquency report to the Board for review
- Maintenance Report – still need to get a handle on open maintenance requests and status updates
- Annual Audit next steps need to be determined
- Tyler will include status reports as an appendix to Manager's Report for board meeting packages status report

Adjourned 8:50pm

Hawthorne Board Meeting Minutes

Meeting Date: January 27th, 2020

Location: Brightwater Center

Directors Present: Nathan Merz, Neil Ross, Therese Jardine, Cheryl Wilson

Best Management: Tyler Weaver, CMCA/AMS

Call to Order: 7:03pm

Presidents Report:

- Nathan provided a brief introduction to his role at the new President of Hawthorne Townhomes Condominium Association.

Treasurers Report:

- Therese Jardine provided the monthly Treasurers report, a brief detail of the monthly expenses.. Therese requested the monthly financials to be posted to the web portal minus the owner delinquent and prepaid report.

Landscape Update:

- The Landscaper will come every two weeks now instead of every week.
- Cheryl Wilson provided the update to the removal of significant trees in the common areas removed on account of damages to the walkways and driveways.
-

Managers Report: Presented by Tyler

- Purchase of 2 pallets of deicer
- Downspout repair was reported and contested as previously included in scope of work for gutter repair.
- A brief overview of the drainage repairs at 06B
 - Manager provided a bid from Mcleod Construction and was asked to provide secondary bid with detail and to reduce scope to minimum necessary to proceed with project, including the removal of carpet from bid.
- Replacement of one fire panel at bldg. 33 due to failed circuitry
- Replacement of one patio light at 15517

Open Forum:

- There was a brief discussion related to the responsibility of damages to the interior of the residences due to plumbing failures and what defines owner responsibility. Following several water claims it should be understood the interior plumbing within a unit is the responsibility of the unit owner. Plumbing leaks as a result of physical and direct damage to the Common Area plumbing is the responsibility of the unit owner. Leaks in the fire suppression system may also be considered the responsibility of the unit owner.

Executive Session:

- The Board reviewed the open maintenance request from the homeowners and provided direction related to the collection of the delinquent accounts related to the Special Assessment.

Meeting was adjourned at 9:05pm.

Meeting Date: December 16th, 2019

Location: Brightwater Community Center

Officers Present: Cheryl Wilson, Therese Jardine

Homeowners Present: There were approximately 12 units owners in attendance

BMC Representative: Tyler Weaver CMCA, AMS

Call to Order: 7:08 PM

Proof of mailing was provided by Property Manager.

The December 10, 2018 Budget ratification minutes were accepted by those in attendance.

The 2020 budget was presented and feedback from audience was heard.

7.8% of voting power was present in the form of attendance and proxies. 51% of the association voting power is required to vote against ratification.

2020 budget was ratified.

The primary purpose of the 2019 Budget is the following:

- 1) Meet the Reserve Study Recommended Reserve Contribution for full funding
- 2) Conserve utility consumption as a Common Expense
- 3) Properly fund for deicer and a tree management program
- 4) Maintain Community Insurance Policies following a significant claim and market increased premiums for Earthquake polies.
- 5) It was agreed all members the Association needs more exterior work and therefore a strong reserve to meet the costs of the projects.

Treasurers Report:

Changes to Income:

The 2020 Budget includes a .97% increase in Association Income of which all additional funds will be allocated to the Reserve Fund/ Insurance Reserve Fund and none dedicated to the operations budget. Of the 2019 operating Budget \$29,502 will be allocated to the Reserve/Insurance Reserve Contribution. There are a total of 6 rented garages at Hawthorne which previously paid \$20 per month for maintenance of the exterior of the garage. The 2020 Budget includes a \$30 increase in this rate, to \$50 per month per space.

Changes to Expenses

Therese Jardine detailed the changes to the operating budget items. Of those items the four items which were discussed included a greater increase towards Insurance policies, the Snow and Ice Removal, Landscape and Water Sewer, Storm utility.

The Primary Earth Movement policy sustained a significant increase in rates in 2019-2020 as a result of nationwide increases from top carriers down. The result was an increase to Association insurance policy in the amount \$10,326.

Overall the operating expenses were reduced, the majority of which was from the maintenance portion as the Association has completed cleaning of the vinyl siding in 2019.

Following a few years of self-managing deicer service the Association would purchase a supply of deicer and hire a lower cost deicer service to perform more frequent servicing of the community at the same price. This approach will eliminate any service mark ups and ensure servicing regardless of deicer supply.

The Landscape maintenance agreement was modified from its original form to eliminate the use of glyphosate from the weed control program. This modification was made to protect the residents from potential health concerns resulting from the use of this root-inhibiting chemical. In response the Landscape company, Premiere Landscaping will need to perform more frequent visits with more herbicides. Landscape and Tree Management has become all more important as the plants are matured and we have lost many plants over the year. Also concerning is the size of the Association-owned trees have become significant. For the purpose of keeping the community grounds looking well maintained and pleasing the Association has allocated an additional \$4,000 to landscape improvement and \$4,000 to tree management.

The Association has performed an annual utility audit for the review of the residential water usage and found that some buildings are using more than twice the regular water, sewer than other buildings when compared on a per unit basis. A couple of buildings were also found to have internal water leaks which resulted in significant losses of water. As a result of this review Best Management was asked to perform regular review of the water consumption and the potential for submetering of the units making the cost of water based on usage and not the size of the residence and the corresponding water, sewer usage.

Finally the Operating contingency fund, which previously carried a budget of \$30,000 to \$40,000 was eliminated entirely for the purpose of bring financial accountability to the Associations operating budget. The surplus funds are expected to be allocated to the Reserve Fund where they will be expressed in the Reserve Study and promote higher property values.

Association Reserve Funding

There was open discussion regarding the financial status of the Association. In 2019 the Association held a Special Assessment of \$310,000. The proposed 2020 budget is aimed at reducing operational spending and diverting funds towards the Reserve, raising dues only as necessary. The purpose of this approach is to not only show fiscal accountability in our spending habits but also to improve financial stability. In 2020 the Association has decided to increase the Reserve Contribution beyond the recommended full funding contribution of \$337,200 by an additional 3.65% or \$12,800 bringing the Association annual contribution rate to 103.65%, based on full funding of the Reserve. Only a select few communities are able to accommodate such strong financial stability, making Hawthorne Townhomes a premiere community. Following discussion there was unanimous consent and applause from the members for the Associations decision to bolster the Reserve contribution a above recommended levels.

Open Discussion

A couple of residents asked about the electronic communication process. The manager asked the individuals to provide their email addresses for processing.

Meeting Adjourned: 8:35 PM

Hawthorne Board Meeting Minutes

Meeting Date: October 28, 2019

Location: Brightwater Center

Directors Present: Pallav Patil, Neil Ross, Therese Jardine, Cheryl Wilson, Kim Schmidt

Best Management: Tyler Weaver, CMCA/AMS

Call to Order: 7:02pm

Presidents Report:

Treasurers Report:

- 2020 Budget is in the works. A special meeting is planned to finalize.

Landscape Update: Cheryl

- The Landscaper will come every two weeks now instead of every week.
- There will be some trimming of shrubs in the circle at the top of the neighborhood.
- Some lights are out and will be replaced or repaired.

Financial Report: Presented by Tyler

Managers Report: Presented by Tyler

- Irrigation shut down and winterized.
- Two water leaks have been detected.
- Deicer ordered for snow conditions.
- Annual Fire Testing scheduled for November.
- NFPA Sprinkler Testing scheduled – Notice to homeowners
- Exterior Building Lighting Replacement – Spring of 2020.
- Fence Replacement Phase 3 – Next season.

Open Forum:

- Driveways: Several requests for bids. Driveways in need of repair or replacement have been identified. Discussion regarding who will pay for the work.
- Gutter Repair: We went over budget on this project. Diverters were installed without Board approval. Contractor has agreed to payment of the diverters in 2020. Request gutter cleaning again since all the leaves are down.
- Owner had a question about Heat Pump rating.
- Owner attended to discuss rot found during an inspection for the sale of their home. Roofer will come out to inspect. Tyler and Therese will both be present.

Executive Session:

- Communication on the Google Group. Therese requested a list of people that are not on the group.
- Discussion about the next Board meeting. Due to the holidays, there will be one meeting for November and December. Date to be determined.

Meeting was adjourned at 9:05pm.

Hawthorne Board Meeting Minutes

Meeting Date: July 11, 2019

Location: Kingsgate Library

Directors Present: Pallav Pattil, Neil Ross, Cheryl Wilson, Kim Schmidt

Directors Absent:

Best Management: Tyler Weaver

Call to Order: 7:03pm

President's Report: Pallav Patil

Pallav welcomed all owners and led the introduction with some project highlights including:

- No charcoal grills are permitted at Hawthorne per the Association Insurance Policy
- The Board meeting location will be changing to the Brightwater Community Center
- Finalizing the skylight inspection process

Treasurer's Report: Therese Jardine

Therese Jardine posed questions regarding the Income and Expense statement and

Landscape Report: Cheryl Wilson

Cheryl Wilson provided detail on the upcoming community-wide pruning project. The purpose of the project is the removal of diseased or dead trees, crown cleaning and building clearance will be performed by Bear Creek Tree Service.

Property Managers Report: Tyler Weaver

Tyler Weaver provided some detail on the current pest control policy in the community including review of alternative service providers and alternative bids. Tyler was asked to acquire bid from the current service provider.

The current batteries for the fire control panels require replacement, two bids were provided and the Board selected State-wide fire bid in the amount \$2,912, including tax.

The water main to Building 30 is leaking and requires replacement. This project is in scheduling for performance to remove the leaking portion of the pipe.

Gutter Cleaning and sealing is currently in the bid process for additional repairs including sealing, caulking and sloping. Therese Jardine volunteered to communicate with the service providers to clarify questions and concerns.

Homeowners concerns included wild racoons venturing into the community to beg for food, treatment for rodents intruding into a single home, dogs barking in the patio of a single residence, cutting of grass in one patch on 132nd Place NE and a continuing problem with one resident whom can be heard coughing during the night.

The Board of Directors held a executive session to hear a single owners concerns about his insurance claims process.

Meeting was adjourned at 8:35pm

Hawthorne Special Assessment Ratification Meeting Minutes

Meeting Date: March 8th, 2019

Location: Bothell Public Library, Bothell, WA

Officers Present: Kimberly Schmidt

BMC Representative: Tyler Weaver CMCA, AMS

Homeowners Present:

- Eugene Patrick
- Thomas Stanton
- Timothy Carl
- Porter Cragin
- John Hamilton

Call to Order: 5:20pm by Kim Schmidt

Proof of mailing was provided by Property Manager.

There was a formal roll call by Tyler Weaver following by announcement a Quorum was not achieved.

Tyler Weaver reported the purpose of the Special Assessment was to replenish the Reserve following faulty Reserve study estimate to replace the roofs at Hawthorne.

There was a brief review of the current financial status as well the projected status following Special Assessment. The cause of the fault originated over 3 years prior and could not be corrected prior to the roof replacement project.

5% of voting power was in attendance. 51% of the association voting power is required to reject ratification. The Special Assessment in the amount \$310,00 was passed.

Open Forum: Questions and Concerns

There was a lengthy question and answer period for the members in attendance.

All Homeowners were thanked for their participation in the meeting. Kim Schmidt was thanked for her service to the community and Tyler Weaver was thanked for his efforts.

Meeting Adjourned: 6:04 pm.

Hawthorne Board Meeting Minutes

Meeting Date: February 25th, 2018

Location: Carol Anderson Center

Directors Present: Neil Ross, Deb Turner, Cheryl Wilson, Kim Schmidt, Pallav Pattil

Best Management: Tyler Weaver, CMCA/AMS

Call to Order:

Call to Order: 7:05PM

Roof Replacement Project: Currently in warranty processing for Malarkey material warranty.

Landscape Update: Application of 150 Yards Beauty Bark at Hawthorne and removal of broken/damaged trees as a result of the snow storm.

Financial Report: The financial report was given by Community Manager, Tyler Weaver.

Managers Report: The financial report was given by Community Manager, Tyler Weaver.

- **Key topic included the selection of Contractor to rebuild 15515 134th Place NE following sprinkler plumbing damage and resulting unit flooding.**

Executive Session:

There was an executive session which included discussion with the owner of 15515 134th Place NE about the unit repair process and a discussion amongst Board members about unit allocated interests.

Meeting was adjourned at: 8:35PM

Hawthorne Condominium Association

Budgets



CondoCerts

Hawthorne Townhomes 2021 Budget

Nova AMP
Properties: Hawthorne Townhomes

Account Number	Account Name	2020 Budget	010/2020 YTD	2020 Forecast	2021 Budget Revised	% of Budget	% Inc from actuals	\$ Inc	2021 Budget Original	Net Revision
Income										
40005	Member Assessments	\$ 807,247	\$ 672,689	\$ 807,227	\$ 840,200	99.4%	4.08%	\$ 32,973	\$ 870,144	\$ (29,944)
	Total Regular Income	\$ 807,247	\$ 672,689	\$ 807,227	\$ 840,200	99.4%	4.08%	\$ 32,953	\$ 870,144	\$ (29,944)
Other Member Income										
40116	Violation Fees	\$ -	\$ 80	\$ 96	\$ -	0.0%	-100.00%	\$ (96)	\$ -	\$ -
40123	Move in/Out	\$ 500	\$ 250	\$ 300	\$ 500	0.1%	66.67%	\$ 200	\$ 500	\$ -
40125	Utility Fees	\$ -	\$ -	\$ -	\$ -	0.0%	0.00%	\$ -	\$ -	\$ -
40128	Garage Rental	\$ 4,800	\$ 4,000	\$ 4,800	\$ 4,800	0.6%	0.00%	\$ -	\$ 4,800	\$ -
40133	Late Charges	\$ -	\$ 550	\$ 660	\$ -	0.0%	-100.00%	\$ (660)	\$ -	\$ -
40137	Handling Fee	\$ -	\$ (60)	\$ (72)	\$ -	0.0%	-100.00%	\$ 72	\$ -	\$ -
40140	Interest Charges	\$ -	\$ 214	\$ 257	\$ -	0.0%	-100.00%	\$ (257)	\$ -	\$ -
40456	Legal Fees Coll.	\$ -	\$ -	\$ -	\$ -	0.0%	0.00%	\$ -	\$ -	\$ -
40195	Owner Rebill Charges	\$ -	\$ 162	\$ 194	\$ -	0.0%	-100.00%	\$ (194)	\$ -	\$ -
	Total Other Member Income	\$ 5,300	\$ 5,196	\$ 6,235	\$ 5,300	0.6%	-15.00%	\$ (935)	\$ 5,300	\$ -
Other Income										
40211	Interest Earned	\$ -	\$ 42	\$ 50	\$ -		-100.00%	\$ (50)	\$ -	\$ -
40255	Misc. Income	\$ -	\$ (528)	\$ (528)	\$ -		-100.00%	\$ 528	\$ -	\$ -
40282	Insurance Claim Proceed	\$ -	\$ 9,035	\$ 9,035	\$ -		-100.00%	\$ (9,035)	\$ -	\$ -
	Total Other Income	\$ -	\$ 8,549	\$ 8,549	\$ -		-100.00%	\$ (8,557)	\$ -	\$ -
	Total Operating Income	\$ 812,547	\$ 686,434	\$ 822,019	\$ 845,500		2.86%	\$ (17,114)	\$ 875,444	\$ (29,944)
Expense										
Administration										
60014	Office Exp. & Supp.	\$ 3,200	\$ 2,666	\$ 3,199	\$ 3,200	0.4%	0.03%	1	\$ 4,200	\$ (1,000)
60043	Permits & Licenses	\$ 10	\$ -	\$ -	\$ 10	0.0%	0.00%	10	\$ 10	\$ -
60047	Website	\$ 150	\$ -	\$ -	\$ 800	0.1%	0.00%	800	\$ 800	\$ -
60051	Meeting Rentals	\$ 800	\$ -	\$ -	\$ -	0.0%	0.00%	0	\$ -	\$ -
60095	Bank Fees	\$ -	\$ 30	\$ 36	\$ 36	0.0%	0.00%	0	\$ -	\$ 36
	Total Administrative	\$ 4,160	\$ 2,696	\$ 3,235	\$ 4,046	0.5%	25.06%	811	\$ 5,010	\$ (964)
Professional Services										
65103	Management Fee	\$ 29,561	\$ 24,634	\$ 29,561	\$ 31,764	3.8%	7.45%	\$ 2,203	\$ 31,764	\$ -
65121	Acct., Audit, & Tax	\$ 2,000	\$ 310	\$ 3,300	\$ 3,200	0.4%	-3.03%	\$ (100)	\$ 3,200	\$ -
65135	Reserve Study	\$ 2,502	\$ -	\$ 2,600	\$ 2,600	0.3%	0.00%	\$ -	\$ 2,600	\$ -
65155	Legal Fees	\$ 2,500	\$ 5,145	\$ 6,174	\$ 6,000	0.7%	-2.82%	\$ (174)	\$ 6,000	\$ -
65163	Legal Fees - Coll	\$ -	\$ -	\$ -	\$ -	0.0%	0.00%	\$ -	\$ -	\$ -
	Total professional Services	\$ 36,563	\$ 30,089	\$ 41,635	\$ 43,564	5.2%	4.63%	\$ 1,929	\$ 43,564	\$ -
Insurance & Taxes										
66525	Master Insur Policy - Insur Reserve	\$ 36,574	\$ -	\$ -	\$ 38,549		0.00%	\$ -	\$ 38,549	\$ -
66528	Earth Movement - Insur Reserve	\$ 55,752	\$ -	\$ -	\$ 80,098		0.00%	\$ -	\$ 80,098	\$ -
66539	Federal Income Tax	\$ 500	\$ -	\$ -	\$ 500	0.1%	0.00%	\$ 500	\$ 500	\$ -
66533	Insurance Claim Exp	\$ -	\$ 16,317	\$ 16,317	\$ -	0.0%	-100.00%	\$ -	\$ -	\$ -
	Total Insurance & Taxes	\$ 500	\$ 16,317	\$ 16,317	\$ 500	0.1%	-96.94%	\$ 500	\$ 500	\$ -
Building Maintenance										
67009	Repairs & Maint.	\$ 45,000	\$ 23,245	\$ 45,000	\$ 45,000	5.3%	0.00%	\$ -	\$ 45,000	\$ -
	Drainage	\$ -	\$ -	\$ -	\$ -	0.0%	0.00%	\$ -	\$ 10,000	\$ (10,000)
67020	Exterm. & Pest Cont.	\$ 5,150	\$ 5,288	\$ 6,346	\$ 5,700	0.7%	-10.17%	\$ (646)	\$ 5,700	\$ -
67033	Fire & Safety Inspec	\$ 8,580	\$ 3,054	\$ 3,664	\$ 8,580	1.0%	134.14%	\$ 4,916	\$ 8,580	\$ -
67052	Fire & Safety Repair	\$ -	\$ 413	\$ 495	\$ 2,500	0.3%	405.05%	\$ 2,005	\$ 2,500	\$ -
67055	Dryer Vent Cleaning	\$ 3,850	\$ 3,971	\$ 3,971	\$ 3,971	0.5%	0.00%	\$ -	\$ 3,850	\$ 121
67067	Electrical Lighting R&M	\$ 250	\$ -	\$ -	\$ 250	0.0%	0.00%	\$ 250	\$ 250	\$ -
67075	Gutter Cl. & Maint.	\$ 8,800	\$ 6,600	\$ 17,000	\$ 17,600	2.1%	3.53%	\$ 600	\$ 17,600	\$ -
67155	Snow Removal	\$ 3,000	\$ 2,293	\$ 2,752	\$ 2,300	0.3%	-16.42%	\$ (452)	\$ 2,300	\$ -
	Total Building Maintenance	\$ 74,630	\$ 44,864	\$ 79,228	\$ 85,901	10.2%	8.42%	\$ 6,673	\$ 95,780	\$ (9,879)
Landscaping										
68015	Landscape - Contract	\$ 67,573	\$ 52,748	\$ 63,298	\$ 67,573	8.0%	6.75%	\$ 4,275	\$ 67,573	\$ -
68019	Landscape - Improve.	\$ 16,000	\$ 9,697	\$ 11,636	\$ 12,000	1.4%	3.12%	\$ 364	\$ 16,000	\$ (4,000)
68033	Irrigation Maint.	\$ 4,000	\$ 4,979	\$ 5,975	\$ 4,000	0.5%	-33.05%	\$ (1,975)	\$ 4,000	\$ -
68041	Backflow Testing	\$ 1,290	\$ 1,290	\$ 1,290	\$ 1,290	0.2%	0.00%	\$ -	\$ 1,290	\$ -
68050	Tree Removal/Replace	\$ 10,000	\$ 11,316	\$ 13,579	\$ 12,000	1.4%	-11.63%	\$ (1,579)	\$ 12,000	\$ -
	Total Landscaping	\$ 98,863	\$ 80,030	\$ 95,778	\$ 96,863	11.5%	-1.13%	\$ 1,085	\$ 100,863	\$ (4,000)
Utilities										
69524	Electricity	\$ 3,505	\$ 3,086	\$ 3,703	\$ 3,832	0.5%	3.48%	\$ 129	\$ 3,832	\$ -
69548	Water & Sewer	\$ 140,000	\$ 115,734	\$ 138,881	\$ 145,368	17.2%	4.67%	\$ 6,487	\$ 145,368	\$ -
69598	Water - Irrigation	\$ 12,000	\$ 10,851	\$ 10,851	\$ 12,680	1.5%	16.86%	\$ 1,829	\$ 12,680	\$ -
	Total Utilities	\$ 155,505	\$ 129,671	\$ 153,435	\$ 161,880	19.1%	5.50%	\$ 8,445	\$ 161,880	\$ -
Transfers										
69720	Maint. Reserve Funding	\$ 350,000	\$ 291,670	\$ 350,004	\$ 334,100	39.5%	-4.54%	\$ (15,904)	\$ 350,000	\$ (15,900)
69733	Insur. Reserve Funding	\$ 92,326	\$ 76,940	\$ 92,328	\$ 118,647	14.0%	28.51%	\$ 26,319	\$ 118,647	\$ -
	Total Transfers	\$ 442,326	\$ 368,610	\$ 442,332	\$ 452,747	53.5%	2.35%	\$ 10,421	\$ 468,647	\$ (15,900)
	Total Budgeted Income	\$ 812,547	\$ 686,434	\$ 822,019	\$ 845,500		2.86%	\$ 32,953	\$ 875,444	\$ (29,944)
	Total Budgeted Expense	\$ 812,547	\$ 672,277	\$ 831,960	\$ 845,501		1.63%	\$ 32,954	\$ 876,244	\$ (30,743)
	Net Operating Income	\$ -	\$ 14,157	\$ (9,941)	\$ (1)		-99.99%	\$ (1)	\$ (800)	\$ (800)

Hawthorne Operating Budget 2020

Association Refid:	2020 Budget				2019 Budget, Actuals, Variance							
	2020 Budget	% Change to 2019 Budget	% Change to 2019 Forecast	% of Revenue	Assumptions, Details	2019 Budget	YTD Actuals 10/31/2019	Forecast Year Remaining	Forecast Year End	Bud-Act Var \$	Var %	
	Revenue											
40005	Monthly Assessments	\$ 807,247	0.97%	0.97%	99.35%	0.97%	\$ 799,480	\$ 666,230	\$ 133,246	\$ 799,476	\$ (4)	0%
40123	Move In/Out	\$ 500	0.00%	-7.41%	0.06%	Fee per move per resident	\$ 500	\$ 450	\$ 90	\$ 540	\$ 40	
40128	Extra Garage Spaces	\$ 4,800	150.00%	150.00%	0.59%	Actual Assessment	\$ 1,920	\$ 1,600	\$ 320	\$ 1,920	\$ -	
40133	Late Charges	\$ -	0.00%	-100.00%	0.00%	Per Enforcement Policy	\$ -	\$ 2,603	\$ 521	\$ 3,124	\$ 3,124	
	Other Revenue											
40282	Insurance Claim Proceeds	\$ -					\$ -		\$ -	\$ -		
	Other Income											
	Sub Total	\$ 812,547	1.33%	0.93%	100.00%		\$ 801,900	\$ 670,883	\$ 134,177	\$ 805,060	\$ 3,160	
	Account # Expenses										100.39%	
60000	Admin & Office											
60005	Special Assessment Fee			-100.00%			\$ -	\$ 2,000	\$ -	\$ 2,000	\$ (2,000)	100%
60014	Office Supplies & Exp	\$ 3,200	-13.51%	2.84%	0.39%	Monthly Coupons, check stock, exp, postage	\$ 3,700	\$ 2,593	\$ 519	\$ 3,112	\$ 588	16%
60043	Permits/Licenses	\$ 10	0.00%	0.00%	0.00%	Permits, Sec State NFP	\$ 10	\$ 10	\$ -	\$ 10	\$ -	0%
60047	Website	\$ 150	0.00%	0.00%	0.02%	Actual, per Service fee	\$ 150	\$ -	\$ -	\$ -	\$ 150	100%
60051	Meeting Rentals	\$ 800	32.89%	-45.40%	0.10%	Actual, per Service fee	\$ 602	\$ 1,301	\$ 164	\$ 1,465	\$ (863)	
	Sub Total	\$ 4,160	-6.77%	-36.84%	0.51%		\$ 4,462	\$ 5,904	\$ 683	\$ 6,587	\$ (2,125)	
65000	Prof Services											
65103	Management Fee	\$ 29,561	2.50%	2.50%	3.64%	Actual, per contract	\$ 28,840	\$ 24,033	\$ 4,807	\$ 28,840	\$ 0	0%
65121	Audit/Tax	\$ 2,000	0.00%	1.27%	0.25%	Actual, per Service contract	\$ 2,000	\$ 1,975	\$ -	\$ 1,975	\$ 25	1%
65135	Reserve Study	\$ 2,502	36.20%	150.20%	0.31%	Actual, per Service contract	\$ 1,837	\$ 1,000	\$ -	\$ 1,000	\$ 837	0%
65155	Legal Fees	\$ 2,500	0.00%	14.21%	0.31%	Per Precedence	\$ 2,500	\$ 2,189	\$ -	\$ 2,189	\$ 311	12%
65163	Legal Fees - Coll	\$ -	0.00%	0.00%	0.00%		\$ -	\$ -	\$ -	\$ -	\$ -	0%
	Sub Total	\$ 36,563	3.94%	7.53%	4.50%		\$ 35,177	\$ 29,197	\$ 4,807	\$ 34,004	\$ 1,173	
66000	Insurance											
66525	Master Insur Policy - Insur Reserve	\$ 36,574	7.57%	10.23%	4.50%	Mast Policy: Hub International	\$ 34,000	\$ 24,150	\$ 9,031	\$ 33,181	\$ 819	2%
66528	Earth Movement - Insur Reserve	\$ 55,752	16.15%	17.79%	6.86%	Earthquake Policy: Hub 5% International	\$ 48,000	\$ 33,665	\$ 13,665	\$ 47,330	\$ 670	1%
66539	Federal Income Tax	\$ 500	0.00%	0.00%	0.06%	Tax on Association Income	\$ 500	\$ -	\$ -	\$ 500	\$ -	
	Sub Total	\$ 92,826	12.52%	14.58%	11.42%		\$ 82,500	\$ 57,816	\$ 22,695	\$ 81,011	\$ 1,489	
67000	Maintenance											
67009	Maintenance Repairs	\$ 45,000	12.50%	42.33%	5.54%	Gen. Maintenance & repairs	\$ 40,000	\$ 26,588	\$ 5,028	\$ 31,616	\$ 8,384	21%
67020	Extern and Pest Control	\$ 5,150	3.00%	-5.88%	0.63%	Willards - Rodent Pest Svs.	\$ 5,000	\$ 4,332	\$ 1,140	\$ 5,472	\$ (472)	-9%
67051	Fire and Safety	\$ 8,580	5.80%	0.00%	1.06%	Annual Fire Insp., Repairs	\$ 8,110	\$ 3,916	\$ 4,664	\$ 8,580	\$ (470)	-6%
68041	Backflow Device Inspec	\$ 1,290	0.00%	-15.96%	0.16%	Actual Price per Annual Insp.	\$ 1,290	\$ 1,535	\$ -	\$ 1,535	\$ (245)	
67055	Dryer Vent Cleaning	\$ 3,850	28.33%	0.00%	0.47%	1 per year vent cleaning	\$ 3,000	\$ 3,850	\$ -	\$ 3,850	\$ (850)	0%
67075	Gutter Cleaning	\$ 8,800	0.00%	1404.27%	1.08%	Based on Pricing per Quote	\$ 8,800	\$ 585	\$ -	\$ 585	\$ 8,215	93%
67067	Lighting and Electrical	\$ 250	0.00%	0.00%	0.03%	Lighting Maint., estimate	\$ 250	\$ -	\$ -	\$ -	\$ 250	100%
67151	Roof Maint.	\$ -	0.00%	0.00%	0.00%	Roof Moss Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	0%
67155	Snow and Deicer	\$ 3,000	0.00%	-36.31%	0.37%	Seasonal Deicer Program	\$ 3,000	\$ 4,710	\$ -	\$ 4,710	\$ (1,710)	-57%
67165	Building Wash - Siding and Decks	\$ -	-100.00%	-100.00%	0.00%	Wash Building Siding	\$ 22,638	\$ 19,250	\$ -	\$ 19,250	\$ 3,388	15%
	Sub Total	\$ 75,920	-17.56%	0.43%	9.34%		\$ 92,088	\$ 64,766	\$ 10,832	\$ 75,598	\$ 16,490	
68000	Landscape Expense											
68015	Contract	\$ 67,573	9.95%	10.28%	8.32%	Per Contract - Premiere Lands.	\$ 61,460	\$ 51,062	\$ 10,212	\$ 61,274	\$ 186	0%
68019	Landscape Improvements	\$ 16,000	33.33%	62.77%	1.97%	Additional Improvements	\$ 12,000	\$ 9,830	\$ -	\$ 9,830	\$ 2,170	18%
68033	Irrigation Maintenance	\$ 4,000	100.00%	-17.22%	0.49%	Based on Expected	\$ 2,000	\$ 4,832	\$ -	\$ 4,832	\$ (2,832)	-142%
68050	Tree Removal/Replacement	\$ 10,000	66.67%	-31.23%	1.23%	Trim, Remove & Replace Trees	\$ 6,000	\$ 14,542	\$ -	\$ 14,542	\$ (8,542)	-142%
	Sub Total	\$ 97,573	19.78%	7.84%	12.01%		\$ 81,460	\$ 80,266	\$ 10,212	\$ 90,478	\$ (9,018)	
69500	Utilities											
69524	Electricity	\$ 3,505	-0.88%	6.17%	0.43%	Common Area Electrical	\$ 3,536	\$ 2,751	\$ 550	\$ 3,301	\$ 235	7%
69548	Water & Sewer	\$ 140,000	0.00%	5.68%	17.23%	Residential Water Only	\$ 140,000	\$ 110,393	\$ 22,079	\$ 132,472	\$ 7,528	5%
69598	Water - Irrigation	\$ 12,000	0.00%	18.15%	1.48%	Common Area Irrigation.	\$ 12,000	\$ 10,157	\$ -	\$ 10,157	\$ 1,843	0%
	Sub Total	\$ 155,505	-0.02%	6.56%	19.14%		\$ 155,536	\$ 113,144	\$ 22,629	\$ 145,930	\$ 9,606	6%
69700	Contingency	\$ -	-100.00%	-100.00%	0.00%	Anticipated Large Project	\$ 30,000	\$ 11,679	\$ 2,336	\$ 14,015	\$ 15,985	53%
	Total Expenses	\$ 462,547	15.86%	26.00%	56.93%		\$ 399,223	\$ 304,956	\$ 51,499	\$ 367,112	\$ 32,111	0%
69733	Insur. Reserve Funding*	\$ 92,326	12.59%	12.60%	11.36%	Prop. Liab. D&O: 25% Inc, EQ: 5% Inc.	\$ 82,000	\$ 68,330	\$ 13,666	\$ 81,996	\$ 4	
69720	Maint. Reserve Funding	\$ 350,000	9.14%	9.14%	43.07%	Rev - Exp = Profit (Loss) = Reserve Deposit	\$ 320,677	\$ 267,230	\$ 53,446	\$ 320,676	\$ 1	
	Reserve Payback Contribution	\$ -	0.00%	0.00%	0.00%		\$ -	\$ -	\$ -	\$ -	\$ -	
	Net Income	\$ -				Non-Profit Status	\$ 0	\$ 94,044	\$ 28,301	\$ 117,272	\$ 36,765	-

*Insurance Reserve account is funded monthly but paid annually

Hawthorne Condominium Association

Other Document



CondoCerts

RESOLUTION OF THE BOARD OF DIRECTORS OF
Hawthorne ASSOCIATION
REGARDING A COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

WHEREAS, the Association's Board of Directors is charged with the responsibility of collecting assessments for common expenses from unit owners pursuant to the Association Declaration and/or Bylaws; and

WHEREAS, from time to time unit owners become delinquent in payment of those assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS, 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 an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS, the Board has retained the Association's attorney for the attorney's experience in representing condominium and homeowner associations in collections and in other matters; and

WHEREAS, the Board has directed the Association's attorney to represent the Association on the terms outlined in this resolution; NOW, THEREFORE,

BE IT RESOLVED that the Association's attorney shall pursue all collection and other matters which the Board, acting through the Treasurer or manager, may from time to time refer to the attorney and shall provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the Treasurer or manager, acting on behalf of the Association, shall pay the Association's attorney the attorney's usual and customary charges for time incurred in connection with the attorney's representation of the Association, together with all costs incurred by the attorney, including but not limited to fees and charges for filing, document recording, service of process, messenger service, court reporters, electronic or computer assisted legal research, photocopies, postage, long distance calls, investigator's

services, credit reports and title reports, promptly upon receipt of the attorney's monthly invoice; and

BE IT FURTHER RESOLVED that pursuant to the Declaration and/or Bylaws and RCW 64.34.364(13) there is hereby levied against any assessment account which is not paid in full as of the 15th day of the month a late fee in the amount of \$ 50 which the Treasurer or manager is authorized and directed to charge to and collect from any delinquent unit owner; and

BE IT FURTHER RESOLVED that the Board and manager may agree that all or some of the monthly late charges may be retained by the manager in recognition of and as compensation for the additional administrative burden imposed in dealing with delinquent accounts; and

BE IT FURTHER RESOLVED that the Treasurer or manager is directed to send to any unit owner who is more than thirty (30) days delinquent in the payment of regular or special assessments or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), a written notice that if the account is not paid in full within ten (10) days it will be turned over to the Association's attorney for collection, including filing a lien against the delinquent unit, and that the unit owner will be liable for payment of the minimum charge imposed by the Association's attorney to cover fees and costs charged to the Association; and

BE IT FURTHER RESOLVED that the Treasurer or manager is directed to refer any account which remains delinquent for ten (10) days or more after the written notice to the Association's attorney for collection; and

BE IT FURTHER RESOLVED that the Treasurer or manager is directed to consult with the Association's attorney and turn over for collection immediately any account where the unit owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the unit; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's attorney for collection:

1. All contacts with a delinquent unit owner shall be handled through the Association's attorney. Neither the Treasurer or manager nor any Association officer or director

shall have authority to settle the collection of the account directly with a unit owner after it has been turned over to the Association's attorney unless the Association's attorney is present or has consented to the contact.

2. Unless otherwise specified, all sums collected on a delinquent account should be remitted to the Association in care of the Association's attorney until the account has been brought current. All sums collected shall be applied in the following order: interest, late charges, legal charges and then to regular or special assessments (in order of the date of the regular or special assessment).

3. To the extent provided by the Declaration and/or Bylaws, all of the estimated Assessments due for up to the next succeeding twelve (12) months shall be accelerated and become immediately due and owing upon any required notice to the unit owner. However, the Association's Treasurer, manager and attorney are granted the discretion to waive this acceleration in whole or in part under circumstances which they deem to be appropriate.

4. To the extent provided by the Declaration and/or Bylaws, a delinquent Assessment deposit of up to three (3) months estimated Assessments shall be assessed on the unit owner's assessment account. However, the Association's Treasurer, manager and attorney are granted the discretion to waive this Assessment deposit in whole or in part under circumstances which they deem to be appropriate.

5. To the extent provided by the Declaration and/or Bylaws and to the extent that a delinquent unit is rented by its owner, the Association's attorney is authorized to demand and collect the rent from the tenant in the unit, and in the event that the tenant agrees to make, and does make, the required payments, no utility service to the unit shall be disconnected.

6. Interest at the rate provided by the Declaration and/or Bylaws or otherwise at the legal rate shall be collected on all delinquent Assessment amounts, including but not limited to late charges and legal charges. However, the Association's Treasurer or manager and attorney are granted the discretion to waive this requirement in whole or in part under circumstances which they deem to be appropriate.

7. The Association's attorney's minimum legal fee shall be assessed against each delinquent unit and its owner (including repeat collections) at the time the account is turned over to

the Association's attorney for collection. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit and owner and shall be collectible as an Assessment as provided in Declaration and/or Bylaws and RCW 64.34.364(14).

Adopted on the 12 day of December, 2000.

Hawthorne ASSOCIATION
By: [Signature]
Its President

By: [Signature]
Its Secretary

Hawthorne Condominium Association

Reserve Study



CondoCerts



HAWTHORNE

Woodinville, Washington



STANDARD

LEVEL 3 RESERVE STUDY UPDATE WITHOUT A SITE VISIT

With funding recommendations for the 2021 fiscal year

Issued November, 2020

Next Update: **Level 2** study by **September, 2021**

Prepared by:

Mahria Sooter, Reserve Specialist

Denise Dana, Reserve Specialist



© 2020 BY RESERVE CONSULTANTS LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248



Contents

EXECUTIVE SUMMARY	1
INTRODUCTION	3
Purpose of a Reserve Study	
Government Requirements for a Reserve Study	
Limitations and Assumptions of a Reserve Study	
Our Approach to a Reserve Study	
Inflation and Interest Rate Projections	
Starting Reserve Fund Balance for Year 1 (2021)	
ASSOCIATION OVERVIEW	11
COMPONENTS INCLUDED IN THE RESERVE STUDY	12
Component Funding Excluded from the Reserve Study	
Adjustments to Component Reserve Recommendations	
RESERVE COMPONENT SUMMARY	13
FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS	14
FUNDING PLANS	14
Five Year Funding Plan Comparison	
Comparison of Funding Plans and Fully Funded Balance Over 30 Years	
Projected Reserve Account Balance for Funding Plans Over 30 Years	
Reserve Study Projections using Constant Dollar Values	
Reserve Study Projections using Inflated Dollar Values	
FULLY FUNDED BALANCE CALCULATIONS	24
FULLY FUNDED BALANCE CALCULATION TABLE	30
SUPPLEMENTAL BUDGET INFORMATION (SBI)	31
APPENDIX - GLOSSARY OF TERMS	34
APPENDIX - EVALUATORS' CREDENTIALS	37



EXECUTIVE SUMMARY

Description

Hawthorne is a 140-unit residential community located along 13215 NE 154th Drive in Woodinville, Washington. This Reserve Study meets the requirements of the Washington Condominium Act and the Washington Unified Common Interest Owner Act for a Level 3 Reserve Study update without a site visit, and was prepared by an independent Reserve Study Professional.

Background

Construction of Hawthorne was completed in about 1998. The community consists of forty wood framed buildings that are two stories. The buildings have a mix of vinyl, brick, and wood siding with wood trim. All buildings are topped with asphalt composition shingle roofs.

The recommended annual contribution to reserves for 2021 is \$334,100.

Financial Information for the Current 2020 Fiscal Year

Reserve Account Balance on August 31, 2020	\$1,511,477
Annual Operating Budget	\$462,547
Component Inclusion Threshold (1% of the Operating Budget)	\$4,625
Annual Budgeted Contribution to Reserves (2020)	\$350,000
Remaining Contributions to Reserves for the Year	\$111,666
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$3,241,504
Percent Funded at Time of Study	47%
Funding Status at Time of Study	Moderate Risk for a Special Assessment

Recommended Contribution to Reserves Starting in 2021

2021 Recommended Annual Contribution Rate	\$334,100
Breakdown of the Recommended Contribution :	
2021 Recommended Contribution per Month	\$27,842
2021 Average Contribution per Unit per Year	\$2,386
2021 Ave. Contribution per Unit Per Month	\$199
2021 Baseline Funding Plan Contribution Rate	\$303,700
2021 Full Funding Plan Contribution Rate	\$368,600

The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of one year's contribution to reserves** and the percent funded between 32% and 78%. The fiscal year for the Reserve Study is a calendar year. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

There is a requirement to have a current Reserve Study with a current recommended reserve contribution rate. Reserve Studies must be updated annually to reflect recent financial information, repairs or replacements, and to adjust for future repair costs. Every three years, the update must be based on a visual on-site inspection conducted by a Reserve Study Professional.



Five Years At A Glance 2021 Through 2025

The following reserve funded expenses are expected to occur in the next five years at Hawthorne in **constant dollar values**.

Year 1 (2021) Anticipated Maintenance	Estimated Cost
2.7.3 Railroad Ties at Stairwell - Replace	\$12,500
6.1.1 Deck Frame - Repair	\$36,170
6.1.2 Deck Surface - Recoat	\$82,210
6.2.2 Exterior Wood Trim - Repair	\$162,500
6.2.4 Wood Column Bases - Replace	\$32,830
9.8.1 Exterior Wood Trim - Clean, Caulk & Paint	\$343,500
9.8.2 Unit Entry Door - Paint	\$14,480
10.5.1 Exterior Mail Pedestal Unit - Replace	\$39,680
Total Estimated Expenses for Year 1 (2021)	\$777,800

Year 2 (2022) Anticipated Maintenance	Estimated Cost
2.6.1 Asphalt Paving - Repair	\$17,110
2.6.2 Asphalt Paving - Seal Coat	\$23,310
3.3.1 Concrete Pavement - Repair	\$4,770
6.2.1 Brick Siding - Repair	\$34,000
17.2.1 Alarm Control Panel - Replace	\$10,900
Total Estimated Expenses for Year 2 (2022)	\$90,090

Year 3 (2023) Anticipated Maintenance	Estimated Cost
No maintenance anticipated	
Total Estimated Expenses for Year 3 (2023)	\$0

Year 4 (2024) Anticipated Maintenance	Estimated Cost
17.2.1 Alarm Control Panel - Replace	\$10,900
Total Estimated Expenses for Year 4 (2024)	\$10,900

Year 5 (2025) Anticipated Maintenance	Estimated Cost
2.7.1 Wood Privacy Fencing - Replace	\$13,410
Total Estimated Expenses for Year 5 (2025)	\$13,410

Many factors may influence the actual costs that may be experienced. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses. Common interest communities typically experience higher costs than other comparable multifamily projects, in part due to the difficulty contractors have obtaining insurance to work on common interest communities.



INTRODUCTION

Purpose of a Reserve Study

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by an association to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the

anticipated future major shared expenditures. Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown in constant dollars, and with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines.

A Reserve Study also calculates a theoretical “Fully Funded Balance”. Fully Funded Balance is the sum total of the reserve components’ depreciated value using a straight-line depreciation method.

To calculate each component’s depreciated value:

$$\text{Depreciated Value} = \text{Current Replacement Cost} \times \frac{\text{Effective Age}}{\text{Expected Useful Life}}$$

By comparing the actual current reserve fund balance, to the theoretical Fully Funded Balance a Percent Fully Funded is derived.

These expenses could be emergency repairs not covered by insurance, or expenses that differ from the existing Reserve Study in terms of timing or cost. The Fully Funded Balance is neither the present replacement cost of all of the Association’s reserve components, nor does it have a mathematical relationship to the recommended threshold reserve contribution funding plan.

The percent fully funded acts as a measuring tool to assess an association’s ability to absorb unplanned expenses.



Three levels of Reserve Studies:

Level 1: The first level, an initial Reserve Study, must be based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a full Level 1 Reserve Study with a site visit.

Level 2: Thereafter at least every three years, an updated Reserve Study must be prepared, which again is based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a Level 2 update with a site visit.

Level 3: As noted earlier, the Association is required to update its Reserve Study every year. However, in two of the three years, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

Level 4: The Community Associations Institute defines a Level 4 reserve study for communities under construction as a Preliminary, Community Not Yet Constructed reserve study.

Our Approach to a Reserve Study

Reserve Consultants LLC employs a “Reasonable Approach” when evaluating reserve components in order to draft a study that is of greatest value to our clients. This means we attempt to predict, based on the costs involved and the client’s objectives, what a reasonable person will decide to have done when maintenance, repairs, or replacement become necessary. For example, a reasonable person will not replace a fence when it only needs to be repainted. The benefit of this is that reserve contributions are minimized to allow for what is most likely to occur. Our studies are not based on a worst-case scenario, but rather on what we expect is most likely to occur. Our approach assumes minor problems will be corrected as they occur, before they become major problem.

Many factors may influence the actual costs that the association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses. Condominium associations typically experience higher costs than other comparable multifamily projects, in part due to the difficulty contractors have obtaining insurance to work on condominium buildings. Reserve Consultants LLC has been completing reserve studies and project management in the Pacific Northwest since 1992 and bases component repair and replacement cost estimates on this experience, as well information provided by the association.

This study is a Level 3 Reserve Study update without a site visit.

The next required update for Hawthorne is a **Level 2** study by **September, 2021**.

Several sources were used in drafting this report. These include:

- Review of previous reserve study report(s);
- Input provided by association representatives;
- Review of a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines



Government Requirements for a Reserve Study

- (a) The content of a Reserve Study for a condominium is regulated by the Washington State government (RCW 64.34.382 §2).
- (b) A reserve component list, including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement. If one of these reserve components is not included in the Reserve Study, the study should provide commentary explaining the basis for its exclusion. The study must also include 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;
- (c) The date of the study and a statement that the study meets the requirements of this section;
- (d) The following level of reserve study performed (i) Level I Full reserve study funding analysis and plan; (ii) Level II Update with visual site inspection; or (iii) Level III Update with no visual site inspection;
- (e) The association's reserve account balance;
- (f) The percentage of the fully funded balance that the reserve account is funded;
- (g) Special assessments already implemented or planned;
- (h) Interest and inflation assumptions;
- (i) Current reserve account contribution rate;
- (j) A recommended reserve account contribution rate; a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve (fund) balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by a reserve study professional;
- (k) A 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
- (l) **A statement on whether the reserve study was prepared with the assistance of a reserve study professional.**



The Washington State government further requires the following disclosure in every Reserve Study (RCW 64. 34.382§3):

'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.'

The full Washington Condominium Act may be reviewed on the Washington State Legislature's website at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=64.34> and parts of **64.34.380** to **64.34.392** for the Reserve Study Amendment's portions. In April 2011, the Act was amended to change the required content within the Reserve Studies, add reporting of the Reserve Study results as part of the budget summary to owners, and extend the Reserve Study requirement to homeowners' associations with significant assets. For questions regarding the Act, we recommend contacting an attorney familiar with condominiums' legal requirements.

Effective July 1, 2018, the **Washington Unified Common Interest Act (WUCIOA)** has impacted common interest communities. Our reserve studies also comply with WUCIOA.

RCW 64.90.550 §2 states that a reserve study must include:

- (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
- (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
- (c) The following level of reserve study performed:
 - a. Level I: Full reserve study funding analysis and plan;
 - b. Level II: Update with visual site inspection; or
 - c. Level III: Update with no visual site inspection;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance to which the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;



- (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
- (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
- (j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;
- (k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and
- (l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollar per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

In addition, the WUCIOA requires the following disclosure in every Reserve Study (RCW 64.90.550 § 3):

"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 the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

Furthermore, RCW 64.90.550 §2 states that the budget must include:

- (d) the current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

RCW 64.90.550 §2 (d) - (f) requirements are covered by the Supplemental Budget Information disclosure that is prepared with each reserve study when the Association is ready to ratify the budget.



Limitations and Assumptions of a Reserve Study

This Reserve Study is not a report on the condition of the assets maintained by Hawthorne, or a detailed report of necessary maintenance to the assets. It is also not an investigation into or comment on the quality of construction of the reserve components, or whether the construction complies with the building code or the requirements of the Washington Condominium Act and the Washington Common Interest Ownership Act (WUCIOA).

The component list is based on information provided by Hawthorne. Reserve Consultants LLC does not provide legal interpretations of governing documents or auditing services on account information provided.

The observations made by Reserve Consultants LLC are limited to a visual inspection of a sample of the reserve components. Unless informed otherwise, our assumption is that the components are constructed in substantial compliance with the building code and to industry standards, and that it will receive ordinary and reasonable maintenance and repair by Hawthorne. These assumptions include that most reserve components will achieve their normal useful lives for similar components in the Pacific Northwest, and that they will be replaced when necessary to prevent damage to other reserve components.

This Reserve Study assumes that the assets will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of the assets to the greatest possible extent. The analysis also assumes that Hawthorne will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the assets will experience the full typical useful life for the new materials installed.

The long-term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

This report should be updated annually with actual repair costs, reserve fund balances, etc. Every three years it should be updated with a site inspection and professional review. Regular updating will allow changes based on actual occurrences and adjustments for the cost of repairs to be incorporated into the annual reserve contributions. This will allow any savings or additional costs to be properly allocated among unit owners.



Inflation and Interest Rate Projections

When making estimates on the future inflation and interest rates, we use a staggered approach to more accurately reflect future economic projections.

For **inflation**, we use the construction industry inflation rates published by RS Means, which differ from the consumer inflation index. The average annual construction inflation increase since 1989 is 3.24%. We do not apply inflation to the annual reserve contribution in Year 0. Likewise, we do not apply inflation to the recommended reserve contribution in Year 1 since this is the first year at the recommended contribution rate. Inflation applied to the components on the inflated spreadsheet is compounded annually; the values are listed for each year at the bottom of the inflated spreadsheet.

For **interest** rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1989 is 3.11%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations. Interest is applied to Year 0 only in the constant spreadsheet so that the starting reserve fund balance in Year 1 is the same for both the constant and inflated spreadsheets, as illustrated on the following page.

Inflation and Interest Rate Projections for Hawthorne

Years Applied	Contribution Inflation	Inflation	Interest
Year 0 (2020)	0%	0%	1%
Year 1 (2021)	0%	4%	1%
Year 2 (2022) through Year 10 (2030)	3%	3%	2%
Year 11 (2031) through Year 30 (2050)	4%	4%	3%



Starting Reserve Fund Balance for Year 1 (2021)

The starting reserve fund balance for 2021 has been estimated by combining the following figures that were provided by an association representative:

\$1,511,477	reserve fund balance as of August 31, 2020
- (\$9,795)	anticipated remaining maintenance expenses in 2020
+ \$0	planned special assessment in 2020
+ \$111,666	remaining reserve contributions for 2020
+ \$5,156	projected interest on the 2020 reserve fund balance
\$1,618,504	estimated beginning balance for fiscal year 2021

Below is a summary of the anticipated remaining maintenance expenses for 2020.

Component Maintenance	Estimated Cost
15.4.1 Site Drainage System - Contingency	\$9,795
Total Estimated Costs for 2020:	\$9,795

The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided to RCL and was not audited.



ASSOCIATION OVERVIEW

Hawthorne is a 140-unit residential community located in Woodinville, Washington. Construction was completed in about 1998. The community consists of forty wood framed buildings that are two stories. The buildings have a mix of vinyl, brick, and wood siding with wood trim. All buildings are topped with asphalt composition shingle roofs.

Common components maintained with funds from reserves include asphalt roads and parking areas lined by concrete curbs and sidewalks, and exterior decks or patios. A common area playground and infrastructure for plumbing and site drainage systems are also maintained with funds from reserves.

Images are from file photos taken at the last site visit.





COMPONENTS INCLUDED IN THE RESERVE STUDY

Reserve studies for condominiums are required to include roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement (RCW 64.34.382). While the law defines the inclusion threshold to be 1% of the operating budget, or \$4,625, components valued less than the legal threshold may be included to better capture reserve funding for Hawthorne.

Component Funding Excluded from the Reserve Study

Operating Budget

The following components may qualify for inclusion within the Reserve Study, but have been excluded from the budget because they are maintained with funds from the operating budget:

- landscaping
- large tree removal
- irrigation system
- street pole light
- roof repairs
- reserve study updates

Unit Owner Responsibility

There are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:

- garage door
- unit door
- window frame & glazing
- plumbing inside the unit
- interior finishes within the residence

Not all components that are the individual unit owners' responsibility are described in the report. The costs for items maintained by individual unit owners are not included in the budget for the reserve account contribution recommendations. Individual owners are financially responsible for repairs for elements that are not the responsibility of the Association to maintain. We recommend that associations establish policies and processes regarding the maintenance on these "owner responsibility" items.

Adjustments to Component Reserve Recommendations

This reserve study provides updated information on the components from prior reserve studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in Washington State, and costs actually experienced by Hawthorne or others in the area. To complete the report, we were provided with a record of recent expenditures on reserve components.

We use those figures, where applicable, for updating component cost projections, applying an appropriate inflation factor. Where updated figures from actual work performed are not available, cost projections from the previous reserve study are updated for inflation and rounded to the nearest \$10, using the RS Means 2019 to 2020 inflation figure of 5.94% for construction work.



RESERVE COMPONENT SUMMARY

*Due to the uncertainty of future inflation values, the future maintenance costs on the component summary sheets are shown in **constant dollar values**.*

Annual updates, as required by law, are important to accurately keep up with inflation trends.



2.7.2 Wood Split Rail Fence - Replace

Maintenance Cycle: 20 years	Next Maintenance: Year 12 (2032)
Quantity: 450 Linear Feet	Unit Cost: \$17.62 / LF
Estimate: 450 LF X 100% X \$17.62/LF = \$7,929 + tax = \$8,720	

The budget provides funds to replace the split rail fences located at NE 154th Drive, at the playground, and at the cul-de-sac of 135th Place NE. The fences were noted to be in good condition at the site visit in 2018.

2.7.3 Railroad Ties at Stairwell - Replace

Maintenance Cycle: 35 years	Next Maintenance: Year 1 (2021)
Quantity: 1 Lump Sum	Unit Cost: \$12,500.00 / LS
Estimate: \$12,500	

The Association requested the addition of this component to provide a contingency for the replacement of 30 railroad ties on the stairwell between 134th and 145th Place NE in 2021. The lump sum amount was provided by the Association and is intended to financially prepare the Association for the upcoming maintenance needs of this component.

2.8.1 Playground - Contingency

Maintenance Cycle: 20 years	Next Maintenance: Year 7 (2027)
Quantity: 1 Lump Sum	Unit Cost: \$12,000.00 / LS
Estimate: \$12,000	

The budget provides funds for periodic playground equipment inspections and it is recommend that problems be repaired when discovered. The contingency may be drawn from as needed to keep the playground safe.

3.3.1 Concrete Pavement - Repair

Maintenance Cycle: 6 years	Next Maintenance: Year 2 (2022)
Quantity: 24,650 Square Feet	Unit Cost: \$8.80 / SF
Estimate: 24,650 SF X 2% X \$8.80/SF = \$4,338 + tax = \$4,770	

The reserve component budgets for repair of up to 2% of the concrete sidewalks, driveways, and curbs each repair cycle. The repair cycle is set in conjunction with asphalt repairs, 2.6.1.



3.3.2 Retaining Wall - Contingency

Maintenance Cycle: 10 years	Next Maintenance: Year 6 (2026)
Quantity: 1 Lump Sum	Unit Cost: \$5,500.00 / LS
Estimate: \$5,500	

The budget allows for periodic repairs of the rock walls along NE 154th Drive and at the cul-de-sac of 135th Place NE. No issues have been reported.

5.4.1 Entry Railings - Replace

Maintenance Cycle: 30 years	Next Maintenance: Year 7 (2027)
Quantity: 950 Linear Feet	Unit Cost: \$132.15 / LF
Estimate: 950 LF X 100% X \$132.15/LF = \$125,543 + tax = \$138,100	

This component budgets for a complete replacement of the railings when they have reached the approximate end of useful life. The entry railings were noted to be stable and in good condition at the site visit in 2018.

5.4.2 Deck Railings - Replace

Maintenance Cycle: 30 years	Next Maintenance: Year 7 (2027)
Quantity: 2,100 Linear Feet	Unit Cost: \$132.16 / LF
Estimate: 2,100 LF X 100% X \$132.16/LF = \$277,536 + tax = \$305,290	

The component budgets funds for a complete replacement of the deck railings at the same time to keep a consistent exterior appearance of the Association.

6.1.1 Deck Frame - Repair

Maintenance Cycle: 7 years	Next Maintenance: Year 1 (2021)
Quantity: 9,048 Square Feet	Unit Cost: \$36.34 / SF
Estimate: 9,048 SF X 10% X \$36.34/SF = \$32,880 + tax = \$36,170	

The Association reported that deck frame repairs were not completed in 2020 and plans to address the deck repairs in 2021. In 2017, deck repairs were completed at a cost of \$17,950. The budget provides funds to repair about 10% of the total decks. The repairs are set in conjunction with deck surface recoating, component 6.1.1.



6.1.2 Deck Surface - Recoat

Maintenance Cycle: 7 years	Next Maintenance: Year 1 (2021)
Quantity: 9,048 Square Feet	Unit Cost: \$8.26 / SF
Estimate: 9,048 SF X 100% X \$8.26/SF = \$74,736 + tax = \$82,210	

The Association reported that deck surfaces were not recoated in 2020 and plans to resurface the decks in 2021. In 2018 the deck surfaces were noted to be in fair condition. The deck surfaces were last recoated in 2012.

6.1.3 Deck Surface - Replace

Maintenance Cycle: 28 years	Next Maintenance: Year 8 (2028)
Quantity: 9,048 Square Feet	Unit Cost: \$19.82 / SF
Estimate: 9,048 SF X 100% X \$19.82/SF = \$179,331 + tax = \$197,260	

The component establishes a budget for a complete replacement of the deck surfaces a full maintenance cycle after completion of surface recoating, component 6.1.3.

6.2.1 Brick Siding - Repair

Maintenance Cycle: 10 years	Next Maintenance: Year 2 (2022)
Quantity: 1 Lump Sum	Unit Cost: \$34,000.00 / LS
Estimate: \$34,000	

The Association reported that brick siding repairs were not completed in 2020 and plans to address brick maintenance in 2022. No issues were reported.

6.2.2 Exterior Wood Trim - Repair

Maintenance Cycle: 10 years	Next Maintenance: Year 1 (2021)
Quantity: 1 Lump Sum	Unit Cost: \$162,500.00 / LS
Estimate: \$162,500	

The Association reported that exterior wood trim repairs were not completed in 2020 and plans to address repairs in 2021. An ROM proposal was received by the Association in 2020 at cost of \$162,540. The lump sum budget was updated accordingly. In 2018 it was noted that the wood of several fascia boards and edge trim was in poor condition and in need of repair and selective replacement.



8.5.1 Skylights - Replace

Maintenance Cycle: 30 years	Next Maintenance: Year 29 (2049)
Quantity: 320 Each	Unit Cost: \$309.35 / EA
Estimate: 320 EA X 100% X \$309.35/EA = \$98,992 + tax = \$108,890	

New skylights were installed during the roof replacement project in 2018. The maintenance cycle is set in conjunction with the next roof replacement.

9.8.1 Exterior Wood Trim - Clean, Caulk & Paint

Maintenance Cycle: 10 years	Next Maintenance: Year 1 (2021)
Quantity: 1 Lump Sum	Unit Cost: \$343,500.00 / LS
Estimate: \$343,500	

Exterior wood trim cleaning, caulking, and painting is planned for 2021. The Association obtained a proposal in 2020 in the amount of \$343,418. The budget has been updated accordingly.

9.8.2 Unit Entry Door - Paint

Maintenance Cycle: 10 years	Next Maintenance: Year 1 (2021)
Quantity: 140 Each	Unit Cost: \$94.00 / EA
Estimate: 140 EA X 100% X \$94.00/EA = \$13,160 + tax = \$14,480	

Unit entry door painting is planned for 2021. The Association obtained a proposal in 2020 at a cost of \$14,365. The budget was updated accordingly. The budget provides for painting the doors only. Replacing the unit door is the responsibility of the unit owner.

10.4.1 Entry Monument Sign - Refurbish

Maintenance Cycle: 30 years	Next Maintenance: Year 12 (2032)
Quantity: 1 Lump Sum	Unit Cost: \$5,500.00 / LS
Estimate: \$5,500	

The component provides funds for replacing the sign and repairing the brick structure. The brick monument structure and sign appeared to be in good condition at the time of the site visit in 2018.



10.5.1 Exterior Mail Pedestal Unit - Replace

Maintenance Cycle: 25 years	Next Maintenance: Year 1 (2021)
Quantity: 10 Each	Unit Cost: \$3,607.27 / EA
Estimate: 10 EA X 100% X \$3,607.27/EA = \$36,073 + tax = \$39,680	

The budget provides funds to replace 10 mailbox pedestal units at once to maintain a consistent exterior appearance. The next maintenance year was moved up to fund for maintenance in 2021 at the request of the Association. In 2018 it was reported that one unit was replaced in 2017.

15.2.1 Plumbing Systems - Contingency

Maintenance Cycle: 10 years	Next Maintenance: Year 8 (2028)
Quantity: 140 Each	Unit Cost: \$5,506.49 / EA
Estimate: 140 EA X 10% X \$5,506.49/EA = \$77,091 + tax = \$84,800	

The plumbing allowance is intended for unforeseen problems with the common supply and drain plumbing lines, typically the sections running from the utility connection to the buildings. The allowance may be drawn from at the discretion of the Association.

15.4.1 Site Drainage System - Contingency

Maintenance Cycle: 6 years	Next Maintenance: Year 0 (2020)
Quantity: 1 Lump Sum	Unit Cost: \$9,795.00 / LS
Estimate: \$9,795	

The Association reported completing site drainage maintenance in 2020 at a cost of \$9,795, which was not year paid and is shown as an expense in 2020. The budget has been increased to reflect the recent experienced cost. The budget provides a contingency to maintain the components of the site drainage system and to provide funds to improve site drainage as required.

16.6.1 Exterior Light Fixtures - Replace

Maintenance Cycle: 18 years	Next Maintenance: Year 1 (2021)
Quantity: 424 Each	Unit Cost: \$115.63 / EA
Estimate: 424 EA X 100% X \$115.63/EA = \$49,027 + tax = \$53,930	

The Association reported plans to replace the light fixtures in 2021 in conjunction with the exterior wood trim repair and painting project. The budget is set to fund for replacing all fixtures at the same time to maintain a consistent exterior appearance of the community.



17.2.1 Alarm Control Panel - Replace

Maintenance Cycle: 2 years

Next Maintenance: Year 2 (2022)

Quantity: 40 Each

Unit Cost: \$2,752.53 / EA

Estimate: 40 EA X 9% X \$2,752.53/EA = \$9,909 + tax = \$10,900

The Association reported that alarm control panels were not required to be replaced in 2020 and plans to complete needed replacements in 2022. The Association has reportedly replaced 6 fire panels in the recent past. The budget allows for replacing about 3 panels every other year.



FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS

The contribution as a percentage of average unit value is calculated to provide a way for owners, and prospective owners, to compare the reserve requirements of one association with that of another association or of single-family home ownership.

Using an average unit value of \$500,000, the average contribution per unit per year as a percentage of the average unit value at Hawthorne is 0.48%. Typically, condominium associations in the Puget Sound area need to set aside from 1/2% to 1% of their average unit value, homeowners' associations need to put aside 1/3% to 1/2% and single-family homeowners should put aside 1% to 2% each year.

Hawthorne should determine the best reserve funding level for their association based on their maintenance needs and risk aversion.

Recommended 2021 Contribution	\$334,100
Recommended Contribution per Month	\$27,842
Average Contribution per Unit per Year	\$2,386
Average Contribution per Unit Per Month	\$199

For budgeting purposes, we recommend that Hawthorne set the contribution rate at \$334,100 for reserves beginning in 2021. The annual reserve contribution should increase annually with inflation. This amount is determined using the Cash Flow method with a Threshold Funding plan, to provide adequate reserves each time an expense is anticipated, with a minimum level of reserves (the threshold) equal to one year's contribution to reserves at all times during the study period while also maintaining the percent funded between 32% and 78%, so that no special assessments will be required.

FUNDING PLANS

THRESHOLD FUNDING \$334,100	BASELINE FUNDING \$303,700	FULLY FUNDING \$368,600
A starting annual contribution of \$334,100 fulfills the definition of a Threshold Funding plan which provides funding as expenses are incurred over time, while always maintaining a minimum reserve fund balance of one year's contribution to reserves and the percent funded between 32% and 78%. This is our recommended funding plan.	An alternative strategy Hawthorne could employ is Baseline Funding. This provides for necessary expenditures without maintaining a minimum reserve fund balance. To pursue such a strategy, the recommended Baseline Funding contribution rate would be \$303,700.	Hawthorne could also consider contributions to obtain and maintain the level of reserves to be Fully Funded, so that the Percent Fully Funded is 100% by Year 30. The recommended Full Funding contribution rate would be \$368,600.

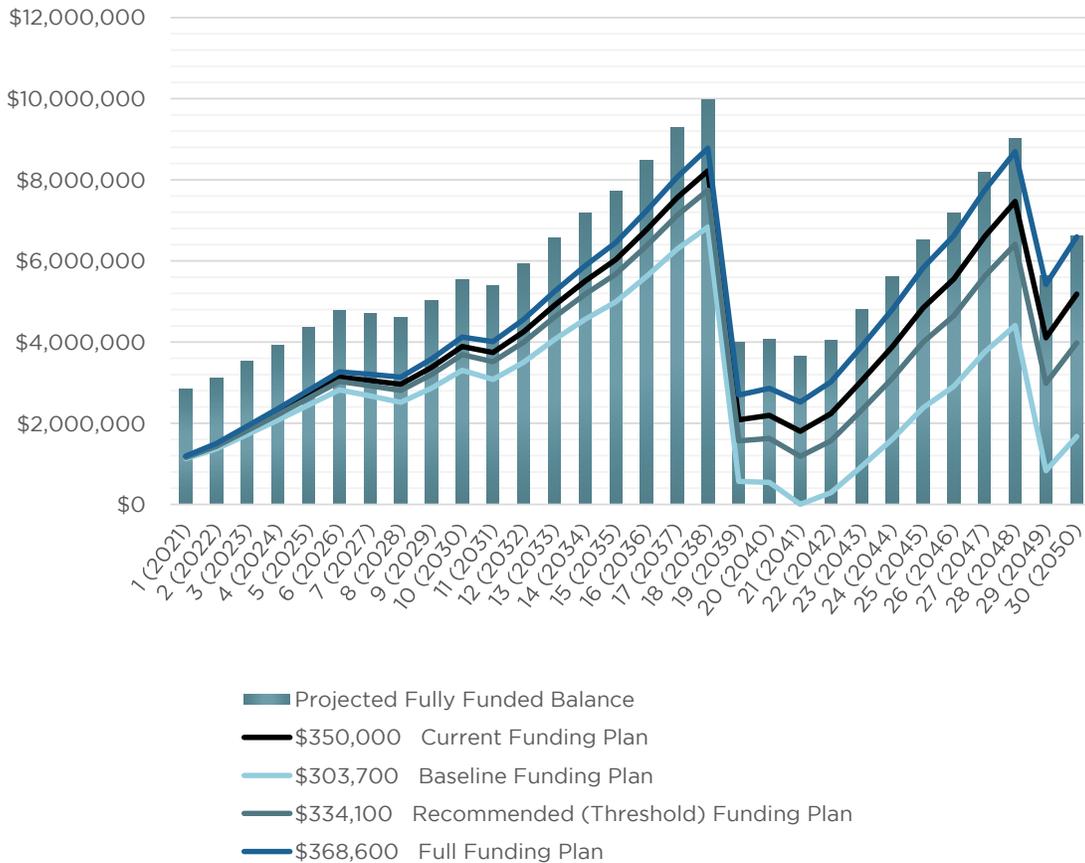


Comparison of Funding Plans and Fully Funded Balance Over 30 Years

Below is a line graph in compliance with RCW 64.90.550 §2(j) which depicts the projected fiscal year end reserve balance for the Current, Baseline, Recommended and Full Funding Plans for Hawthorne.

The bar graph represents the projected Fully Funded Balance each year for the next 30 years.

**Hawthorne
Comparison of Fully Funded Balance and Funding Plans**





Projected Reserve Account Balance for Funding Plans Over 30 Years

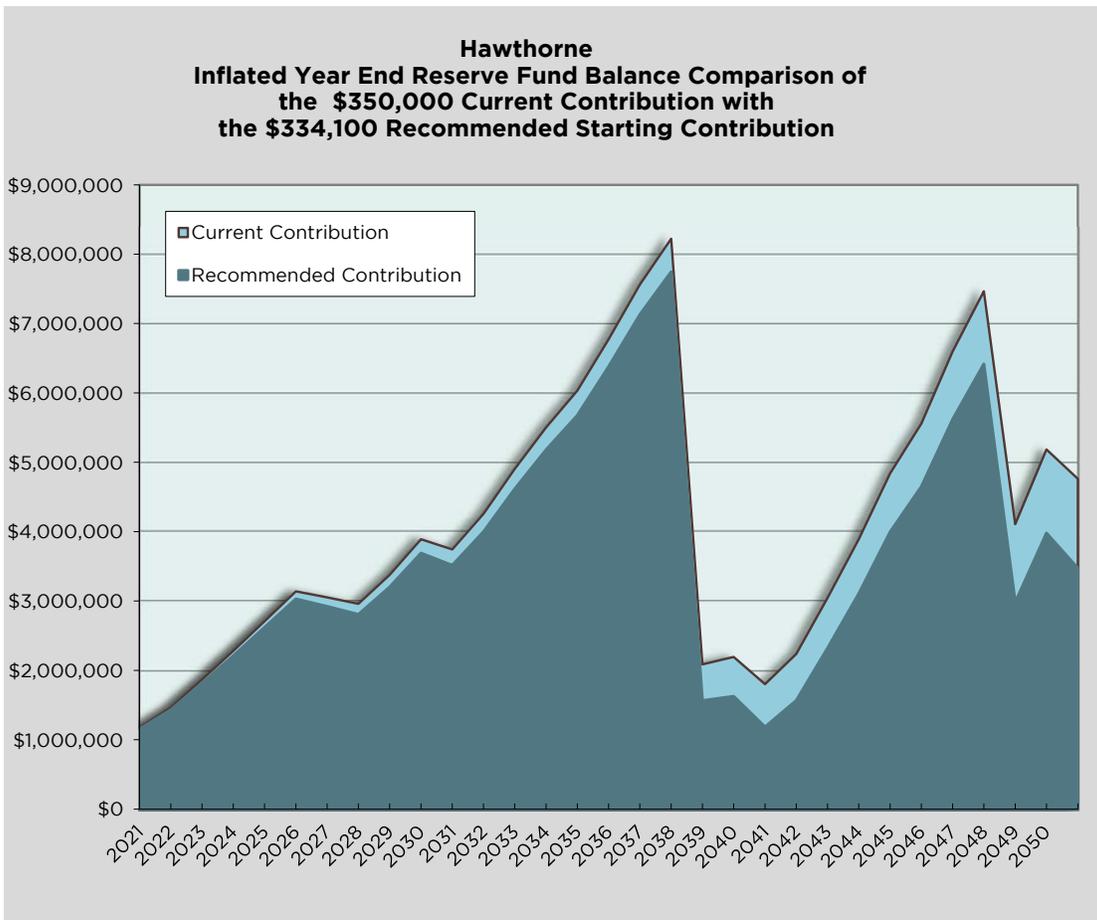
Per RCW 64.90.550 §2 (j) of the Washington Unified Common Interest Owners Act (WUCIOA), the projected reserve account balance for each of the funding plans over the next 30 years is provided, along with the current funding plan projections.

Fiscal Year End	\$350,000 Current Funding Plan	\$334,100 Recommended (Threshold) Funding Plan	\$303,700 Baseline Funding Plan	\$368,600 Full Funding Plan
1 (2021)	\$1,173,482	\$1,157,503	\$1,126,951	\$1,192,175
2 (2022)	\$1,463,588	\$1,430,748	\$1,367,960	\$1,502,004
3 (2023)	\$1,867,888	\$1,817,354	\$1,720,736	\$1,927,002
4 (2024)	\$2,279,013	\$2,209,921	\$2,077,820	\$2,359,838
5 (2025)	\$2,706,607	\$2,618,058	\$2,448,757	\$2,810,193
6 (2026)	\$3,138,645	\$3,029,708	\$2,821,427	\$3,266,080
7 (2027)	\$3,052,350	\$2,922,060	\$2,672,951	\$3,204,766
8 (2028)	\$2,958,385	\$2,805,738	\$2,513,885	\$3,136,953
9 (2029)	\$3,376,418	\$3,200,375	\$2,863,790	\$3,582,355
10 (2030)	\$3,890,245	\$3,689,727	\$3,306,349	\$4,124,812
11 (2031)	\$3,743,472	\$3,515,040	\$3,078,289	\$4,010,694
12 (2032)	\$4,254,457	\$3,996,397	\$3,502,998	\$4,556,339
13 (2033)	\$4,903,488	\$4,614,000	\$4,060,512	\$5,242,135
14 (2034)	\$5,502,471	\$5,179,664	\$4,562,473	\$5,880,094
15 (2035)	\$6,033,117	\$5,675,007	\$4,990,318	\$6,452,039
16 (2036)	\$6,772,031	\$6,376,533	\$5,620,362	\$7,234,688
17 (2037)	\$7,560,848	\$7,125,776	\$6,293,940	\$8,069,801
18 (2038)	\$8,223,181	\$7,746,238	\$6,834,348	\$8,781,113
19 (2039)	\$2,084,726	\$1,563,505	\$566,955	\$2,694,457
20 (2040)	\$2,193,871	\$1,625,843	\$539,803	\$2,858,356
21 (2041)	\$1,800,062	\$1,182,577	\$1,977	\$2,522,403
22 (2042)	\$2,236,122	\$1,566,399	\$285,923	\$3,019,571
23 (2043)	\$3,044,248	\$2,319,372	\$933,446	\$3,892,216
24 (2044)	\$3,888,884	\$3,105,798	\$1,608,577	\$4,804,947
25 (2045)	\$4,840,325	\$3,995,824	\$2,381,180	\$5,828,233
26 (2046)	\$5,557,862	\$4,648,586	\$2,910,096	\$6,621,543
27 (2047)	\$6,595,295	\$5,617,724	\$3,748,656	\$7,738,869
28 (2048)	\$7,465,140	\$6,415,584	\$4,408,885	\$8,692,923
29 (2049)	\$4,107,279	\$2,981,872	\$830,150	\$5,423,793
30 (2050)	\$5,183,673	\$3,978,365	\$1,673,877	\$6,593,656



Inflated Year End Reserve Fund Balance Comparison

Below is a graph illustrating the projected year end reserve fund balance using both the current (2020) budgeted annual contribution and the recommended starting (2021) contribution.



We recommend that Hawthorne adopt a policy regarding their reserve funding which would address the level of funding that the Association would strive to maintain, as well as methods of investing reserve funds to best match risk with return and investment length with expected.



Five Year Funding Plan Comparison

Below is a comparison of the fully funded balance and year end reserve fund balance using the budgeted reserve funding for the current 2020 fiscal year and the three funding plans presented in the report. The calculations include inflated values, interest, and special assessments (if applicable) through Year 5 (2025).

Hawthorne Five Year Funding Plan Comparison

Including Inflated Values, Interest and Special Assessments

\$350,000 Current Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$350,000	\$0	\$1,173,482	41%	Moderate Risk
2 (2022)	\$360,500	\$0	\$1,463,588	47%	Moderate Risk
3 (2023)	\$371,315	\$0	\$1,867,888	53%	Moderate Risk
4 (2024)	\$382,454	\$0	\$2,279,013	58%	Moderate Risk
5 (2025)	\$393,928	\$0	\$2,706,607	62%	Nominal Risk

\$303,700 Baseline Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$303,700	\$0	\$1,126,951	40%	Moderate Risk
2 (2022)	\$312,811	\$0	\$1,367,960	44%	Moderate Risk
3 (2023)	\$322,195	\$0	\$1,720,736	49%	Moderate Risk
4 (2024)	\$331,861	\$0	\$2,077,820	53%	Moderate Risk
5 (2025)	\$341,817	\$0	\$2,448,757	56%	Moderate Risk

\$334,100 Recommended (Threshold) Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$334,100	\$0	\$1,157,503	41%	Moderate Risk
2 (2022)	\$344,123	\$0	\$1,430,748	46%	Moderate Risk
3 (2023)	\$354,447	\$0	\$1,817,354	52%	Moderate Risk
4 (2024)	\$365,080	\$0	\$2,209,921	56%	Moderate Risk
5 (2025)	\$376,032	\$0	\$2,618,058	60%	Nominal Risk

\$368,600 Full Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2021)	\$368,600	\$0	\$1,192,175	42%	Moderate Risk
2 (2022)	\$379,658	\$0	\$1,502,004	48%	Moderate Risk
3 (2023)	\$391,048	\$0	\$1,927,002	55%	Moderate Risk
4 (2024)	\$402,779	\$0	\$2,359,838	60%	Nominal Risk
5 (2025)	\$414,863	\$0	\$2,810,193	65%	Nominal Risk



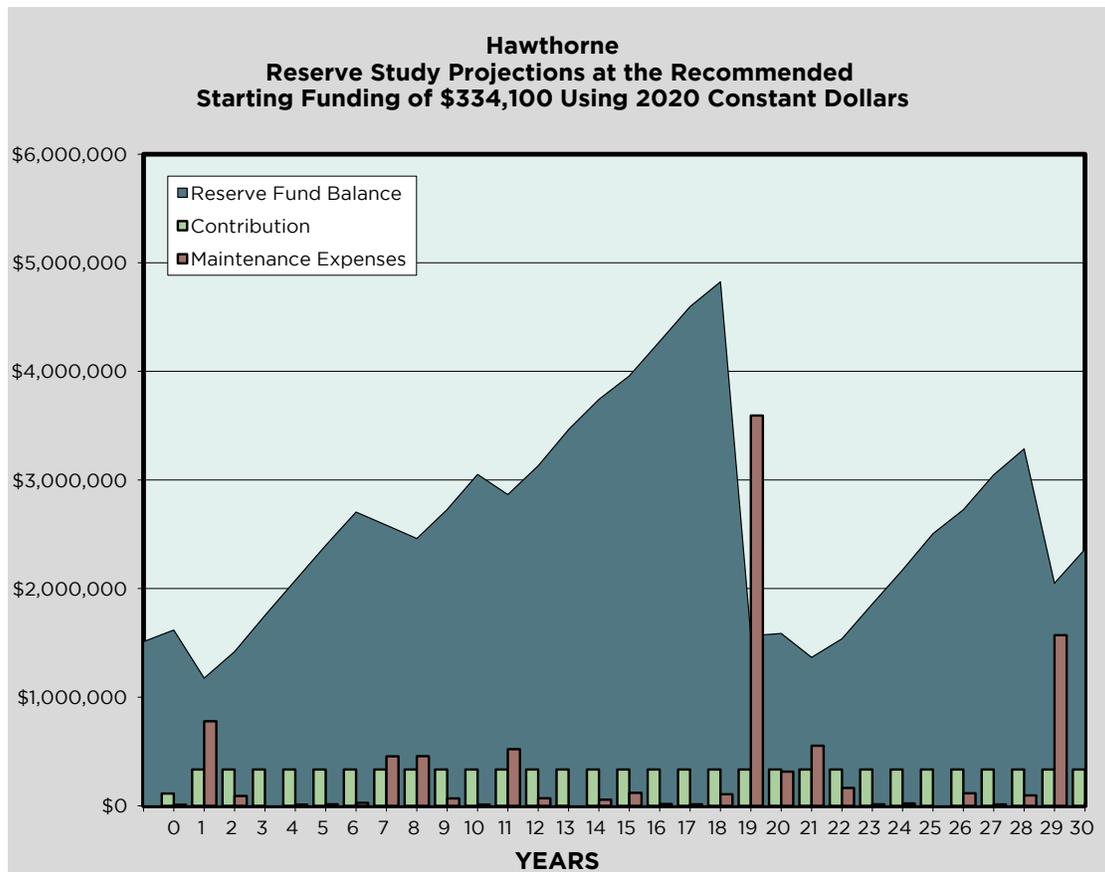
Reserve Study Projections using Constant Dollar Values

Teal Line Graph: The year-end running reserve fund balance is shown as a line graph in teal. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves while maintaining the percent funded between between 32% and 78%.

Mint Green Bars: The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$334,100 over the 30 year timeline of the study.

Brick Red Bars: The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years, the annual contribution and the anticipated yearly maintenance expenses using constant dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$334,100
Using Constant Dollar Values**



Reserve Study Projections at Recommended Funding of \$334,100
Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
 PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2021	2 2022	3 2023	4 2024	5 2025
2.6.1	Asphalt Paving - Repair	6	2		\$17,110			
2.6.2	Asphalt Paving - Seal Coat	6	2		\$23,310			
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5					\$13,410
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1	\$12,500				
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2		\$4,770			
3.3.2	Retaining Wall - Contingency	10	6					
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1	\$36,170				
6.1.2	Deck Surface - Recoat	7	1	\$82,210				
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2		\$34,000			
6.2.2	Exterior Wood Trim - Repair	10	1	\$162,500				
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1	\$32,830				
7.3.1	Gutters & Downspouts - Maintain	10	9					
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1	\$343,500				
9.8.2	Unit Entry Door - Paint	10	1	\$14,480				
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1	\$39,680				
15.2.1	Plumbing Systems - Contingency	10	8					
15.4.1	Site Drainage System - Contingency	6	0					
16.6.1	Exterior Light Fixtures - Replace	18	1	\$53,930				
17.2.1	Alarm Control Panel - Replace	2	2		\$10,900		\$10,900	
TOTAL EXPENDED BY YEAR				\$777,800	\$90,090	\$0	\$10,900	\$13,410
CARRY OVER RESERVES				\$1,618,504	\$1,174,804	\$1,418,814	\$1,752,914	\$2,076,114
ANNUAL RESERVE CONTRIB				\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES				\$777,800	\$90,090	\$0	\$10,900	\$13,410
ACCUMULATED RESERVES				\$1,174,804	\$1,418,814	\$1,752,914	\$2,076,114	\$2,396,804
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$1,174,804	\$1,418,814	\$1,752,914	\$2,076,114	\$2,396,804
STUDY YEAR				1 (2021)	2 (2022)	3 (2023)	4 (2024)	5 (2025)

COPYRIGHT 2020 Reserve Consultants LLC



Reserve Study Projections at Recommended Funding of \$334,100
Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
 PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20		MAINT. CYCLE	NEXT MAINT.	6 2026	7 2027	8 2028	9 2029	10 2030
2.6.1	Asphalt Paving - Repair	6	2			\$17,110		
2.6.2	Asphalt Paving - Seal Coat	6	2			\$23,310		
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5					
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7		\$12,000			
3.3.1	Concrete Pavement - Repair	6	2			\$4,770		
3.3.2	Retaining Wall - Contingency	10	6	\$5,500				
5.4.1	Entry Railings - Replace	30	7		\$138,100			
5.4.2	Deck Railings - Replace	30	7		\$305,290			
6.1.1	Deck Frame - Repair	7	1			\$36,170		
6.1.2	Deck Surface - Recoat	7	1			\$82,210		
6.1.3	Deck Surface - Replace	28	8			\$197,260		
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$66,840	
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8			\$84,800		
15.4.1	Site Drainage System - Contingency	6	0	\$9,795				
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2	\$10,900		\$10,900		\$10,900
TOTAL EXPENDED BY YEAR				\$26,195	\$455,390	\$456,530	\$66,840	\$10,900
CARRY OVER RESERVES				\$2,396,804	\$2,704,709	\$2,583,419	\$2,460,989	\$2,728,249
ANNUAL RESERVE CONTRIB				\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES				\$26,195	\$455,390	\$456,530	\$66,840	\$10,900
ACCUMULATED RESERVES				\$2,704,709	\$2,583,419	\$2,460,989	\$2,728,249	\$3,051,449
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$2,704,709	\$2,583,419	\$2,460,989	\$2,728,249	\$3,051,449
STUDY YEAR				6 (2026)	7 (2027)	8 (2028)	9 (2029)	10 (2030)

COPYRIGHT 2020 Reserve Consultants LLC



Reserve Study Projections at Recommended Funding of \$334,100
Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
 PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20			11	12	13	14	15
#	COMPONENT NAME	MAINT. CYCLE	2031	2032	2033	2034	2035
2.6.1	Asphalt Paving - Repair	6				\$17,110	
2.6.2	Asphalt Paving - Seal Coat	6				\$23,310	
2.6.3	Asphalt Paving - Overlay	30					
2.7.1	Wood Privacy Fencing - Replace	3					
2.7.2	Wood Split Rail Fence - Replace	20		\$8,720			
2.7.3	Railroad Ties at Stairwell - Replace	35					
2.8.1	Playground - Contingency	20					
3.3.1	Concrete Pavement - Repair	6				\$4,770	
3.3.2	Retaining Wall - Contingency	10					
5.4.1	Entry Railings - Replace	30					
5.4.2	Deck Railings - Replace	30					
6.1.1	Deck Frame - Repair	7					\$36,170
6.1.2	Deck Surface - Recoat	7					\$82,210
6.1.3	Deck Surface - Replace	28					
6.2.1	Brick Siding - Repair	10		\$34,000			
6.2.2	Exterior Wood Trim - Repair	10	\$162,500				
6.2.3	Vinyl Siding - Replace	40					
6.2.4	Wood Column Bases - Replace	20					
7.3.1	Gutters & Downspouts - Maintain	10					
7.4.1	Asphalt Shingle Roof - Replace	30					
8.5.1	Skylights - Replace	30					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	\$343,500				
9.8.2	Unit Entry Door - Paint	10	\$14,480				
10.4.1	Entry Monument Sign - Refurbish	30		\$5,500			
10.5.1	Exterior Mail Pedestal Unit - Replace	25					
15.2.1	Plumbing Systems - Contingency	10					
15.4.1	Site Drainage System - Contingency	6		\$9,795			
16.6.1	Exterior Light Fixtures - Replace	18					
17.2.1	Alarm Control Panel - Replace	2		\$10,900		\$10,900	
TOTAL EXPENDED BY YEAR			\$520,480	\$68,915	\$0	\$56,090	\$118,380
CARRY OVER RESERVES			\$3,051,449	\$2,865,069	\$3,130,254	\$3,464,354	\$3,742,364
ANNUAL RESERVE CONTRIB			\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES			\$520,480	\$68,915	\$0	\$56,090	\$118,380
ACCUMULATED RESERVES			\$2,865,069	\$3,130,254	\$3,464,354	\$3,742,364	\$3,958,084
INTEREST EARNED			\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT							
YEAR-END BALANCE			\$2,865,069	\$3,130,254	\$3,464,354	\$3,742,364	\$3,958,084
STUDY YEAR			11 (2031)	12 (2032)	13 (2033)	14 (2034)	15 (2035)

COPYRIGHT 2020 Reserve Consultants LLC

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2036	17 2037	18 2038	19 2039	20 2040
2.6.1	Asphalt Paving - Repair	6	2					\$17,110
2.6.2	Asphalt Paving - Seal Coat	6	2					\$23,310
2.6.3	Asphalt Paving - Overlay	30	20					\$244,180
2.7.1	Wood Privacy Fencing - Replace	3	5		\$13,410			\$13,410
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2					\$4,770
3.3.2	Retaining Wall - Contingency	10	6	\$5,500				
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1					
6.1.2	Deck Surface - Recoat	7	1					
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19				\$3,472,910	
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$66,840	
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8			\$84,800		
15.4.1	Site Drainage System - Contingency	6	0			\$9,795		
16.6.1	Exterior Light Fixtures - Replace	18	1				\$53,930	
17.2.1	Alarm Control Panel - Replace	2	2	\$10,900		\$10,900		\$10,900
TOTAL EXPENDED BY YEAR				\$16,400	\$13,410	\$105,495	\$3,593,680	\$313,680
CARRY OVER RESERVES				\$3,958,084	\$4,275,784	\$4,596,474	\$4,825,079	\$1,565,499
ANNUAL RESERVE CONTRIB				\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES				\$16,400	\$13,410	\$105,495	\$3,593,680	\$313,680
ACCUMULATED RESERVES				\$4,275,784	\$4,596,474	\$4,825,079	\$1,565,499	\$1,585,919
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$4,275,784	\$4,596,474	\$4,825,079	\$1,565,499	\$1,585,919
STUDY YEAR				16 (2036)	17 (2037)	18 (2038)	19 (2039)	20 (2040)

COPYRIGHT 2020 Reserve Consultants LLC



Reserve Study Projections at Recommended Funding of \$334,100
Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
 PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20		MAINT. CYCLE	NEXT MAINT.	21 2041	22 2042	23 2043	24 2044	25 2045
2.6.1	Asphalt Paving - Repair	6	2					
2.6.2	Asphalt Paving - Seal Coat	6	2					
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5			\$13,410		
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2					
3.3.2	Retaining Wall - Contingency	10	6					
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1		\$36,170			
6.1.2	Deck Surface - Recoat	7	1		\$82,210			
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2		\$34,000			
6.2.2	Exterior Wood Trim - Repair	10	1	\$162,500				
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1	\$32,830				
7.3.1	Gutters & Downspouts - Maintain	10	9					
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1	\$343,500				
9.8.2	Unit Entry Door - Paint	10	1	\$14,480				
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8					
15.4.1	Site Drainage System - Contingency	6	0				\$9,795	
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2		\$10,900		\$10,900	
TOTAL EXPENDED BY YEAR				\$553,310	\$163,280	\$13,410	\$20,695	\$0
CARRY OVER RESERVES				\$1,585,919	\$1,366,709	\$1,537,529	\$1,858,219	\$2,171,624
ANNUAL RESERVE CONTRIB				\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES				\$553,310	\$163,280	\$13,410	\$20,695	\$0
ACCUMULATED RESERVES				\$1,366,709	\$1,537,529	\$1,858,219	\$2,171,624	\$2,505,724
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$1,366,709	\$1,537,529	\$1,858,219	\$2,171,624	\$2,505,724
STUDY YEAR				21 (2041)	22 (2042)	23 (2043)	24 (2044)	25 (2045)

COPYRIGHT 2020 Reserve Consultants LLC



Reserve Study Projections at Recommended Funding of \$334,100
Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
 PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20		MAINT. CYCLE	NEXT MAINT.	26 2046	27 2047	28 2048	29 2049	30 2050
2.6.1	Asphalt Paving - Repair	6	2	\$17,110				
2.6.2	Asphalt Paving - Seal Coat	6	2	\$23,310				
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5	\$13,410				
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7		\$12,000			
3.3.1	Concrete Pavement - Repair	6	2	\$4,770				
3.3.2	Retaining Wall - Contingency	10	6	\$5,500				
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1				\$36,170	
6.1.2	Deck Surface - Recoat	7	1				\$82,210	
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$66,840	
7.4.1	Asphalt Shingle Roof - Replace	30	29				\$1,276,770	
8.5.1	Skylights - Replace	30	29				\$108,890	
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1	\$39,680				
15.2.1	Plumbing Systems - Contingency	10	8			\$84,800		
15.4.1	Site Drainage System - Contingency	6	0					\$9,795
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2	\$10,900		\$10,900		\$10,900
TOTAL EXPENDED BY YEAR				\$114,680	\$12,000	\$95,700	\$1,570,880	\$20,695
CARRY OVER RESERVES				\$2,505,724	\$2,725,144	\$3,047,244	\$3,285,644	\$2,048,864
ANNUAL RESERVE CONTRIB				\$334,100	\$334,100	\$334,100	\$334,100	\$334,100
RESERVE EXPENDITURES				\$114,680	\$12,000	\$95,700	\$1,570,880	\$20,695
ACCUMULATED RESERVES				\$2,725,144	\$3,047,244	\$3,285,644	\$2,048,864	\$2,362,269
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$2,725,144	\$3,047,244	\$3,285,644	\$2,048,864	\$2,362,269
STUDY YEAR				26 (2046)	27 (2047)	28 (2048)	29 (2049)	30 (2050)

COPYRIGHT 2020 Reserve Consultants LLC



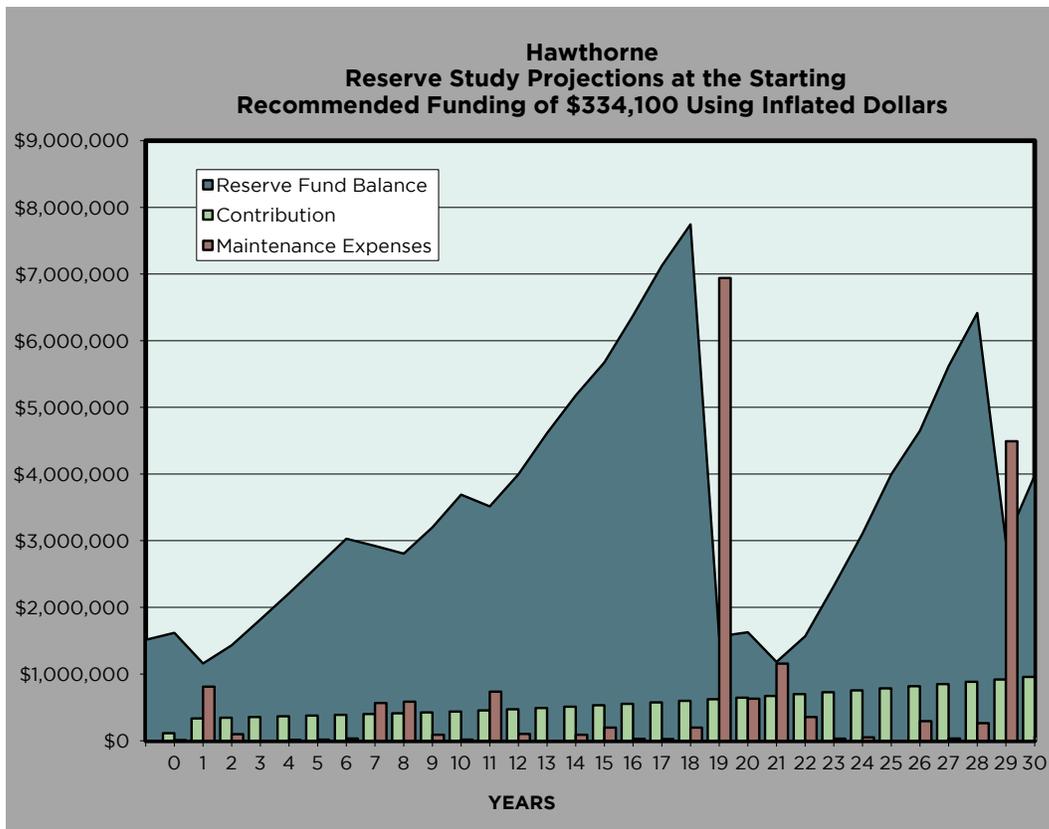
Reserve Study Projections using Inflated Dollar Values

Teal Line Graph: The year-end running reserve fund balance is shown as a line graph in teal and includes compound interest. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves while maintaining the percent funded between 32% and 78%.

Mint Green Bars: The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in inflated dollars, so the contributions are increasing over the 30 year timeline of the study.

Brick Red Bars: The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated inflated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years with interest, the annual inflated contribution and the anticipated yearly maintenance expenses using inflated dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$334,100
Using Inflated Dollar Values**



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2021	2 2022	3 2023	4 2024	5 2025	
2.6.1	Asphalt Paving - Repair	6	2		\$18,328				
2.6.2	Asphalt Paving - Seal Coat	6	2		\$24,970				
2.6.3	Asphalt Paving - Overlay	30	20						
2.7.1	Wood Privacy Fencing - Replace	3	5					\$15,697	
2.7.2	Wood Split Rail Fence - Replace	20	12						
2.7.3	Railroad Ties at Stairwell - Replace	35	1	\$13,000					
2.8.1	Playground - Contingency	20	7						
3.3.1	Concrete Pavement - Repair	6	2		\$5,110				
3.3.2	Retaining Wall - Contingency	10	6						
5.4.1	Entry Railings - Replace	30	7						
5.4.2	Deck Railings - Replace	30	7						
6.1.1	Deck Frame - Repair	7	1	\$37,617					
6.1.2	Deck Surface - Recoat	7	1	\$85,498					
6.1.3	Deck Surface - Replace	28	8						
6.2.1	Brick Siding - Repair	10	2		\$36,421				
6.2.2	Exterior Wood Trim - Repair	10	1	\$169,000					
6.2.3	Vinyl Siding - Replace	40	19						
6.2.4	Wood Column Bases - Replace	20	1	\$34,143					
7.3.1	Gutters & Downspouts - Maintain	10	9						
7.4.1	Asphalt Shingle Roof - Replace	30	29						
8.5.1	Skylights - Replace	30	29						
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1	\$357,240					
9.8.2	Unit Entry Door - Paint	10	1	\$15,059					
10.4.1	Entry Monument Sign - Refurbish	30	12						
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1	\$41,267					
15.2.1	Plumbing Systems - Contingency	10	8						
15.4.1	Site Drainage System - Contingency	6	0						
16.6.1	Exterior Light Fixtures - Replace	18	1	\$56,087					
17.2.1	Alarm Control Panel - Replace	2	2		\$11,676		\$12,387		
TOTAL EXPENDED BY YEAR				\$808,912	\$96,504	\$0	\$12,387	\$15,697	
CARRY OVER RESERVES				\$1,618,504	\$1,157,503	\$1,430,748	\$1,817,354	\$2,209,921	
ANNUAL RESERVE CONTRIB				\$334,100	\$344,123	\$354,447	\$365,080	\$376,032	
RESERVE EXPENDITURES				\$808,912	\$96,504	\$0	\$12,387	\$15,697	
ACCUMULATED RESERVES				\$1,143,692	\$1,405,122	\$1,785,194	\$2,170,047	\$2,570,257	
INTEREST EARNED				\$13,811	\$25,626	\$32,159	\$39,874	\$47,802	
SPECIAL ASSESSMENT									
YEAR-END BALANCE				\$1,157,503	\$1,430,748	\$1,817,354	\$2,209,921	\$2,618,058	
YEARS		1	2-10	11-30	1 (2021)	2 (2022)	3 (2023)	4 (2024)	5 (2025)
CONTRIBUTION INFLATION		0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION		4%	3%	4%	104%	107%	110%	114%	117%
INTEREST RATE MULTIPLIER		1%	2%	3%	1%	2%	2%	2%	2%

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 1 of 6



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2026	7 2027	8 2028	9 2029	10 2030
2.6.1	Asphalt Paving - Repair	6	2			\$21,885		
2.6.2	Asphalt Paving - Seal Coat	6	2			\$29,815		
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5					
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7		\$14,902			
3.3.1	Concrete Pavement - Repair	6	2			\$6,101		
3.3.2	Retaining Wall - Contingency	10	6	\$6,631				
5.4.1	Entry Railings - Replace	30	7		\$171,495			
5.4.2	Deck Railings - Replace	30	7		\$379,114			
6.1.1	Deck Frame - Repair	7	1			\$46,264		
6.1.2	Deck Surface - Recoat	7	1			\$105,152		
6.1.3	Deck Surface - Replace	28	8			\$252,309		
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$88,058	
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8			\$108,465		
15.4.1	Site Drainage System - Contingency	6	0	\$11,809				
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2	\$13,142		\$13,942		\$14,791
TOTAL EXPENDED BY YEAR				\$31,582	\$565,510	\$583,933	\$88,058	\$14,791
CARRY OVER RESERVES				\$2,618,058	\$3,029,708	\$2,922,060	\$2,805,738	\$3,200,375
ANNUAL RESERVE CONTRIB				\$387,313	\$398,933	\$410,901	\$423,228	\$435,925
RESERVE EXPENDITURES				\$31,582	\$565,510	\$583,933	\$88,058	\$14,791
ACCUMULATED RESERVES				\$2,973,790	\$2,863,131	\$2,749,027	\$3,140,908	\$3,621,509
INTEREST EARNED				\$55,918	\$58,928	\$56,711	\$59,466	\$68,219
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$3,029,708	\$2,922,060	\$2,805,738	\$3,200,375	\$3,689,727
YEARS	1	2-10	11-30	6 (2026)	7 (2027)	8 (2028)	9 (2029)	10 (2030)
CONTRIBUTION INFLATION	0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%	121%	124%	128%	132%	136%
INTEREST RATE MULTIPLIER	1%	2%	3%	2%	2%	2%	2%	2%

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 2 of 6



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2031	12 2032	13 2033	14 2034	15 2035
2.6.1	Asphalt Paving - Repair	6	2				\$27,161	
2.6.2	Asphalt Paving - Seal Coat	6	2				\$37,004	
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5					
2.7.2	Wood Split Rail Fence - Replace	20	12		\$12,798			
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2				\$7,572	
3.3.2	Retaining Wall - Contingency	10	6					
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1					\$59,715
6.1.2	Deck Surface - Recoat	7	1					\$135,725
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2		\$49,902			
6.2.2	Exterior Wood Trim - Repair	10	1	\$229,327				
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9					
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1	\$484,762				
9.8.2	Unit Entry Door - Paint	10	1	\$20,435				
10.4.1	Entry Monument Sign - Refurbish	30	12		\$8,072			
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8					
15.4.1	Site Drainage System - Contingency	6	0		\$14,376			
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2		\$15,998		\$17,303	
TOTAL EXPENDED BY YEAR				\$734,524	\$101,146	\$0	\$89,040	\$195,440
CARRY OVER RESERVES				\$3,689,727	\$3,515,040	\$3,996,397	\$4,614,000	\$5,179,664
ANNUAL RESERVE CONTRIB				\$453,362	\$471,496	\$490,356	\$509,970	\$530,369
RESERVE EXPENDITURES				\$734,524	\$101,146	\$0	\$89,040	\$195,440
ACCUMULATED RESERVES				\$3,408,566	\$3,885,390	\$4,486,753	\$5,034,930	\$5,514,593
INTEREST EARNED				\$106,474	\$111,006	\$127,247	\$144,734	\$160,414
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$3,515,040	\$3,996,397	\$4,614,000	\$5,179,664	\$5,675,007
YEARS	1	2-10	11-30	11 (2031)	12 (2032)	13 (2033)	14 (2034)	15 (2035)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	141%	147%	153%	159%	165%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 3 of 6



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2036	17 2037	18 2038	19 2039	20 2040
2.6.1	Asphalt Paving - Repair	6	2					\$34,368
2.6.2	Asphalt Paving - Seal Coat	6	2					\$46,821
2.6.3	Asphalt Paving - Overlay	30	20					\$490,469
2.7.1	Wood Privacy Fencing - Replace	3	5		\$23,946			\$26,936
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2					\$9,581
3.3.2	Retaining Wall - Contingency	10	6	\$9,443				
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1					
6.1.2	Deck Surface - Recoat	7	1					
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19				\$6,707,520	
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$129,094	
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8			\$157,482		
15.4.1	Site Drainage System - Contingency	6	0			\$18,190		
16.6.1	Exterior Light Fixtures - Replace	18	1				\$104,159	
17.2.1	Alarm Control Panel - Replace	2	2	\$18,715		\$20,242		\$21,894
TOTAL EXPENDED BY YEAR				\$28,159	\$23,946	\$195,915	\$6,940,773	\$630,070
CARRY OVER RESERVES				\$5,675,007	\$6,376,533	\$7,125,776	\$7,746,238	\$1,563,505
ANNUAL RESERVE CONTRIB				\$551,584	\$573,647	\$596,593	\$620,457	\$645,275
RESERVE EXPENDITURES				\$28,159	\$23,946	\$195,915	\$6,940,773	\$630,070
ACCUMULATED RESERVES				\$6,198,432	\$6,926,235	\$7,526,455	\$1,425,922	\$1,578,710
INTEREST EARNED				\$178,102	\$199,542	\$219,783	\$137,582	\$47,133
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$6,376,533	\$7,125,776	\$7,746,238	\$1,563,505	\$1,625,843
YEARS	1	2-10	11-30	16 (2036)	17 (2037)	18 (2038)	19 (2039)	20 (2040)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	172%	179%	186%	193%	201%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 4 of 6



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 2041	22 2042	23 2043	24 2044	25 2045
2.6.1	Asphalt Paving - Repair	6	2					
2.6.2	Asphalt Paving - Seal Coat	6	2					
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5			\$30,299		
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7					
3.3.1	Concrete Pavement - Repair	6	2					
3.3.2	Retaining Wall - Contingency	10	6					
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1		\$78,581			
6.1.2	Deck Surface - Recoat	7	1		\$178,605			
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2		\$73,866			
6.2.2	Exterior Wood Trim - Repair	10	1	\$339,460				
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1	\$68,581				
7.3.1	Gutters & Downspouts - Maintain	10	9					
7.4.1	Asphalt Shingle Roof - Replace	30	29					
8.5.1	Skylights - Replace	30	29					
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1	\$717,566				
9.8.2	Unit Entry Door - Paint	10	1	\$30,248				
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1					
15.2.1	Plumbing Systems - Contingency	10	8					
15.4.1	Site Drainage System - Contingency	6	0				\$23,017	
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2		\$23,681		\$25,613	
TOTAL EXPENDED BY YEAR				\$1,155,856	\$354,733	\$30,299	\$48,630	\$0
CARRY OVER RESERVES				\$1,625,843	\$1,182,577	\$1,566,399	\$2,319,372	\$3,105,798
ANNUAL RESERVE CONTRIB				\$671,086	\$697,930	\$725,847	\$754,881	\$785,076
RESERVE EXPENDITURES				\$1,155,856	\$354,733	\$30,299	\$48,630	\$0
ACCUMULATED RESERVES				\$1,141,074	\$1,525,774	\$2,261,947	\$3,025,623	\$3,890,874
INTEREST EARNED				\$41,504	\$40,625	\$57,425	\$80,175	\$104,950
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$1,182,577	\$1,566,399	\$2,319,372	\$3,105,798	\$3,995,824
YEARS	1	2-10	11-30	21 (2041)	22 (2042)	23 (2043)	24 (2044)	25 (2045)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	209%	217%	226%	235%	244%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 5 of 6



Hawthorne

Reserve Study Projections at Recommended Funding of \$334,100

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2020 DOLLARS

5-Nov-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2046	27 2047	28 2048	29 2049	30 2050
2.6.1	Asphalt Paving - Repair	6	2	\$43,486				
2.6.2	Asphalt Paving - Seal Coat	6	2	\$59,244				
2.6.3	Asphalt Paving - Overlay	30	20					
2.7.1	Wood Privacy Fencing - Replace	3	5	\$34,082				
2.7.2	Wood Split Rail Fence - Replace	20	12					
2.7.3	Railroad Ties at Stairwell - Replace	35	1					
2.8.1	Playground - Contingency	20	7		\$31,719			
3.3.1	Concrete Pavement - Repair	6	2	\$12,123				
3.3.2	Retaining Wall - Contingency	10	6	\$13,979				
5.4.1	Entry Railings - Replace	30	7					
5.4.2	Deck Railings - Replace	30	7					
6.1.1	Deck Frame - Repair	7	1				\$103,407	
6.1.2	Deck Surface - Recoat	7	1				\$235,032	
6.1.3	Deck Surface - Replace	28	8					
6.2.1	Brick Siding - Repair	10	2					
6.2.2	Exterior Wood Trim - Repair	10	1					
6.2.3	Vinyl Siding - Replace	40	19					
6.2.4	Wood Column Bases - Replace	20	1					
7.3.1	Gutters & Downspouts - Maintain	10	9				\$191,090	
7.4.1	Asphalt Shingle Roof - Replace	30	29				\$3,650,182	
8.5.1	Skylights - Replace	30	29				\$311,308	
9.8.1	Exterior Wood Trim - Clean, Caulk & Paint	10	1					
9.8.2	Unit Entry Door - Paint	10	1					
10.4.1	Entry Monument Sign - Refurbish	30	12					
10.5.1	Exterior Mail Pedestal Unit - Replace	25	1	\$100,849				
15.2.1	Plumbing Systems - Contingency	10	8			\$233,112		
15.4.1	Site Drainage System - Contingency	6	0					\$29,123
16.6.1	Exterior Light Fixtures - Replace	18	1					
17.2.1	Alarm Control Panel - Replace	2	2	\$27,703		\$29,964		\$32,409
TOTAL EXPENDED BY YEAR				\$291,467	\$31,719	\$263,076	\$4,491,018	\$61,532
CARRY OVER RESERVES				\$3,995,824	\$4,648,586	\$5,617,724	\$6,415,584	\$2,981,872
ANNUAL RESERVE CONTRIB				\$816,479	\$849,138	\$883,103	\$918,428	\$955,165
RESERVE EXPENDITURES				\$291,467	\$31,719	\$263,076	\$4,491,018	\$61,532
ACCUMULATED RESERVES				\$4,520,836	\$5,466,005	\$6,237,752	\$2,842,993	\$3,875,505
INTEREST EARNED				\$127,750	\$151,719	\$177,832	\$138,879	\$102,861
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$4,648,586	\$5,617,724	\$6,415,584	\$2,981,872	\$3,978,365
YEARS				1	2-10	11-30		
CONTRIBUTION INFLATION				0%	3%	4%		
COMPONENT COMPOUND INFLATION				4%	3%	4%		
INTEREST RATE MULTIPLIER				1%	2%	3%		

COPYRIGHT 2020 Reserve Consultants LLC

RESERVE CONSULTANTS LLC

www.reserveconsultants.net info@reserveconsultants.net 206.523.3248

Inflated Dollar Cash Flow Page 6 of 6



30 Year Summary at the Recommended Starting Funding of \$334,100 Using Inflated Dollar Values

Inflation & Interest Assumptions

	Inflation	Interest
Years 0-1	0%	1%
Years 2-10	3%	2%
Years 11-30	4%	3%

Risk of Special Assessment

Nominal Risk	100% and above
Low Risk	70% to 99%
Moderate Risk	25% to 69%
Highest Risk	0% to 24%

Fiscal Year End	Fiscal Year Beginning Reserve Balance	Recommended Annual Reserve Contribution	Average Contribution per Unit per Month	Projected Reserve Expenditures	Projected Interest Earned	Fiscal Year End Reserve Balance	Projected Fully Funded Balance	% Funded
1 (2021)	\$1,618,504	\$334,100	\$199	(\$808,912)	\$13,811	\$1,157,503	\$2,836,469	41%
2 (2022)	\$1,157,503	\$344,123	\$205	(\$96,504)	\$25,626	\$1,430,748	\$3,117,993	46%
3 (2023)	\$1,430,748	\$354,447	\$211	(\$0)	\$32,159	\$1,817,354	\$3,518,188	52%
4 (2024)	\$1,817,354	\$365,080	\$217	(\$12,387)	\$39,874	\$2,209,921	\$3,927,201	56%
5 (2025)	\$2,209,921	\$376,032	\$224	(\$15,697)	\$47,802	\$2,618,058	\$4,354,650	60%
6 (2026)	\$2,618,058	\$387,313	\$231	(\$31,582)	\$55,918	\$3,029,708	\$4,788,798	63%
7 (2027)	\$3,029,708	\$398,933	\$237	(\$565,510)	\$58,928	\$2,922,060	\$4,712,095	62%
8 (2028)	\$2,922,060	\$410,901	\$245	(\$583,933)	\$56,711	\$2,805,738	\$4,607,869	61%
9 (2029)	\$2,805,738	\$423,228	\$252	(\$88,058)	\$59,466	\$3,200,375	\$5,024,210	64%
10 (2030)	\$3,200,375	\$435,925	\$259	(\$14,791)	\$68,219	\$3,689,727	\$5,537,292	67%
11 (2031)	\$3,689,727	\$453,362	\$270	(\$734,524)	\$106,474	\$3,515,040	\$5,397,568	65%
12 (2032)	\$3,515,040	\$471,496	\$281	(\$101,146)	\$111,006	\$3,996,397	\$5,920,247	68%
13 (2033)	\$3,996,397	\$490,356	\$292	(\$0)	\$127,247	\$4,614,000	\$6,581,296	70%
14 (2034)	\$4,614,000	\$509,970	\$304	(\$89,040)	\$144,734	\$5,179,664	\$7,175,428	72%
15 (2035)	\$5,179,664	\$530,369	\$316	(\$195,440)	\$160,414	\$5,675,007	\$7,725,862	73%
16 (2036)	\$5,675,007	\$551,584	\$328	(\$28,159)	\$178,102	\$6,376,533	\$8,483,949	75%
17 (2037)	\$6,376,533	\$573,647	\$341	(\$23,946)	\$199,542	\$7,125,776	\$9,295,660	77%
18 (2038)	\$7,125,776	\$596,593	\$355	(\$195,915)	\$219,783	\$7,746,238	\$9,987,724	78%
19 (2039)	\$7,746,238	\$620,457	\$369	(\$6,940,773)	\$137,582	\$1,563,505	\$3,983,257	39%
20 (2040)	\$1,563,505	\$645,275	\$384	(\$630,070)	\$47,133	\$1,625,843	\$4,070,788	40%
21 (2041)	\$1,625,843	\$671,086	\$399	(\$1,155,856)	\$41,504	\$1,182,577	\$3,658,364	32%
22 (2042)	\$1,182,577	\$697,930	\$415	(\$354,733)	\$40,625	\$1,566,399	\$4,053,790	39%
23 (2043)	\$1,566,399	\$725,847	\$432	(\$30,299)	\$57,425	\$2,319,372	\$4,813,619	48%
24 (2044)	\$2,319,372	\$754,881	\$449	(\$48,630)	\$80,175	\$3,105,798	\$5,610,631	55%
25 (2045)	\$3,105,798	\$785,076	\$467	(\$0)	\$104,950	\$3,995,824	\$6,514,276	61%
26 (2046)	\$3,995,824	\$816,479	\$486	(\$291,467)	\$127,750	\$4,648,586	\$7,189,769	65%
27 (2047)	\$4,648,586	\$849,138	\$505	(\$31,719)	\$151,719	\$5,617,724	\$8,180,286	69%
28 (2048)	\$5,617,724	\$883,103	\$526	(\$263,076)	\$177,832	\$6,415,584	\$9,008,452	71%
29 (2049)	\$6,415,584	\$918,428	\$547	(\$4,491,018)	\$138,879	\$2,981,872	\$5,634,026	53%
30 (2050)	\$2,981,872	\$955,165	\$569	(\$61,532)	\$102,861	\$3,978,365	\$6,624,230	60%

Note: The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.



FULLY FUNDED BALANCE CALCULATIONS

RCW 64.34.382 (2)(j) states that 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”. Furthermore, RCW 64.34.382 (2)(e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

“Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, 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, as defined by RCW 64.34.020 (22).

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

The **percent fully funded** relates to how much the building has deteriorated, or been used up, compared to the cost of making it new again. Another way of thinking of this is the percent fully funded illustrates how much you should have saved thus far to pay for the future replacement of a component, based on the replacement cost and how many years you have to save.

Example of how it works: A Roof Replacement

SCENARIO	ANALYSIS
<p>If you have a roof that will last 10 years and cost \$100,000 to replace:</p> <ul style="list-style-type: none"> To pay for the future replacement in 10 years, you should save \$10,000 each year to have enough money to cover the replacement cost. When it is 2 years old, it is 20% used up, and the Fully Funded Balance for its future replacement is \$20,000. If you have saved \$10,000 for the future replacement in 2 years, you are 50% fully funded. If you have saved \$20,000, you are 100% fully funded. When the roof is 8 years old it will be 80% deteriorated, and its Fully Funded Balance would be \$80,000. If you have saved only \$10,000 by Year 8 you are 13% fully funded. If you have saved \$20,000, you are at 25%, and at \$80,000 you are at 100% fully funded. 	<ul style="list-style-type: none"> A. In effect, the percent fully funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are higher than predicted, and expenses that are required earlier than anticipated. B. A higher percent funded means more money is in the bank, and that lowers the risk of special assessment when unexpected expenses occur. A poorly funded association would have less money available for unexpected expenses, and a higher risk of a special assessment to generate the needed funds. C. By looking at cash flow demands we are able to determine how much money is needed to fund anticipated replacement and maintenance of the reserve components and recommend a steady contribution over the 30 year span of the study. Budgeting to maintain a minimum balance, or threshold, helps to ensure that a special assessment will not be required if an unexpected expense arises.



We typically recommend that an association select a minimum reserve account balance (or Threshold) it wants to maintain and select a contribution rate to maintain that minimum rather than try to build their account to 100% fully funded.

We usually recommend that an association consider a threshold equal to the recommended annual reserve contribution because this is the average maintenance expense over the thirty years. However, each association must judge their unique risk tolerance.

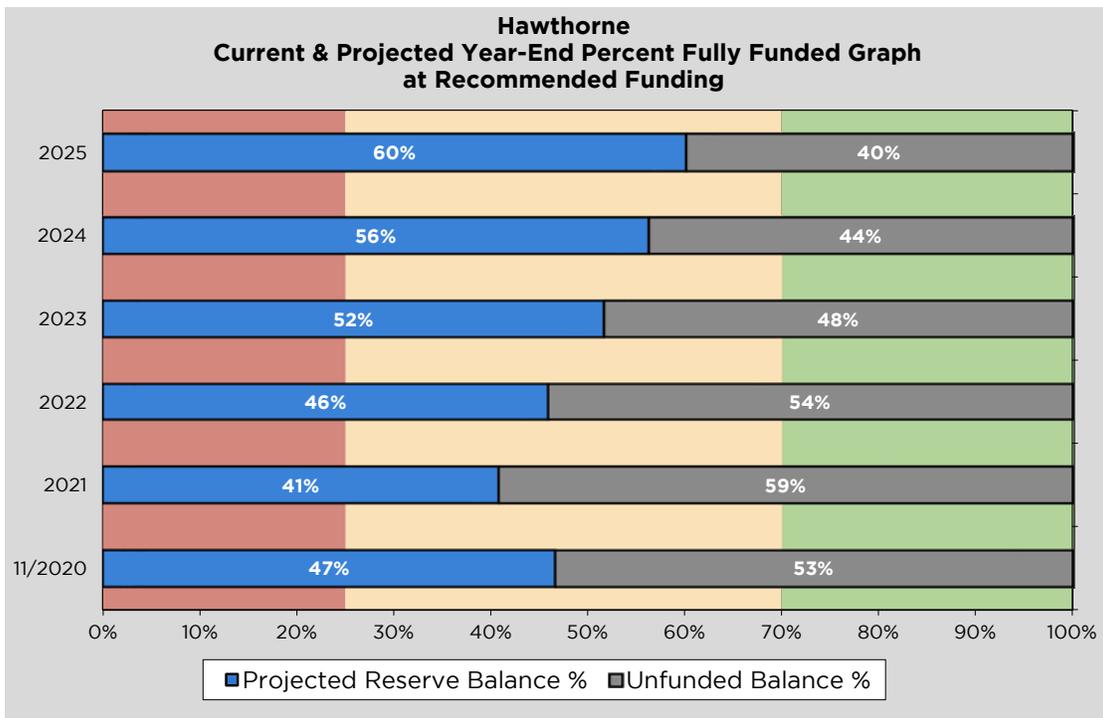
The Fully Funded Balance for Hawthorne is \$3,241,504. The actual current funding is \$1,511,477. The Association is approximately 47% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 47% of the accumulated depreciation of the reserve components.

At 47%, Hawthorne is considered to be at **moderate risk for a special assessment.**

% Funded	Special Assessment Risk Level
100% +	Nominal Risk
70% to 99%	Low Risk
25% to 69%	Moderate Risk
24% or less	High Risk

Below is a graph with the current and projected year-end percent fully funded calculated at the recommended starting annual reserve contribution of \$334,100.





Deficit or Surplus in Reserve Funding

RCW 64.90.550 §2(l) requires that the reserve study include the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. This is calculated by subtracting the association’s reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit.

The fully funded balance attempts to calculate the current value of the deteriorated portion of all the reserve components. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component; the fully funded balance calculates how much money should be saved for the future maintenance based on the age of each component and the cost for future maintenance. The **Fully Funded Balance Calculation Table** that follows in this report shows the calculation for each component. The intent of RCW 64.90.550 §2 (l) is to show each unit’s “share” of the surplus or deficit in reserve funding.

The Recommended Funding Plan is based on **Threshold Funding**. Threshold Funding is a reserve contribution rate that is constant, increasing annually with inflation, to provide funds for all anticipated reserve expenses for the life of the study, but leaving a minimum level of reserves (the “threshold”) at all times. The threshold provides a monetary cushion in the reserve account to help ensure that a special assessment is not required for the duration of the study, even in years when there are significant withdrawals from the reserve account. Primary consideration is given to cash needed to cover expenses and the threshold; the percent funded is typically targeted to be 80%.

If the reserve account balance is:

- **equal to** the fully funded balance, Hawthorne would be judged as 100% fully funded. There would be neither a surplus nor deficit.
- **less** than the fully funded balance, there is a **deficit** meaning Hawthorne would be considered behind on saving for future maintenance.
- **more** than the fully funded balance, there is a **surplus** meaning Hawthorne would be deemed ahead on saving for future maintenance.

Reserve Account Balance as of August 31, 2020	\$1,511,477
Current Fully Funded Balance	\$3,241,504
Reserve Fund (Deficit)	(\$1,730,027)
Number of Units	140
Average (Deficit) per Unit	(\$12,357)



Reserve Funding (Deficit) per Unit

Unit Number	Allocated Interests	(Deficit) per Unit	Unit Number	Allocated Interests	(Deficit) per Unit	Unit Number	Allocated Interests	(Deficit) per Unit
01A	0.7800%	(\$13,494)	09A	1.1130%	(\$19,255)	15C	0.7830%	(\$13,546)
01B	0.6380%	(\$11,038)	09B	0.6050%	(\$10,467)	16A	0.7550%	(\$13,062)
01C	0.7830%	(\$13,546)	09C	1.1130%	(\$19,255)	16B	0.6050%	(\$10,467)
02A	0.7830%	(\$13,546)	10A	0.7830%	(\$13,546)	16C	0.7550%	(\$13,062)
02B	0.6380%	(\$11,038)	10B	0.6380%	(\$11,038)	17A	0.7830%	(\$13,546)
02C	0.7830%	(\$13,546)	10C	0.6380%	(\$11,038)	17B	0.6380%	(\$11,038)
03A	0.7830%	(\$13,546)	10D	0.6380%	(\$11,038)	17C	0.6380%	(\$11,038)
03B	0.6380%	(\$11,038)	10E	0.7830%	(\$13,546)	17D	0.6380%	(\$11,038)
03C	0.6380%	(\$11,038)	11A	0.7830%	(\$13,546)	17E	0.7830%	(\$13,546)
03D	0.6380%	(\$11,038)	11B	0.6380%	(\$11,038)	18A	0.5150%	(\$8,910)
03E	0.7830%	(\$13,546)	11C	0.7830%	(\$13,546)	18B	0.6520%	(\$11,280)
04A	0.5150%	(\$8,910)	12A	0.7830%	(\$13,546)	18C	0.6520%	(\$11,280)
04B	0.6520%	(\$11,280)	12B	0.6380%	(\$11,038)	18D	0.5150%	(\$8,910)
04C	0.6520%	(\$11,280)	12C	0.6380%	(\$11,038)	19A	0.7830%	(\$13,546)
04D	0.5150%	(\$8,910)	12D	0.6380%	(\$11,038)	19B	0.6380%	(\$11,038)
05A	0.5360%	(\$9,273)	12E	0.7830%	(\$13,546)	19C	0.7830%	(\$13,546)
05B	0.5360%	(\$9,273)	13A	0.5150%	(\$8,910)	20A	0.7550%	(\$13,062)
06A	0.5360%	(\$9,273)	13B	0.6520%	(\$11,280)	20B	0.6050%	(\$10,467)
06B	0.5360%	(\$9,273)	13C	0.6520%	(\$11,280)	20C	0.7550%	(\$13,062)
07A	0.7830%	(\$13,546)	13D	0.5150%	(\$8,910)	21A	0.7830%	(\$13,546)
07B	0.6380%	(\$11,038)	14A	0.7550%	(\$13,062)	21B	0.6380%	(\$11,038)
07C	0.6380%	(\$11,038)	14B	0.6050%	(\$10,467)	21C	0.6380%	(\$11,038)
07D	0.7830%	(\$13,546)	14C	0.7550%	(\$13,062)	21D	0.6380%	(\$11,038)
08A	0.6050%	(\$10,467)	15A	0.7830%	(\$13,546)	21E	0.7830%	(\$13,546)
08B	0.7550%	(\$13,062)	15B	0.6380%	(\$11,038)	22A	1.1130%	(\$19,255)
Column Total	16.57%	(\$286,579)	Column Total	17.87%	(\$309,069)	Column Total	17.62%	(\$304,900)



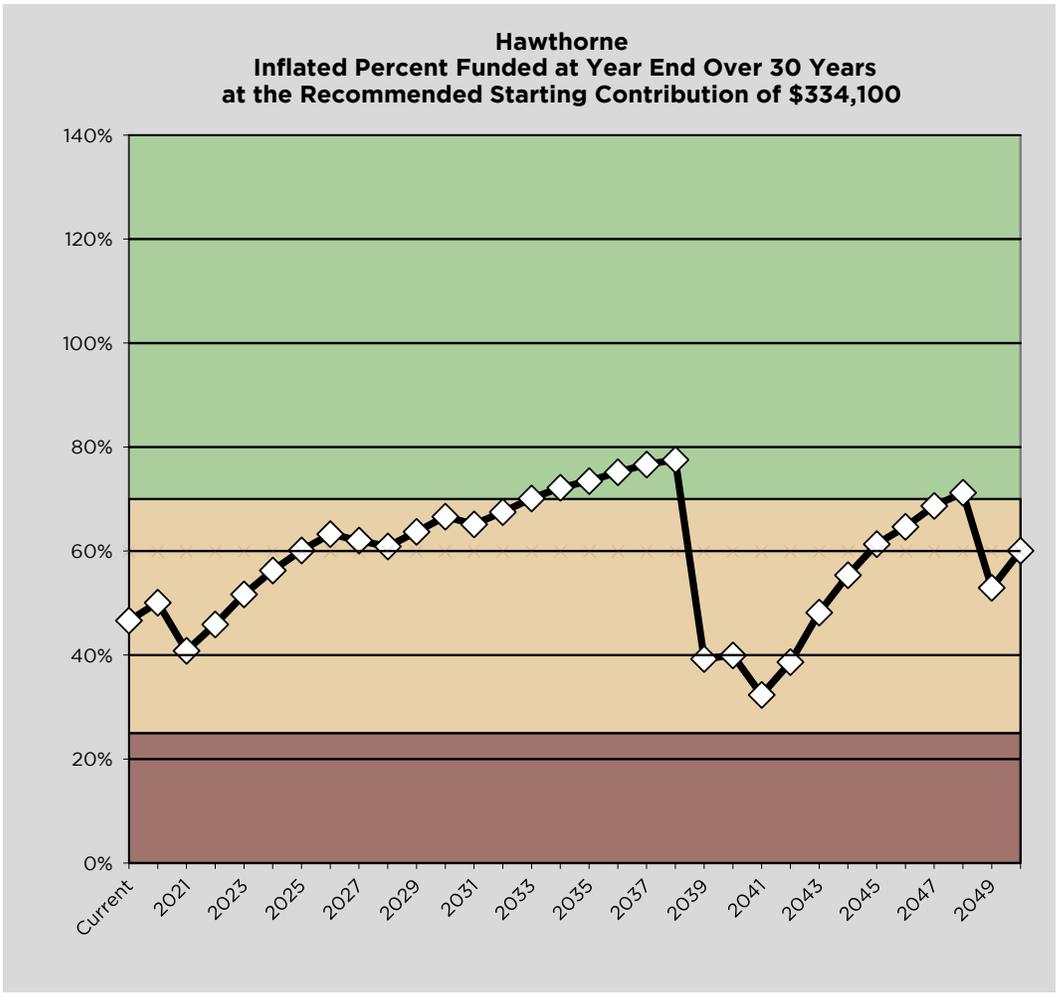
Reserve Funding (Deficit) per Unit Continued

Unit Number	Allocated Interests	(Deficit) per Unit	Unit Number	Allocated Interests	(Deficit) per Unit	Unit Number	Allocated Interests	(Deficit) per Unit
22B	0.6050%	(\$10,467)	28C	0.7830%	(\$13,546)	35A	0.7830%	(\$13,546)
22C	1.1130%	(\$19,255)	29A	0.7830%	(\$13,546)	35B	0.6380%	(\$11,038)
23A	0.7830%	(\$13,546)	29B	0.6380%	(\$11,038)	35C	0.7830%	(\$13,546)
23B	0.6380%	(\$11,038)	29C	0.7830%	(\$13,546)	36A	1.1140%	(\$19,273)
23C	0.7830%	(\$13,546)	30A	0.7830%	(\$13,546)	36B	0.6050%	(\$10,467)
24A	1.1130%	(\$19,255)	30B	0.6380%	(\$11,038)	36C	1.1140%	(\$19,273)
24B	0.6050%	(\$10,467)	30C	0.7830%	(\$13,546)	37A	0.7830%	(\$13,546)
24C	1.1130%	(\$19,255)	31A	0.7550%	(\$13,062)	37B	0.6380%	(\$11,038)
25A	0.7830%	(\$13,546)	31B	0.6050%	(\$10,467)	37C	0.6380%	(\$11,038)
25B	0.6380%	(\$11,038)	31C	0.7550%	(\$13,062)	37D	0.6380%	(\$11,038)
25C	0.6380%	(\$11,038)	32A	1.1130%	(\$19,255)	37E	0.7830%	(\$13,546)
25D	0.6380%	(\$11,038)	32B	0.6050%	(\$10,467)	38A	0.5150%	(\$8,910)
25E	0.7830%	(\$13,546)	32C	1.1140%	(\$19,273)	38B	0.6520%	(\$11,280)
26A	0.5150%	(\$8,910)	33A	0.7830%	(\$13,546)	38C	0.6520%	(\$11,280)
26B	0.6520%	(\$11,280)	33B	0.6380%	(\$11,038)	38D	0.5150%	(\$8,910)
26C	0.6520%	(\$11,280)	33C	0.6380%	(\$11,038)	39A	0.7830%	(\$13,546)
26D	0.5150%	(\$8,910)	33D	0.6380%	(\$11,038)	39B	0.6380%	(\$11,038)
27A	0.7550%	(\$13,062)	33E	0.7830%	(\$13,546)	39C	0.7830%	(\$13,546)
27B	0.6050%	(\$10,467)	34A	0.5150%	(\$8,910)	40A	1.1140%	(\$19,273)
27C	0.7550%	(\$13,062)	34B	0.6520%	(\$11,280)	40B	0.6050%	(\$10,467)
28A	0.7830%	(\$13,546)	34C	0.6520%	(\$11,280)	40C	1.1140%	(\$19,273)
28B	0.6380%	(\$11,038)	34D	0.5150%	(\$8,910)			
Column Total	16.10%	(\$278,586)	Column Total	15.95%	(\$275,974)	Column Total	15.89%	(\$274,867)
			Grand Total	100.00%	(\$1,729,975)	(including columns from previous page)		



Inflated Percent Funded at Year End Over 30 Years

The following graph illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$334,100. The chart includes inflated values, interest, and special assessments (if applicable).





FULLY FUNDED BALANCE CALCULATION TABLE



Fully Funded Balance Calculations

Hawthorne

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

Component Description	Quantity	Unit	Maintenance Cycle (Useful Life)	Remaining Useful Life	Effective Age	Current Replacement Cost	Fully Funded Balance
2% 2.6.1 Asphalt Paving - Repair	100900	SF	6	2	4	\$17,110	\$11,407
100% 2.6.2 Asphalt Paving - Seal Coat	100900	SF	6	2	4	\$23,310	\$15,540
100% 2.6.3 Asphalt Paving - Overlay	100900	SF	30	20	10	\$244,180	\$81,393
25% 2.7.1 Wood Privacy Fencing - Replace	515	LF	3	5	-	\$13,410	\$0
100% 2.7.2 Wood Split Rail Fence - Replace	450	LF	20	12	8	\$8,720	\$3,488
100% 2.7.3 Railroad Ties at Stairwell - Replace	1	LS	35	1	34	\$12,500	\$12,143
100% 2.8.1 Playground - Contingency	1	LS	20	7	13	\$12,000	\$7,800
2% 3.3.1 Concrete Pavement - Repair	24650	SF	6	2	4	\$4,770	\$3,180
100% 3.3.2 Retaining Wall - Contingency	1	LS	10	6	4	\$5,500	\$2,200
100% 5.4.1 Entry Railings - Replace	950	LF	30	7	23	\$138,100	\$105,877
100% 5.4.2 Deck Railings - Replace	2100	LF	30	7	23	\$305,290	\$234,056
10% 6.1.1 Deck Frame - Repair	9048	SF	7	1	6	\$36,170	\$31,003
100% 6.1.2 Deck Surface - Recoat	9048	SF	7	1	6	\$82,210	\$70,466
100% 6.1.3 Deck Surface - Replace	9048	SF	28	8	20	\$197,260	\$140,900
100% 6.2.1 Brick Siding - Repair	1	LS	10	2	8	\$34,000	\$27,200
100% 6.2.2 Exterior Wood Trim - Repair	1	LS	10	1	9	\$162,500	\$146,250
100% 6.2.3 Vinyl Siding - Replace	239000	SF	40	19	21	\$3,472,910	\$1,823,278
100% 6.2.4 Wood Column Bases - Replace	328	EA	20	1	19	\$32,830	\$31,189
25% 7.3.1 Gutters & Downspouts - Maintain	22400	LF	10	9	1	\$66,840	\$6,684
100% 7.4.1 Asphalt Shingle Roof - Replace	2000	SQ	30	29	1	\$1,276,770	\$42,559
100% 8.5.1 Skylights - Replace	320	EA	30	29	1	\$108,890	\$3,630
100% 9.8.1 Exterior Wood Trim - Clean, Caulk & Paint	1	LS	10	1	9	\$343,500	\$309,150
100% 9.8.2 Unit Entry Door - Paint	140	EA	10	1	9	\$14,480	\$13,032
100% 10.4.1 Entry Monument Sign - Refurbish	1	LS	30	12	18	\$5,500	\$3,300
100% 10.5.1 Exterior Mail Pedestal Unit - Replace	10	EA	25	1	24	\$39,680	\$38,093
10% 15.2.1 Plumbing Systems - Contingency	140	EA	10	8	2	\$84,800	\$16,960
100% 15.4.1 Site Drainage System - Contingency	1	LS	6	0	6	\$9,795	\$9,795
100% 16.6.1 Exterior Light Fixtures - Replace	424	EA	18	1	17	\$53,930	\$50,934
9% 17.2.1 Alarm Control Panel - Replace	40	EA	2	2	-	\$10,900	\$0
FULLY FUNDED BALANCE						Total	\$3,241,504

CURRENT RESERVE BALANCE = \$1,511,477

PERCENT FULLY FUNDED = 47%

November 5, 2020

ABBREVIATION KEY

EA each
BLDG building(s)
FIXT fixture(s)

LF linear foot
LS lump sum
SF square feet

SQ roofing square
SY square yard
ZN zone



SUPPLEMENTAL BUDGET INFORMATION (SBI)

RCW 64.34.308 states that within thirty days after adoption of any proposed budget for the condominium, the board of directors shall provide a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. As part of the summary of the budget to all owners, the board of directors shall disclose the supplemental budget information as outlined in RCW 64.34.308 §4, which we refer to as the Supplemental Budget Information (SBI). Below is a sample of the SBI we will compile when the Association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed SBI at no additional charge within one year of issuing the draft of the reserve study report.

Funding Information	
\$19,500	Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
\$120,000	Projected fiscal year end 2020 reserve balance per the budget.
\$17,800	Budgeted annual contribution to reserves for the current fiscal year ending in 2020.

Information from the Most Recent Reserve Study	
77%	Percent fully funded as of the date of the most recent reserve study (2019).
\$19,570	Recommended annual contribution to reserves for the fiscal year ending in 2021.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$115,582	Projected fiscal year end 2020 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study (2019), will the Association have funds to meet obligations for the next 30 years at the current contribution rate ?

* We assume the current contribution rate will be adjusted annually for inflation. Not doing so may cause a failure to meet obligations.

Anticipated Reserve Funding Shortfalls Over the Next 30 Years

\$17,800 Current Fiscal Year Reserve Contribution			\$19,500 Proposed Annual Reserve Contribution		
Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year	Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year
	None			None	

Proposed Additional Regular or Special Assessment for Fiscal Year End 2021

No	Is additional funding (Regular or Special Assessment) planned in the proposed budget?	
N/A	Amount of additional Regular or Special Assessment.	The purpose for the additional funding:
N/A	Average amount per unit per year.	
N/A	Average amount per unit per month.	
N/A	Date assessment is due.	

Comparison of Fiscal Year End Projections for Next Five Years

\$17,800 Current Reserve Contribution			\$19,570 Recommended Reserve Contribution			\$19,500 Proposed Reserve Contribution		
Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded
2021	\$131,775	105%	2021	\$132,987	106%	2021	\$133,492	106%
2022	\$143,991	103%	2022	\$146,476	105%	2022	\$147,511	106%
2023	\$159,057	102%	2023	\$162,877	104%	2023	\$164,469	105%
2024	\$166,675	100%	2024	\$171,896	104%	2024	\$174,071	105%
2025	\$171,576	99%	2025	\$178,265	103%	2025	\$181,052	105%

Contributions and expenses are both inflated for the 5 Year Projection calculations.

COPYRIGHT 2020 Reserve Consultants LLC



RCW 64.90.525 §2 of the WUCIOA requires that the budget disclosure include:

- (d) The current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis

Below is a sample of the SBI we will compile when the association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed WUCIOA SBI at no additional charge within one year of issuing the draft of the reserve study report.

Funding Information	
✓	Sample Association does have a current reserve study that complies with RCW 64.90.550 (WUCIOA).
✓	Sample Association does have a current reserve study that complies with RCW 64.34.382 (Condominium Act).
\$17,800	The current regular reserve assessments budgeted for annual contribution to the reserve account.
\$19,570	The Recommended annual contribution to reserves for the fiscal year ending in 2021.*
\$19,500	The Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
* The proposed budget does not meet or exceed the reserve study recommendations.	
(\$70)	Difference between the Proposed and Recommended annual contribution to reserves.
*The Recommended annual contribution represents Threshold Funding, which ensures there is enough cash over 30 years to cover anticipated reserve expenses, but does not necessarily represent a plan that achieves 100% Fully Funded.	

At the time of the most recent reserve study Sample Association was 77% fully funded. For comparison, the average percent funded for Reserve Consultants LLC clients since 2014 is 67%.

Current (Deficiency) in Reserve Funds Compared to the Fully Funded Balance on a per Unit Basis	
\$120,000	The projected fiscal year end 2020 reserve balance per the budget.
\$125,870	The projected fiscal year end 2020 Fully Funded Balance per the reserve study.
(\$5,870)	The total (deficiency) in reserves, compared to the Fully Funded Balance.

Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit
100	3.3226%	(\$195.03)	209	4.8397%	(\$284.08)	400	2.0472%	(\$120.17)
101	3.3856%	(\$198.73)	300	1.9574%	(\$114.90)	401	2.2268%	(\$130.71)
200	1.9574%	(\$114.90)	301	2.1370%	(\$125.44)	402	2.2896%	(\$134.40)
201	2.1370%	(\$125.44)	302	2.1998%	(\$129.12)	403	2.3794%	(\$139.67)
202	2.1998%	(\$129.12)	303	2.2896%	(\$134.40)	404	3.1696%	(\$186.05)
203	2.2896%	(\$134.40)	304	3.0798%	(\$180.78)	405	3.3491%	(\$196.59)
204	3.0798%	(\$180.78)	305	3.2594%	(\$191.32)	406	3.1965%	(\$187.63)
205	3.2594%	(\$191.32)	306	3.1067%	(\$182.36)	407	2.3701%	(\$139.12)
206	3.1067%	(\$182.36)	307	3.1426%	(\$184.47)	408	5.0193%	(\$294.63)
207	2.6222%	(\$153.92)	308	4.9295%	(\$289.35)	409	5.8816%	(\$345.24)
208	4.8397%	(\$284.08)	309	4.9295%	(\$289.35)			
Column Total	32.20%	(\$1,890.08)	Column Total	35.87%	(\$2,105.57)	Column Total	31.93%	(\$1,874.20)

Grand Total 100.00% (\$5,870)

COPYRIGHT 2020 Reserve Consultants LLC



DISCLOSURES

1. Reserve Consultants LLC also provides construction inspection services for condominiums and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
2. No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates condominiums; nor is there any involvement with Hawthorne which could result in a conflict of interest.
3. Reserve Consultants LLC has been a member of the Community Associations Institute since about 1993, and has worked with a variety of management companies, associations and other types of clients in Washington State.
4. 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, Reserve Consultants LLC (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 or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of god, 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 inspection, but due to their nature, are subject to deterioration without notice.
5. Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.
6. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof. Any on-site inspection should not be considered a project audit or quality inspection.
7. The reserve study is a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical record.



APPENDIX - GLOSSARY OF TERMS

Allocated Interests - the following interests allocated to each unit: (a) In a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association; (b) In a cooperative, the common expense liability, the ownership interest, and votes in the association; and (c) In a plat community and miscellaneous community, the common expense liability and the votes in the association, and also the undivided interest in the common elements if owned in common by the unit owners rather than an association. RCW 64.90.010 §2.

Assessment - all sums chargeable by the association against a unit, including any assessments levied pursuant to RCW 64.90.480, fines or fees levied or imposed by the association pursuant to this chapter or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees. RCW 64.90.010 §3.

Association or Unit Owners Association - the unit owners association organized under RCW 64.90.400 of WUCIOA and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.085, 64.90.095, or 64.90.100 of WUCIOA, the association organized or created to administer such common interest communities. RCW 64.90.010 §4)

Baseline Funding Plan - 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 excess funds some years.

Board - the body, regardless of name, designated in the declaration, map, or organizational documents, with primary authority to manage the affairs of the association. RCW 64.90.010 §6.

Building Codes - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are 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), and the National Fire Protection Association Standards (NFPA). These are usually amended slightly by each city or county.

Building Component - see "Reserve Component".

Component Number - A number assigned to each building component that allows grouping of like components. The numbers are based roughly on the Construction Specification Institute system.

Common Elements - (a) In a condominium or cooperative, all portions of the common interest community other than the units; (b) In a plat community or miscellaneous community, any real estate other than a unit within a plat community or miscellaneous community that is owned or leased either by the association or in common by the unit owners rather than an association; and (c) In all common interest communities, any other interests in real estate for the benefit of any unit owners that are subject to the declaration. RCW 64.90.010 §7.

Common Expense - any expense of the association, including allocations to reserves, allocated to all of the unit owners in accordance with common expense liability. RCW 64.90.010 §8.

Common Expense Liability - the liability for common expenses allocated to each unit pursuant to RCW 64.90.040 of RCW. RCW 64.90.010 §9.

Common Interest Community - real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. "Common interest community" does not include an arrangement described in RCW 64.90.110 or RCW 64.90.115. A common interest community may be a part of another common interest community. RCW 64.90.010 §10.

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. RCW 64.34.020 (10)

Constant Dollars - costs and contributions are provided in today's dollars, no matter how far in the future they occur. Inflation and interest are not factored in.

Effective Age - the difference between the useful life and the remaining useful life. RCW 64.34.020 §19 & RCW §64.90.010 §21.

Full Funding Plan - a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW64.90.550 of WUCIOA, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portions of all reserve components. RCW §64.90.010 §25.

Fully Funded Balance - the current value of the deteriorated portion, not the total replacement value, 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 & RCW §64.90.010 §26.

Inflated Dollars - as opposed to constant dollars, inflated dollars recognize that costs in the future will probably be higher than today because each dollar will buy fewer goods and services. A rate of inflation must be assumed and applied to all future costs. Also referred to as future cost.

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.

Limited Common Element - a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 §1(b) or §2

for the exclusive use of one or more, but fewer than all, of the unit owners. RCW §64.90.010 §30.

Unit owners may be responsible for the cost to repair and maintain limited common elements, so those costs may not appear in a Reserve Study.

Maintenance Cycle - the frequency of maintenance on a component to reach or extend its Useful Life. Often shorter than the full "Useful Life" for repairs that occur in lieu of complete replacement.

Next Repair - the next time the "Repair Cycle" starts with work on a component.

Nominal Reserve Costs - the current estimated total replacement costs of the reserve components are less than fifty percent of the annual budgeted expense of the association, excluding contributions to the reserve funds, for a condominium or cooperative containing horizontal unit boundaries and less than seventy five percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund for all other common interest communities. RCW §64.90.010 §34.

Percent Fully Funded - The percentage of the "Fully Funded Balance" which the current condominium Reserve Account actually has in it.

RCW - the Revised Code of Washington. RCW 64.34 is the **Washington Condominium Act**, the statute that governs 'New Act' condominiums formed between July 1, 1990 and June 30, 2018.

RCW 64.90 is the Uniform Common Interest Ownership Act (**WUCIOA**) and governs common interest properties formed after July 1, 2018 and requires all common interest properties in Washington State to comply with RCW 64.90.525.

Remaining useful life - the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.34.020 §31.

Or the estimated time before a reserve component will require major maintenance, repair or replacement to perform its intended function. RCW §64.90.010 §44.

Replacement Cost - the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.34.020 §32.



Or the estimated total cost to maintain, repair, or replace a reserve component to its original functional condition. RCW §64.90.010 §45.

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 Component - common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.34.020 §34.

Or a physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair or replacement is infrequent, significant, and impractical to include in an annual budget. RCW §64.90.010 §46.

Reserve Contribution Rate - 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 Specialist - A designation for those professionals who have met the standards established by Community Associations Institute (www.caionline.org) for Reserve Study providers.

Reserve Study - A physical assessment of a building and a subsequent report which estimates 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. It provides estimates of these replacement costs and details expected annual expenditures. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

Reserve Study Professional means 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, RCW 64.90.545 and RCW 64.90.550. For

the purposes of WUCIOA, "independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared. RCW §64.90.010 §47.

Special Assessment - A levy against all unit owners that is necessary when a needed repair/replacement/upgrade has not been planned for, and for which insufficient money has been saved.

Threshold Funding (contribution rate) - A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses for the life of the study, but leaving a minimum level of Reserves (the "threshold") at all times. Our default minimum threshold is one year's contribution.

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 means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.34.020 §40 or the estimated time during which a reserve component is expected to perform its intended function without major maintenance, repair or replacement. RCW §64.90.010 §59.

Year End Reserve Balance or Reserve Fund 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. Assumes that the reserve contributions and 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.

30 Year Spreadsheet - A summary listing each building component and its yearly cost to maintain/repair over the next 30 years. It also lists the annual reserve fund balance, reserve contributions, reserve expenses and bank interest earned on any reserve fund balance.



APPENDIX - EVALUATORS' CREDENTIALS

Denise Dana

Principal

Reserve Consultants LLC

B.S. Education,
M. Architecture

Washington Registered
Architect, #8702

LEED Accredited Professional

Reserve Specialist, #291

Denise Dana first obtained licensure as an Architect and became a LEED accredited professional in 2003. She is currently a licensed Architect in the State of Washington and is certified by the National Council of Architectural Registration Boards. With over twenty years of experience in architecture, her resume includes a variety of project types ranging from residential to corporate. She has worked through all phases of construction including design development, construction documentation and construction administration with project budgets varying from a few thousand dollars to over sixty million dollars. Denise has been conducting reserve studies since joining Reserve Consultants in 2008; in 2011 she was recognized as a "Reserve Specialist" by the Community Associations Institute.

Mahria Sooter

Principal

Reserve Consultants LLC

B.A. Springfield College, MA

Reserve Specialist, #380

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Science degree from Springfield College, MA. In 2019, the Condominium Associations Institute recognized Mahria as a "Reserve Specialist." She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. In 2018, Mahria received a certificate of completion from the King County Dispute Resolution Center for Basic Mediation Training providing her the skills to assist Associations with identifying and effectively communicating interests and goals. Mahria's attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.