

Secretary of State

I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

BIG TROUT CONDOMINIUM ASSOCIATION

a/an WA Non-Profit Corporation. Charter documents are effective on the date indicated below.

Date: 5/4/2007

UBI Number: 602-723-295

APPID: 847464



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

State of Washington

Secretary of State

CORPORATIONS DIVISION James M. Dolliver Building 801 Capitol Way South PO Box 40234 Olympia WA 98504-0234 360.753.7115

602 723 295

FILED SECRETARY OF STATE SAM REED

STATE OF WASHINGTON

Application for NonProfit Corporation

Office Information

GREENSTONE

Application ID 847464

Tracking ID 1293299

Validation ID 1055188-001

Date Submitted for Filing: 5/4/2007

Contact Information

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Spokane

WΑ

99201

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Articles of Incorporation

Preferred Name BIG TROUT CONDOMINIUM ASSOCIATION

Purpose SEE ATTACHED ARTICLES

Duration Perpetual

Incorporation Date Effective Upon Filing by the Secretary of State

Expiration Date 5/31/2008

Distribution of Assets Per attached Articles of Incorporation

Separate Articles of Incoporation Uploaded ARTICLES_OF_INCORP.pdf

Registered Agent Information

Agent is Individual

Agent Name James M. Frank

Agent Street Address

1421 N. Meadowwood Lane Suite 200

Liberty Lake

WA 99019

Agent Mailing Address Same as Street Address

Agent Email Address Submitter/Agent Relationship Submitter has signed consent of specified agent

Initial Directors Information

Director #1

Director Name Jason S Wheaton

Title Director

Director Address 1421 N. Meadowwood Lane

Suite 200 Liberty Lake

WA 99019

Director #2

Director Name James M. Frank

Title Director

Director Address 1421 N. Meadowwood Lane

Suite 200 Liberty Lake WA 99019

Director #3

Director Name Jennifer Frank

Title Director

Director Address 1421 N. Meadowwood Lane

Suite 200 Liberty Lake WA

99019

Director #4

Director Name Joe Frank

Title Director

Director Address

1421 N. Meadowwood Lane

Suite 200 Liberty Lake

WA 99019

Director #5

Director Name Bob Frank

Title Director

Director Address 1421 N. Meadowwood Lane

Suite 200 Liberty Lake

WA 99019

Incorporators Information

Incorporator #1

Incorporator Name James M. Frank

Incorporator Address 1421 N. Meadowwood Lane

Suite 200

Liberty Lake WA

99019

Signature Information Signed By Dennette Hammons

ARTICLES OF INCORPORATION

OF

BIG TROUT CONDOMINIUM ASSOCIATION

The undersigned, for the purposes of forming a corporation under the provisions of the Washington Nonprofit Corporation Act, R.C.W. Chapter 24.03, hereby adopts the following Articles of Incorporation ("Articles"):

ARTICLE I

NAME

The name of the Corporation (hereinafter called the "Association") is BIG TROUT CONDOMINIUM ASSOCIATION, and it is a nonprofit corporation.

ARTICLE II

DURATION

The Association will exist perpetually.

ARTICLE III

PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate the distribution of gains, profits, or dividends to its Members (as that term is defined in the Washington Nonprofit Corporation Act). The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operation, administration, maintenance, repair, improvement, preservation, insurance, and architectural control of Association property within that certain residential condominium project located in Spokane County, Washington, commonly known as the "Big Trout Condominiums" and to promote the health, safety and welfare of all owners and tenants using the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for such purpose, all according to that certain Declaration of Covenants, Conditions and Restrictions (the "Declaration") recorded or to be recorded with respect to said property in the Office of the Auditor of Spokane County.

In furtherance of said purposes, and subject to the approval of Members as required by the Declaration and the remaining Project Documents, this Association shall have power to:

(a) Adopt and amend Bylaws, rules, and regulations;

- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and/or special charges for maintenance work on Limited Common Elements from Owners;
- (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Condominium;
 - (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (g) Cause additional improvements to be made as a part of the Common Elements;
- (h) Acquire, hold, encumber, convey in its own name, any right, title, or interest to personal property;
- (i) Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- (j) 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 3.5, and for services provided to Unit Owners;
- (k) Impose and collect charges for late payment of assessments pursuant to RCW 64.34.364 (13) 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;
- (l) Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration, resale certificates required by RCW 34.34.425 and statements of unpaid Assessments;
- (m) Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;
 - (n) Exercise any other powers conferred by the Declaration or Bylaws;
- (o) Exercise any other powers necessary and proper for the governance and operation of the Association;

- (p) Maintain and repair any Unit, its appurtenances and appliances, and any Limited Common Element not included in maintenance work, if such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Elements or preserve the appearance and value of the Condominium, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to Owner; provided that the Board shall levy a special charge against the Unit of such Owner for the cost of such maintenance or repair; and
- (q) Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Units responsible to the extent of their responsibility.

ARTICLE IV

MEMBERS AND MEMBERSHIP

- Section 1. <u>Non-stock Corporation</u>. Participation in management and ownership of the Association is by membership only. The Association shall issue no stock and will have no shareholders.
- Section 2. <u>Membership</u>. The Owner of a Unit will automatically, upon becoming an Owner, be a Member of the Association, and will remain a Member thereof until such time as its ownership ceases for any reason, at which time its membership in the Association will automatically cease. Membership will be in accordance with these Articles and the Bylaws.
- Section 3. <u>Transferred Membership</u>. Membership in the Association may not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event an Owner fails or refuses to transfer the membership registered in its name to the purchaser of its Unit, the Association will have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller will be null and void.
- Section 4. <u>Classes of Membership</u>. The Association will have one class of voting membership which shall be Owners of Units, including the Declarant. Each Owner shall be entitled to vote the Allocated Interest set forth in Exhibit "A" of the Declaration.
- Section 5. <u>Voting Requirements</u>. Except where otherwise expressly provided in the Declaration, these Articles, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken, requires the vote or written assent of the prescribed percentage of a quorum of the total voting power of the Association. Voting will be non-cumulative.

Section 6. <u>Limitation of Payment to Dissenting Member</u>. Membership in the Association is appurtenant to and cannot be segregated from ownership of a Unit. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

ARTICLE V

INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Association shall be at the offices of c/o Greenstone Corporation, 1421 North Meadowood Lane, Suite 200, Liberty Lake, Washington 99019, and the registered agent at such address shall be James M. Frank.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall initially be managed by a Board of five (5) Directors, who shall be Members of the Association, or agents of a corporate Member. The number of Directors may be changed by the amendment of the Bylaws of the Association. The names and addresses of the initial five (5) Directors of the Association until the selection of their successors, are:

<u>Name</u>	Address
Jason S. Wheaton	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
James M. Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Jennifer Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Joe Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019
Bob Frank	c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019

A Director of the Association shall not be personally liable to the Association or its members for monetary damages arising from any conduct as a Director, except this limitation on liability shall

not apply to (i) acts or omissions involving intentional misconduct by the Director or a knowing violation of law by the director, (ii) any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. This limitation shall not apply to any act or omission occurring before the effective date of this paragraph. If the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Association shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the members of the Association shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

ARTICLE VII

INDEMNIFICATION

The Association shall provide any indemnification required by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act and shall indemnify Directors, officers, agents, and employees as follows:

- a. The Association shall indemnify its officers and Directors and advance or reimburse expenses to the full extent required or permitted by the Washington Nonprofit Corporation Act and/or the Washington Business Corporation Act now or hereafter in force, whether they are serving the Association or, at its request, any other entity, as an officer, director, or in any other capacity; provided no such indemnity shall indemnify any Director from or on account of any (i) acts or omissions of the Director finally adjudged to be intentional misconduct or a knowing violation of law; (ii) any transaction with respect to which it was finally adjudged that such Director personally received a benefit in money, property, or services to which the Director was not legally entitled.
- b. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve, and amend from time to time such Bylaws, resolutions, or contracts implementing such provisions, including but not limited to implementing the manner in which determinations as to any indemnity or advancement of expenses shall be made, or such further indemnification agreements as may be permitted by law.
- c. The Association shall indemnify other employees and agents to the extent as may be authorized by the Board of Directors or the Bylaws and be permitted by law, whether the employees and agents are serving the Association or, at its request, any other entity.
- d. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled under any statute, provision of the Articles, Bylaws, or other agreements.
 - e. No amendment or repeal of this Article shall apply to or have any effect

on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

ARTICLE VIII

DISSOLUTION

In the event of the dissolution, liquidation, or winding up of the Association, after paying or adequately providing for the debts and obligations of the Association, the Directors or person in charge of the liquidation shall divide the remaining assets among the Members in accordance with their respective rights thereto as established in the Declaration.

ARTICLE IX

AMENDMENT OF ARTICLES

These Articles may be amended at any time and in any manner by the vote of sixty-seven percent (67%) of the total voting power of the Association, or by the unanimous consent of the Members; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision; and provided further, that any such amendment shall not be inconsistent with the law.

ARTICLE X

INCORPORATOR

The name and address of the incorporator of this Association is as follows:

Name

<u>Address</u>

James M. Frank

c/o Greenstone Corporation 1421 N. Meadowood Lane, Suite 200 Liberty Lake, Washington 99019

UnhAN

JAMES M. FRANK

CONSENT TO SERVE AS REGISTERED AGENT

I, JAMES M. FRANK, hereby consent to serve as registered agent in the State of Washington, for the corporation known as BIG TROUT CONDOMINIUM ASSOCIATION. I understand that as agent for the Association, it will be my responsibility to receive service of process in the name of the Association; to forward all mail to the Association; and 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 Association for which I am agent.

DATED:	~V [arch	16	,	2007.

JAMES M. FRANK

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BYLAWS

OF

BIG TROUT CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF OWNERSHIP

- Section 1. <u>Name and Location</u>. The name of this association ("Association") is Big Trout Condominium Association. The principal office of the Association is in Spokane County, Washington.
- Section 2. <u>Application to Project</u>. The provisions of these Bylaws are applicable to that residential condominium project known as the Big Trout Condominiums located in Spokane County, Washington. All present and future Owners, and their tenants, guests, and invitees, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in the Declaration of Covenants, Conditions and Restrictions for the Property to be recorded in the office of the Spokane County Recorder (the "Declaration"), in these Bylaws, and in the remaining Project Documents. Unless otherwise defined in these Bylaws, capitalized terms have the meanings set forth in the Declaration. The mere acquisition or rental of any Unit, or the mere act of occupancy of any Unit will signify that these Bylaws and all Project Documents are accepted, ratified, and will be observed.
- Section 3. <u>Meaning of Terms</u>. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE II

MEMBERSHIP; **MEETINGS AND VOTING RIGHTS**

- Section 1. <u>Classes of Members</u>. The Association shall have one class of voting membership established according to the Articles of Incorporation ("Articles"). Voting power is as provided herein, in the Declaration, and in the Articles, and is non-cumulative.
- Section 2. <u>Voting Requirements</u>. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken requires the vote or written assent of the prescribed percentage of a quorum of the membership (both classes combined). Except on matters specifically provided for in the Declaration, the Articles, or these Bylaws, the vote of a majority of a quorum present at any meeting, in person or by proxy (both classes combined), constitutes the vote of the Members. Where there are multiple Owners of a single

Unit, the voting rights allocated to such Unit shall all be cast together, according to the agreement of the Owners, and not be split. If the Owners are unable to agree on how the voting rights should be exercised with respect to a particular issue, no vote shall be cast on such issue with respect to such Unit.

- Section 3. Quorum. The presence in person or by proxy of at least twenty-five percent (25%) of the total voting power (and the presence of the Declarant, where the Declarant holds at least 25% of the total voting power) constitutes a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum (provided that the Declarant must be present at all times in order for business to be conducted, when the Declarant holds at least 25% of the total voting power).
- Section 4. <u>Proxies</u>. At all meetings of Members, each Member may vote in person or by proxy. All proxies must be in writing and filed with the Secretary before the appointed time of each meeting. All proxies are valid only for the meeting for which the proxies are given (including any reconvened meeting in the event of an adjournment), unless provided otherwise in the proxy (but in no event for a period exceeding eleven (11) months from the date of execution). Every proxy is revocable and automatically ceases upon receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of such Member.
- Section 5. <u>Annual Meetings</u>. Regular annual meetings of the Members of the Association shall be held within the month of March of each year, with the actual date to be selected in the discretion of the Board and provided to the membership in the notice of the meeting.
- Section 6. <u>Special Meetings</u>. A special meeting of Members of the Association may be called by the President or by any three (3) members of the Board. Additionally, the Board shall call a special meeting upon receipt of a written request therefor signed by Members representing not less than fifteen percent (15%) of the total voting power of the Association.
- Secretary, or the officers or other persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice must specify the place, day, and hour of the business to be undertaken, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days' notice (but not more than sixty (60) days' notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Property or at a meeting place as close thereto as possible. Notice shall also be delivered to any institutional lender filing a written request for notice with the Association, and any such lender shall be permitted to designate a representative to attend all such meetings.
- Section 8. <u>Adjournment</u>. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum will be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a reconvened meeting shall be fifteen percent (15%) of the total voting power of

the Association (and the presence of the Declarant, where the Declarant holds at least 25% of the total voting power).

- Section 9. <u>Action Without Meeting</u>. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent has the same force and effect as a unanimous vote.
- Section 10. <u>Rules at Meetings</u>. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

ARTICLE III

BOARD OF DIRECTORS

- Section 1. <u>Number and Term of Directors</u>. The Board shall consist of five (5) Directors, each of whom, if elected by the Members, shall be an Owner or an agent of a corporate Owner; each Director appointed by the Declarant need not be an Owner. Subject to the right of the Declarant to appoint Directors as provided below and in the Declaration, all Directors shall serve staggered two-year terms, with the Directors occupying the A, B and C positions being re-elected in even-numbered years, and the Directors occupying the D and E positions being re-elected in odd-numbered years.
- Section 2. <u>Declarant Control</u>. To provide the Declarant reasonable control during development and sale of Units, the Declarant has the right to appoint Directors, as and to the extent set forth in the Declaration.
- Section 3. <u>Election of Directors</u>. Subject to the right of the Declarant to appoint Directors, as provided in the Declaration, Directors shall be elected as follows:
 - a. <u>Nomination</u>. Nominations for election to the Board of Directors may be made no sooner than seven (7) days before a meeting or from the floor of a meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.
 - b. <u>Election of Directors</u>. Elections of Board members will be by a single secret written ballot, with each Owner(s) being entitled to voting their allocated interest for each open position (non-cumulative), and the candidate(s) receiving the most votes being elected. Where more than one Director is to be elected, the candidate receiving the most votes shall occupy the position with the highest alphabetical designation (A or D, or otherwise, as the case may be), the candidate receiving the next highest number of votes shall occupy the next highest alphabetical designation, and so on until all open positions

are filled.

- Section 4. <u>Removal</u>. Except for a Director appointed by the Declarant, an individual Director may be removed prior to the expiration of his or her term of office by the vote of two-thirds of the voting power of the Association present and entitled to vote at any meeting of the Owners at which a quorum is present. A Director appointed by the Declarant may be removed only by the Declarant or upon the expiration of the Declarant's control.
- Section 5. <u>Vacancies</u>. Vacancies in the Board caused by any reason other than the removal of a Director will be filled by vote of the majority of the remaining Directors, or, in the case of a Director appointed by the Declarant, by a new appointment by the Declarant. Each person so elected shall be a Director for the remainder of the term of the Director he or she replaces, or until a successor is elected at a special meeting of the Members called for that purpose.
- Section 6. <u>Regular Meetings</u>. Regular meetings of the Board shall be conducted at least quarterly at a time and place within the Property, as may be fixed by the Board. Written notice of the time and place of regular meetings shall be given to each Director personally, by email, or by mail or telegraph, at least five (5) days prior to the day named for the meeting, and shall be posted at a prominent place or places within the Property. One of the regular meetings shall be the annual meeting, which shall be held within ten (10) days following the annual meeting of Members.
- Section 7. <u>Special Meetings</u>. A special meeting of the Board may be called by written notice signed by the President of the Association or by any three (3) Directors other than the President. Notice shall be provided to all Directors and posted within the Property in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.
- Section 8. <u>Waiver of Notice</u>. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board will be a waiver of notice by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.
- Section 9. Quorum. The presence in person of a majority of the Directors at any meeting of the Board constitutes a quorum. The vote of a majority of the quorum actually present at any meeting constitutes the vote of the Board unless expressly provided to the contrary in these Bylaws. However, while the Declarant retains the power to appoint a majority of the Board, any Board action requires the approval of a majority of the Directors appointed by the Declarant who are present at the meeting.
- Section 10. <u>Action by Consent of Directors</u>. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board entitled to vote execute a consent in writing to such action. Such consent has the same force and effect as a unanimous vote.

- Section 11. <u>Adjournment; Executive Session</u>. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.
- Section 12. <u>Board Meetings Open to Members</u>. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board has the powers and duties necessary for the administration of the affairs of the Association. In the performance of their duties, Directors are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Owners; or (b) if elected by the Owners, ordinary and reasonable care. Without limitation on the generality of the foregoing powers and duties, the Board is vested with and responsible for the following powers and duties:

- Section 1. To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Project Documents, and to require from them security for faithful service when deemed advisable by the Board;
- Section 2. To enforce the applicable provisions of the Project Documents, and other instruments relating to the ownership, management and control of the Property;
- Section 3. To adopt and publish Rules and Regulations governing the use of any Common Elements, and the personal conduct of the Members and their tenants, guests and invitees thereon, and to establish procedures and penalties for the infraction thereof, subject to approval of the membership;
- Section 4. To pay all taxes and assessments which are, or could become, a lien on any Common Elements or a portion thereof;
- Section 5. To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;
- Section 6. To cause the Common Elements (including Limited Common Elements, except to the extent otherwise required by the Declaration) to be maintained and to contract for goods or services for any Common Elements or for the Association;
- Section 7. To delegate its powers to committees, officers or employees of the Association, or to a management company pursuant to a written contract, as expressly authorized by the Project Documents;

- Section 8. To keep complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures; to provide for independent audits as required by law and these Bylaws;
- Section 9. To initiate and execute disciplinary proceedings against Members of the Association for violations of the provisions of the Project Documents, in accordance with procedures set forth in these Bylaws:
- Section 10. To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt, subject to the approval requirements of the Project Documents and any applicable law;
- Section 11. To fix and collect Regular, Extraordinary, and Special Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to record a Notice of Assessment Lien and/or foreclose the lien against any Unit for which an Assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such Assessment;
- Section 12. To prepare and file annual tax returns with the federal and state governments and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on homeowners associations.

ARTICLE V

OFFICERS

- Section 1. <u>Enumeration and Term.</u> The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless he or she sooner resigns, or is removed, or otherwise is disqualified to serve.
- Section 2. <u>Election of Officers</u>. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.
- Section 3. <u>Resignation and Removal</u>. Any officer may be removed from office by a majority of the Board at any time with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
 - Section 4. <u>Vacancies</u>. A vacancy in any office may be filled by appointment by the

Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

- Section 5. <u>Multiple Offices</u>. Any two or more offices may be held by the same person, except the offices of President and Secretary.
- Section 6. <u>Duties</u>. In the performance of their duties, officers are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Owners; or (b) if elected by the Owners, ordinary and reasonable care. The duties of the officers are as follows:
 - a. <u>President</u>. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all agreements and other written instruments, and shall sign checks (unless the authority to sign checks in the ordinary course of Association business has been delegated to a management company).
 - b. <u>Vice-President</u>. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
 - c. <u>Secretary</u>. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
 - d. <u>Treasurer</u>. The Treasurer shall receive and deposit, in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors pursuant to approval of vouchers, when appropriate; sign checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements and tax returns as required in these Bylaws. The duty of the Treasurer to receive and deposit funds and to co-sign checks in the ordinary course of Association business may be delegated to a management company as provided in these Bylaws.
- Section 7. Execution of Instruments. The President or Secretary have the power to execute and deliver on behalf of and in the name of the Association any instrument requiring the signature of an officer of the Association, except where the execution and delivery thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. Unless authorized to do so by these Bylaws or by the Board of Directors, no officer, agent, or employee has any power or authority to bind the Association in any way, to pledge its credit, or to render it liable for any purpose or in any amount.

ARTICLE VI

DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association has no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Unit on account of a failure by the Owner to comply with provisions of the Project Documents, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association. Notwithstanding the foregoing, the Board has the power to impose reasonable monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association (e.g., voting rights, or right to use the Common Elements, other than Limited Common Elements appurtenant to the Owner's Unit) or other appropriate discipline for failure to comply with the Project Documents; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties are to be imposed, such penalties will include actual attorney's fees and all costs in connection with the collection of such penalties.

ARTICLE VII

BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

Section 1. <u>Budgets and Financial Statements</u>. Financial statements and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association. The budget shall be submitted to a vote of the Members as set forth in the Declaration. The Board may provide for an independent audit of the financial statements of the Association at any time. If the Board determines not to have an independent audit, any mortgage holder may determine to have an audit prepared at its expense.

Section 2. <u>Fiscal Year</u>. The fiscal year of the Association will be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year is the calendar year.

Section 3. <u>Inspection of Association's Books and Records</u>. The membership register, books of account, vouchers authorizing payments, minutes of meetings of the Members, of the Board, and of committees of the Board of the Association, and copies of the current Declaration, Articles, Bylaws and Rules and Regulations for the Property shall be made available for inspection and copying by any Member of the Association, by any Mortgagee, or by a duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within or near the Property as the Board shall prescribe. Such inspection may take place on weekdays during normal business hours, following at least forty-eight (48) hours' written notice to the Board by the Member desiring to make the inspection. Any Member or other person desiring copies of any document shall pay the reasonable cost of reproduction. Every Director has the right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

Section 4. Statement of Account. Upon ten (10) days' notice to the Board and

payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner.

ARTICLE VIII

AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by resolution approved by a majority of the Board of Directors, subject to repeal or change by action of a majority of the total voting power of the Members, provided any such amendment may not be inconsistent with the Articles, the Declaration, or the law.

ARTICLE IX

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

- Section 1. <u>Definitions</u>. As used in this Article, terms shall have the definitions set forth in the Declaration. Additionally, the following definitions shall apply:
 - a. "Another Enterprise" means a corporation (other than the Association), partnership, joint venture, trust, association, committee, employee benefit plan, or other group or entity.
 - b. "Director" means each person who is or was a director of the Association or an individual who, while a director of the Association, is or was serving, at the request of the Association, as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
 - c. "Expenses" includes, without limitation, counsel fees.
 - d. "Indemnitee" means each person who was, is, or is threatened to be made a party to or is involved (including without limitation as a witness) in any Proceeding because the person is or was a director, officer, employee, or agent of the Association and who possesses indemnification rights pursuant to the Articles, these Bylaws or other corporate action. The term shall also include, for officers, employees, or agents, service at the Association's request as a director, officer, partner, trustee, employee, or agent of Another Enterprise.
 - e. "Loss" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable Expenses incurred with respect to a Proceeding.
 - f. "Party" includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.

- g. "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative.
- Section 2. <u>Right to Indemnification</u>. The Association shall indemnify and hold each director and officer harmless against any and all Loss except for Losses arising out of:
 - a. The Indemnitee's acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law;
 - b. Any transaction in which it is finally adjudged that the Indemnitee personally received a benefit in money, property, or services to which the Indemnitee was not legally entitled.

The Association shall not indemnify an Indemnitee in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless such Proceeding (or part thereof) was authorized by the Board of Directors of the Association. If, after the effective date of this Article, the Act is amended to authorize further indemnification of directors or officers, then directors and officers of this Association shall be indemnified to the fullest extent permitted by the Act, as so amended.

- Section 3. <u>Contribution</u>. If the indemnification provided in Section 2 of this Article is not available to be paid to Indemnitee for any reason other than those set forth in subparagraphs a and b of Section 2 of this Article (for example, because indemnification is held to be against public policy even though otherwise permitted under Section 2) then in respect of any Proceeding in which the Association is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Association shall contribute to the amount of loss paid or payable by Indemnitee in such proportion as is appropriate to reflect:
 - a. The relative benefits received by the Association on the one hand and the Indemnitee on the other hand from the transaction from which such Proceeding arose; and
 - b. The relative fault of the Association on the one hand and the Indemnitee on the other hand in connection with the events which resulted in such loss, as well as any other relevant equitable consideration.

The relative fault of the Association on the one hand and the Indemnitee on the other shall be determined by a court of appropriate jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the circumstances resulting in such loss. Association agrees that it would not be just and equitable if contribution pursuant to this Section 3 was determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

Section 4. <u>Notification and Defense of Claim</u>. Promptly after receipt by Indemnitee of notice of commencement of any Proceeding, Indemnitee must, if a claim in respect thereof is to

be made against the Association under this Article, notify the Association of the commencement thereof; with respect to any such Proceeding as to which Indemnitee has notified Association of the commencement thereof:

- a. The Association will be entitled to participate therein at its own expense;
- b. Except as otherwise provided below, to the extent that it may wish, the Association, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Association to Indemnitee of its election to assume the defense thereof, the Association will not be liable to Indemnitee under this Article for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnitee has the right to employ its counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of Indemnitee unless:
 - (1) The employment of counsel by Indemnitee has been authorized by the Association;
 - (2) Indemnitee has reasonably concluded that there may be a conflict of interest between the Association and Indemnitee in the conduct of the defense of such Proceeding; or
 - (3) The Association has not in fact have employed counsel to assume the defense of such Proceeding, in any of which cases the fees and expenses of counsel shall be at the expense of the Association.

The Association is not entitled to assume the defense of any Proceeding brought by or on behalf of the Association or as to which Indemnitee has made the conclusion provided in (2) of this subparagraph; and

c. The Association is not indemnifying Indemnitee under this Article for any amounts paid in settlement of any Proceeding affected without its written consent. The Association may not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Association nor Indemnitee will unreasonably withhold its consent to a proposed settlement.

Section 5. Right of Indemnitee to Bring Suit. If a claim under this Article is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the Indemnitee is entitled to be also paid the expense of prosecuting such claim.

Neither the failure of the Association (including its Board of Directors, its members, or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification of or reimbursement or advancement of expenses to the Indemnitee is proper in the circumstances, nor an actual determination by the Association (including its Board of Directors, its members, or independent legal counsel) that the Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses, is a defense to the Proceeding or create a presumption that the Indemnitee is not so entitled.

Section 6. <u>Indemnification of Employees and Agents of the Association</u>. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of an action to employees and agents of the Association, with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Act or otherwise.

Section 7. <u>Contract Right</u>. Rights of indemnification under this Article continue as to an Indemnitee who has ceased to be a director or officer, as long as Indemnitee is subject to any possible action, by reason of the fact that Indemnitee was a director or officer of the Association or serving in any other capacity referred to herein, and inures to the benefit of his or her heirs, executors, and administrators.

The right to indemnification conferred in this Article is a contract right upon which each director or officer is presumed to have relied in determining to serve or to continue to serve as such. Any amendment to or repeal of this Article does not adversely affect any right or protection of a director or officer of the Association for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

Section 8. <u>Severability</u>. If any provision of this Article or any application thereof is invalid, unenforceable or contrary to applicable law, the remainder of this Article, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, unenforceable, or contrary to applicable law, are not be affected thereby and will continue in full force and effect.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1. <u>Compensation of Officers and Directors</u>. No Director or officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement for actual sums spent on behalf of the Association, to the extent authorized by the Board.

Section 2. <u>Committees</u>. The Board may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose; provided, however, that the power and authority

of any such committee is limited according to Washington law.

Section 3. <u>Notices</u>. Any notice permitted or required to be given by the Project Documents shall be delivered either personally or by first class mail or as otherwise specifically provided in the Project Documents or allowed by the Act. If delivery is by mail, it shall be deemed to have been given forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Unit of such person if no address has been given to the Secretary.

ADOPTION OF BYLAWS

We, the undersigned, being all of the Directors of Big Trout Condominium Association, do hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

EXECUTED by the undersigned on March 16, 2007.

JASON S. WHEATON

JAMES M. FRANK

JENNIFER FRANK

BOB FRANK

I, the undersigned, the duly elected and acting Secretary of Big Trout Condominium Association, do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said Association on 200, 2007, and that the same do constitute the Bylaws of said Association.

EXECUTED by the undersigned on $\frac{\mathcal{M}\omega \mathcal{L} \mathcal{L}}{\mathcal{L}^{\prime L}}$, 2007.

Jennifer Frank, Secretary

UNANIMOUS CONSENT OF DIRECTORS

OF

BIG TROUT CONDOMINIUM ASSOCIATION

We, the undersigned Directors, being all of the Directors named in the Articles of Incorporation of Big Trout Condominium Association, in lieu of an organizational meeting and pursuant to the Washington Nonprofit Corporation Act, RCW 24.03.465, do hereby consent to adopt, and we hereby adopt, the following resolutions:

i) WHEREAS, the Directors have reviewed proposed Bylaws relating to the business of the Association, the conduct of its affairs, its rights and powers and the rights and powers of its members, Directors and officers;

NOW, THEREFORE, BE IT RESOLVED, that the Bylaws, as reviewed by the Directors, are hereby adopted as and for the Bylaws of the Association. The Secretary is directed to cause a certified copy to be inserted in the Minute Book immediately following the Articles of Incorporation.

ii) RESOLVED, that the following persons were unanimously elected to serve as the officers of the Association, to hold office until the first annual meeting of Members and until their successors are duly elected and qualified:

President

Jason S. Wheaton

Vice-President

James M. Frank

Secretary-Treasurer

Jennifer Frank

- iii) RESOLVED, that the President of this Association is hereby authorized to pay all charges and expenses incident to or arising out of the organization of this Association, and to reimburse the persons who have made any disbursements therefor.
- iv) RESOLVED, that Washington Trust Bank, 717 W Sprague, Spokane Branch, is hereby selected as the bank of and for the depository for the funds of this Association, which may be withdrawn on checks, drafts, or advices of debit given or signed under the corporate name by the President and Treasurer, who are hereby authorized to draw and accept drafts, and to execute contracts and other agreements between the bank and the Association, and to make, collect, discount, negotiate, endorse and assign in the corporate name, all checks, drafts, notes and other paper payable to or by this Association. All such paper, signed as aforesaid, including checks payable to the order of any one or more of said persons or the

bearer shall be honored by the bank and charged to the corporate account. Endorsement for deposit may be made by rubber stamp and will bind the Association to the same effect as though signed by the properly authorized officers. This authority shall continue in force until notice in writing of its revocation shall have been given to and received by the bank. All transactions aforesaid, which have taken place heretofore are hereby confirmed and ratified.

- v) RESOLVED, that the Association shall conduct its affairs on the basis of a calendar year, and shall maintain its accounting records on a cash basis.
- vi) RESOLVED, that the President and Treasurer are hereby authorized and directed to execute, on behalf of the Association, all such elections as are available to reduce or eliminate the tax liability of the Association including, without limitation, an election under Section 528 of the Internal Revenue Code. In connection therewith, the Board shall take such steps as are necessary to assure that the Association qualifies for such election or elections.

We duly execute and sign this Consent in lieu of holding, conducting and attending a Directors' Meeting.

We further authorize and direct the officers of the Association to take all action necessary and proper to effect the proposed corporate action. We hereby state that this Consent has the same force and effect as the unanimous vote of said Directors at a Directors' Meeting.

This Consent may be executed in counterparts.

DATED this 16th day of march, 2007.

ASON S. WHEATON

JAMES M. FRANK

JENNIFER FRANK

BOB FRANK

PUBLIC OFFERING STATEMENT

BIG TROUT CONDOMINIUMS SPOKANE COUNTY, WASHINGTON

PURCHASERS RIGHT TO CANCEL:

Unless a purchaser is provided a copy of this Public Offering Statement more than 7 days before execution of a contract for the purchase of a unit, the Purchaser, before conveyance, shall have the right to cancel the contract within 7 days after first receiving this Public Offering Statement. If necessary, such purchaser shall have 7 days to review the Public Offering Statement and cancel the contract, and the right to extend the closing date for conveyance to a date not more than 7 days after first receiving the Public Offering Statement. If the Purchaser elects to cancel a contract under this provision, he/she may do so by hand-delivering notice thereof to the offeror or by mailing notice thereof by prepaid United States mail to the offeror or to his/her agent for service of process. Cancellation is without penalty, and all payments shall be refunded promptly. If no Public Offering Statement is provided to a particular Purchaser (when required) the Purchaser is entitled to receive from such person an amount equal to the greater of the actual damages or 10% of the sales price of the unit for any other failure. Further details with respect to delivery of this Public Offering Statement are set forth in RCW §64.34.420.

RELIANCE ON REPRESENTATIONS AND WARRANTIES:

A purchaser may not rely on any representation or express warranty unless it is contained in this Public Offering Statement or made in writing signed by the Declarant or by any person identified in this Public Offering Statement as the Declarant's agent.

PUBLIC OFFERING STATEMENT ONLY A SUMMARY:

This Public Offering Statement is only a summary of some of the significant aspects of purchasing a unit in this condominium project. The condominium documents are complex, contain other important information, and create binding legal obligations. You should consider seeking the assistance of legal counsel.

CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

This Public Offering Statement is provided in connection with the sale of units within Big Trout Condominiums in Spokane County, Washington, and is intended to comply with RCW §64.34.410.

NAME AND ADDRESS OF CONDOMINIUM:

The name and address of the condominium project are as follows:

Big Trout Condominiums a/k/a The Villas at Big Trout 22855 E Country Vista Dr. #274-#317, #342-#521 Liberty Lake, WA 99019

NAME AND ADDRESS OF DECLARANT:

The Declarant for the project is as follows:

Big Trout Conversion, LLC 22855 E. County Vista Drive, Suite 486 Liberty Lake, WA 99019

NAME AND ADDRESS OF MANAGEMENT COMPANY:

The management company is an affiliate of the Declarant and the name and address is as follows:

Rockwood Property Management 1421 N Meadowwood Lane, Suite 200 Liberty Lake, Washington 99019

<u>LIST OF THE DECLARANTS MOST RECENT CONDOMINIUM PROJECTS (Past five years):</u>

The Declarant has not developed any condominium projects within the past five (5) years.

NATURE OF INTEREST BEING OFFERED FOR SALE:

The interest being offered for sale is a fee title interest in a condominium unit, consisting of fee title to air space, an undivided interest in all common elements (essentially everything other than the airspace), membership in the non-profit condominium association, exclusive rights to use certain limited common elements, and a general easement to use all other common elements.

PERMITTED USES AND USE RESTRICTIONS:

Units shall be used exclusively for single family residential purposes. For additional detail regarding permitted uses and use restrictions of individual units, refer to Article 8 of the Declaration of Covenants, Conditions, and Restrictions of Big Trout Condominiums.

RESTRICTIONS ON RENTING OR LEASING OF UNITS:

Unit owners may not rent or lease their units for a period of less than thirty (30) days. There are no other restrictions on the renting or leasing of units by either the Declarant or other owners.

NUMBER OF EXISTING UNITS/MAXIMUM NUMBER OF UNITS:

The project currently consists of six (6) residential buildings having twelve (12) units each, two (2) residential buildings having fourteen (14) units each, three (3) residential buildings having sixteen (16) units each, one (1) residential building having twenty-four (24) units and two (2) residential buildings having twenty-six (26) units each, for a total of two hundred twenty-four (224) units. No other units may be added to the project.

PRINCIPAL COMMON AMENITIES:

The particular common amenities in the project that materially affect the value of the condominium are the pool, the hot tub, the exercise room, the office, and the facility locker room and restroom area.

LIST OF LIMITED COMMON ELEMENTS ASSIGNED TO UNITS BEING OFFERED:

The following limited elements are appurtenant to each Unit being offered for sale:

- (1) Any portion of any window, window frame, window sealant, chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture that services a single Unit;
- (2) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to service a single Unit, but which are located outside the Unit's boundaries;
- (3) The storage areas appurtenant to various Units, as reflected on the Survey/Plan; and
- (4) The enclosed parking garage and the exterior parking space appurtenant to each unit or covered carport and storage locker appurtenant to each unit, as reflected on the Survey/Plan.

REAL PROPERTY OUTSIDE THE PROJECT BUT HAVING ACCESS:

There is currently no real property outside the boundaries of the condominium, the owner of which would have access to any of the common elements within the condominium project. However, it is intended that the owner of the real property immediately to the West of the condominium project be granted drainage, landscaping, utility and access easement rights to the condominium project and that the unit owners of the condominium project be granted reciprocal easement rights on the real property immediately to the West.

REAL PROPERTY NOT IN CONDOMINIUM TO WHICH UNIT OWNERS HAVE ACCESS:

There is currently no real property located outside the condominium project to which unit owners may have access. However, it is intended that the owner of the real property immediately to the West of the condominium project be granted drainage, landscaping, utility and access easement rights to the condominium project and that the unit owners of the condominium project be granted reciprocal easement rights on the real property immediately to the West.

STATUS OF CONSTRUCTION:

The fourteen (14) buildings containing two hundred twenty-four (224) units were originally completed between 1998 and 2001. The units are fully complete and ready for occupancy. No additional construction is planned, other than non-structural interior finish work.

ESTIMATED CURRENT COMMON EXPENSE LIABILITY:

The estimated common expense liability per unit will be \$165 per month. Included in this monthly expense is: cable, internet, sewer, water, garbage, and landscaping.

ESTIMATE OF PAYMENTS DUE AT CLOSING:

In addition to the purchase price each Buyer shall pay \$250, which shall be deposited in a working capital reserve fund controlled by the condominium association, and one month of the estimated common expense liability in the amount of \$165 (which is not a pre-payment of the common expense) to be deposited in a working capital fund. Each Seller at closing shall also pay \$250 to be deposited in a working capital fund.

FEES NOT INCLUDED IN COMMON EXPENSES:

There are no fees for the use of common elements that are not included within the regular assessments.

ASSESSMENTS CONSTITUTING LIEN IN FAVOR OF GOVERNMENTAL AGENCY:

Other than general real property taxes, there are no assessments agreed to or known to the Declarant which, if not paid, could constitute a lien against any units or the common elements in favor of any governmental agency.

INDIVIDUAL OWNER'S MAINTENANCE RESPONSIBILITY:

In addition to the interior of the unit itself, each owner has responsibility for maintaining his or her parking area, storage area (if any), and any separate air conditioning, water heating, or other utility unit or equipment servicing such unit. The association shall maintain the structural elements of the parking and storage areas.

TIME SHARING PROVISIONS:

"Timesharing" or other similar agreements are restricted and prohibited in the condominium documents. Additionally, unit owners may not rent or lease their units for a period of less than thirty (30) days.

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS:

The Declarant is not retaining development rights to construct any additional buildings. The Declarant is retaining the right to appoint directors and approve certain decisions during the period of declarant control, the period stated in Section 2.7(d) of the Declaration.

MATERIAL DIFFERENCES BETWEEN MODEL UNITS AND OFFERED UNITS:

The model unit is a two bedroom and two bathroom unit. The model unit has certain upgrades to cabinets, trim and surface finishes that are not available on all units. Units vary in size, location and proximity to common areas and amenities.

LIENS ON ASSOCIATION PROPERTY:

All association property will be subject to a lien in favor of the Bank of America, N.A.

LIST OF PHYSICAL HAZARDS:

The Declarant is not aware of any physical hazards particularly affecting the condominium or the immediate vicinity in which the condominium is located, and which are not readily ascertainable by the purchaser.

CONSTRUCTION WARRANTIES:

Declarant is in the process of completing a report by an independent licensed architect. This report shall describe to the extent reasonably ascertainable, the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium. A statement by the declarant based on such report shall be made a part of this public offering by amendment. The declarant makes no representation as to the expected useful life of any items contained in such report. The declarant makes no express warranties regarding construction of the buildings and units.

BUILDING CODE VIOLATION CITATIONS:

There are no building code violation citations received by the Declarant in connection with the condominium which are uncorrected.

UNCRUED BUILDING CODE VIOLATION CITATIONS:

There are no outstanding notices of uncured violations of building code or other municipal regulations.

UNSATISFIED JUDGMENT OR PENDING SUITS:

Declarant has no actual knowledge of any unsatisfied judgments or pending suits against the Association, and there is no pending litigation brought by any owners association, unit owner, or governmental entity in which the Declarant or any affiliate of the Declarant has been a defendant, arising out of the construction, sale, or administration of any condominium within the previous five (5) years.

RIGHTS OF FIRST REFUSAL:

There are no rights of first refusal other than those offered to existing tenants described in section below: RIGHTS OF EXISTING TENANTS AND SUBTENANTS.

RIGHTS OF EXISTING TENANTS AND SUBTENANTS

No tenant shall be required to vacate upon less than ninety days' notice, except by reason of non-payment of rent, waste, conduct that disturbs other tenants' peaceful enjoyment of the premises, or unlawful act of detainer as described in RCW 59.12.030. For sixty days after delivery or mailing of notice of condominium conversion, each tenant shall be offered the opportunity to purchase the unit that the tenant leases. If a tenant fails to purchase the unit during that sixty (60) day period, the declarant may sell to another purchaser on more favorable price or terms only if: (a) the declarant, by written notice mailed to the tenant's last known address, offers to sell an interest in that unit at the more favorable price and terms and (b) the tenant fails to accept such offer in writing within ten (10) days following the mailing of the offer to the tenant.

PRIVATE PROPERTY INSURANCE:

The insurance to be carried by the Association shall not cover any personal property, furniture, fixtures, or equipment located in individual units, garages, carports or adjacent storage units.

LIST OF DOCUMENTS:

The documents which a prospective purchaser is entitled to receive from the Declarant before the rescission period commences are as follows:

- Declaration of Covenants, Conditions and Restrictions (substantially completed draft)
- Survey Map and Plans
- Articles of Incorporation of the Association
- Bylaws of the Association
- Unanimous Consent of Directors (organizational minutes)
- Current or proposed budget for the Association

- Balance sheet of the Association (only if assessments collected for 90 days or more)
- Report by an independent, licensed architect or engineer describing, to the extent reasonably ascertainable, the present condition of all structural components of the condominium ("Present Condition Report")

EXPECTED USEFUL LIFE OF THE UNITS:

The declaration makes no representations as to the useful life of each item in the Present Condition Report.

NOTICE OF QUALIFIED WARRANTY:

The project is not covered under a qualified warranty.

HOUSING FOR OLDER PERSONS ACT:

This project is not presently anticipated for exclusive occupancy of persons over sixty-five (65) years of age. Accordingly, the project documents do not comply with the housing for older persons act of 1995, P.L. 104-76.

DATED: march (6, 2007.

BIG TROUT CONVERSION, LLC

Name: MA

Tte.