

THE VISTAS AT APPLE TREE

CONDOMINIUM

DISCLOSURE DOCUMENTS

NOTICE TO AGENTS: In order for a Purchase and Sale Agreement to be binding, the Limited Warranty/Public Offering Statement Addendum (found at the end of this disclosure packet) must be signed by the Purchaser and delivered to the Seller. Do not use an alternative Addendum form.

**THE VISTAS AT APPLE TREE,
A CONDOMINIUM**

PUBLIC OFFERING STATEMENT ACKNOWLEDGMENT

In connection with the purchase and sale of Unit _____ in THE VISTAS AT APPLE TREE, the undersigned Purchaser hereby acknowledges receipt, and Declarant certifies delivery, of the following (all of which are collectively referred to herein as the "POS"):

- Articles of Incorporation
- Condominium Declaration
- Condominium Bylaws
- Survey Map and Plans
- Remitted Uses and Restrictions
- Draft Common Expense Liability
- Draft Condominium Operating Budget

Purchaser and Declarant further acknowledge that Declarant is liable only for representations contained in the Public Offering Circular or other written documents signed by Declarant, and that this liability is limited as expressed in "Right to Cancel" and "Exhibits" Sections of this document.

Purchaser acknowledges receipt of the pamphlet entitled "The Law of Real Estate Agency" which is required by law.

Purchaser:

Dated: _____

Dated: _____

Dated: _____

Apple Tree Land Company

Dated: _____ By: _____
Its: Managing Partner

Apple Tree Construction, L.L.C.

Dated: _____
Its: Manager

THE VISTAS AT APPLE TREE CONDOMINIUM DISCLOSURE DOCUMENTS

The following documents are provided to Unit Purchasers pursuant to the Washington Condominium Act.

1. Public Offering Statement
 - Exhibit A to the POS - Permitted Uses and Restrictions Relating to Units and Common Elements
 - Exhibit B to the POS - Survey Maps and Plans
 - Exhibit C to the POS - Condominium Declaration - See Exhibit No. 2
 - Exhibit D to the POS - Draft Articles of Incorporation
 - Exhibit E to the POS - Draft Bylaws
 - Exhibit F to the POS - Draft Rules and Regulations
 - Exhibit G to the POS - Draft Operating Budget
 - Exhibit H to the POS - Draft Estimated Monthly Common Expense Liability
 - Exhibit I to the POS - Association Balance Sheet

2. Declaration
 - Exhibit A - Legal Description
 - Exhibit B - Table of Interests (First Phase)
 - Exhibit C - Certificate of Substantial Completion (First Phase)
 - Exhibit D - Survey Maps and Plans

The foregoing documents may be in draft form and are subject to modification as provided in the Purchase and Sale Agreement.

A Purchaser may cancel a contract of purchase by delivering a written notice of cancellation to the Declarant within seven days after first receiving the Public Offering Statement.

The only representations, warranties and agreements on which Purchasers may rely are those contained in the: Purchase and Sale Agreement; Public Offering statement (and the other documents listed above); and any other written document signed by the Declarant. Purchasers are not entitled to rely upon the statements made by listing or selling agents or contained in brochures, advertisements or other documents not signed by the Declarant.

The Public Offering Statement is only a summary of some of the significant aspects of purchasing a unit in this condominium. The condominium documents are complex, contain other important information, and (unless the contract of purchase is canceled within the 7-day period) are legally binding obligations of the Purchaser. Purchasers should consider seeking the assistance of legal counsel.

NOTICE TO AGENTS: In order for a Purchase and Sale Agreement to be binding, the Limited Warranty/Public Offering Statement Addendum (found at the end of this disclosure packet) must be signed by the Purchaser and delivered to the Seller. Do not use an alternative Addendum form.

Condominium Bylaws, and the adopted Condominium Rules and Regulations will be provided to each Purchaser no less than fourteen (14) days before a certificate of occupancy is expected to be delivered for that Purchaser's condominium unit.

1. Name and address of Condominium: The Vistas at Apple Tree
9150 Occidental Avenue
Yakima, WA 98908
2. Name and address of Declarant: Apple Tree Land Company
2550 Borton Road
Yakima, WA 98908

Apple Tree Construction, L.L.C.
2550 Borton Road
Yakima, WA 98908
3. Name and address of management company: Apple Tree Property Management Co.
8802 Occidental Avenue
Yakima, WA 98908 ATR
4. Relationship of management company to Declarant: The management company is owned by Declarant
5. Five most recent condominium projects completed by Declarant or affiliate of Declarant within last five years: None. UISMS I ?
6. Nature of interest being sold: Fee Simple
7. Brief description of permitted uses and restrictions relating to the Unit and the Common Elements taken from the Condominium Declarations: See Exhibit A.
8. Rental Restrictions: Except as provided in Declaration § 6.11, there are no restrictions on the right of Unit Owners (including Declarant) to rent or lease units, nor on the number of Units a Unit Owner (including Declarant) may rent or lease.
9. Number of Units and maximum number of Units that may be added: The initial phase of the condominium community consists of twelve (12) condominium units. Declarant has reserved the right (but not obligation) to

- construct approximately sixty-eight (68) additional units.
10. Principal common amenities: The condominium building structure, access areas and facilities, and parking areas (exclusive of garages). A swimming pool may be added (in the sole discretion of Declarant) after sale of twenty-four (24) units.
11. Limited Common Elements: The limited common areas include patios, decks, parking garages and interior features such as doors, windows, wall/ceiling surfaces, plumbing, electrical and other fixtures designed to serve the individual condominium residence more specifically identified on Survey Map and Declaration Section 2.6.
12. Other real property the owner of which has access to any Common Element: None.
13. Other real property to which owners of Units have access: None.
14. Status of construction: The initial phase construction of twelve (12) units has been substantially completed. Swimming pool common facility may be constructed upon sale of twenty-four (24) condominium units. Additional condominium units may be constructed at such time as determined by Declarant.
15. Estimated current common expense liability for Units: See Exhibit B.
16. Estimated common expense liability payment due at closing: At closing each Purchaser shall pay to the Association an amount equal to two (2) months Assessments which will be a nonrefundable contribution to the working capital of the Association, plus a pro rata portion of one month's assessment.

17. Estimated fees for use of Common Elements (not reflected in common expenses): None, except as determined by the Homeowner's Association in the future for special uses outside of normal residential use.
18. Any Assessments constituting liens against Units or Common Elements in favor of governmental agencies: None.
19. Parts of Condominium (other than Units) that owners must maintain: Each owner is responsible for maintenance, repair and replacement of plumbing fixtures, water heaters, fans, heating equipment, electrical fixtures and appliances that serve the owner's Unit only, even if located outside the Unit; and each owner shall replace any broken glass in the windows or exterior doors of the Unit. Each Unit Owner shall be responsible for maintenance and repair of the interior portions and nonstructural components of Limited Common Elements. Declaration Section 9.2.
20. Restrictions on timesharing: Timesharing of Units is permitted. Compliance with statutory requirements for timesharing shall be the sole responsibility of Unit Owner. Declaration Section 6.11. ?
21. Development rights and Special Declarant Rights reserved by Declarant: Declarant reserves the right to maintain sales offices, management offices, signs advertising the condominium, and models in Units which are 1) not occupied and are for sale by Declarant, 2) owned by the Declarant, and in the Common Elements of the Condominium. Declarant also has the right to complete any improvements shown on the survey map and plans; to construct additional phases allowing for an additional sixty-eight (68) units; withdraw property from the condominium community; to appoint and remove officers\board members

during period of Declarant Control; to amend Declaration and documents in limited circumstances; and to use easements through Common Elements for the purpose of making improvements to the Condominium. Declaration Article 10.

22. Material differences between model Unit and other Units:

No model unit at this time.

23. Liens on property to be conveyed to the Association:

None.

24. Physical hazards known to Declarant that particularly affect the Condominium or the immediate vicinity of the Condominium which are not readily ascertainable by purchaser:

None.

25. Brief description of construction warranties:

Under the Condominium Act, a declarant of a condominium warrants that the units, the common elements and the limited common elements are suitable for the ordinary uses of real estate of their type and that the units, the common elements and the limited common elements and improvements thereto will be free from defective materials and will be constructed in accordance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner.

In the case of this Condominium, Owners of Units should consider the one-year warranty (from date of substantial completion) that Declarant will provide as the only substantive warranty protection for the Unit Owner or Association of Unit Owners for construction defects.

Declarant will assign to Owners or the Association, as appropriate, any

warranties issued by any manufacturer or supplier of new equipment or appliances installed in the Units or Common Areas.

26. Building code violation citations received by Declarant which have not been corrected: None.
27. Any unsatisfied judgments or pending suits against the Association or that are material to the Condominium: None.
28. Any litigation brought by an owner's association, Unit owner or governmental entity against Declarant or an affiliate of Declarant arising out of the construction, sale or administration of a condominium within the last five years: None.
29. Any rights of first refusal to lease or purchase the Units or the Common Elements: None.
30. Extent to which Association insurance covers furnishings, fixtures and equipment in the Units: The extent to which Association insurance covers Unit furnishings, fixtures and equipment is determined by the provisions of the Association policy, and possible endorsements thereto, which may be modified from time to time. The current policy contains Unit Coverage Endorsement insuring the following: (a) fixtures, improvements and alterations that are a part of the building or structure; and (b) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping. Purchaser should review the policy prior to closing and carefully determining the extent of coverage and what the Purchaser's Unit policy should cover.
31. The following exhibits and documents are part of this POS:

<u>Exhibit</u>	<u>Type/Document</u>
Exhibit A	Brief Description of Permitted Uses and Restrictions Relating to Units and Common Elements
Exhibit B	Survey Map and Plans
Exhibit C	Condominium Declaration
Exhibit D	Association Articles of Incorporation
Exhibit E	Association Bylaws
Exhibit F	Draft Rules and Regulations (if any)
Exhibit G	Draft Operating Budget
Exhibit H	Draft of Estimated Monthly Common Expense Liability
Exhibit I	Association Balance Sheet (if assessments have been collected for 90 days or more).

32-404
42-366
17-004
6-223

35812.50
34,000.00

Exhibit A

The Vistas at Apple Tree, a Condominium

**Brief Description of Permitted Uses and Restrictions
Relating to Units and Common Elements**

The buildings and the Units are restricted to single-family residential use on an ownership, rental or lease basis and for social, recreational or other reasonable activities incidental thereto. Declaration § 6.1.

Although leasing of Units is permitted, there are certain requirements relating to leases of Units, such as the form of the leases, notices to the Association and rights of the Board to review and approve the lease. Declaration § 6.11.

Each owner is required to maintain the interior of the owner's Unit in clean and sanitary condition and in good condition. Owners may not alter the exterior of the buildings, their respective Limited Common Elements or any portion of the Unit visible from the outside without Board approval or in accordance with the rules and regulations of the Association. Window coverings are subject to review and approval by the Board of Directors. No communication antennas or other appliances may be installed on the exterior of a building without the prior written consent of the board. Declaration § 6.6, 6.8 and 6.12.

Owners may not post any signs visible to the public view on or from a Unit, Limited Common Element, or Common Elements without prior consent of the Board or as described in Declaration § 6.9.

Each owner is permitted to keep dogs, cats or other customary household pets in a Unit subject to rules and regulations of the Board. The Board may require removal of pets that unreasonably disturb other owners or create a nuisance. Declaration § 6.3.

Noxious or offensive activities or anything that may become a nuisance or annoyance to other owners in the Units or in the common areas are prohibited. Declaration § 6.4.

Each owner shall have the exclusive right to use the Limited Common Elements allocated to the Owner's Unit. Declaration § 1.28.

The Association may adopt reasonable rules and regulations governing the use of the Common Elements. Declaration § 6.2

Parking of trailers, campers, boats, recreational vehicles and large or commercial trucks is restricted and all parking of vehicles is subject to regulations and restrictions adopted by the Board of Directors. Declaration § 6.5.

UNITED STATES OF AMERICA

The State of



Washington

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

THE VISTAS AT APPLE TREE CONDOMINIUM ASSOCIATION

A Washington Non-Profit Corporation. Articles of Incorporation were filed for record in this office on the date indicated below

UBI Number: 602 310 240

Date: July 08, 2003

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



A handwritten signature in cursive script that reads "Sam Reed".

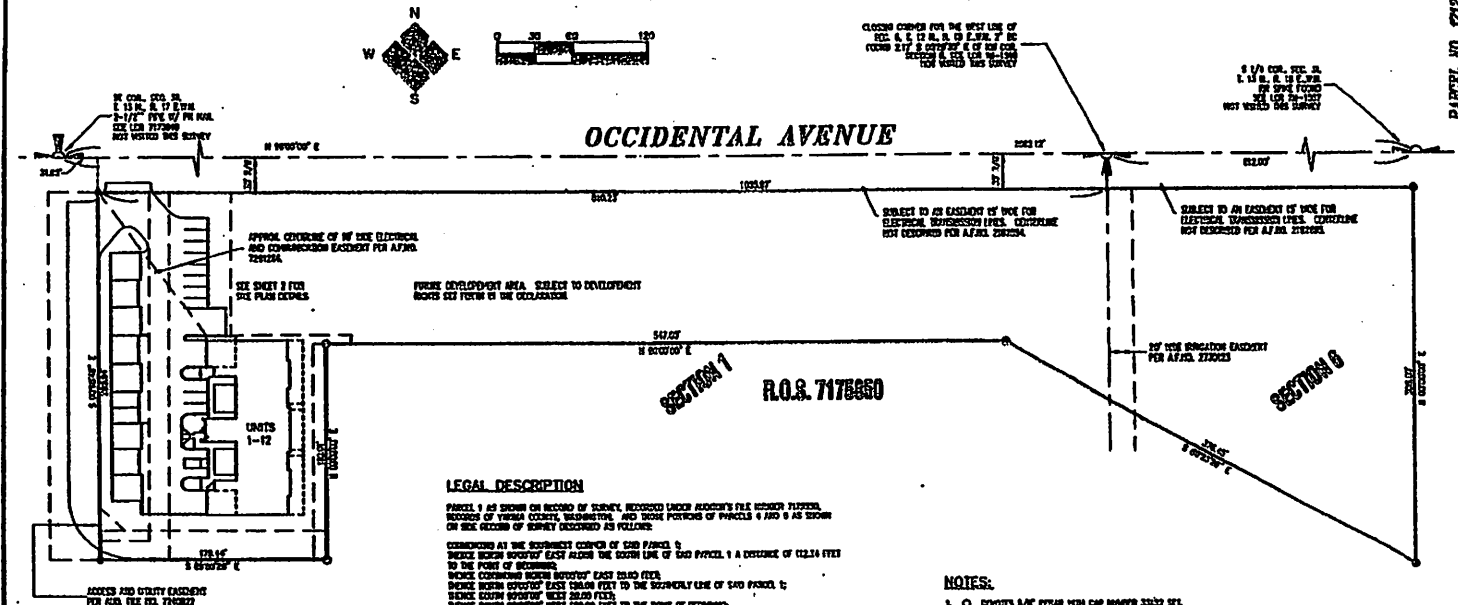
Sam Reed
Secretary of State

Exhibit B

The Vistas at Apple Tree, a Condominium

Survey Map and Plans

THE VISTAS AT APPLE TREE, NO. 1 (A CONDOMINIUM)



SECTION 1
R.O.S. 7178650

LEGAL DESCRIPTION

PARCELS 1 AND 2 SHOWN ON RECORD OF SURVEY, REDUCED UNDER SECTION'S FILE NUMBER 2332, RECORDS OF YAKIMA COUNTY, WASHINGTON, AND THOSE PORTIONS OF PARCELS 4 AND 6 AS SHOWN ON THE RECORD OF SURVEY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL 2;
THENCE NORTH 89°07'00" WEST 62.14 FEET TO THE WEST LINE OF SAID PARCEL 1, A DISTANCE OF 122.14 FEET TO THE POINT OF BEGINNING;
THENCE SOUTHWEST 89°07'00" WEST 62.14 FEET;
THENCE SOUTH 89°07'00" WEST 20.00 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 1;
THENCE SOUTH 89°07'00" WEST 20.00 FEET TO THE POINT OF BEGINNING;
AND THAT PORTION OF CONVEYANCE LOT 1, SECTION 1, TOWNSHIP 12 NORTH, RANGE 17 EAST, 23D N.E. DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL 1;
THENCE SOUTH 89°07'00" WEST 62.14 FEET TO THE WEST LINE OF SAID PARCEL 1, A DISTANCE OF 122.14 FEET TO THE POINT OF BEGINNING;
THENCE SOUTH 89°07'00" WEST 20.00 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 1;
THENCE SOUTH 89°07'00" WEST 20.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF SAID PARCEL 1 WHICH IS THE NORTH 1/4 SECTION 1, TOWNSHIP 12 NORTH, RANGE 17 EAST, 23D N.E. DESCRIBED AS FOLLOWS:

NOTES:

1. OPENED S.W. 1/4 SECTION 12N CAP NUMBER 2332 SET.
2. OPENED S.W. 1/4 SECTION 12N CAP NUMBER 2332 FOUND.
3. THE SOUTH LINE OF THE SOUTHWEST CORNER OF SECTION 34, T. 13 N., R. 10 W., 23D N.E. IS EXTENDED TO HAVE A BEARING OF N 89°07'00" W.
4. SURVEY PERFORMED WITH A PORTION OF ITS OWN ELECTRONIC TOTAL STATION, ELECTRONIC DISTANCE MEASURING UNIT, AND CALIBRATED CHAIN USING FIELD TRAVELER PROCEDURES.
5. THIS SURVEY MEETS OR EXCEEDS THE STANDARDS CONTAINED IN WAC 23-122-060.
6. SEE R.O.S. 7178660 FOR ADDITIONAL DESCRIPTION INFORMATION.
7. PROPERTY SUBJECT TO REGULATORY CONDITIONS FOR A.F.M. 22024 22025 22026.

DECLARATION:

WE, THE UNDERSIGNED OWNER OR OWNERS OF THE INTEREST IN THE REAL PROPERTY DESCRIBED HEREIN HEREBY DECLARE THIS SURVEY MAP AND PLANS AND DECLARATION TO BE MADE FOR A CONDOMINIUM SOLELY TO MEET THE REQUIREMENTS OF THE CONDOMINIUM ACT, RCW 64A.01 ET SEQ., AND NOT FOR ANY PUBLIC PURPOSES AND DO HEREBY GRANT AND RESERVE THE EXCLUSIVE RIGHT HEREON FOR THE LOCAL JURISDICTION.

WE HEREBY CERTIFY THAT ALL STRUCTURAL COMPONENTS AND MECHANICAL SYSTEMS OF ALL BUILDINGS COVERED BY THIS DECLARATION AND THIS SURVEY CREATED ARE SUBSTANTIALLY COMPLETE.

THIS SURVEY MAP AND THESE PLANS AND ANY PORTION THEREOF ARE PREPARED BY LAW AND THE DECLARATION FOR The Vistas at Apple Tree CONDOMINIUM, DESCRIBED UNDER YAKIMA COUNTY RECORDING NO. 7347001

William A. DeLong, DATE: 7-3-03

ACKNOWLEDGEMENT:

STATE OF WASHINGTON }
COUNTY OF YAKIMA }

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT William A. DeLong IS THE PERSON WHO APPEARED BEFORE ME, AND SAID PERSON ACKNOWLEDGED THAT (S)HE SIGNED THIS INSTRUMENT OR THAT (S)HE HAD AUTHORITY TO EXECUTE THE INSTRUMENTS AND ACKNOWLEDGED IT AS OWNER OF SAID PROPERTY AND INTENDS TO TAKE THE ACTIONS AND POWERS PROVIDED BY THE INSTRUMENT.

DATE: 7-3-03
Sheena Butler
NOTARY PUBLIC
BY APPOINTMENT EXPIRES: 7-10-03



ACKNOWLEDGEMENT:

STATE OF WASHINGTON }
COUNTY OF YAKIMA }

I CERTIFY THAT I KNOW OR HAVE SATISFACTORY EVIDENCE THAT Jan C. Charbonneau IS THE PERSON WHO APPEARED BEFORE ME, AND SAID PERSON ACKNOWLEDGED THAT (S)HE SIGNED THIS INSTRUMENT OR THAT (S)HE HAD AUTHORITY TO EXECUTE THE INSTRUMENTS AND ACKNOWLEDGED IT AS OWNER OF SAID PROPERTY AND INTENDS TO TAKE THE ACTIONS AND POWERS PROVIDED BY THE INSTRUMENT.

DATE: 7-3-03
Jan C. Charbonneau
NOTARY PUBLIC
BY APPOINTMENT EXPIRES: 8-16-06



SURVEYOR'S CERTIFICATE:

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY SUPERVISION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY REGULATIONS ACT AS THE PRESENT OF APPLICABLE LEGISLATION IN WASH. STATE.

I HEREBY CERTIFY THAT THIS SURVEY MAP AND PLANS FOR THE NEEDS AS APPLICABLE HEREIN IS IN CONFORMANCE WITH THE ABOVE SAID ACT AND THAT ALL INFORMATION REQUIRED BY SUCH STATUTE IS SUPPLIED HEREON, AND THAT ALL MEASUREMENTS AND MECHANICAL OPERATIONS OF THE UNITS ARE SUBSTANTIALLY COMPLETED IN ACCORDANCE WITH SAID PLANS.

DATE: 7-3-03
Jan C. Charbonneau
SURVEYOR



AUDITOR'S CERTIFICATE

FILED FOR RECORD AT THE REQUEST OF William A. DeLong ON THIS DAY OF July 2003 AT Apple Tree UNDER AUDITOR'S FILE NUMBER 7178650 RECORDS OF YAKIMA COUNTY, WASHINGTON.

FEES: \$105.00
COUNTY MATRONS, COUNTY TREASURER
Jan C. Charbonneau
DEPUTY

TREASURER'S CERTIFICATE:

I HEREBY CERTIFY THAT ALL CONVEYANCE RECORDS AND SPECIAL ASSIGNMENTS COLLECTIBLE BY THIS OFFICE HAVE BEEN PAID, THAT ALL OTHER LIENS AGAINST THE PROPERTY HAVE BEEN PAID AND THAT THE DATE OF July 2003.

DATE: 7/3/03
Lori E. Mard
YAKIMA COUNTY TREASURER

PARCEL NO. 717801-1006

Hallgruesse, Johnson Associates, Inc.
CIVIL ENGINEERING - LAND SURVEYING - PLANNING
301 North 30th Avenue • Yakima, WA 98902
(509) 965-7000 • FAX (509) 965-3300

**APPLE TREE PARTNERSHIP PLAN
PHASE ONE CONDOMINIUM PLAN**

YAKIMA COUNTY, WASHINGTON

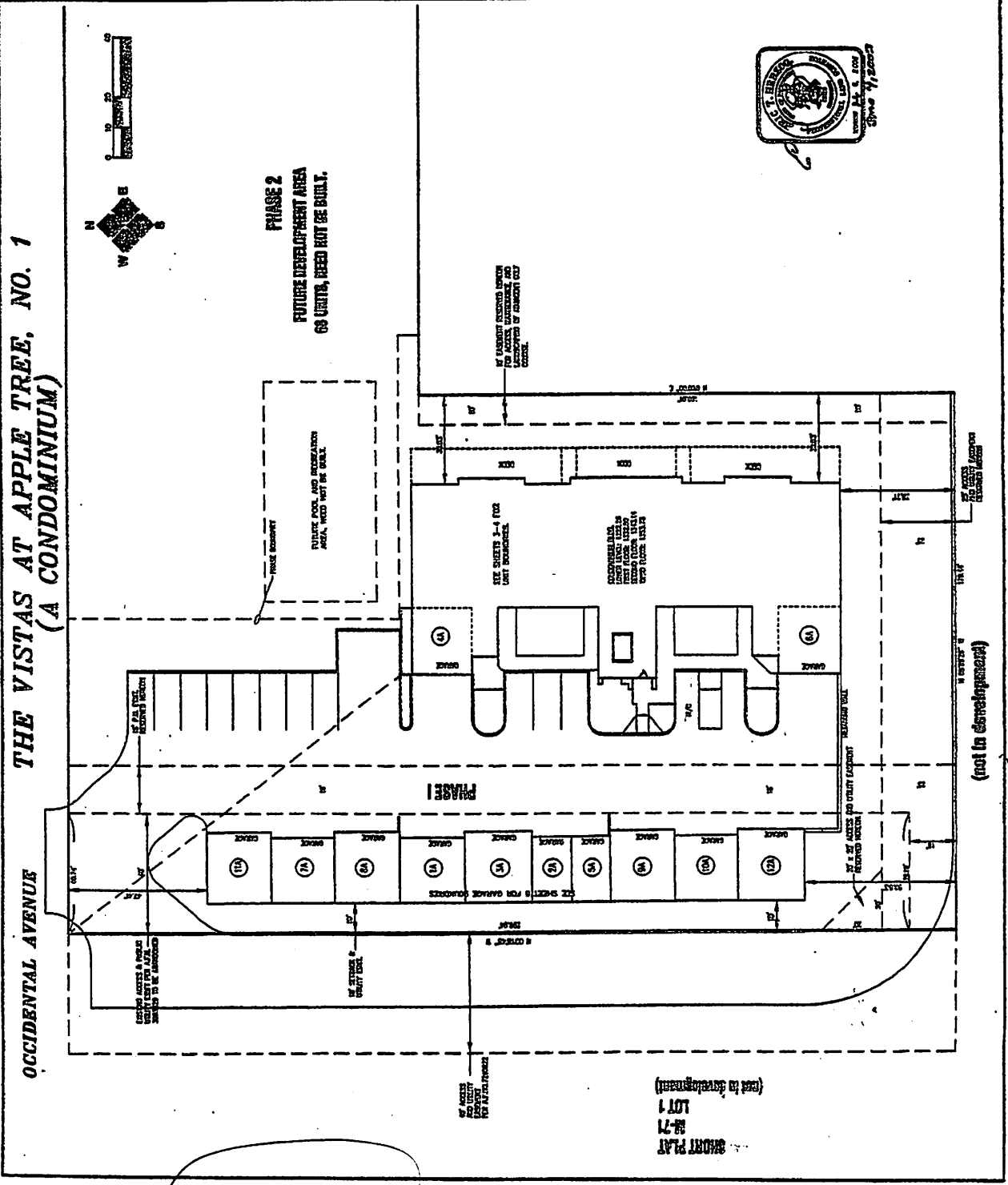
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FIELD BOOK	YAKIMA 89						
JOB NO.	86080P						
FILE NAME	86080P.DWG						
DRAWN BY	JDP						
DATE	JAN 21, 2003						
CHECKED BY	STH						
DATE	JAN 21, 2003						
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P OR N, R W, 13 574 SHEET <u>1</u> of <u>5</u>							

**THE VISTAS AT APPLE TREE, NO. 1
(A CONDOMINIUM)**

Halbritger, Lerman Associates, Inc.
 CIVIL ENGINEERING • LAND SURVEYING • PLANNING
 201 North 29th Avenue • Tacoma, WA 98502
 (509) 946-7000 • FAX (509) 965-1000

**APPLE TREE PARTNERSHIP
 PHASE ONE CONDOMINIUMS**
 YALMIA COUNTY, WASHINGTON

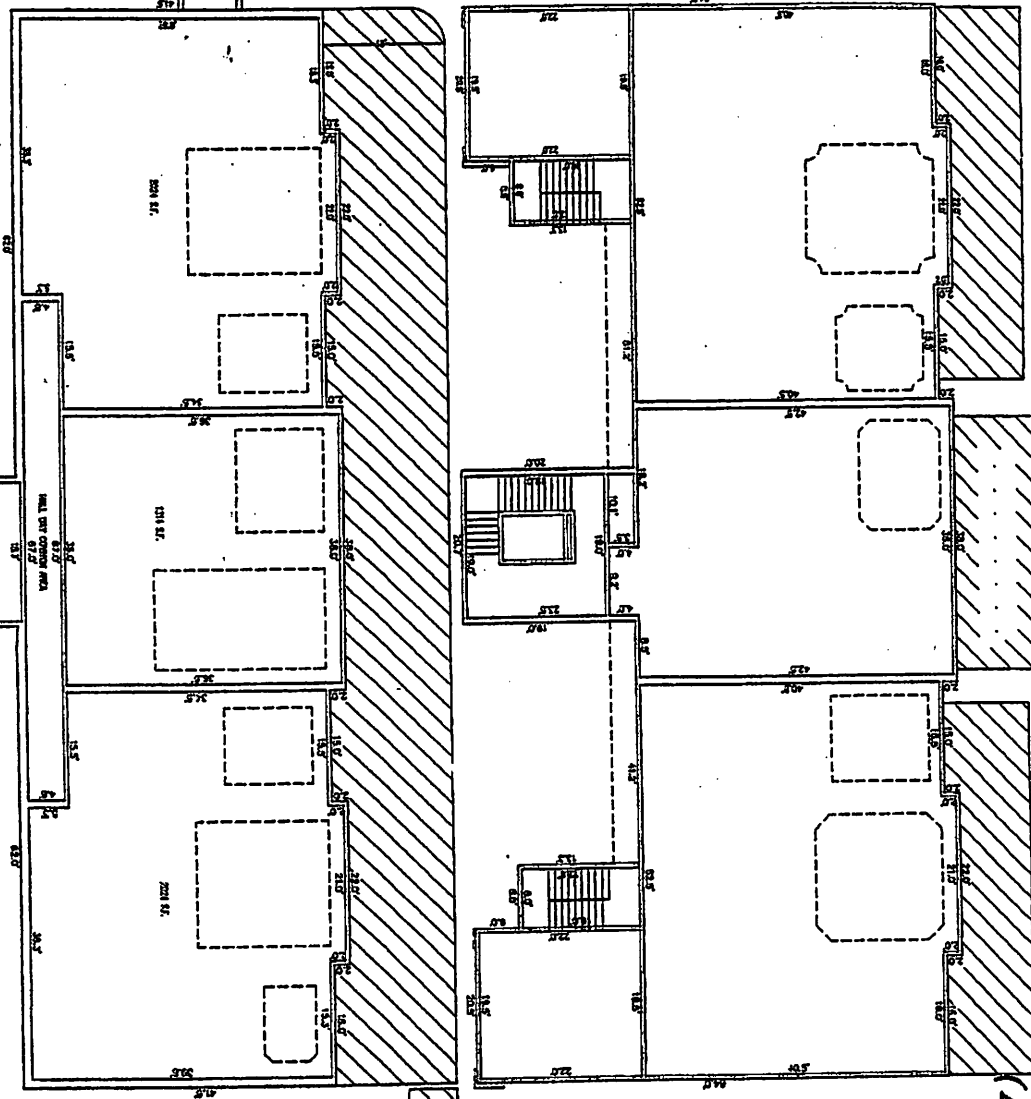
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 FIELD BOOK: JAMES PM
 JOB NO.: 85005P
 FILE NO.: 85005P
 DRAWN BY: JHP
 DATE: JUL 25, 1987
 CHECKED BY: ETH
 DATE: JUL 28, 1987



UPDATE

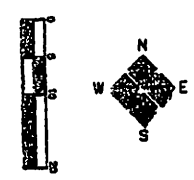
SHORT PLAT
 14-71
 LOT 1
 (not in development)

(not in development)



**THE VISTAS AT APPLE TREE, NO. 1
 (A CONDOMINIUM)**

NOTE:
 UNIT INFORMATION: EXCEPT AS INDICATED BY THE DIMENSIONS
 (1) THE WALLS, FLOORS, CEILING AND THE PERIPHERY OF A UNIT, AND THE LIGHT
 FIXTURES, SINKS, CUPBOARDS, REFRIGERATOR, STOVE, DISHWASHER, CUPBORDS, AND
 REFRIGERATOR SHALL BE PART OF THE UNIT, AND ALL OTHER PORTIONS OF WALLS,
 FLOORS, CEILING AND A PART OF THE COMMON ELEMENTS.



COMMON ELEMENTS
 COMMON AREA

DATE	BY	REVISION
10/27/97	JAL	1
11/13/97	JAL	2
11/13/97	JAL	3
11/13/97	JAL	4
11/13/97	JAL	5
11/13/97	JAL	6

**APPLE TREE PARTNERSHIP
 PHASE ONE CONDOMINIUM PLAN**

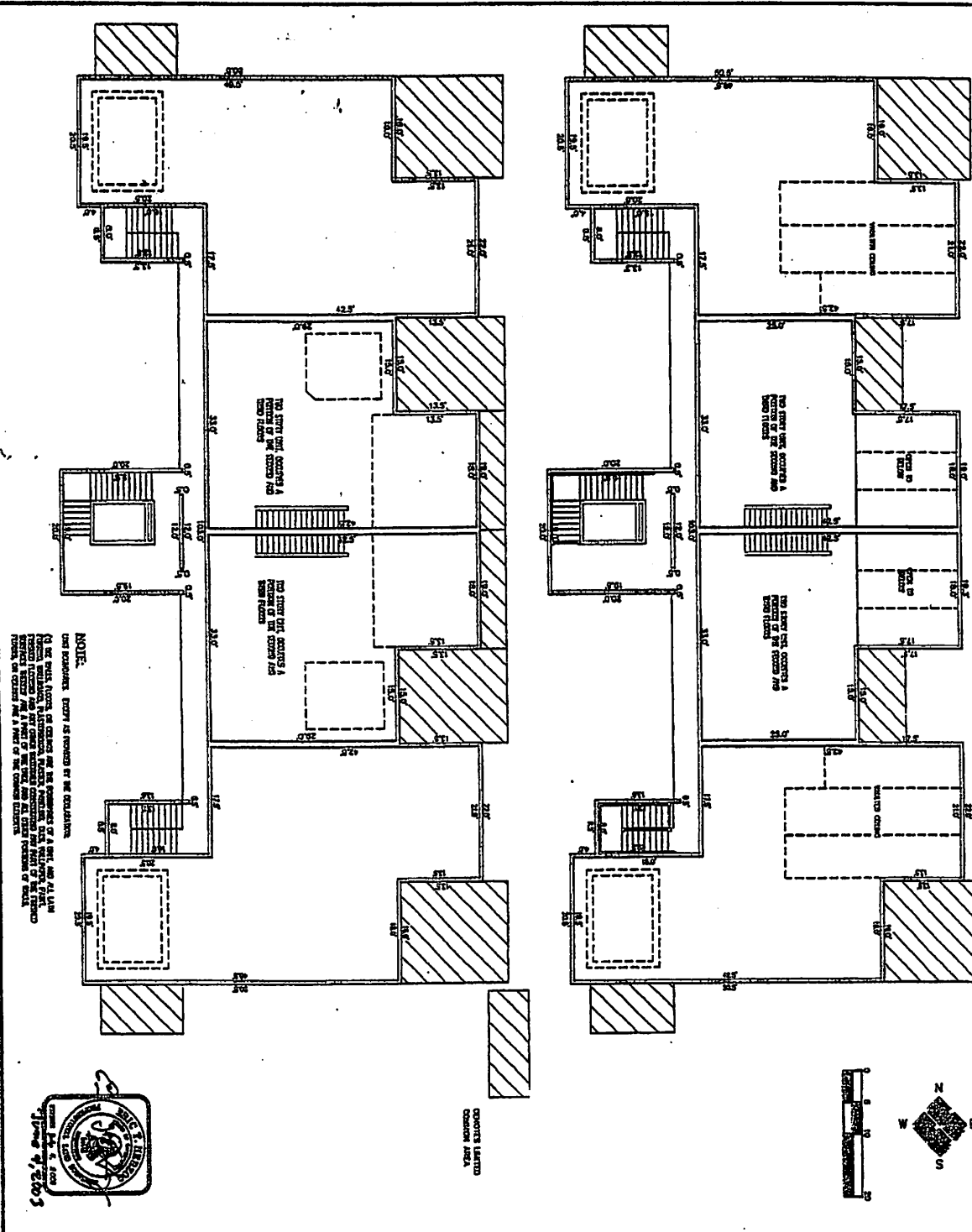
YAKIMA COUNTY, WASHINGTON



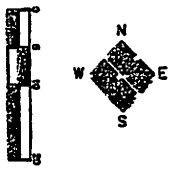
Halbrechtse, Loaman Associates, Inc.
 CIVIL ENGINEERING • LAND SURVEYING • PLANNING
 801 North 39th Avenue • Yakima, WA 98902
 (509) 948-7000 • FAX (509) 948-3600



**THE VISTAS AT APPLE TREE, NO. 1
(A CONDOMINIUM)**



NOTE:
 ONE PRODUCE, COPY IS PROVIDED BY THE COOPERATION.
 THE VISTA ARCHITECTS HAS CONSULTED WITH THE RECORDS OF A GIFT AND WILLIAM RECORD RECORDS HAS SET DOWN RECORDS CONCERNING THE VEST OF THE RECORD SERVICES SERVICED FOR A PERIOD OF TWENTY AND ALL OTHER RECORDS OF REAL RECORDS IN COPIES AND IN PART OF THE RECORDS SERVICE.



CONCRETE LIMITED
 CHAIRMAN AREA

UNIT OF FIELD SURVEY FIELD BOOK NUMBER DATE OF SURVEY	DATE OF SURVEY DATE OF SURVEY
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**APPLE TREE PARTNERSHIP
 PHASE ONE CONDOMINIUM PLAN**

YAKIMA COUNTY, WASHINGTON

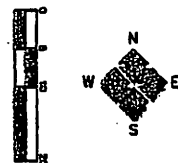
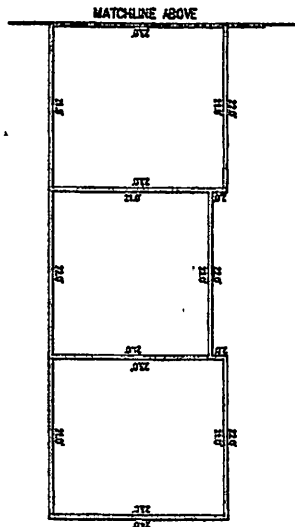
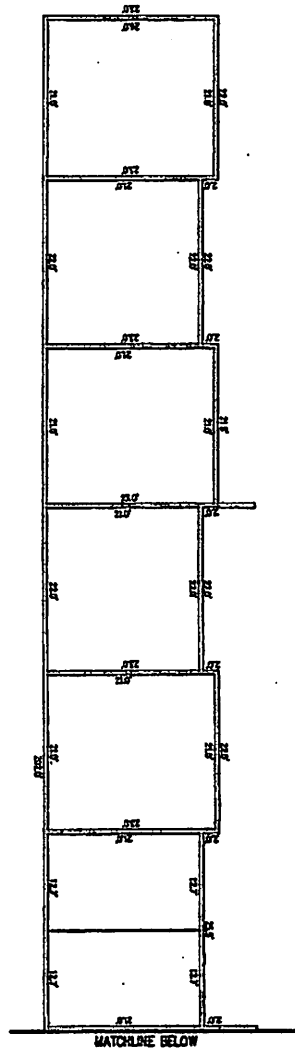


Halbrechtse, Louman Associates, Inc.

CIVIL ENGINEERING • LAND SURVEYING • PLANNING
 601 North 23rd Avenue • Tulalip, WA 98062
 (509) 966-7000 • FAX (509) 265-3800



**THE VISTAS AT APPLE TREE, NO. 1
(A CONDOMINIUM)**



DATE OF FIELD SURVEY 6-1-03	FIELD BOOK, TABULAR SET NO. 860807	DATE PLANS PREPARED 7/1/03	DATE 7/1/03
DATE OF FIELD SURVEY 6-1-03	FIELD BOOK, TABULAR SET NO. 860807	DATE PLANS PREPARED 7/1/03	DATE 7/1/03
DATE OF FIELD SURVEY 6-1-03	FIELD BOOK, TABULAR SET NO. 860807	DATE PLANS PREPARED 7/1/03	DATE 7/1/03

**APPLE TREE PARTNERSHIP
PHASE ONE CONDOMINIUM PLAN**
TAKIMA COUNTY, WASHINGTON



Halbrechtse, Louman Associates, Inc.
CIVIL ENGINEERING • LAND SURVEYING • PLANNING
801 North 35th Avenue • Yakima, WA 98902
(509) 966-7000 • FAX (509) 965-3800



Exhibit C

**The Vistas at Apple Tree, a Condominium
Condominium Declaration**

See Attached Exhibit 2

DRAFT
ARTICLES OF INCORPORATION
OF
THE VISTAS AT APPLE TREE CONDOMINIUM
ASSOCIATION
(a Washington Nonprofit Corporation)

The undersigned, for the purpose of forming a corporation under the provisions of the Washington Nonprofit Corporation Act (Chapter 24.03 RCW) and Washington Condominium Act (Chapter 64.34 RCW), adopt the following Articles of Incorporation.

ARTICLE I

Name

The name of the corporation shall be The Vistas at Apple Tree Condominium Association (hereinafter the "Association").

ARTICLE II

Duration

The period of duration of Association shall be perpetual.

ARTICLE III

Purpose

The Association is organized for the purpose of owning and operating, and maintaining certain common areas and improvements in a condominium community/residential subdivision. It is the general purpose of the Association to administer and enforce restrictive covenants on a condominium

community/residential subdivision known as "The Vistas at Apple Tree" in Yakima, Washington and to provide or contract to provide for common services and benefits outlined in Restrictive Covenants applicable to the Community/Subdivision, and for any business, trade or activity which may be conducted lawfully by such an Association organized under Washington law.

ARTICLE IV

Powers

The Association shall have the general powers of nonprofit Associations organized under the laws of the State of Washington and in particular RCW 24.03.035. These powers shall be used in a manner consistent with the purposes for which this Association is organized as stated in Article II above.

The Association shall not possess, nor shall it exercise, any powers or authority, either expressly or by interpretation of these provisions, or by operation of law, which would prevent it at any time from qualifying, or continuing to qualify, as a "Homeowners Association" under § 528 of the Internal Revenue Code of 1986.

Without limiting the foregoing, and unless otherwise provided in the Association's governing documents, the Association may:

1. Adopt and amend bylaws, rules and regulations;
2. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from owners;
3. Hire and discharge or contract with managing agents and other employees, agents and independent contractors;
4. 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 homeowners' association, but not on behalf of owners involved in disputes that are not the responsibility of the Association;
5. Make contracts and incur liabilities;

6. Regulate the use, maintenance, repair, replacement and modification of common areas;
7. Cause additional improvements to be made as a part of the common areas;
8. Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property;
9. Grant easements, leases, licenses and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;
10. Impose and collect any payments, fees or charges for the use, rental or operation of the common areas;
11. Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the Board of Directors and in accordance with the procedures as provided in the bylaws or rules and regulations adopted by the Board of Directors, levy reasonable fines in accordance with a previously established schedule adopted by the Board of Directors and furnished to the owners for violation of the bylaws, rules and regulations of the Association;
12. Exercise any other powers conferred by the bylaws;
13. Exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE V

Nonprofit Status

The Association is one which does not contemplate pecuniary gain or profit. It is organized for nonprofit purposes. No part of any net earnings (other than by acquiring, constructing, or providing management, maintenance and care of Association property, and other than by a rebate of excess membership dues, fees or assessments) shall inure to the benefit of any individual, except that the Association shall be authorized and empowered to pay reasonable compensation

for services rendered and to make payments and distributions in furtherance of its specific and primary purposes.

ARTICLE VI

Registered Office and Agent

The address of the initial registered office of the Association shall be 2550 Borton Road, Yakima, Washington 98903. The initial registered agent of the Association at such address will be John E. Borton.

ARTICLE VII

Membership

The Association's members shall include and be limited to record owners of condominium units within The Vistas at Apple Tree as presently constituted or expanded as provided in the Declaration of Condominium of The Vistas at Apple Tree. Membership of the Association shall be appurtenant to and may not be separate from ownership of any real property within the condominium community. Provisions for the qualification and voting rights of members of the Association are set forth in the Declaration and Bylaws of the Association, as the same may be amended from time to time.

ARTICLE VIII

Board of Directors

The Association shall initially have *three (3)* directors, who are elected pursuant to the terms of the Bylaws. A change in the number of directors may be made by amendment to the Bylaws. The Board of Directors shall have the powers set forth in the Bylaws. the initial Board of Directors will be *three (3)* in number and will serve until the first annual meeting of directors. The initial Board will be:

John E. Borton
2550 Borton Road
Yakima, WA 98903

William R. Borton
2550 Borton Road
Yakima, WA 98903

Jon Kinloch
9150 Occidental Road
Yakima, WA 98903

ARTICLE IX
Indemnification

The Association shall, and does hereby, indemnify each person (and his heirs, executors, administrators or other legal representatives) who is, shall become, or shall have been an officer, director, or employee of this Association against all liabilities and expenses (including judgments, fines, penalties and attorney's fees) reasonably incurred by any such person in connection with, or arising out of, any such person in connection with, or arising out of, any action, suit or proceeding, whether civil, criminal or administrative, in which any such person may be a party, defendant, or with which he may be threatened or otherwise involved, directly or indirectly, by reason of his being, becoming, or having been an officer, director, or employee of this Association. Indemnification shall be allowed in a manner consistent with the laws of the State of Washington and applied to the fullest extent allowed by such laws.

The foregoing rights of indemnification shall not be exclusive of other rights to which any officer, director, or employee is entitled under any agreement, vote of directors or any statute, or as a matter of law or otherwise. The provisions of this Article shall be severable, and if any provision hereof shall for any reason be determined invalid or ineffective, the remaining provisions shall not thereby be affected.

ARTICLE X
Annual Meeting

An annual meeting of the directors shall be held the first Saturday in December, at 10:00 a.m. of each year, if not a legal holiday, but if such day is a legal holiday then on the next business day, at the same hour, at a time and location to be determined by the Board of Directors.

ARTICLE XI

Incorporator

The name and address of incorporator is John E. Borton, 2550 Borton Road, Yakima, Washington.


ARTICLE XII

Amendment

Any amendments to the Articles of Incorporation or Bylaws shall be adopted only at a meeting of the Board of Directors upon receiving the affirmative vote of a majority of the directors in attendance at the meeting.

DATED this 3 day of July, 2003.

INCORPORATOR:



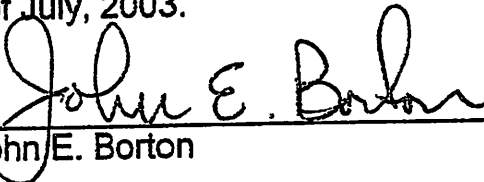
John E. Borton

**CONSENT TO APPOINTMENT AS REGISTERED AGENT OF THE VISTAS AT
APPLE TREE CONDOMINIUM ASSOCIATION**

JOHN E. BORTON hereby consents to serve as Registered Agent, in the State of Washington, for the following corporation: The Vistas at Apple Tree Condominium Association.

JOHN E. BORTON understands that as agent for the Association, it will be his 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 its resignation by the undersigned, or of any changes in the Registered Office address of the Association.

DATED this 3 of July, 2003.



John E. Borton

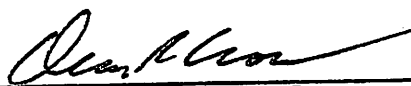
Address: 2550 Borton Road
Yakima, WA 98903

STATE OF WASHINGTON)
) ss.
County of Yakima)

I certify that I know or have satisfactory evidence that John E. Borton signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal this 3 day of July, 2003.





Print Name: Dean R. Crow
NOTARY PUBLIC in and for the State of
Washington, residing at: Yakima.
My commission expires: 9-9-05.

**DRAFT BYLAWS
OF
THE VISTAS AT APPLE TREE
CONDOMINIUM ASSOCIATION**

ARTICLE 1

Object

1.1 Association. The VISTAS AT APPLE TREE CONDOMINIUM ASSOCIATION ("Association") is a nonprofit corporation, organized under the Washington Nonprofit Corporation Act to operate in accordance with the Washington Condominium Act ("WCA") RCW ch. 64.34.

1.2 Purposes. The purposes for which the Association is formed are: (a) to promote the health, safety, welfare, and be for the common benefit of the residents of the Condominium Community and members of the Association; (b) be and constitute the Association to which reference is made in the CONDOMINIUM DECLARATION OF THE VISTAS AT APPLE TREE CONDOMINIUMS ("Declaration") as recorded in the records of Yakima County, Washington; (c) to govern, in accordance with the WCA, Washington Nonprofit Corporation Act, Declaration, and Articles of Incorporation, Bylaws and Rules and Regulations of the Association, the residential community known as THE VISTAS AT APPLE TREE CONDOMINIUMS ("Condominium Community"), located in Yakima, Washington; and (d) to provide for the administration, maintenance, repair and reconstruction of the Common Elements of the said Condominium Community.

1.3 Terms Defined in Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition in these Bylaws as such terms have in the Declaration.

ARTICLE II

Offices

2.1 Registered Office and Registered Agent. The registered office of the corporation shall be located in the State of Washington at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law.

2.2 Other Offices. The corporation may have other offices within or outside the State of Washington at such place or places as the Board of Directors may from time to time determine.

ARTICLE III

Members and Voting Rights

3.1 Membership. There shall be one class of membership. Members of Association shall be every record owner of a Unit subject to this Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one person holds interest in any Unit, all such persons shall be Members.

Membership in Association at all times shall consist exclusively of all Unit Owners or, following termination of the Condominium Community, of all former Unit Owners entitled to distribution of the proceeds under RCW 64.34.268, or their heirs, personal representatives, successors or assigns.

3.2 Voting Rights. Members shall be entitled to one vote for each Unit owned.

The vote for such Unit, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest of the Unit is made prior to the completion of the vote, in which case the vote for such Unit shall be exercised as the persons holding such interest shall determine between themselves. Should the joint Owners of a Unit be unable, within fourteen (14) days (or such shorter period determined by Board of Directors for special meeting), to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. In no event shall more than one vote be cast with respect to any such Unit.

In the absence of express notice to the Board of Directors of the designation of a specific person to cast a vote, the vote of a corporation may be cast by any officer of that corporation, the vote of a partnership may be cast by any general partner of that partnership, the vote of a limited liability company may be cast by any manager of that limited liability company, and the vote of a trust may be cast by any trustee of that trust.

ARTICLE IV

Members' Meetings

4.1 Meeting Place. All meetings of the members shall be held at the registered office of the corporation, or at such other place as shall be determined from time to time

by the Board of Directors, and the place at which any such meeting shall be held shall be stated in the notice of the meeting.

4.2 Annual Meeting Time. The annual meeting of the members for the transaction of such business as may properly come before the meeting, shall be held each year on the first Saturday of December at the hour of 10:00 a.m. if not a legal holiday, but if such day is a legal holiday then on the next business day, at the same hour.

4.3 Annual Meeting--Order of Business. At the annual meeting of members, the order of business shall be as follows:

- (a) Calling the meeting to order
- (b) Proof of notice of meeting (or filing of waiver)
- (c) Reading of minutes of last annual meeting
- (d) Reports of officers
- (e) Reports of committees
- (f) Miscellaneous business

4.4 Special Meetings. Special meetings of the members for any purpose may be called at any time by the President, a majority of the Board of Directors or unit owners having twenty percent (20%) of votes in the Association.

4.5 Budget Meetings.

(a) Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year. Within thirty (30) days after the adoption of any Budget, Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) days nor more than sixty (60) days after delivery of the summary.

Unless at that meeting Owners to which at least sixty-seven percent (67%) of the votes in Association are allocated to reject the Budget, the Budget shall be deemed ratified whether or not a quorum is present. In the event the Budget is rejected, the Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget adopted by the Board of Directors.

(b) If the Board of Directors deems it necessary or advisable to amend a Budget that has been ratified by the Owners pursuant to paragraph 4.5(a) above, the Board may adopt a proposed amendment to the Budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than

fourteen (14) days, nor more than sixty (60) days, after the delivery of the summary of the proposed amendment.

Unless at that meeting Owners to which at least sixty-seven percent (67%) of the votes in Association are allocated reject the amended Budget, the amended Budget shall be deemed ratified whether or not a quorum is present.

4.6 Notice.

(a) Notice of the time and place of the annual meeting of members and of regular meetings other than the annual meeting shall be given by delivering personally or by mailing a written or printed notice of the same, at least ten (10) days, and not more than sixty (60) days, prior to the meeting.

(b) At least ten (10) days and not more than sixty (60) days prior to the meeting, written or printed notice of each special meeting of members, stating the place, day, and hour of such meeting, and the purpose or purposes for which the meeting is called, shall be delivered personally, or sent prepaid by first-class United States Mail to the owner address designated in the records of Association.

4.7 Waiver of Notice. A waiver of any notice required to be given any member, signed by the person or persons entitled to such notice, whether before or after the time stated therein for the meeting, shall be equivalent to the giving of such notice.

4.8 Voting. A member may vote in person or by proxy executed in writing by such member or such member's duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date it is executed, unless otherwise provided in the proxy. A member may vote for the election of directors by mail or by any other method permitted by this Section 4.8.

4.9 Quorum. One-quarter (1/4) of the members entitled to vote represented at a meeting in person or by proxy (or in the case of election of directors not present but voting by mail) shall be necessary and sufficient to constitute a quorum for the transaction of business.

ARTICLE V

Board of Directors

5.1 Number and Powers. The management of all the affairs, property, and interests of the corporation shall be vested in a Board of Directors consisting of three (3) persons. In addition to the powers and authorities expressly conferred upon it by these Bylaws and Articles of Incorporation, the Board of Directors may exercise all such powers

of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the members of the corporation.

5.2 Board of Directors During the Period of Declarant Control. There is a "Period of Declarant Control" during which Period Declarant may appoint and remove any officer of Association or any member of the Board of Directors. The Period of Declarant Control is a length of time expiring twenty (20) years after the filing of the Articles of Incorporation of Association; provided, however, the Period of Declarant Control in any event terminates no later than either (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to owners other than Declarant; (b) two (2) years after the last conveyance of a Unit by Declarant in the ordinary course of business; or (c) two (2) years after any right to add new Units was last exercised. The Period of Declarant Control shall be further subject to the provisions of Section 4.8 of the Declaration.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

5.3 Election by Owners. During the Period of Declarant Control, Declarant may appoint and remove the officers and members of the Board of Directors subject to the following:

(a) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of Units that may be created to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Members other than Declarant.

(b) Not later than sixty (60) days after conveyance of fifty percent (50%) of Units that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the members of the Board of Directors must be elected by Members other than Declarant.

Not later than the termination of the Period of Declarant Control, as set forth in Paragraph 5.2 above, the Board shall call a Special Meeting of the Association, at which meeting Members shall elect three (3) persons (a majority of whom must be Members other than Declarant), to serve on the Board of Directors until the next Annual Meeting of Association. Upon such election, Directors then serving in office shall submit their resignations.

The names and addresses of the person who are appointed by Declarant to initially act in the capacity of the Board of Directors until their successors are duly elected and qualified are stated in the Articles of Incorporation.

5.4 Board of Directors After the Period of Declarant Control. At the first Annual Meeting of Association after the termination of the Period of Declarant Control and at each Annual Meeting thereafter, Directors shall be elected.

The initial terms of the elected Directors shall be fixed at the time of their election as they among themselves shall determine. The term of one Director shall be fixed at one (1) year; the term of one Director shall be fixed at two (2) years; and the term of one Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years.

Directors shall continue in office until their successors have been elected, unless a Director resigns, is removed or becomes disqualified to be a Director.

The number of Directors and their terms may be changed by amendment to these Bylaws.

5.5 Change of Number. The number of directors may at any time be increased or decreased by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director.

5.6 Vacancies. All vacancies in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum of the Board of Directors. A director elected to fill any vacancy shall hold office for the unexpired term of his or her predecessor and until a successor is elected and qualified.

5.7 Regular Meetings. Regular meetings of the Board of Directors may be held at the registered office of the corporation or at such other place or places, either within or without the State of Washington, as the Board of Directors may from time to time designate. The annual meeting shall be held without notice at the registered office of the corporation, on the last Saturday of November each year, or at such other time and place as the Board of Directors shall designate by written notice. In addition to the annual meeting, there shall be regular meetings of the Board of Directors held, with proper notice, not less frequently than once each calendar quarter.

5.8 Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or upon written request by any two (2) directors. Such

meetings shall be held at the registered office of the corporation or at such other place or places as the directors may from time to time designate.

5.9 Notice. Notice of all special meetings of the Board of Directors (and of all regular meetings other than the annual meetings to be held at the place and time designated in Section 5.7) shall be given to each director by three (3) days' prior service of the same by telegram, by letter, or personally. Such notice need not specify the business to be transacted at, nor the purpose of, the meeting.

5.10 Quorum. A majority of the whole Board of Directors shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business.

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

5.12 Registering Dissent. A director who is present at a meeting of the Board of Directors at which action on a corporate matter is taken shall be presumed to have assented to such action unless the director shall file a written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

5.13 Executive and Other Committees. The Board of Directors may appoint, from time to time, from its own number, standing or temporary committees consisting each of no fewer than two (2) directors. Such committees may be vested with such powers as the Board may determine by resolution passed by a majority of the full Board of Directors. No such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing these Bylaws; electing, appointing, or removing any member of any such committee or any director or officer of the corporation; amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the corporation other than in the ordinary course of business; authorizing the voluntary dissolution of the corporation or adopting a plan for the distribution of the assets of the corporation; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. All committees so appointed shall keep regular minutes of the transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the corporation. The designation of any such

committee and the delegation of authority thereto, shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

5.14 Remuneration. No stated salary shall be paid directors, as such, for their service, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of such Board; provided, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

5.15 Loans. No loans shall be made by the corporation to any director.

5.16 Removal. Any director may be removed at any time, with or without cause, by the affirmative vote of two-thirds (2/3) of the votes cast by members having voting rights with regard to the election of any director represented in person or by proxy at a meeting of members at which a quorum is present.

5.17 Action by Directors without a Meeting. Any action required or permitted to be taken at a meeting of the directors, or of a committee thereof, may be taken without a meeting by a written consent setting forth the action so to be taken, signed by all of the directors, or all of the members of the committee, as the case may be, before such action is taken. Such consent shall have the same effect as a unanimous vote. Any such action may also be ratified after it has been taken, either at a meeting of the directors or by unanimous written consent. Board is authorized to allow participation in meetings by means of telephonic communication.

ARTICLE VI

Powers and Duties

6.1 Powers and Duties. Board of Directors shall have the powers and duties necessary, desirable or appropriate for the administration of the affairs of Association and for the operation and maintenance of the Condominium Community. Board of Directors shall be authorized to take such appropriate acts or actions not specifically reserved to Members by Washington Nonprofit Corporation Act, WCA, Declaration, Articles of Incorporation of Association, these Bylaws or as otherwise required by law.

6.2 Managing Agent. Board of Directors may employ for Association a Managing Agent at a compensation established by Board, to perform such duties and services as Board shall authorize; provided, however, that Board, in delegating such duties, shall not be relieved of its responsibility under the Declaration.

Should Board delegate to any Managing Agent the powers relating to collection, deposit, transfer or disbursement of Association funds:

(a) Managing Agent shall maintain fidelity insurance coverage in an amount determined by Board of Directors;

(b) Managing Agent shall maintain all funds and accounts of Association separate from the funds and accounts of Managing Agent, and shall maintain all reserve accounts of Association separate from operational accounts of Association; and

(c) An annual accounting for Association funds and a financial statement shall be prepared and presented to Association for its Annual Meeting by Managing Agent.

ARTICLE VII

Officers

7.1 Designations. The officers of the corporation shall be a President, one or more Vice Presidents (one or more of whom may be Executive Vice Presidents), a Secretary and a Treasurer, and such Assistant Secretaries and Assistant Treasurers as the Board may designate. All officers shall be elected for terms of one year by the Board of Directors. Such officers shall hold office until their successors are elected and qualify. Any two or more offices may be held by the same person, except the offices of President and Secretary.

7.2 President. President shall preside at all meetings of the Board of Directors, shall have general supervision of the affairs of the corporation, and shall perform such other duties as are incident to the office or are properly required of the President by the Board of Directors.

7.3 Vice President. During the absence or disability of the President, the Vice President shall exercise all the functions of the President. Vice President shall have such powers and discharge such duties as may be assigned to him or her from time to time by the Board of Directors.

7.4 Secretary. Secretary shall issue notices for all meetings of Board of Directors and of the Association; keep minutes of all meetings and proceedings of the Board of Directors and Association; keep appropriate records of Members and their addresses; maintain corporate minute book, records and annual reports to State of Washington; and perform such other duties as are incident to the office, or are properly required of the Secretary by the Board of Directors.

7.5 Treasurer. Treasurer shall have the custody of all monies and securities of the corporation and shall keep regular books of account. The Treasurer shall disburse the funds of the corporation in payment of the just demands against the corporation or as may be ordered by the Board of Directors (taking proper vouchers for such disbursements) and shall render to the Board of Directors from time to time as may be required, an account of all transactions undertaken as Treasurer and of the financial condition of the corporation. The Treasurer shall perform such other duties as are incident to the office or are properly required by the Board of Directors.

7.6 Execution of Instruments. All agreements, contracts, deeds, leases, checks, notes and other instruments of Association may be executed by any officer as designated by resolution of Board of Directors. In the absence of such designation, President shall have such authority. Any officer may prepare, execute, certify and record Amendments to the Declaration on behalf of Association.

7.7 Statements of Unpaid Assessments/Transfer Fees. Any officer having access to the books and records of Association, or Managing Agent, may prepare, certify and execute statements of unpaid assessments.

Association may charge a reasonable fee for preparing these Statements of Unpaid Assessments and for transferring a membership on the books and records of Association. Any unpaid fees may be assessed as an individual assessment against the Unit for which the certificate or statement is furnished.

7.8 Delegation. If any officer of the corporation is absent or unable to act and no other person is authorized to act in such officer's place by the provisions of these Bylaws, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or any other person it may select.

7.9 Vacancies. Vacancies in any office arising from any cause may be filled by the Board of Directors at any regular or special meeting of the Board.

7.10 Other Officers. Board of Directors may appoint such other officers or agents as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by Board of Directors.

7.11 Loans. No loan shall be made by the corporation to any officer.

7.12 Term – Removal. The officers of the corporation shall hold office until their successors are chosen and qualified. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the affirmative

vote of a majority of the whole Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

7.13 Bonds. Board of Directors may, by resolution, require any and all of the officers to provide bonds to the corporation, with surety or sureties acceptable to the Board, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by Board of Directors.

ARTICLE VIII

Depositories

The monies of the corporation shall be deposited in the name of the corporation in such bank or banks or trust company or trust companies as Board of Directors shall designate, and shall be drawn from such accounts only by check or other order for payment of money signed by such persons, and in such manner, as may be determined by resolution of Board of Directors.

ARTICLE IX

Notices

Except as may otherwise be required by law, any notice to any member or director may be delivered personally or by mail. If mailed, the notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the Member at the address shown in the records of the corporation, postage prepaid.

ARTICLE X

Notice and Hearing Procedure

Board of Directors shall not impose a fine, individual assessment, suspend voting rights, or infringe upon any other rights of a Member or other occupant for violations of Rules and Regulations of Association or of the Declaration unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from the alleged violation shall be personally served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation;

- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is not a continuing one, a statement that any additional similar violation could result in the imposition of a sanction after Notice and Hearing.

(b) Notice. At any time within the following twelve months of such Demand, if the violation continues past the time period allowed in the Demand for Abatement or if the same rule is subsequently violated, the Board or its agent shall serve the violator with written notice of a hearing to be held by the Board. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the Notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held pursuant to this Notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of Notice and the Invitation to be Heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such Notice. The Notice requirement shall be deemed satisfied if the alleged violator appears at the meeting.

The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed; provided, however, in no event shall the Board suspend a Member's voting rights for infraction of the Declaration, Bylaws or the Association's Rules and Regulations for a period in excess of sixty (60) days. The decision of the Board shall be final.

In no event shall the Board suspend a Member's right to use the Condominium Community's recreational facilities or his or her voting rights for infraction of the Association's Rules and Regulations for a period in excess of sixty (60) days.

These procedures shall not be necessary in order to impose any sanction or penalty for nonpayment of Assessments.

ARTICLE XI

Inspection of Records

Association shall make available to Members and their Mortgagees current copies of the Declaration, Articles of Incorporation, Bylaws and other Rules and Regulations governing the Condominium Community and, for any proper purpose, the books, records and financial statements of Association. "Available" means available for inspection in accordance with the following procedure.

(a) A written Request to Inspect must be submitted to Association at least ten (10) business days prior to the planned inspection. The Request must specify which records are to be inspected and the SPECIFIC PURPOSE of the inspection.

(b) All records shall be inspected at the office of Association between the hours of 10:00 a.m. and 3:00 p.m., Monday through Friday.

(c) At the discretion of the Board, certain records may only be inspected in the presence of a Board member or his or her agent. No records may be removed from Association's office without the express written consent of Board of Directors.

(d) All costs of inspection and photocopies will be paid in advance by the person requesting them.

(e) Consistent with individual members' right to privacy, attorney/client confidentiality and other considerations, the following records will not be made available without the express written consent of Board of Directors:

- (i) confidential personnel records;
- (ii) confidential litigation files;
- (iii) inter-office memoranda, preliminary data, working papers and drafts, and general information or investigations which have not been formally approved by Board of Directors;
- (iv) minutes of confidential executive sessions; or
- (v) Members' telephone numbers.

(f) In determining whether records may be inspected, the Board shall consider, among other things:

- (i) whether the request is made, in good faith, to ascertain the condition of Association; or for a purpose other than that stated in the Request to Inspect;

- (ii) whether an inspector has improperly used information secured through a previous inspection of the records;
- (iii) whether disclosure is for an illegal or improper purpose, or would violate a constitutional or statutory provision or public policy;
- (iv) whether disclosure may result in an invasion of personal privacy, breach of confidence or privileged information; and
- (v) whether disclosure would unreasonably interfere with or improperly disrupt the operation of Association.

(g) Association reserves the right to pursue any individual for damages or injunctive relief or both, including reasonable attorney's fees, for abuse of these rights, including, but not limited to, use of any records for a purpose other than what is stated in the Request to Inspect.

ARTICLE XII

Indemnification of Officers, Directors, Employees, and Agents

The corporation shall indemnify its officers, directors, employees, and agents to the greatest extent permitted by law. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or who is or was serving at the request of the corporation as an officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, against any liability asserted against such person and incurred by such person in any such capacity or arising out of any status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE XIII

Books and Records

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Board of Directors; and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its directors, giving the names and addresses of all directors.

ARTICLE XIV

Amendments

The Board of Directors shall have power to make, alter, amend, and repeal the Bylaws of this corporation; provided, that the Board will not approve any such alteration, amendment, or repeal that would adversely impact the rights of any class of members unless such alteration, amendment, or repeal shall first have received the approval of two-thirds (2/3) of the members of such class.

Adopted by resolution of the corporation's Board of Directors on July 3, 2003.



Jon Kinloch, Secretary

Exhibit F

The Vistas at Apple Tree, a Condominium

Draft Rules and Regulations

Declarant believes that the provisions of the Declaration, Association Bylaws and general principals of law adequately provide for the proper administration of the Condominium. Consequently, no Rules and Regulations have as yet been adopted for the Association.

Exhibit G

The Vistas at Apple Tree, a Condominium

2005 Operating Budget

UPDATE

Including Assessment Allocation Formula

Assessment Methodology

Common expense responsibility is shared on the basis of the proportion which the approximate finished square footage of each Residence bears to the total approximate square footage area of all residences.

	ITEM	TOTAL	NOTES
Common Area Utilities		\$	
Phone lines - fire sprinkler system	\$1500		
Water, Sewer, Garbage & Recycling	\$2400		*no sewer, water, garbage
Fire Alarm - Monitor - Inspection	\$348		
Electrical	\$3200		Individual units separately metered
Gas	\$		
Administrative		\$150	
Legal Services			
Accounting			
Audit			Assume waived by Purchaser
Management Services	\$1800		
Other-City fees, etc.	\$		
Insurance		\$8000	
(excluding individual property insurance)			
Property			
Liability			
Director's			
Employee Dishonesty			
Other (earthquake, host liquor, employee liability, building law)			

Buildings and Common Areas		\$ 1000
Maintenance	\$	
Repairs	\$	
Supplies	\$	
Window Washing	\$500	
Common area Cleaning/Snow Removal	\$900	
Equipment & Supplies--Common Areas		
Replacement Reserves		\$2500
Landscaping and Irrigation System		\$
Landscaping Maintenance	\$1000	
Irrigation System	\$1000	
Miscellaneous		\$250
Income		\$
BUDGET GRAND TOTAL		\$24,548

This Association annual budget:

(1) is based on an assumption that all improvements are completed, that all estimated expenses are being incurred, and that reserves are being collected;

(2) is a good faith estimate, agreed upon at the 2004 Annual Association Meeting, and is based on expenses actually known by Declarant at the time of budget preparation, and may not include expenses (including without limitation charges and assessments required by governmental and quasi-governmental age

Exhibit H

The Vistas at Apple Tree, a Condominium

2005 Monthly Common Expense

Unit	Area Sq Ft	% Interest	2005 Annual Dues	2005 Monthly Dues
1	2,024	9.060%	\$2,224.05	\$185.34
2	1,314	5.882%	\$1,443.91	\$120.33
3	2,024	9.060%	\$2,224.05	\$185.34
4	2,168	9.705%	\$2,382.38	\$198.53
5	1,567	7.015%	\$1,722.04	\$143.50
6	2,168	9.705%	\$2,382.38	\$198.53
7	1,756	7.861%	\$1,929.72	\$160.81
8	2,025	9.065%	\$2,225.28	\$185.44
9	2,025	9.065%	\$2,225.28	\$185.44
10	1,756	7.861%	\$1,929.72	\$160.81
11	1,756	7.861%	\$1,929.72	\$160.81
12	1,756	7.861%	\$1,929.72	\$160.81
		100.000%	\$24,548.25	\$2,045.69

Exhibit I

The Vistas at Apple Tree, a Condominium

Association Balance Sheet

1:39 PM
05/26/05
Accrual Basis

The Vistas at Apple Tree
Balance Sheet
As of May 31, 2005

	<u>May 31, 05</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking	1,977.12
Total Checking/Savings	1,977.12
Accounts Receivable	
Accounts Receivable	2,045.69
Total Accounts Receivable	2,045.69
Total Current Assets	4,022.81
TOTAL ASSETS	4,022.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	6,912.25
Total Accounts Payable	6,912.25
Total Current Liabilities	6,912.25
Total Liabilities	6,912.25
Equity	
Retained Earnings	-3,392.72
Net Income	503.28
Total Equity	-2,889.44
TOTAL LIABILITIES & EQUITY	4,022.81

RECORDED AT THE REQUEST OF:

James C. Carmody
Velikanje, Moore & Shore, P.S.
405 East Lincoln Avenue
Yakima, Washington 98901

**DECLARATION OF CONDOMINIUM
OF
THE VISTAS AT APPLE TREE
(A RESIDENTIAL CONDOMINIUM)**

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose and shall not affect the intent of any warranty contained in the document itself.

Reference number(s) (if applicable): None

Grantors/Declarants:

1. APPLE TREE CONSTRUCTION COMPANY, L.L.C., a Washington limited liability company
2. APPLE TREE LAND COMPANY, a Washington general partnership

Grantee: THE VISTAS AT APPLE TREE CONDOMINIUM

Legal Description:

1. Legal description (Section, Township, Range):
Section 1, Township 12 North, Range 17 East, W.M.
2. Additional legal description is on Exhibit A of document.

Assessor's Tax Parcel ID Number(s): 171201-11006



DATE: July ____, 2003

UPDATE

DECLARANTS: (1) APPLE TREE CONSTRUCTION COMPANY, L.L.C.
a Washington limited liability company
(2) APPLE TREE LAND COMPANY,
a Washington general partnership

CONDOMINIUM PROPERTY:

Parcel 1 as shown on Record of Survey, recorded under Auditor's file number 7175850, records of Yakima County, Washington. AND those portions of Parcels 4 and 5 as shown on side Record of Survey described as follows:

Commencing at the Southwest Corner of said Parcel 1;
Thence North 90°00'00" East along the south line of said Parcel 1 a distance of 112.34 feet to the Point of Beginning;
thence continuing North 90°00'00" East 20.00 feet;
Thence North 00°00'00" East 180.00 feet to the southerly line of said Parcel 1;
Thence South 90°00'00" West 20.00 feet;
Thence South 00°00'00" West 180.00 feet to the Point of Beginning.

AND that portion of Governmental Lot 1, Section 1, Township 12 North, Range 17 East, W.M described as follows:

Beginning at the southwest corner of said Parcel 1;
Thence South 90°00'00" West 47.4 feet to the East line of that Short Plat Recorded in Book "M" of short Plats, Page 71, records of Yakima County, Washington.
Thence North 00°18'48" West 310.00 feet to the Northeast corner of said Short Plat;
Thence North 90°00'00" East 47.4 feet to the Northwest corner of said Parcel 1;
Thence South 00°18'48" East 310.00 feet to the Point of Beginning.

EXCEPT that right of way for County Road along the north.

Situated in Yakima County, Washington.



TABLE OF CONTENTS

PREAMBLE	1
ARTICLE ONE: DEFINITIONS	2
1.1 Act or WCA	2
1.2 Agencies	2
1.3 Allocated Interests	2
(a) Interest in the Common Elements	2
(b) Common Expense Assessment Liability	2
(c) Voting	2
(d) Determination of Allocated Interest	2
(e) Reallocation - Additional Units	3
1.4 Articles	3
1.5 Assessments	3
1.6 Assessment Lien	3
1.7 Association	3
1.8 Board of Directors or Board	3
1.9 Building	3
1.10 Bylaws	3
1.11 City	3
1.12 Common Elements	4
1.13 Common Expense Assessments	4
1.14 Common Expense Assessment Liability	4
1.15 Common Expenses	4
1.16 Condominium Residence or Residence	5
1.17 Condominium Community	5
1.18 Condominium Unit or Unit	5
1.19 Costs of Enforcement	5
1.20 County	5
1.21 Declarant	5
1.22 Declaration	5
1.23 Development Rights and Special Declarant Rights	5
1.24 Eligible Mortgagee	5
1.25 First Mortgagee	5
1.26 First Security Interest	6
1.27 Guest	6
1.28 Limited Common Elements	6
(a) Patio or Deck	6
(b) Garage	6
1.29 Managing Agent	6
1.30 Map	6
(a) Reservation of Declarant	6



(b)	Map Amendment	7
1.31	Member	7
1.32	Owner	7
1.33	Period of Declarant Control	7
1.34	Person	7
1.35	Project Documents	7
1.36	Reserved Common Elements	7
1.37	Rules	7
1.38	Security Interest	7
1.39	Special Assessment	7
1.40	Supplemental Declaration	8
1.41	Turnover Date	8
1.42	Units That May Be Created	8
ARTICLE TWO: NATURE AND INCIDENTS OF THE CONDOMINIUM COMMUNITY.		8
2.1	Condominium Community	8
2.2	Number of Units	8
(a)	Initial Phase	8
(b)	Reserved Future Additions	8
2.3	Division into Units, Estates of an Owner	8
2.4	Title	8
2.5	Residence Boundaries	9
(a)	Interior Surfaces	9
(b)	Ducts, Wires, Etc.	9
(c)	Doors, Windows, Etc.	9
2.6	Description of Units	9
2.7	Right to Combine Units	14
2.8	Inseparability of a Unit	14
2.9	No Partition	14
2.10	Limited Common Elements	14
2.11	Compliance with Provisions of Declaration, Articles and Bylaws of Association	14
2.12	Separate Taxation	15
2.13	Mechanic's/Materialmen's Liens Against the Condominium Units	15
2.14	Garage Spaces	16
2.15	Parking Spaces	16
2.16	Leasing of a Garage Space	17
2.17	Restrictions on Sale of a Condominium Unit	17
2.18	Restrictions on Mortgaging Units	17
2.19	Reserved Common Elements	17
ARTICLE THREE: VARIOUS RIGHTS AND EASEMENTS		17
3.1	Owner's Rights in the Common Elements	17
3.2	Owner's Rights in the Limited Common Elements	18
3.3	Delegation of Use	18



3.4	Owner's Easement for Support and Utilities	18
3.5	Easements for Encroachments	18
3.6	Easements in Condominium Residences for Repair, Maintenance and Emergencies	19
3.7	Emergency Easements	20
3.8	Directors' Easements	20
3.9	Owner's Easement for Access	20
3.10	Easements Deemed Appurtenant	20
ARTICLE FOUR: MANAGEMENT OF CONDOMINIUM		20
4.1	Name	20
4.2	Purposes and Powers	20
4.3	Board of Directors	21
4.4	Articles and Bylaws	21
4.5	Membership	21
4.6	Voting Rights	21
4.7	Declarant Control of Association	21
	(a) Termination of Control of Period	21
	(b) Voluntary Surrender of Control	21
4.8	Election by Owners	22
	(a) Sale of Twenty-Five Percent (25%) of Units	22
	(b) Sale of Fifty Percent (50%) of Units	22
	(c) Election of Board	22
4.9	Delivery of Documents by Declarant	22
4.10	Budget Adoption, Ratification and Amendment	24
	(a) Adoption of Budget	24
	(b) Ratification of Budget	24
	(c) Amendment of Budget	25
4.11	Association Agreements	25
4.12	Indemnification	25
4.13	Certain Rights and Obligations of Association	25
	(a) Attorney-in-Fact	25
	(b) Contracts, Easements and Other Agreements	26
	(c) Other Association Functions	26
	(d) Implied Rights	26
4.14	Certain Rights and Obligations of Declarant and/or Participating Builder	26
ARTICLE FIVE: ASSESSMENTS		26
5.1	Obligation	26
	(a) Joint and Several Liability	26
	(b) Nonwaiver of Liability	26
5.2	Date of Commencement of the Common Expense Assessment	27
5.3	Levy of Assessments	27
	(a) Common Expense Assessments	27
	(b) Individual Assessments	27



(c)	Fines	27
(d)	Special Assessments	27
5.4	Due Date and Notice	28
5.5	Remedies for Nonpayment of Assessments	28
5.6	Assessment Lien	29
5.7	Lien Interests and Conditions	29
(a)	Sale or Transfer	29
(b)	Receiver	29
(c)	Assignment of Rents	30
(d)	Waiver of Homestead	30
(e)	Nonjudicial Foreclosure	30
5.8	Assignment of Assessments	30
5.9	Surplus Funds	30
5.10	Certificate of Assessment Status	31
5.11	No Offsets Against Assessments	31

ARTICLE SIX: RESTRICTIVE COVENANTS AND OBLIGATIONS	31
6.1 Use and Occupancy of the Condominium Residences	31
6.2 Use of the Common Elements	31
6.3 Pets Within the Condominium Community	31
6.4 Nuisances	32
6.5 Vehicular Parking, Storage and Maintenance	32
6.6 No Unsightliness	33
6.7 Prohibition of Certain Activities	33
6.8 Antennas and Other Exterior Equipment	33
6.9 Restrictions on Signs	33
6.10 Owner Caused Damages	34
6.11 Lease of a Condominium Residence	34
6.12 Window Coverings	34
6.13 Exemptions for Declarant	34
6.14 Association Enforcement	35

ARTICLE SEVEN: INSURANCE/CONDEMNATION	35
7.1 Authority to Purchase/General Requirements	35
7.2 Condominium Insurance	35
7.3 Liability Insurance	37
7.4 Fidelity Insurance	38
7.5 Additional Insurance	38
7.6 Payment of Insurance Premiums	38
7.7 Modification, Cancellation or Nonrenewal of Insurance	38
7.8 Damage to Property	38
7.9 Condemnation	39

ARTICLE EIGHT: REPAIR AND RECONSTRUCTION UPON DAMAGE OR DESTRUCTION	39
--	-----------



8.1	Duty to Repair and Reconstruct	39
8.2	Plans	39
8.3	Repair and Reconstruction by Association	39
ARTICLE NINE: MAINTENANCE, REPAIR AND RECONSTRUCTION		40
9.1	Association	40
	(a) Ordinary Wear and Tear	40
	(b) Decisions - Maintenance, Repair and Replacement	40
9.2	Responsibilities of Owner	41
9.3	Schedule of Maintenance Responsibilities	41
9.4	Manner of Repair and Replacement	41
9.5	Additions, Alterations or Improvements by the Unit Owners (Architectural Control)	41
ARTICLE TEN: DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS ..		41
10.1	Reservation	41
10.2	Rights Transferable	42
10.3	Limitations	42
10.4	Interference with Declarant Rights	43
10.5	Use by Declarant	43
10.6	Models, Sales Offices and Management Offices	43
10.7	Declarant's and Participating Builder's Easements	43
10.8	Signs and Marketing	43
ARTICLE ELEVEN: FIRST MORTGAGEE PROVISIONS		43
11.1	Notices of Action	43
11.2	Amendment to Documents/Special Approvals	44
11.3	Special FHLMC Provisions	46
11.4	Implied Approval	46
11.5	Books and Records	46
ARTICLE TWELVE: EXPANSION AND PHASED DEVELOPMENT		46
12.1	Reservation of Right to Expand	46
12.2	Supplemental Declarations and Supplemental Condominium Maps ..	47
12.3	Expansion Definitions	47
12.4	Declaration Operative on New Properties	47
12.5	Interests on Enlargement	47
12.6	Taxes, Assessments and Other Liens	48
12.7	Project Treated as a Whole	48
ARTICLE THIRTEEN: DURATION, AMENDMENT AND TERMINATION OF THE DECLARATION		48
13.1	Duration	48
13.2	Amendments by Owners	48
	(a) Owner Consent	48



(b)	Certification and Recordation	49
(c)	Signatures and Counterparts	49
(d)	Challenge to Amendment - Limitation	49
13.3	Amendments by Declarant	49
13.4	Consent of Eligible Mortgagees	49
13.5	Consent of Declarant	49
13.6	Termination	50
ARTICLE FOURTEEN: GENERAL PROVISIONS		50
14.1	Right of Action	50
14.2	Successors and Assigns	50
14.3	Severability	50
14.4	No Waiver	50
14.5	Registration by Owner of Mailing Address	50
14.6	Conflict	51
14.7	Mergers	51
14.8	Arbitration/Attorney's Fees	51
14.9	Captions	51
14.10	Numbers and Genders	51



EXHIBITS

- A LEGAL DESCRIPTION OF THE REAL PROPERTY SUBMITTED TO THE CONDOMINIUM DECLARATION OF THE VISTAS AT APPLE TREE CONDOMINIUMS
- B TABLE OF INTERESTS (FIRST PHASE)
- C CERTIFICATE OF SUBSTANTIAL COMPLETION (FIRST PHASE)
- D SURVEY MAP AND PLANS



**THE
CONDOMINIUM DECLARATION
OF
THE VISTAS AT APPLE TREE CONDOMINIUM**

PREAMBLE

THIS DECLARATION is made on the date hereinafter set forth by Apple Tree Construction Company, L.L.C., a Washington limited liability company, and Apple Tree Land Company, a Washington general partnership (collectively "Declarant").

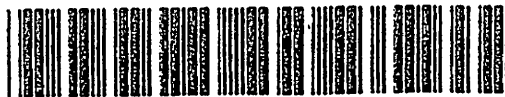
WHEREAS, Declarant is the owner of certain real property located in Yakima, Washington, as more particularly described on the attached Exhibit A; and

WHEREAS, Declarant intends to create a condominium community on said real property together with other improvements thereon in accordance with the Washington Condominium Act, RCW 64.34 et seq. ("WCA"); and

WHEREAS, Declarant will convey said real property, subject to the protective covenants, conditions and restrictions as hereinafter set forth.

NOW THEREFORE, Declarant hereby submits the condominium property and improvements to be constructed thereon as more specifically set forth in the survey map and survey plans attached hereto as Exhibit D, to the condominium form of ownership and use in the manner provided by the WCA. The name by which this condominium is to be identified is The Vistas at Apple Tree Condominium (hereinafter the "condominium"). The condominium is located at 9150 Occidental Avenue, Yakima, Washington 98908.

Declarant hereby declares that all of the said real property described on said Exhibit A shall be held and conveyed subject to the following covenants, conditions and restrictions, all of which are declared and agreed to be for the protection of the value of the said real property, and for the benefit of any persons having any right, title or interest in the said real property. Said covenants, conditions and restrictions shall be deemed to run with



the land and shall be a burden and a benefit to any persons acquiring such interest, their grantees, heirs, legal representatives, successors and assigns.

ARTICLE ONE: DEFINITIONS

As used in this Declaration, unless the context otherwise requires, the terms hereinafter set forth shall have the following meanings:

1.1 ACT or WCA means the Washington Condominium Act, Laws of 1989, Chapter 43 (RCW 64.34) as amended.

1.2 AGENCIES means and collectively refers to the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

1.3 ALLOCATED INTERESTS means the Percentage Ownership Interest in the Common Elements, the Common Expense Assessment Liability and the Votes in the Association which are allocated to each of the Units in the Condominium Community. The formulas used to establish the Allocated Interests are as follows:

(a) Interest in the Common Elements. The undivided Percentage Ownership Interest in the Common Elements allocable to each Condominium Residence has been calculated on the basis of the proportion which the approximate finished square footage area of each Residence bears to the total approximate finished square footage area of all Residences then within the Condominium Community, as more fully set forth on attached Exhibit B.

(b) Common Expense Assessment Liability. All Common Expenses shall be assessed against Units on the basis of the proportion which the approximate finished square footage area of each Residence bears to the total approximate finished square footage area of all Residences then in the Condominium Community and is as set forth on attached Exhibit B

(c) Voting. Owner of each Unit within the Condominium Community shall be entitled to one vote for each Unit owned.

(d) Determination of Allocated Interest. The finished square footage area of each Residence is allocated by Declarant and is based upon dimensions which are approximate and the calculation of the Percentage Interest has been rounded. Finished square footage is measured in a uniform, consistent manner throughout the Residences. The determination of allocated interest has been established by Declarant and shall be



binding on all parties as set forth in attached Exhibit B, as such exhibit may be amended from time to time with regard to expansion of the Condominium Community.

(e) Reallocation - Additional Units. In the event that Declarant exercises its right to enlarge this Condominium Community by construction of additional Units in subsequent phases of the project, Allocated Interests in the Common Elements and Common Expense Assessment Liability, shall be reallocated by Declarant in a manner consistent with the above formulas. Owner of each Unit within the expanded Condo Minimum Community shall be entitled to one vote in a manner consistent with provisions contained herein.

1.4 ARTICLES means the Articles of Incorporation of Association.

1.5 ASSESSMENTS means all sums chargeable by the Association against a Unit including, without limitation: (a) Common Expense Assessments, (b) Special Assessments, (c) Individual Assessments, and (d) Fines levied pursuant to this Declaration. The assessment shall include interest and late charges on delinquent accounts and all costs of collection, including reasonable attorney's fees incurred by Association in connection with enforcement of any provision of this Declaration or collection of a delinquent account.

1.6 ASSESSMENT LIEN means the statutory lien on a Unit for any Assessment levied against that Unit together with all Costs of Enforcement. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due.

1.7 ASSOCIATION means THE VISTAS AT APPLE TREE CONDOMINIUM ASSOCIATION, a Washington nonprofit corporation, its successors and assigns. Administration of the Condominium Community and Association shall be governed by the Articles of Incorporation, Bylaws and Declaration, subject to the requirements of Washington Condominium Act, RCW ch. 64.34. Members of the Association shall be all of the Owners of the Units within the Condominium Community.

1.8 BOARD OF DIRECTORS or BOARD means the Board of Directors of Association duly elected pursuant to the Bylaws of Association or appointed by Declarant as therein provided. Board of Directors is the governing body of Association and shall act on behalf of Association.

1.9 BUILDING means any building located in the Condominium Community and within which one or more Condominium Residences are located. Building shall include any future structures constructed in subsequent phases within the Condominium Community.

1.10 BYLAWS means the Bylaws which are adopted by the Board of Directors for the regulation and management of Association.

1.11 CITY means Yakima, Washington.



1.12 COMMON ELEMENTS means all of the Condominium Community, except the portions thereof which constitute Condominium Residences. Common areas shall include any facilities, improvements and/or fixtures which may be within a Condominium Residence which are or may be necessary or convenient to the support, existence, use, maintenance, repair or safety of a Building or any other Condominium Residence therein and includes those Common Elements which are assigned to the exclusive use of one or more, but not all, of the Owners (Limited Common Elements).

Without limiting the generality of the foregoing, the following shall constitute Common Elements:

- (a) all of the real property, landscaping, driveways, easements and nonassigned parking areas as designated on the Map;
- (b) all foundations, columns, beams and supports of the Building;
- (c) exterior walls of the Building, the bearing and utility walls within the Building, the main and bearing subflooring and the roofs of the Building;
- (d) all utility, service and maintenance rooms, fixtures, apparatus, installations and central facilities for power, light, gas, telephone, television, hot water, cold water, heating, incineration, or similar utility, service or maintenance purposes, including furnaces, apparatus, installations, facilities, all of which serve more than one Residence and are not located within an Residence;
- (e) swimming pool and recreational area depicted on Map (if constructed); and
- (f) all other parts of the Condominium Community necessary in common use or convenient to its existence, maintenance and safety.

Common Elements shall also include additional buildings, areas and services associated with the development and addition of future phases as more particularly described in Supplemental Declarations.

1.13 COMMON EXPENSE ASSESSMENTS means all sums chargeable by Association against a unit with regard to expenses and liabilities related to association activities; repair, maintenance or replacement of common areas and facilities; reserve funds; and other matters for the common benefit of the Condominium Community.

1.14 COMMON EXPENSE ASSESSMENT LIABILITY means the liability for the Common Expense Assessment allocated to each Unit which is determined in accordance with that Unit's Allocated Interests.

1.15 COMMON EXPENSES means expenditures made by or financial liabilities incurred by or on behalf of Association, together with any allocations to reserves.



1.16 CONDOMINIUM RESIDENCE or RESIDENCE means the individual air space of each Residence which is contained in an enclosed room or rooms occupying all or part of a floor or floors in the Building not including, however, any of the Common Elements located within such air space. Each Condominium Residence is shown on the Map and is identified thereon with a number.

1.17 CONDOMINIUM COMMUNITY means the real property described on Exhibit A and any improvements located or constructed thereon and known as THE VISTAS AT APPLE TREE CONDOMINIUMS. Declarant has initially created twelve (12) condominium units and reserves the right to create approximately sixty-eight (68) additional units on the described real property. The current and additional units shall constitute the "Condominium Community" subject, however, to Declarant's reserved rights contained herein.

1.18 CONDOMINIUM UNIT or UNIT means the separate fee simple ownership interest in a Condominium Residence, and all improvements contained therein, together with the appurtenant undivided interest in the Common Elements and Limited Common Elements.

1.19 COSTS OF ENFORCEMENT means any and all fees, late charges, interest, expenses, including receiver's fees, and reasonable attorneys' fees and costs incurred by Association (a) in connection with the collection of the Assessments and Fines, or (b) in connection with the enforcement of the terms, conditions and obligations of the Project Documents. The costs of collection or enforcement are assessable whether or not such activities result in suit being commenced or prosecuted to judgment.

1.20 COUNTY means Yakima County, Washington.

1.21 DECLARANT means Apple Tree Construction Company, L.L.C., a Washington limited liability company, and Apple Tree Land Company, a Washington general partnership.

1.22 DECLARATION means this Declaration and Map and any supplements and amendments thereto recorded in the Office of the Yakima County Auditor, Washington.

1.23 DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS means the rights reserved by Declarant under ARTICLE TEN and ARTICLE TWELVE hereof.

1.24 ELIGIBLE MORTGAGEE means a holder, insurer or guarantor of a First Security Interest who has delivered a written request to Association containing its name, address, legal description, requesting that Association notify it of any proposed action requiring the consent of the specified percentage of Eligible Mortgagees.

1.25 FIRST MORTGAGEE means any Person which owns, holds, insures or is a governmental guarantor of a Security Interest, which is a First Security Interest encumbering a Unit within the Condominium Community.



1.26 FIRST SECURITY INTEREST means a Security Interest that has priority of record over all other recorded liens except those liens made superior by statute (such as general ad valorem tax liens and special assessments).

1.27 GUEST means (a) any person who resides with an Owner within the Condominium Community; (b) a guest or invitee of an Owner; or (c) an occupant or tenant of a Unit within the Condominium Community, and any members of his or her household, invitee or cohabitant of any such person.

1.28 LIMITED COMMON ELEMENTS means those areas which are limited to and reserved for the exclusive use of the Owner of a particular Condominium Unit. Limited Common Elements shall also include those items set forth in RCW 64.34.204(2) and (4), including, but not limited to: any portion of a chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture which lies partially within and partially outside of the designated boundaries of the Unit and which serves only that Unit; any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios and exterior doors and windows and other fixtures designed to serve a single Unit, which are located outside the Unit's boundaries, are considered Limited Common Elements allocated exclusively to that Unit. In addition to the Limited Common Elements provided for in RCW 64.34.240(2) and (4), the following shall be Limited Common Elements:

(a) Patio or Deck. A patio or deck shown on the Map shall be a Limited Common Element allocated to the Unit to which it is adjacent and depicted on the Map.

(b) Garage. Each garage area shown on the Map shall be a Limited Common Element allocated to a specifically identified Unit. The Owner of the Unit to which a garage area is allocated shall have the right to control the parking of vehicles and use of the garage area.

1.29 MANAGING AGENT means the person or entity who the Board of Directors may engage to administer and manage the affairs of Association.

1.30 MAP means the survey map and plans for THE VISTAS AT APPLE TREE (Condominium), recorded simultaneously with this Declaration and any amendments, corrections, and addenda thereto subsequently recorded. The map identifies the location of the Building, the Condominium Residences with their identification numbers, the Common Elements and Limited Common Elements, the floors and elevations, and all of the land and improvements thereon.

(a) Reservation by Declarant. Declarant hereby reserves unto the Board of Directors of Association the right, without consent of any Owner or First Mortgagee, to amend the Map and any supplements thereto to (a) insure consistency in the language and all particulars used on the Map and contained in the Declaration are identical, (b) establish, vacate, reconfigure and relocate easements, and parking spaces, (c) establish certain



Common Elements as Limited Common Elements, (d) reflect the subdivision or combination of any Unit as provided hereunder, and (e) satisfy any requirements of the Act.

Declarant hereby reserves unto themselves the right, without the consent of any Owner or First Mortgagee, to amend the Map and any supplement thereto (a) in accordance with ARTICLE TWELVE hereof, and (b) to reflect the subdivision or combination of any Unit so long as such amendment is made prior to the expiration of Declarant's Rights as set forth in Paragraph 10.3 hereof.

(b) Map Amendment. In all other cases, the Map may be amended in accordance with Paragraph 13.2 hereof. The Map and any supplements thereto are hereby incorporated herein by reference as if set forth in their entirety.

1.31 MEMBER means each Owner.

1.32 OWNER means the owner of record of a Unit but does not include a person who has an interest solely as security for an obligation; or is merely "renting" or "leasing" a unit. A contract vendee under a real estate contract shall be considered the owner of a Unit.

1.33 PERIOD OF DECLARANT CONTROL means that period of time defined in Paragraph 4.7 hereof.

1.34 PERSON means a natural person, corporation, partnership, association, trustee, limited liability company, joint venture, or any other entity recognized as being capable of owning real property under the laws of the state of Washington.

1.35 PROJECT DOCUMENTS means this Declaration, the Map, the Articles of Incorporation and Bylaws of Association, and the Rules and Regulations of Association, if any.

1.36 RESERVED COMMON ELEMENTS means such portions of the Common Elements which Declarant or Board of Directors may designate as such from time to time pursuant to Paragraph 2.19 hereof.

1.37 RULES means the Rules and Regulations adopted by the Board of Directors for the regulation and management of the Condominium Community as amended from time to time.

1.38 SECURITY INTEREST means an interest in real estate or personal property created by contract which secures payment of an obligation. The term includes a lien or encumbrance created by a deed of trust, mortgage, real estate contract, and/or security agreement/financing statement (UCC-1).

1.39 SPECIAL ASSESSMENT is as defined in Paragraph 5.3 hereof.



1.40 SUPPLEMENTAL DECLARATION means a written instrument containing covenants, conditions and restrictions which is recorded with regard to subsequent phases of Condominium development as authorized by ARTICLE TWELVE.

1.41 TURNOVER DATE means the date the Period of Declarant Control terminates as more fully set forth in Paragraph 4.7 hereof.

1.42 UNITS THAT MAY BE CREATED means approximately eighty (80) Units, which shall be the maximum number of Units that may be subject to this Declaration, including those Units which may be included if all of the property described on Exhibit B hereof is developed in future phases and made subject to this Declaration.

ARTICLE TWO: NATURE AND INCIDENTS OF THE CONDOMINIUM COMMUNITY

2.1 Condominium Community. The name of the Condominium Community is THE VISTAS AT APPLE TREE (A Condominium).

2.2 Number of Units. The Condominium Community may be developed in phases.

(a) Initial Phase. The first phase of development shall consist of twelve (12) units described herein and set forth on the Map.

(b) Reserved Future Additions. Declarant reserves the right but not the obligation to create approximately sixty-eight (68) additional Units by the expansion of the Condominium Community in accordance with ARTICLE TWELVE hereof. The future expansion shall be undertaken in phases and at such times as determined by Declarant. It is further recognized that Declarant is not obligated to proceed with construction of future phases and that the real property designated for possible development may be withdrawn from the Condominium Community.

2.3 Division into Units, Estates of an Owner. Condominium Community is initially divided into twelve (12) Units, each consisting of a separate fee simple estate in a particular Condominium Residence, and an appurtenant undivided fee simple interest in the Common Elements. The undivided interest in the Common Elements appurtenant to a particular Condominium Unit is determined in accordance with that Unit's Allocated Interest and is as set forth in Table of Interests attached as Exhibit B. The creation of additional Units is reserved to Declarant pursuant to the provisions of this Declaration. Each such additional Unit shall consist of a separate fee simple estate and appurtenant undivided fee simple interest in the Common Elements.

2.4 Title. A Unit may be held and owned in any real property tenancy relationship recognized under the laws of the state of Washington.



2.5 Condominium Residence Boundaries. The residence boundaries shall be as follows:

(a) Interior Surfaces. The interior unfinished surfaces of the perimeter walls, floors and ceilings are the boundaries of a Condominium Residence (as shown on the Condominium Map), and 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 Condominium Residence. All other portions of the walls, floors, or ceilings are part of the Common Elements. All spaces, interior partitions, or other fixtures and improvements within the boundaries of a Condominium Residence are a part of the Residence.

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

(c) Doors, Windows, Etc. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, decks, patios, and all doors and windows or other fixtures along the perimeter boundary or designed to serve a single Condominium Residence, but located outside the Residence's boundaries, are Limited Common Elements allocated exclusively to that Residence.

2.6 Description of Units. The specific characteristics of the Condominium Units shall be as follows:

UPDATE

UNIT 1:	
Approximate Area (excluding garage)	2,024 square feet
Description	One level consisting of kitchen, great room, hobby room, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage – Garage 1A
Common Area Access	Unit is located on ground floor with access from the westerly common area by stairway and elevator.
Limited Common Area	556 square foot patio



UNIT 2:	
Approximate Area (excluding garage)	1,314 square feet
Description	One level consisting of kitchen, great room, one bedroom, one and one-half bathrooms, and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	One-car detached garage -- Garage 2A
Common Area Access	Unit is located on ground floor with access from the westerly common area by stairway and elevator.
Limited Common Area	408 square foot patio
UNIT 3:	
Approximate Area (excluding garage)	2,024 square feet
Description	One level consisting of kitchen, great room, three bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage -- Garage 3A
Common Area Access	Unit is located on ground floor with access from the westerly common area by stairway and elevator.
Limited Common Area	556 square foot patio
UNIT 4:	
Approximate Area (excluding garage)	2,168 square feet
Description	One level consisting of kitchen, dining room, great room, office, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car attached garage -- Garage 4A
Common Area Access	Unit is located on main floor with access from the westerly common area.
Limited Common Area	556 square foot deck



UNIT 5:	
Approximate Area (excluding garage)	1,567 square feet
Description	One level consisting of kitchen, great room, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	One-car detached garage -- Garage 5A
Common Area Access	Unit is located on main floor with access from the westerly common area.
Limited Common Area	408 square foot deck
UNIT 6:	
Approximate Area (excluding garage)	2,168 square feet
Description	One level consisting of kitchen, great room, three bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car attached garage -- Garage 6A
Common Area Access	Unit is located on main floor with access from the westerly common area.
Limited Common Area	556 square foot deck
UNIT 7:	
Approximate Area (excluding garage)	1,756 square feet
Description	One level consisting of kitchen, great room, two bedrooms, two bathrooms, two built-in gas fireplaces and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage -- Garage 7A
Common Area Access	Unit is located on second level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	392 square foot deck



UNIT 8:	
Approximate Area (excluding garage)	2,025 square feet
Description	Split level consisting of kitchen, great room, three bedrooms, two and one-half bathrooms, loft, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage -- Garage 8A
Common Area Access	Unit is located on the second level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	431 square foot deck
UNIT 9:	
Approximate Area (excluding garage)	2,025 square feet
Description	Split level consisting of kitchen, great room, four bedrooms, two and one-half bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage -- Garage 9A
Common Area Access	Unit is located on the second level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	431 square foot deck
UNIT 10:	
Approximate Area (excluding garage)	1,756 square feet
Description	One level consisting of kitchen, great room, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage -- Garagé 10A
Common Area Access	Unit is located on the second level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	392 square foot deck



UNIT 11:	
Approximate Area (excluding garage)	1,756 square feet
Description	One level consisting of kitchen, great room, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage – Garage 11A
Common Area Access	Unit is located on the third level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	360 square foot deck
UNIT 12:	
Approximate Area (excluding garage)	1,756 square feet
Description	One level consisting of kitchen, great room, two bedrooms, two bathrooms, one built-in gas fireplace and other facilities set forth on survey plans and specifications.
Type of Heat	Gas
Parking Spaces	Two-car detached garage – Garage 12A
Common Area Access	Unit is located on the third level/floor with access from the westerly common area by stairway and elevator.
Limited Common Area	360 square foot deck

Limited Common Areas shall include the following:

- (a) The above-described garage parking areas allocated to specific units;
- (b) The above-described patio and deck areas allocated to specific units;
- (c) Any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any fixtures which lie partially within or partially outside of the designated boundaries of a condominium residence but which serve the individual residence shall be considered Limited Common Elements and allocated solely to the respective Unit; and
- (d) Any shutters, awnings, window boxes, door steps, stoops, exterior doors and windows, and any other fixtures designed to serve an individual condominium residence



(but located outside of the residence's boundaries) shall be considered Limited Common Elements allocated exclusively to the Unit.

2.7 Right to Combine Units. An Owner may physically combine the airspace of one Unit with the airspace of one or more adjoining Units subject to (a) the review and written approval of the Board of Directors; (b) compliance with RCW 64.34.240(3); and (c) the receipt of all requisite approvals from the municipality having jurisdiction (Yakima County or City if annexed). In the event of any such physical combining of Units to create a combined Unit, such combined Unit shall also include the combining of the fixtures and improvements and of the undivided interest in the Common Elements appurtenant to such Units.

The Board of Directors reserves the right to designate and convey to said Owner of such combined Units additional Limited Common Elements appurtenant to such Unit, any walls, floors or other structural separation for the combination of such Units, provided, however, that such walls, floors or other structural separations for such space shall automatically become Common Elements if the combined Units become subject to separate ownership in the future.

The Board of Directors shall have authority to grant easements through the Common Elements to accomplish the combining of the Units. The Assessment Liability of each Unit, shall remain the same, as will the voting rights for such Units.

2.8 Inseparability of a Unit. An Owner's undivided interest in the Common Elements shall not be separated from the Condominium Unit to which it is appurtenant and shall be deemed to be conveyed or encumbered with the Condominium Unit even though the interest is not expressly mentioned or described in a deed or other instrument.

2.9 No Partition. Common Elements shall remain undivided, and no owner or any other person shall be entitled or authorized to initiate any action or proceeding for partition or division of the Common Elements. Similarly, no action or proceeding shall be initiated for the physical partition or subdivision of a Condominium Residence or a Unit between or among the Owners thereof, provided, however, an action of partition of a Unit shall be permitted by a sale and the division of the sale proceeds.

2.10 Limited Common Elements. Limited Common Elements may be identified herein or on the Map. Any Limited Common Elements which is accessible from, associated with and which adjoins a Condominium Residence identified as Limited Common Elements on the Map shall without further reference thereto, be used in connection with such Condominium Residence to the exclusion of the use thereof by the other Owners except by invitation.

2.11 Compliance with Provisions of Declaration, Articles and Bylaws of Association. Each Owner shall comply strictly with, and shall cause each of his or her Guests to comply strictly with, all of the provisions of this Declaration, Articles and Bylaws



of Association, and Rules and Regulations adopted by the Board of Directors, as the same may be amended from time to time.

Failure to comply with such provisions shall be grounds for an action or proceeding to recover sums due, damages and/or injunctive relief for the enforcement of such provisions or abatement of violations. In the event of an action or proceeding with regard to such matters, the substantially prevailing party shall be entitled to recovery of all costs and expenses related thereto including reasonable attorney's fees, filing fees, and discovery costs and expenses.

2.12 Separate Taxation. Each Unit shall be deemed to be a parcel and shall be subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, including real and personal property taxes and special assessments. Neither the Building nor the Common Elements shall be deemed to be a parcel. The lien for taxes assessed to any Unit shall be confined to that Unit. No forfeiture or sale of any Unit for delinquent taxes, assessments or other governmental charges shall divest or any way affect the title to any other Unit.

2.13 Mechanic's/Materialmen's Liens Against the Condominium Units. Upon the completion of the Condominium Community by Declarant and payment of all of the costs thereof, then, no mechanic's or materialmen's lien (hereinafter collectively "mechanic's liens") shall arise or be effective against the Condominium Community.

Mechanic's liens can only arise or be created against a Condominium Unit in the same manner and under the same conditions as mechanic's liens can arise or be created upon any other parcel of real property subject to individual ownership.

No labor performed or materials furnished, with the consent or at the request of an Owner or his or her agent, shall be the basis for the filing of a mechanic's lien pursuant to law against the Unit of another Owner not expressly consenting to or requesting the same, except that express consent shall be deemed to be given by the Owner of any Unit to the Board in the case of emergency repairs.

Labor performed or materials furnished for the Common Elements, if duly authorized by the Board of Directors in accordance with the Declaration or Bylaws, shall be deemed to be performed or furnished with the express consent of each Owner, and shall be the basis for the filing of a mechanic's lien pursuant to law against each of the Units within the Condominium Community.

In the event a mechanic's lien is effected against two or more Units, Owners of each of the separate Units may remove their Condominium Unit from the mechanic's lien by payment of the fractional or proportional amount attributable to each of the Units affected.

Individual payment shall be determined in accordance with the Percentage Ownership Interest in the Common Elements. Upon payment, discharge or other



satisfaction, such Unit shall promptly be released from such lien. Partial payment, satisfaction or discharge shall not prevent the lienor from proceeding to enforce his or her rights against any Unit not so released.

Each Owner shall indemnify and hold each of the other Owners harmless from and against liability or loss arising from the claim of any mechanic's lien against the Unit of the Owner, or any part thereof, for labor performed or for materials furnished in the course of work performed on such Owner's Unit.

At the written request of any Owner, Board shall enforce such indemnity by collecting from the Owner of the Unit on which the labor was performed and materials furnished the amount necessary to discharge any such mechanic's lien and all costs incidental thereto, including reasonable attorneys' fees by an Individual Assessment against such Owner.

2.14 Garage Spaces. All Garage Spaces contained within the Condominium Community shall be a part of the Limited Common Elements and shall be designated as such on the Map. Each Garage Space shall be limited to and reserved for the exclusive use of the owners of a particular Condominium Unit as initially designated by Declarant and upon such designation said Garage Space will be appurtenant to that Unit.

Any contract, deed, lease, mortgage, deed of trust or other instrument used to convey, lease, assign, encumber or otherwise affect the right to use an appurtenant Garage Space shall describe the Garage Space by adding to the appropriate description, the additional language "together with the exclusive appurtenant right to use Garage Space No. _____".

Each Owner shall maintain the interior of his or her Garage Space in a clean, safe and attractive condition and shall keep the same free from litter and debris. The Board of Directors shall have the authority to establish reasonable rules and regulations regarding the sightliness and cleanliness of the Garage Space and the use thereof by its Owner.

No gasoline, gasohol, distillate, diesel, kerosene, naphtha or similar volatile combustible or explosive materials shall be stored in any Garage Space.

It was the intent of Declarant in designing the overall parking plan for the Condominium Community that Garage Spaces be used in such a manner so that vehicles (automobiles and trucks) could be parked within such spaces. Therefore, any use of a Garage Space that does not allow a vehicle to be parked within such space is expressly prohibited, and such Spaces shall not be used for the "storage" of vehicles or other personal property.

2.15 Parking Spaces. All Parking Spaces as designated on the Map shall be a part of the Common Elements; provided, however, that the Board shall maintain control thereof and shall have the right to assign and reassign Parking Spaces to Owners within the



Condominium Community. Some of these Parking Spaces shall be designated for the use of the handicapped, and some Parking Spaces shall be designated for use by Guests visiting the Condominium Community. Parking Spaces are not appurtenant to a Unit and shall be maintained for the nonexclusive use by Owners, guests and invitees.

2.16 Leasing of a Garage Space. The exclusive right to use Garage Space may be leased by an Owner to any person or entity, provided, however, that the Owner shall not be entitled to lease such Garage Spaces to any person or entity other than a Unit Owner or a tenant thereof.

2.17 Restrictions on Sale of a Condominium Unit. The right of an Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restriction and such Unit may be sold free of any such restrictions.

2.18 Restrictions on Mortgaging Units. There are no restrictions on the right of an Owner to mortgage or otherwise encumber his or her Unit. There is no requirement for the use of a specific lending institution or particular type lender.

2.19 Reserved Common Elements. Reserved Common Elements are those parts of the Common Elements which Declarant, until the termination of the Period of Declarant Control, and thereafter the Board of Directors, may designate from time to time for use by less than all of the Owners for specified periods of time. Such designation shall not be construed as a sale or disposition of such portions of the Common Elements.

ARTICLE THREE: VARIOUS RIGHTS AND EASEMENTS

3.1 Owner's Rights in the Common Elements. Every Owner (and authorized guests and invitees) shall have the nonexclusive right to use and enjoy the Common Elements which shall be appurtenant to and shall pass with the title of the Unit to such Owner, subject to the Development Rights and Special Declarant Rights of Declarant reserved herein and the following rights of the Board of Directors:

(a) To borrow money to improve the Common Elements and to mortgage said Common Elements as security for any such loan; provided, however, that Association may not subject any portion of the Common Elements to a security interest unless such is approved by Owners to which at least eighty percent (80%) of the votes in Association are allocated, including eighty percent of the votes allocated to Units not owned by Declarant and pursuant to the provisions of RCW 64.34.348.

(b) To convey or dedicate all or any part of the Common Elements to any public agency, authority, utility or third party provided such conveyance is approved by the Owners of Units to which at least eighty percent (80%) of the votes in Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant as more fully set forth in RCW 64.34.348.



(c) To promulgate and adopt Rules and Regulations with which each Owner and their Guests shall strictly comply.

(d) To suspend the voting rights of a Member for any period during which any Assessment remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Declaration, Bylaws or Rules and Regulations.

(e) To take such steps as are reasonably necessary to protect the Common Elements against foreclosure.

(f) To enter into, make, perform or enforce any contracts, leases, agreements, licenses, easements and rights-of-way, for the use of the Common Elements by Owners and Guests for any purpose the Board may deem to be useful, beneficial or otherwise appropriate.

(g) To close or limit the use of the Common Elements temporarily while maintaining, repairing and making replacements in the Common Elements, or permanently if approved by Owners of Units to which at least eighty percent (80%) of the votes in Association are allocated, including eighty percent (80%) of the votes allocated to Units not owned by Declarant as more fully set forth in RCW 64.34.348.

(h) To make such use of the Common Elements as may be necessary or appropriate for the performance of the duties and functions which it is obligated or permitted to perform under this Declaration.

(i) The rights granted to the Board of Directors in Paragraph 4.13 hereof.

3.2 Owner's Rights in the Limited Common Elements. Each Owner and such Owner's Guests shall have an exclusive right to use and enjoy the Limited Common Elements appurtenant to the Unit owned by such Owner.

3.3 Delegation of Use. Any Owner may delegate his or her right of enjoyment to the Common Elements and Limited Common Elements and facilities to their Guests subject to Rules and Regulations of Association.

3.4 Owner's Easement for Support and Utilities. Each Owner shall have a nonexclusive easement in and over the Common Elements within the Condominium Project including the Common Elements within the Condominium Residence of another Owner, for horizontal and lateral support of the Condominium Residence which is part of his or her Unit; and for utility service to the Condominium Residence, including water, sewer, gas, electricity, telephone and cable television service.

3.5 Easements for Encroachments. If any part of the Common Elements encroaches or shall hereafter encroach upon a Condominium Residence, an easement for the existence of such encroachment and for the maintenance of the same shall and does exist.



If any part of a Condominium Residence encroaches or shall hereafter encroach upon the Common Elements, or upon another Condominium Residence, the Owner of that Condominium Residence shall and does have an easement for the existence of such encroachment and for the maintenance of same. The easement shall extend for whatever period of time the encroachment exists.

Such easements for encroachments shall not be considered to be encumbrances either on the Common Elements or on a Condominium Residence. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Buildings, by error in the Map, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Condominium Community or any part thereof or by any other movement of any portion of the improvements located upon the Condominium Community.

3.6 Easements in Condominium Residences for Repair, Maintenance and Emergencies. Some of the Common Elements are or may be located within a Condominium Residence. All Owners shall permit a right of entry to the Board of Directors or any other person authorized by the Board of Directors, whether the Owner is present or not, for access through each Condominium Residence to all Common Elements, from time to time, as may be necessary for the routine maintenance, repair, or replacement for any of the Common Elements located thereon or accessible therefrom or for making emergency repairs necessary to prevent damage to the Common Elements or to another Condominium Residence.

For routine maintenance and non-emergency repairs, entry shall be made only on a regular business day during regular business hours, after service of at least one day's notice in writing to the Owner. In case of emergency, entry shall be made at any time provided that a reasonable effort according to the circumstances is made to give notice of entry.

The Board of Directors or its agents is granted the authority to use such force as is reasonably necessary to gain entry into the Residence in the event of an emergency, provided no other reasonable means of entry are available in view of the circumstances. Association shall bear the full responsibility and expense of all damages incurred to the Residence and/or Common Elements because of such forcible entry.

All damage to the interior or any part of a Condominium Residence resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements, at the instance of Association, shall be paid for as part of the Common Expense Assessment by all of the Owners. No reduction or abatement for Common Expense Assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance or order of any governmental authority. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to damage.



Notwithstanding the foregoing, if any such damage is the result of the carelessness or negligence of any Owner, then such Owner shall be solely responsible for the costs of repairing such damage. In the event the Owner fails within a reasonable time upon proper notice to pay the cost of the damages incurred, the Board of Directors may pay for said damages and charge the Owner responsible as an Individual Assessment in accordance with Paragraph 5.4(b) hereof.

3.7 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or personnel, now or hereafter servicing the Condominium Community, to enter upon all driveways and parking areas located in the Condominium Community, in the performance of their duties.

3.8 Directors' Easements. The Board of Directors has the right to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium Community.

3.9 Owner's Easement for Access. Each Owner shall have a nonexclusive easement for access between his or her Residence and the streets within and adjacent to the Condominium Community. There shall be no restrictions upon any Owner's right of ingress and egress to or from such Owner's Residence. Such easement shall extend for whatever period of time the need for access shall exist.

3.10 Easements Deemed Appurtenant. The easements, uses and rights herein created for an Owner shall be perpetual and appurtenant to the Units owned by such Owner. All conveyances or any other instruments affecting title to a Unit shall be deemed to grant and reserve the easements, uses and rights as provided for herein, as though set forth in said document in full, even though no specific reference to such easements, uses or rights appear in such conveyance.

ARTICLE FOUR: MANAGEMENT OF CONDOMINIUM

4.1 Name. The name of Association is THE VISTAS AT APPLE TREE CONDOMINIUM ASSOCIATION.

4.2 Purposes and Powers. Association, through its Board of Directors, shall manage, operate, insure, maintain, repair and reconstruct all of the Common Elements and keep the same in a safe, attractive and reasonable condition for the use and enjoyment of all of the Owners and such Owner's Guests. Any purchaser of a Unit shall be deemed to have assented to, ratified and approved such designations and management. Association shall have all the power necessary or appropriate to effectuate such purposes.



The Board of Directors shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of Association.

4.3 Board of Directors. The affairs of Association shall be managed by a Board of Directors which may by resolution delegate authority to a Managing Agent for Association as more fully provided for in the Bylaws, provided no such delegation shall relieve the Board of final responsibility.

4.4 Articles and Bylaws. The purposes and powers of Association and the rights and obligations with respect to Members set forth in this Declaration may and shall be amplified by provisions of the Articles of Incorporation and Bylaws of Association. In the event either the Articles or Bylaws conflict with the Declaration, the Declaration shall control. In the event the Articles conflict with the Bylaws, the Articles shall control.

4.5 Membership. There shall be one class of membership. Members of Association shall be every record owner of a Unit subject to this Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one person holds interest in any Unit, all such persons shall be Members.

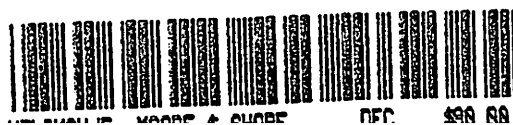
The Membership of Association at all times shall consist exclusively of all Unit Owners or, following termination of the Condominium Community, of all former Unit Owners entitled to - distributions of the proceeds under RCW 64.34.268, or their heirs, personal representatives, successors or assigns.

4.6 Voting Rights. Association shall have one class of voting membership. The Owners of each Unit within the Condominium Community shall have one vote for each Unit owned.

The vote for such Unit, the ownership of which is held by more than one Owner, may be exercised by any one of them unless an objection or protest by any other holder of an interest of the Unit is made prior to the completion of the vote, in which case the vote for such Unit shall be exercised as the persons holding such interest shall determine between themselves. Should the joint Owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost.

The total number of votes which may be cast in connection with any matter shall be equal to the total number of Units then existing within the Condominium Community.

4.7 Declarant Control of Association. Declarant shall have authority for a "period of Declarant Control" to (i) appoint and remove any officer of Association or member of the Board of Directors; or (ii) veto or approve a proposed action of the Board or Association. The Period of Declarant Control shall be for a period of twenty (20) years following the filing



of the Articles of Incorporation of Association. The Period of Declarant Control shall be subject to the following:

(a) Termination of Period of Control. The Period of Declarant Control shall terminate no later than (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created (currently and in future phases contemplated hereby) to unit owners other than Declarant; or (ii) two (2) years after the last conveyance or transfer of record of a Unit by Declarant in the ordinary course of business; or (iii) two (2) years after any development right to add new Units to the Declaration was last exercised. The Period of Declarant Control shall be subject to provisions of paragraph 4.8.

(b) Voluntary Surrender of Control. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

4.8 Election by Owners. Notwithstanding the provisions of paragraph 4.7, Unit Owners shall have the following rights to elect member of the Board of Directors during Period of Declarant Control:

(a) Sale of Twenty-Five Percent (25%) of Units. Not later than sixty (60) days after conveyance of twenty-five percent of the units that may be created to Owners other than Declarant, at least one member and not less than twenty five percent (25%) of the members of the Board of Directors must be elected by Owners other than Declarant.

(b) Sale of Fifty Percent (50%) of Units. Not later than sixty (60) days after conveyance of fifty percent (50%) of the units that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the members of the Board of Directors must be elected by Owners other than Declarant.

(c) Election of Board. Within thirty (30) days after the termination of any Period of Declarant Control, the Owners shall elect a Board of Directors consisting of at least three (3) members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the officers. The Owners elected to the Board shall take office upon election.

4.9 Delivery of Documents by Declarant. Within sixty (60) days after the determination of the Period of Declarant Control, Declarant shall deliver to Association all property of the Owners and of Association relating to the Condominium Community held or controlled by Declarant, including, without limitation, the following items:

(a) The original or a photocopy of the recorded Declaration, as amended, Association's Articles of Incorporation; Bylaws; minute books, other books and records;



any Rules and Regulations which may have been adopted; and resignations of officers and members of the Board required to resign because of termination of Declarant control;

(b) The financial records, including cancelled checks, bank statements, and financial statements of Association, and source documents from the time of incorporation of Association through the date of transfer of control to Owners;

(c) Association funds or control of the funds;

(d) All of the tangible personal property that has been represented by Declarant to be the property of Association or ostensibly the property of Association, and an inventory of the property;

(e) A copy of plans and specifications utilized in the construction or remodeling of the condominium, with a certificate of Declarant or licensed architect or engineer that the plans represent, to the best of their knowledge and belief, the actual plans and specifications utilized in the construction or remodeling of the condominium.

(f) All insurance policies then in force in which the Owners, Association, or its directors and officers are named as insured persons;

(g) Copies of certificates of occupancy which have been issued for the condominium;

(h) Any other permits issued by governmental bodies applicable to the Condominium Community and which are currently in force or which were issued within one (1) year prior to the date of transfer of control to Owners;

(i) Written warranties for common areas or other areas of Association responsibility from the contractor, subcontractors, suppliers and manufacturers, and all owner's manuals or instructions furnished to Declarant with respect to installed equipment or building system;

(j) A roster of Owners and eligible Mortgagees and their addresses and telephone numbers, if known, as shown on Declarant's records;

(k) Any employment contracts or service contracts in which Association is a contracting party or where Association or Owners have an obligation or responsibility to pay all or a portion of the fee or charge; and

(l) All other contracts to which Association is a party.

Upon the transfer of control to 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



the Declarant, by two-thirds vote elect to waive the audit. The cost of the audit shall be a common expense. The scope of the audit shall be in accordance with RCW 64.34.312(2).

4.10 Budget Adoption, Ratification and Amendment.

(a) Adoption of Budget. Board of Directors shall prepare and adopt an annual budget for the condominium in advance for each calendar year. The budget shall estimate annual common expenses and will include the estimated costs for the following:

(i) Water, sewer, garbage, electricity, telephone, and other utilities to the extent they are a liability of the Association, and are not separately charged as a direct liability of the respective Unit owners.

(ii) Any and all costs and expenses (including goods, supplies and services) required to maintain, repair and operate the real property, Common Elements and Limited Common Elements.

(iii) Insurance and bonds required by law, this Declaration, or as otherwise determined reasonable and appropriate by Association.

(iv) Maintenance and repair required for any Unit or Units to protect or preserve the Common Elements, if after notice the owners thereof have failed to make such repairs.

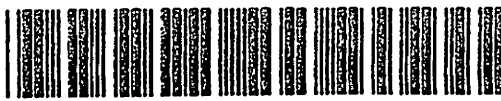
(v) An adequate and appropriate reserve fund necessary for operation, maintenance, repairs and replacement of Common Elements.

(vi) Any and all other reasonable or appropriate costs, expenses or charges as may be paid as common expenses otherwise set forth herein.

(vii) A reserve fund for contingencies.

(b) Ratification of Budget. Following adoption of any proposed budget for the condominium, Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all Unit Owners and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) days nor more than sixty (60) days after delivery of the summary.

Unless at that meeting Owners to which a majority of the votes in Association are allocated reject the budget, the budget shall be deemed ratified whether or not a quorum is present. In the event the budget is rejected, the budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget adopted by the Board of Directors.



(c) Amendment of Budget. If the Board of Directors deems it necessary or advisable to amend a ratified budget, the Board may adopt a proposed amendment to the Budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than fourteen (14) days, nor more than sixty (60) days, after the delivery of the summary of the proposed amendment. Unless at that meeting Owners to which a majority of the votes in Association are allocated reject the amended Budget, the amended Budget shall be deemed ratified whether or not a quorum is present.

4.11 Association Agreements. Association shall not have authority to enter into any agreement for professional management of the Condominium Community for a period in excess of one (1) year, provided that the agreement may be renewable for successive one (1) year periods by agreement of the parties. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon thirty (30) days' written notice.

Association shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the Period of Declarant Control unless Association is provided with a right of termination of any such contract or lease without cause, which is exercisable without penalty at any time after such transfer from Declarant Control upon not more than ninety (90) days' notice to the other party thereto.

4.12 Indemnification. Each officer, director and committee member of Association shall be indemnified by Association to the full extent permitted by Washington law against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed in any proceeding or matter in which the officer, director or committee member may become involved by reason of being or having been an officer, director or committee member of Association. Such indemnification shall include settlement of any matter approved and authorized by Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which an officer, director or committee member may be entitled under applicable law.

4.13 Certain Rights and Obligations of Association.

(a) Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an Attorney-in-Fact to deal with the Condominium Community upon its damage, destruction, condemnation and/or obsolescence. The Board of Directors is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, to manage, control and deal with the interest of such Owner in the Common Elements so as to permit Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with the Condominium Community upon its destruction, condemnation or obsolescence as hereinafter provided.

The acceptance by any person of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-fact as provided above and



hereinafter. The Board of Directors shall be granted all of the powers necessary to govern, manage, maintain, repair, administer and regulate the Condominium Community and to perform all of the duties required of it.

(b) Contracts, Easements and Other Agreements. The Board of Directors shall have the right to enter into, grant, perform, enforce, cancel and vacate contracts, easements, licenses, leases, agreements, and/or rights-of-way for the use by Owners, their Guests, and other persons, concerning the Common Elements.

Any of such contracts, licenses, leases, agreements, easements and/or rights-of-way, shall be upon such terms and conditions as may be agreed to from time to time by the Board of Directors, without the necessity of the consent thereto, or joinder therein by the Owners or First Mortgagees.

(c) Other Association Functions. Association may undertake any activity, function or service for the benefit of or to further the interests of all, some or any Members on a self-supporting, Special Assessment or Common Expense Assessment basis.

(d) Implied Rights. The Board of Directors shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

4.14 Certain Rights and Obligations of Declarant and/or Participating Builder. So long as Declarant owns any Unit(s) within the Condominium Community, Declarant shall enjoy the same rights and assumes the same duties as they relate to such individual Unit(s).

ARTICLE FIVE: ASSESSMENTS

5.1 Obligation. Each Owner shall be jointly and severally obligated to pay to Association (a) Common Expense Assessments, (b) Special Assessments, (c) Fines, (d) Individual Assessments, and (e) Costs of Enforcement. Any unpaid assessments shall be continuing liens against the Unit and shall have the priority and may be enforced as provided herein or by RCW 64.34.364.

(a) Joint and Several Liability. The obligation for such payments by each Owner to Association is an independent personal covenant with all amounts due, from time to time, payable in full when due without notice or demand and without setoff or deduction. All Owners of each Unit shall be jointly, severally and personally liable to Association for the payment of all Assessments and Costs of Enforcement attributable to their Unit.

(b) Nonwaiver of Liability. No Owner may waive or otherwise avoid liability for the Common Expense Assessment by the non-use of the Common Elements or the abandonment of his or her Unit. The omission or failure of the Board of Directors to levy



the Common Expense Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

5.2 Date of Commencement of the Common Expense Assessment. The Common Expense Assessment shall commence as to all Units no later than sixty (60) days after the first Unit is conveyed to an Owner other than Declarant. Until the commencement of the collection of the Common Expense Assessments, Declarant shall pay all of the expenses incurred by Association. If any units are added to the Condominium Community at the election of Declarant, the assessments and reallocation of assessments based on such addition shall commence no later than sixty (60) days following recordation of an amendment to this Declaration adding such units.

5.3 Levy of Assessments.

(a) Common Expense Assessments. Common Expense Assessments shall be levied on all Units based upon a budget adopted by Association. The Common Expense Assessment Liability shall be allocated among the Units in accordance with that Unit's Common Expense Assessment Liability as set forth in Paragraph 1.3 hereof and shall be used exclusively for the health, safety and welfare of residents of the Condominium Community. Such assessment may include establishment and maintenance of a reserve fund for the improvement, maintenance, reconstruction and repair of Common Elements, provided, however, that such assessments may not be used during the Period of Declarant Control for construction capital improvements.

(b) Individual Assessments. Board of Directors shall individually assess Owners for any expense associated with the operation, maintenance, repair or replacement of a limited common element assigned to a Unit and for any other charges peculiar to the Owner or Unit, as more particularly set forth herein. Individual Assessments may be levied at any time as required and are exempt from any voting requirements by the membership required for other assessments called for under the Declaration.

(c) Fines. Board of Directors shall have the authority to levy a fine against an Owner or Owners for violations of this Declaration, Bylaws, Articles and/or Rules and Regulations of Association.

Fines may be levied in a reasonable amount as determined from time to time by the Board of Directors in its discretion and uniformly applied. Fines shall be collected as part of the Costs of Enforcement. Fines may be levied at any time as required and are exempt from any voting requirements by the membership required for other assessments called for under the Declaration.

(d) Special Assessments. In addition to the other Assessments authorized herein, Board of Directors may levy a Special Assessment for the purpose of defraying, in whole or in part, any unexpected expense or obligation including but not limited to, the cost of any construction, reconstruction, improvement, repair or replacement of a capital



improvement upon the Common Elements (including fixtures and personal property relating thereto), or the funding of any operating deficit incurred by Association. A special assessment requires the approval of Owners to whom at least sixty-seven percent (67%) of the votes in Association are allocated, who are voting in person or by proxy at a meeting duly called for this purpose.

Special Assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital improvements.

Written notice of any meeting called for the purpose of making a Special Assessment shall be sent to all Owners not less than fourteen (14) days nor more than sixty (60) days in advance of the meeting. The presence of Owners or of proxies to whom at least sixty percent (60%) of the votes in Association are allocated shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.4 Due Date and Notice. All assessments shall be due and payable within fifteen (15) days of the date on which the assessment notice or statement is mailed or delivered to a Unit Owner at such address shown on the records of the Association. The payment and notice dates shall be established by the Board. Notice shall specify the amount of each assessment component (i.e., common expense, individual assessment, fine and/or special assessment) and the due date.

5.5 Remedies for Nonpayment of Assessments. If any Assessment (to include Costs of Enforcement) is not fully paid within fifteen (15) days after the same becomes due and payable, then:

- (a) Interest shall accrue from the date of delinquency until full payment at the maximum rate permitted under RCW 19.52.020. Board may also assess a Late Fee in an amount in the Board's discretion.
- (b) The total assessments may be accelerated and declare immediately due and payable for the balance of the fiscal year during which such default occurred;
- (c) An action may be initiated at law against any Owner personally obligated for payment of the Assessment together with any additional claims or actions authorized by law;
- (d) To proceed with foreclose of its lien against the Unit pursuant to the terms of this Declaration or in such other form or manner as authorized by Washington law;
- (e) Suspend the utility service to a delinquent Owner's Unit.

An action at law or in equity by Association against an Owner to recover a judgment for unpaid Assessments may be commenced and pursued by Association without foreclosing or in any way waiving Association's lien for the Assessments.

5.6 Assessment Lien. Unpaid assessments and interest thereon (together with all costs of enforcement) shall constitute a lien on each Unit against which the Assessment is made from the due date for the assessment. All Costs of Enforcement incurred pursuant to this Declaration are enforceable as Assessments. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the due date for the first installment thereof becomes due.

Association's lien on a Unit for Assessments shall have such priority as provided by RCW 64.34.364 and shall be superior to all other liens and encumbrances except the following:

- (a) liens and encumbrances recorded prior to recordation of this Declaration; and
- (b) liens for real estate taxes and any other governmental assessments or charges against the Unit; and
- (c) the lien of any loan secured by a mortgage, deed of trust or real estate contract on a Unit recorded before the date on which the Assessment becomes delinquent and subject to the provisions of RCW 64.34.364(3) and (4).

Recording of the Declaration constitutes record notice and perfection of the lien for Assessments. No further recordation of any claim of lien for Assessments under this Article is required. However, Board of Directors may prepare, and record a "Notice of Claim of Lien" with the Auditor of Yakima County, Washington. If a lien is filed, the cost thereof shall be considered a Cost of Enforcement.

5.7 Lien Interests and Conditions. In addition to all other rights established by this Declaration or otherwise existing by applicable law, Assessment liens are subject to the following:

(a) **Sale or Transfer.** Sale or transfer of any Unit shall not affect the Assessment lien except that sale or transfer of any Unit pursuant to foreclosure of any first deed of trust or mortgage, or any proceeding in lieu thereof, including deed in lieu of foreclosure, shall extinguish the Assessment Lien to the extent provided by Washington law. No such sale or deed in lieu of foreclosure shall relieve any Owner from continuing personal liability for an unpaid assessment.

(b) **Receiver.** In any action by Association to collect Assessments and Costs of Enforcement or to foreclose a lien for unpaid Assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held



by the receiver to Association during the pending of the action to the extent of Association's Common Expense Assessments and Costs of Enforcement. The rights of Association shall be expressly subordinate to the rights of any First Mortgagee of a Unit under any assignment of rents given in connection with a first deed of trust or mortgage.

(c) Assignment of Rents. The Assessment Lien hereby given shall also be a lien upon all of the rents and profits of the encumbered Unit; provided, however, the lien shall be subject and subordinate to the rights of any First Mortgagee of a Unit under any assignment of rents given in connection with a first deed of trust or mortgage. Without prejudice to any other right or remedy, Association may exercise its lien rights to rents and profits by delivering a notice to the occupant or any payor of rents and profits, and thereafter shall be entitled to collect all such rents and profits to the extent of any delinquency.

(d) Waiver of Homestead. Association's lien on a Unit for Assessments and Costs of Enforcement shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Washington or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to a Unit subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment lien.

(e) Nonjudicial Foreclosure. In order that the lien for unpaid assessments may be enforced nonjudicially, Declarant grants the Condominium to Yakima Title and Escrow, a corporation, as Trustee, with power of sale of any Unit in the Condominium to secure the obligations of the Unit owners to the Association for the payment of assessments. The units are not used principally for agricultural or farming purposes. The power of sale herein is operative in the case of default in the obligation to pay assessments. The lien arising under this section may be enforced judicially in the manner set forth in RCW ch. 61.24 for nonjudicial foreclosure of deeds of trust.

The Association or its authorized representative shall have the power to purchase the unit at the foreclosure sale and to acquire, hold, lease, mortgage or convey the same. The provisions hereof and exercised nonjudicial foreclosure rights shall be further subject to provisions of RCW 64.34.364(9).

5.8 Assignment of Assessments. Board of Directors shall have the unrestricted right to assign its right to receive Common Expense Assessments and other future income, either as security for obligations of Association or otherwise, on the condition that any such assignment is approved in writing by Owners to which at least eighty percent of the votes in Association are allocated, including eighty percent of the votes allocated to Units not owned by Declarant.

5.9 Surplus Funds. Any surplus funds of Association remaining at the close of Association's fiscal year after payment or provision for Common Expenses and any prepayment of reserves shall be retained by Association as unallocated reserves and



considered in adoption of subsequent budgets as a credit to reduce future common expense assessments.

5.10 Certificate of Assessment Status. Association shall furnish to an Owner or such Owner's First Mortgagee upon written request by certified mail, first class postage prepaid, return receipt requested, to Association's Registered Agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. The statement shall be furnished within fifteen (15) business days after receipt of the request and is binding upon Association, the Board of Directors, and every Owner.

5.11 No Offsets Against Assessments. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

ARTICLE SIX: RESTRICTIVE COVENANTS AND OBLIGATIONS

6.1 Use and Occupancy of the Condominium Residences. Each Owner shall be entitled to the exclusive ownership and possession of his or her Condominium Residence. Subject to the Development and Special Declarant Rights, no Condominium Residence within the Condominium Community shall be used for any purpose other than single-family residential purposes.

6.2 Use of the Common Elements. Each Owner and his or her Guests may use Common Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners. Board of Directors may adopt Rules and Regulations governing the use of the Common Elements. Each Owner, by the acceptance of his or her deed or other instrument of conveyance or assignment, and any guest(s) agree to be bound by any such adopted Rules and Regulations.

There shall be no obstruction of the Common Elements, nor shall anything be stored on any part of the Common Elements without the prior written consent of the Board of Directors. Nothing shall be altered, constructed on, or removed from the Common Elements except upon the prior written consent of the Board of Directors of Association.

6.3 Pets Within the Condominium Community. No animals, birds, poultry, reptiles or insects of any kind, shall be raised, bred, kept or boarded in or on any portion of the Condominium Community; except that dogs, cats or other customary household pets may be allowed to reside in Condominium Residences, so long as they are not raised, bred or maintained for any commercial purpose, and are not kept in such number or in such manner as to create a nuisance or inconvenience to any residents of the Condominium Community.



The Board of Directors shall have the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner is otherwise in violation of the provisions of this Paragraph. The Directors shall take such action or actions as it deems reasonably necessary to correct the violation to include after Notice and Hearing, directing permanent removal of the pet or pets from the Condominium Community.

Household pets shall not be allowed to run at large within the Condominium Community, but shall at all times be under the control of such pet's Owner and such pets shall not be allowed to litter the Common Elements.

Reimbursement for damages caused by such pets and costs incurred by Association, to include attorneys' fees and costs, in the removal of a pet or pets from the Condominium Community or incurred by Association in cleanup after such pets may be levied against such pet's Owner as an Individual Assessment in accordance with Paragraph 5.3(b) hereof.

6.4 Nuisances. No noxious or offensive activity shall be carried on within the Condominium Community, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood or detract from its value as an attractive residential community. Habitually barking, howling or yelping dogs shall be deemed a nuisance.

6.5 Vehicular Parking, Storage and Maintenance. No commercial type trucks, campers, trailers, motor homes, recreational vehicles, boats or trailers (boat, utility, camping, horse or otherwise) shall be parked or stored anywhere within the Condominium Community so they are visible from neighboring Units or from the street for a period of more than seventy-two (72) hours except in emergencies or as a temporary expedience.

Automobile and/or truck parking will be subject to regulations and restrictions by the Board of Directors. Parking is not allowed on landscaped or lawn areas.

No abandoned, unlicensed, wrecked or inoperable vehicles of any kind shall be stored or parked within the Condominium Community except in emergencies. Any "abandoned or inoperable vehicle" shall be defined as any of the vehicles listed above or any other kind of passenger vehicle which has not been driven under its own propulsion for a period of one week or longer, or which does not have installed within it an operable propulsion system; provided however, that any vehicle belonging to any Owner which is otherwise permitted will not be deemed to be abandoned while the Owner is ill or out of town. The Board of Directors shall have the right to remove and store a vehicle in violation of this Paragraph, the expenses of which shall be levied against the Owner of the vehicle as an Individual Assessment in accordance with Paragraph 5.4(b) hereof.



Only preventive vehicle maintenance shall be allowed outside of a garage and within the Condominium Community.

6.6 No Unsightliness. No activity shall be conducted on any part of the Condominium Community which is or might be unsafe, unsightly, unhealthy or hazardous to any person. Without limiting the generality of the foregoing, nothing shall be kept or stored on or in the Common Elements, including areas which are Limited Common Elements; and nothing shall be placed on or in windows or doors of Condominium Residences, which would or might create unsightly appearance.

Patios and balconies shall not be used for storage of bicycles. No activity shall be conducted on any part of the Condominium Community which is or might be unsafe or hazardous to any person. All rubbish, trash or garbage shall be regularly removed from the Condominium Community and shall not be allowed to accumulate thereon. Awnings and patio covers are not allowed. All potted plants must have a base to catch or retain water.

6.7 Prohibition of Certain Activities. Nothing shall be done or kept in any Residence or in the Common Elements or any part thereof which would result in the cancellation of the insurance on the Condominium Community or increase the rate of the insurance on the Condominium Community over what Association, but for such activity, would pay, without the prior written consent of the Board of Directors. Hazardous material of any nature shall not be allowed within the Condominium Community.

Nothing shall be done or kept in any Residence or in the Common Elements which would be in violation of any statute, ordinance, regulations, or other validly imposed requirement of any governmental body. No noxious, destructive or offensive activity shall be carried on in any Residence or in the Common Elements, nor shall anything be done therein which may be or may become an annoyance or nuisance to others. No sound or vibration shall be emitted on any part of the Condominium Community which is unreasonably loud or annoying.

6.8 Antennas and Other Exterior Equipment. No exterior equipment or fixtures, including, but not limited to, the following shall be permitted without the written consent of the Board of Directors: radio, television, or other types of antennas and satellite dishes; air conditioning units or other ventilating equipment.

6.9 Restrictions on Signs. No signs or advertising of any nature shall be erected or maintained on any part of the Condominium Community without prior written consent of the Board of Directors. The Board shall permit the placing of (a) at least one sign of reasonable size and dignified form to identify the Condominium Community and the Units therein, and (b) one sign of dignified form may be placed inside an Owner's Residence for purposes of advertising the Unit being for rent, sale or lease rental or sale of a Unit.



6.10 Owner Caused Damages. If, due to the act or neglect of an Owner or such Owners Guests, loss or damage shall be caused to the Common Elements, such Owner shall be liable and responsible for all costs, expenses and/or charges associated with such damage or condition. The amount of such loss or damage, together with costs of collection and reasonable attorneys' fees and costs, if necessary, may be collected by the Board of Directors from such Owner as an Individual Assessment.

6.11 Lease of a Condominium Residence. Owner shall have the right to lease his or her Condominium Residence upon such terms and conditions as the Owner may deem reasonable or appropriate. Owner shall further have the right to timeshare interests in the Condominium Residence provided such timeshare is established in accordance with applicable law and implemented at the sole discretion of Owner. Any lease or timeshare, however, shall be subject to the following:

(a) any such lease, rental or timeshare agreement must be in compliance with applicable local, state and federal laws;

(b) any lease, rental or timeshare agreement shall be in writing and provide that the agreement is subject to the terms of this Declaration, Articles of Incorporation and Bylaws of Association, and Rules and Regulations of Association. Owner and Lessee shall have joint and several liability for any and all liabilities or obligations hereunder;

(c) such lease, rental or timeshare agreement shall state that the failure of the lessee or renter to comply with the terms of the Declaration, Articles of Incorporation, Bylaws of Association and the Rules and Regulations of Association shall constitute a default and such default shall be enforceable by either the Board of Directors or Owner, or by both of them to include, but not be limited to, eviction from the Residence; and

(d) Board of Directors (or their designated property managers) shall be provided with a copy of the lease, rental or timeshare agreement and such agreement must be approved by the Board of Directors/property manager. Any proposed agreement shall be accompanied by an application form for proposed tenant which includes credit biographical and such other information as determined reasonable or necessary by Board.

6.12 Window Coverings. Window coverings shall be of high quality and professional appearance. Exterior window coverings must have prior written approval of the Board of Directors.

6.13. Exemptions for Declarant. For so long as Declarant owns a Unit within the Condominium Community, Declarant shall be exempt from the provisions of this ARTICLE SIX to the extent that it impedes Declarant's development, construction, marketing, sales or leasing activities.



6.14 Association Enforcement. Association, acting through its Board of Directors, shall have the standing and authority to enforce all of the above Restrictive Covenants and Obligations.

ARTICLE SEVEN: INSURANCE/CONDEMNATION

7.1 Authority to Purchase/General Requirements. All insurance policies relating to the Condominium Community shall be purchased and maintained by Association (through its officers and directors). The Board of Directors shall promptly furnish to each Owner and/or such Owner's First Mortgagee requesting same, written notice of the procurement of, subsequent changes in, or renewals, or termination of, insurance coverages obtained on behalf of Association.

OWNER OF AN OWNER-OCCUPIED CONDOMINIUM UNIT SHALL PURCHASE A CONDOMINIUM UNIT OWNER'S POLICY (HO 6) OR ITS EQUIVALENT FOR ALL OF SUCH OWNER'S PERSONAL PROPERTY AND HOUSEHOLD GOODS LOCATED WITHIN SUCH OWNER'S CONDOMINIUM UNIT, TOGETHER WITH PERSONAL LIABILITY COVERAGE. THE OWNER EXCEPT FOR DECLARANT OF A NON-OWNER-OCCUPIED CONDOMINIUM UNIT MUST PURCHASE A CONDOMINIUM OWNER'S RENTAL LIABILITY POLICY OR ITS EQUIVALENT.

ASSOCIATION WILL NOT PROVIDE SUCH COVERAGES IN ITS MASTER POLICIES.

All insurance policies shall contain the standard mortgagee clause or equivalent endorsement (without contribution) in which it appropriately names the First Mortgagee in the policy its beneficiary.

7.2 Condominium Insurance. Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of condominium insurance with sprinkler leakage (if applicable) and debris removal, insuring all the Common Elements and Limited Common Elements located within the Condominium Community.

Such insurance shall also include, among other things, all fixtures, installations or additions comprising a part of the individual Condominium Units within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the Condominium Unit initially installed or replacements thereof made in accordance with the original plans and specifications, or installed by or at the expense of the Owner. All references herein to a "BLANKET" type policy of property insurance, are intended to denote "SINGLE ENTITY" insurance coverage.

Such insurance shall at all times be equal to full insurable replacement value of the property.



The Board of Directors shall review at least annually all of its insurance policies in order to insure that the coverages contained in the policies are sufficient. The Board of Directors shall consistent with good business practices, and at reasonable intervals obtain a written appraisal for insurance purposes, showing that the insurance represents one hundred percent of the current replacement cost as defined above.

Such policies shall also provide:

- (a) The following endorsements or their equivalent: No Control Endorsement, Contingent Liability from Operation of Building Laws or Codes Endorsement, Cost of Demolition Endorsement, Increased Cost of Construction Endorsement Agreed Amount Endorsement, and inflation Guard Endorsement, if available.
- (b) That any "no other insurance" clause expressly exclude individual Owners' policies from its operation so that the property insurance policy purchased by the Board of Directors shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Owners or their First Mortgagees, unless otherwise required by law.

A certificate, together with proof of payment of premiums, shall be delivered by the insurer to any Owner or First Mortgagee requesting the same, at least thirty (30) prior to expiration of the then current policy.

The insurance shall be carried naming Association as the owner and beneficiary thereof for the use and benefit of the individual Owners and shall provide a standard noncontributory mortgage clause in favor of each First Mortgagee. Any loss covered by the policies carried under this Article shall be adjusted exclusively by the Board of Directors and provide that all claims are to be settled on a replacement cost basis.

Association shall hold any insurance proceeds received in trust for Association, the Owners and for the holders of their Security Interests as their interests may appear. Subject to the provisions of ARTICLE EIGHT hereof, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements. Owners and holders of Security Interests are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements have been repaired and fully restored or in the event of the termination of the Condominium Community. No Owner or any other party shall be entitled to priority over First Mortgagees with respect to any distribution of the insurance proceeds.

Title to each Unit within the Condominium Community is declared and expressly made subject to the terms and conditions hereto, and acceptance by the grantee of a deed



or other instrument of conveyance from Declarant or from any Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners constitute and appoint the Board of Directors their true and lawful attorney in their name, place and stead for the purpose of dealing with the Condominium Community upon its damage or destruction as is hereinafter provided.

As attorney-in-fact, the Board of Directors of Association shall have full and complete authorization, power and right to make, execute and deliver any contract or any other instrument with respect to the interest of any Owner which is necessary and appropriate to exercise the powers herein granted.

The deductible, if any, on such insurance policy shall be as the Directors determine to be consistent with good business practice and which shall be consistent with the requirements of the First Mortgagees, not to exceed, however, Five Thousand Dollars (\$5,000) or one percent (1%) of the face amount of the policy whichever is less. Any loss falling within the deductible portion of a policy shall be paid by Association. Funds to cover the deductible amounts shall be included in Association's Reserve Funds and be so designated.

The Board shall have the authority to levy, after Notice and Hearing, against Owners causing such loss for the reimbursement of all deductibles paid by Association as an Individual Assessment in accordance with Paragraph 5.4(b) hereof.

7.3 Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including medical payment, eviction, libel, slander, false arrest and invasion of privacy) covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in conjunction with the use, ownership or maintenance of Common Elements.

Such insurance shall be issued on a comprehensive liability basis. Additional coverages may be required to include protection against such other risks as are customarily covered with respect to the Condominium Community similar in construction, location and use, including, but not limited to, Host Liquor Liability coverage with respect to events sponsored by Association, Comprehensive Automobile Liability Insurance, Severability of Interest Endorsement.

IN THE EVENT ASSOCIATION HOSTS A FUNCTION AND CHARGES FOR FOOD OR DRINK AND LIQUOR IS SERVED, THERE WILL BE NO HOST LIQUOR LIABILITY COVERAGE FOR ASSOCIATION. IF MONEY IS CHARGED, A LIQUOR LIABILITY POLICY WOULD BE NEEDED TO GIVE COVERAGE TO ASSOCIATION.

The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000) covering all claims for bodily injury, including deaths of persons and property damage arising out of a single occurrence.



Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained.

7.4 Fidelity Insurance. Board of Directors may obtain and maintain, to the extent reasonably available, fidelity insurance coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by Association. The insurance shall name Association as insured, and shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

The fidelity insurance policy should cover the maximum funds (including Reserve Funds) that will be in the custody of Association or its management agent at any time while the policy is in force; provided however, in any event the aggregate amount of such insurance shall be not less than a sum equal to three months' aggregate Assessments on all Units, plus Reserve Funds.

7.5 Additional Insurance.

(a) Directors and Officers liability insurance, if reasonably available, and if deemed consistent with good business practices, for errors and omissions on all Directors and Officers to be written in an amount which the Board of Directors deems adequate;

(b) Worker's Compensation and Employer's Liability Insurance and all other similar insurance with respect to employees of Association in the amount and in the forms now or hereafter acquired by law;

(c) Such other insurance of a similar or dissimilar nature, as the Board of Directors shall deem appropriate with respect to the Condominium Community.

7.6 Payment of Insurance Premiums. Any and all Insurance premiums for policies maintained by Association shall be paid for by Association as a Common Expense.

7.7 Modification, Cancellation or Nonrenewal of Insurance. In the event that either property or liability insurance is not reasonably available, or is modified, cancelled, or not renewed, the association shall promptly notify each Unit Owner and mortgagee to whom a certificate or memorandum of insurance has been issued. The notice shall be hand delivered or sent prepaid by first class United States mail to the last known addresses of the Owner and/or mortgagee. The Association shall carry such other insurance as it deems appropriate to protect the Association and/or unit owners in accordance with RCW 64.34.352.

7.8 Damage to Property. Any portion of the Condominium Community that is damaged or destroyed and for which insurance is carried by Association, shall be repaired or reconstructed by the Board of Directors in accordance with ARTICLE EIGHT hereof.



7.9 Condemnation. Board of Directors, as their attorney-in-fact, shall represent the Owners in any negotiations, settlement and agreements with the condemning authorities for the condemnation of any part of the Condominium Community.

All compensation, damage or other proceeds therefrom (Condemnation Award) shall be payable to Association as attorney-in-fact to be held in trust for the use and benefit of the Owners of that portion of the Condominium Community which was condemned and holders of their Security Interests as their interests may appear. No Owner or any other party shall be entitled to priority over First Mortgagees with respect to any distribution of the Condemnation Award.

Upon the complete condemnation of a Unit, all of the allocated interests of that Unit shall be reallocated as if that Unit did not exist and the Board of Directors shall promptly prepare, execute and record an amendment to this Declaration reflecting the reallocations without the necessity of the consent thereto or joinder therein by the Owners or First Mortgagees.

ARTICLE EIGHT: REPAIR AND RECONSTRUCTION UPON DAMAGE OR DESTRUCTION

8.1 Duty to Repair and Reconstruct. Any portion of the Common Elements which is covered by Insurance carried by Association that is damaged or destroyed must be repaired or reconstructed promptly by Association unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Element which will not be rebuilt, vote not to rebuild. The costs of repair or replacement in excess of insurance proceeds and reserves is a common expense.

8.2 Plans. Common Elements shall be repaired and restored in accordance with the original plans and specifications.

8.3 Repair and Reconstruction by Association. Board of Directors, as their attorney-in-fact shall represent the Owners in all proceedings, negotiations and agreements with the insurance companies for the settlement of any insurance claim for any part of the damaged Condominium Community.

All insurance proceeds shall be payable to Association as attorney-in-fact to be held in trust for the use and benefit of the Owners and the holders of their Security Interests as they may appear. The insurance proceeds shall be utilized to repair or replace damaged or destroyed portions of the Condominium unless elected otherwise as provided in paragraph 8.1. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced, the insurance proceeds shall be applied 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 lien holders, as their interests may appear; and

(c) The remainder of the proceeds shall be distributed to all Unit Owners or lien holders, as their interests may appear, in proportion to the Common Elements interest of all the Units.

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 under RCW 64.34.060(1), and the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocation. Notwithstanding the provisions of this subsection, RCW 64.34.268 governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE NINE: MAINTENANCE, REPAIR AND RECONSTRUCTION

9.1 Association Responsibilities. Association shall have responsibility for the repair, maintenance and/or reconstruction of all of the Common Elements and Limited Common Elements. Without limiting the generality of the foregoing and by way of illustration, Association shall keep the Common Elements in safe, attractive, clean, functional and good repair.

(a) Ordinary Wear and Tear. The maintenance obligation on the part of Association shall apply to such maintenance required by ordinary wear and tear and shall not apply to maintenance, repair and/or reconstruction resulting from willful neglect or destruction. In the event such repair, maintenance and/or reconstruction is resulting from the willful neglect or destruction by an Owner or such Owner's Guests, the Board of Directors shall have the right to charge the costs of such repair, maintenance and/or replacement, to such Owner by an Individual Assessment.

(b) Decisions – Maintenance, Repair and Replacement. Board shall be solely responsible for determination of the necessity, manner, scope and timing of any and all repairs, maintenance and/or reconstruction of Common Elements and Limited Common Elements.

Access to all of the Residences within the Condominium Community to perform the said repair, maintenance and/or reconstruction by the Board of Directors, its agents and employees shall be made pursuant to the maintenance easement granted in accordance with Paragraph 3.6 hereof.



9.2 Responsibilities of Owner. Each Unit Owner shall have the right and responsibility at the Owner's cost and expense to maintain, repair, paint, paper, plaster, tile and finish or refinish the interior surfaces of the Unit or Limited Common Element including ceilings, floors, doors, window frames, trim and perimeter walls; to alter floors, ceilings and walls and the facilities within these areas which may be part of the Unit or an allocated Limited Common Element; and to maintain, repair, remove and replace any fixtures attached to the interior floors, ceilings or walls of the Unit. Owner shall maintain and repair interior portions and nonstructural components of Limited Common Elements appurtenant to a Unit.

Each Unit Owner is responsible for the maintenance, repair and replacement of plumbing fixtures, water heaters, fans, heating equipment, electrical fixtures and appliances that serve the Owner's Unit only, even if located outside of the Unit; and each Owner shall replace any broken glass in the windows or exterior doors of the Unit.

In addition, each Owner shall be responsible for all damage to any other Residences or to the Common Elements including the Limited Common Elements resulting from the failure or negligence in maintaining or repairing such areas set forth above. Each Owner shall perform his or her responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Owner shall promptly report to the Board of Directors any defect or need for repairs for which Association is responsible.

9.3 Schedule of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance and repair set forth above, specific maintenance and repair responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Schedule of Maintenance and Repair Responsibilities as shown on the attached **Exhibit E**.

9.4 Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment.

9.5 Additions, Alterations or Improvements by the Unit Owners (Architectural Control). No Owner shall (a) make any structural addition, or alteration or improvement in or to his or her Unit, (b) paint or alter the exterior of his or her Unit, including the doors, windows and light fixtures, or (c) paint or alter the exterior of any Building, without the prior written consent of the Board of Directors.

ARTICLE TEN: DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

10.1 Reservation. Declarant reserves the following Development and Special Declarant Rights ("Declarant Rights") which may be exercised, where applicable, anywhere within the Condominium Community:

- (a) To complete the improvements indicated on the Map;



- (b) To exercise any Declarant Rights reserved herein;
- (c) To maintain sales offices, management offices, parking spaces, storage areas, construction yard, signs advertising the Condominiums, and model Residences;
- (d) To maintain signs and advertising on the Common Elements to advertise the Condominium Community;
- (e) To enlarge, without in any way being bound, the Condominium Community in phases from time to time, by creating additional Units on real property reserved for such purpose or by adding additional real property to the Condominium Community and creating additional Units thereon;
- (f) To withdraw real property from the Condominium Community which has been reserved for future phased development provided such withdrawal shall not adversely affect any Common Elements;
- (g) To use and to permit others to use easements through the Common Elements as may be reasonably necessary for construction within the Condominium Community, and for the purpose of discharging Declarant's obligations under the Act and this Declaration;
- (h) To appoint or remove any officer of Association or a member of the Board of Directors during the Period of Declarant control subject to the provisions of this Declaration;
- (i) To amend the Declaration and/or the Map in connection with the exercise of any Declarant Rights; and
- (j) To exercise any other Declarant Rights created by any other provisions of this Declaration.

10.2 Rights Transferable. Any Declarant Rights created or reserved under this article for the benefit of Declarant may be transferred to any Person by an instrument describing Declarant Rights transferred and recorded in the Office of the Yakima County Auditor and/or real property records for the jurisdiction.

10.3 Limitations. Declarant Rights shall terminate at the option of Declarant by its written notice to the Secretary of Association, but in any event such Declarant Rights shall terminate without further act or deed twenty (20) years after the recording of this Declaration.

Not more than approximately sixty-eight (68) additional Units may be created under the Development Rights, or the maximum number of Units allowed by any governmental entity having jurisdiction over the Property, pursuant to any development plan for the



Property. Declarant shall not be obligated to add or construct such additional Units within the Condominium Community.

10.4 Interference with Declarant Rights. Neither Association nor any Owner may take any action or adopt any rule that will interfere with or diminish any Declarant Rights without the prior written consent of Declarant.

10.5 Use by Declarant. The exercise of any Declarant Right by Declarant shall not unreasonably interfere with either the access, enjoyment or use of any Unit or the access, enjoyment or use of the Common Elements. No activity may be conducted in the exercise of Declarant Rights which unreasonably presents a hazard to the health or safety of residents of the Condominium Community.

10.6 Models, Sales Offices and Management Offices. Subject to the limitation set forth in Paragraph 10.3 hereof, Declarant, their duly authorized agents, representatives and employees may maintain sales offices, management offices and models in Units or on Common Elements in the Condominium Community. The number and location shall be established by Declarant and may be redesignated and relocated over time by Declarant.

10.7 Declarant's and Participating Builder's Easements. Declarant and reserves the right to perform warranty work, and repairs and construction work on Units and Common Elements, to store materials in secure areas, and to control and have the right of access to work and repair until completion. All work may be performed by Declarant and Participating Builder without the consent or approval of the Board of Directors. Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Declarant Rights, whether arising under the Act or reserved in this Article.

10.8 Signs and Marketing. Declarant reserves the right to post signs and advertising in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Owners.

ARTICLE ELEVEN: FIRST MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, or guarantors of holders of first deeds of trusts or mortgages recorded against Units within the Condominium Community who qualify as an Eligible Mortgagee. To the extent applicable, necessary, or proper, the provisions of this ARTICLE ELEVEN apply to both this Declaration and to the Articles and Bylaws of Association.

11.1 Notices of Action. An Eligible Mortgagee shall be entitled to timely written notice of:



(a) any loss by condemnation or casualty which affects a material portion of the Condominium Community or any Unit in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee;

(b) any default in the payment or performance of any obligation owed to the Association by the owner of a unit subject to the mortgage that remains uncured for a period of sixty (60) days;

(c) any lapse, cancellation, or material modification of any mandatory insurance policy or fidelity bond maintained by Association;

(d) any proposed action which would require the consent of a specified percentage of Eligible Mortgagees; and

(e) any material judgment rendered against Association.

11.2 Amendment to Documents/Special Approvals.

(a) The consent of fifty-one (51%) percent of the Eligible Mortgagees shall be required for the addition or amendment of the following provisions or actions:

- (i) voting rights;
- (ii) increase the Common Expense Assessment by more than twenty-five percent (25%) over the previously levied Common Expense Assessment or assessment liens, or a change in the priority of the assessment liens;
- (iii) reduction in the reserves for maintenance, repair or replacement of the Common Elements;
- (iv) reallocation of interests in the Common Elements or Limited Common Elements or in the right to their use;
- (v) responsibility for maintenance and repairs;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into Common Elements or vice versa;
- (viii) hazard or fidelity insurance requirements;
- (ix) imposition of any restrictions on the leasing of Units;



- (x) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (xi) restoration or repair of the Condominium Community (after damage or partial condemnation) in a manner other than that specified in the Project Documents;
- (xii) any provision that expressly benefits mortgage holders, insurers or guarantors; and
- (xiii) subject to the provisions of ARTICLE TWELVE, (a) the reallocation of interests in the Common Elements or Limited Common Elements or rights to their use; or (b) the expansion or contraction of the Condominium Community; or (c) the addition, annexation or withdrawal of property to or from the Condominium Community.

(b) Association may not take any of the following actions without the consent of Owners to which at least sixty-seven percent of the votes in Association are allocated and the approval of at least fifty-one percent of the Eligible Mortgagees:

- (i) reconstruct or repair the Condominium Community after damage due to an insurable hazard or a partial condemnation in a manner other than specified in the Project Documents;
- (ii) subject the Condominium Community to a Master Association of condominium associations with Apple Tree Development;
- (iii) not repair or reconstruct, in the event of substantial destruction, any part of the Common Elements; or
- (iv) alter any partition or the creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), for which only the owners of Units affected and Eligible Mortgagees of those Units need approve the action.

(c) Any action to terminate the legal status of the Condominium Community after substantial destruction or condemnation occurs must be agreed to by Owners to which at least eighty percent (80%) of the votes in Association are allocated, and by consent of fifty-one percent (51%) of the Eligible Mortgagees.

(d) Any action to terminate the legal status of the Condominium Community for reasons other than substantial destruction or condemnation occurs must be agreed to by Owners to which at least eighty percent (80%) of the votes in Association are allocated, and by sixty-seven percent of the Eligible Mortgagees.



11.3 Special FHLMC Provisions. Except as provided by statute or in case of a condemnation or a substantial loss to the Units and/or Common Elements, and unless the consent of sixty-seven percent of the Eligible Mortgagees or Owners (other than Declarant) have given their prior written approval, Association may not:

- (a) by act or omission seek to abandon or terminate the Condominium Community;
- (b) subject to the provisions of ARTICLE TWELVE hereof, change the pro rata interest or obligations of any Unit in order to levy assessments, allocate distribution of hazard insurance proceeds or condemnation awards or determine the pro rata share of ownership of each Unit in the Common Elements;
- (c) partition or subdivide any Unit;
- (d) seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements by act or omission;

The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements is not a transfer within the meaning of this Paragraph 11.3(d); or

- (e) use hazard insurance proceeds for losses to any condominium property (whether Units or Common Elements) for other than the repair, replacement or reconstruction of the condominium property).

11.4 Implied Approval. Implied approval by an Eligible Mortgagee shall be assumed when an Eligible Mortgagee fails to submit a response to any written proposal for an amendment or consent as required herein within thirty (30) days after said Eligible Mortgagee receives proper notice of the proposal, provided this notice was delivered by certified or registered mail with return receipt requested.

11.5 Books and Records. Owners and their mortgagees shall have the right to examine the books and records of Association at the office of Association in accordance with the procedure set forth in Association's Bylaws.

ARTICLE TWELVE: EXPANSION AND PHASED DEVELOPMENT

12.1 Reservation of Right to Expand. Declarant reserves the right (without in any way being bound) to enlarge the Condominium Community in phases, without the necessity of the consent thereto or the joinder therein by the Owners or First Mortgagees, by submitting to the Condominium Community from time to time a Supplemental Condominium Map and a Supplemental Declaration adding up to approximately sixty-eight (68) units to the



Condominium Community. The additional units may be constructed in areas reserved for future development and each addition shall be contiguous to existing condominium structures.

12.2 Supplemental Declarations and Supplemental Condominium Maps. Such expansion must be accomplished by the filing for record by Declarant in the Office of the Yakima County Auditor a supplement to this Declaration containing a legal description of the new real property, together with a Supplemental Condominium Map. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion so long as each subsequent phase is contiguous to the real property already subject to this Declaration.

All future improvements will be consistent with the initial improvements in structure type and quality of construction and must be substantially completed prior to being brought into the Condominium Community.

12.3 Expansion Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically. For example, "Condominium Unit" shall mean the Condominium Units described above plus any additional Condominium Units added by a Supplemental Declaration, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Condominium Units shall be effective to transfer rights in the Condominium Community as expanded, without additional references to the Supplemental Declaration and the Supplemental Condominium Map.

12.4 Declaration Operative on New Properties. Any additional units or properties shall be subject to all the terms and conditions of this Declaration as amended or supplemented, upon the recording by Declarant of a Supplemental Declaration and Supplemental Condominium Map with Yakima County Auditor:

12.5 Interests on Enlargement. An Owner of any unit created in future phases shall be a member of Association. Such Owner shall be entitled to the same voting privileges as Owners of the property within the original Declaration and subject to the same Assessments for additional phases shall commence for all Owners within that Phase including Declarant upon the recording of the Supplemental Declaration and Supplemental Condominium Map for that Phase.

Whenever any additional units are brought into the Condominium Community, the Common Expense Assessment Liability and Percentage Ownership Interest in the Common Elements of each Owner after such addition will change and shall be reallocated by Declarant in accordance with Paragraph 1.3 hereof.

The Supplemental Declaration recorded at the time of expansion shall set forth the new Percentage Ownership Interest and the new Common Expense Assessment Liability of the existing Units and the newly added Units.



12.6 Taxes, Assessments and Other Liens. All taxes and other governmental assessments relating to the real property reserved for future development, shall for any period of time prior to development of such property and creation of additional units be paid or otherwise provided for by Declarant to the satisfaction of all First Mortgagees.

Liens arising out of the construction of improvements in later phases shall not extend into prior phases and shall not adversely affect the rights of Owners or the priority of first mortgages and deeds of trust on any Unit constructed in a prior phase.

12.7 Project Treated as a Whole. For all purposes hereof, each of the Phases of the Condominium Community after the recording of the Supplemental Map and Supplemental Declaration submitting each Phase to the Condominium Community, shall be treated as a part of the Condominium Community developed as a whole from the beginning, except to the extent expressly otherwise provided for herein. It is the express purpose hereof to provide that from and after the date of the submission of a Phase of the Condominium Community in accordance with the above, that such Phase shall be treated as though such Phase had been owned and occupied by the Owners thereof as a single undivided Condominium Community.

ARTICLE THIRTEEN: DURATION, AMENDMENT AND TERMINATION OF THE DECLARATION

13.1 Duration. The covenants, restrictions and obligations of this Declaration shall run with and bind the land in perpetuity until this Declaration is terminated as provided herein.

13.2 Amendments by Owners. Subject to the express provisions hereof and consistent with the provisions of the Act, in case of amendments that may be executed by the Board of Directors pursuant to Paragraph 1.30 and 7.9 and Declarant pursuant to ARTICLE TWELVE and Paragraphs 1.30 and 13.3, and except as restricted by Paragraphs 11.2, 11.3 and 13.5 hereof, this Declaration, including the Map, may be amended only by vote or written agreement by Owners to which at least sixty-seven percent of the votes in Association are allocated; provided, however, except as provided in ARTICLE TWELVE hereof, an amendment may not: (a) create or increase Special Declarant Rights; (b) increase the number of Units; (c) change the boundaries of any Unit; (d) change the Allocated Interests; or (e) change the uses to which a Unit is restricted in the absence of the vote or agreement of the owners of units to which at least ninety percent (90) of the votes in the Association are allocated (other than Declarant).

(a) **Owner Consent.** Notwithstanding any other provisions set forth in this Declaration, there shall be no reallocation of interests in a Limited Common Element which is appurtenant to a Unit or redefinition of Unit boundaries without the express prior written consent of the Owner affected.



(b) Certification and Recordation. Any such amendment shall be effective upon the recording of the amendment together with a notarized Certificate of an officer of Association certifying that the requisite number of Owners and Eligible Mortgagees, if required, have given their written consent to the amendment. The officer shall further certify that originals of such written consents by Owners and Eligible Mortgagees, as applicable, along with the recorded amendment, are in the records of Association and available for inspection.

Each amendment to the Declaration must be recorded in the Office of the Auditor for Yakima County.

(c) Signatures and Counterparts. All signatures shall be irrevocable even upon the death of an Owner or conveyance of the Unit, except that if an amendment is not recorded within three years of the date of signature, then the executing Owner or their successor or assigns may revoke their signature by a written and notarized document delivered to the Secretary of Association.

Amendments can be executed in counterparts, provided that such recorded document shall also contain a certification of the Secretary of Association that all counterparts, as executed, are part of the whole.

(d) Challenge to Amendment - Limitation. No action shall be commenced or maintained to challenge the validity of any aspect of any amendment of Association's Declaration, Articles of Incorporation or Bylaws unless it is commenced within one year from the date of the recording of the said amendment, unless fraud or willful negligence is asserted and proven.

13.3 Amendments by Declarant. Declarant reserves the right to amend, without the consent of Owners or First Mortgagees this Declaration, the Map, Association's Articles of Incorporation or Bylaws, any time within the limitations set forth in Paragraph 10.3 hereof, as follows:

(a) To make nonmaterial changes, such as the correction of a technical, clerical, grammatical or typographical error or clarification of a statement.

(b) To comply with any requirements of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee First Mortgagees.

(c) To comply with any requirements of the Act.

13.4 Consent of Eligible Mortgagees. Amendments may be subject to the consent requirements of Eligible Mortgagees as more fully set forth in ARTICLE ELEVEN hereof.

13.5 Consent of Declarant. Any proposed amendment of any provision of this Declaration shall not be effective unless Declarant has given their written consent to such



amendment. The foregoing requirement for consent of Declarant to any amendment shall terminate at the option of Declarant, but in any event, shall terminate without further act or deed in accordance with the limitations set forth in Paragraph 10.3 hereof.

13.6 Termination. The Condominium Community 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. The proceeds of any sale of real estate together with the assets of Association shall be held by the Board of Directors as trustee for Owners and holders of Security Interests upon the Units as their interests may appear as more fully set forth in RCW 64.34.268. The termination provisions shall not be applicable in the case of a taking of all the units by condemnation under RCW 64.34.060.

ARTICLE FOURTEEN: GENERAL PROVISIONS

14.1 Right of Action. Association and any aggrieved Owner shall have an appropriate right of action against Owners for failure to comply with the Declaration, Bylaws of Association, Articles of Incorporation and Rules and Regulations of Association or with decisions of the Board of Directors of Association which are made pursuant thereto. Owners shall have a similar right of action against Association.

14.2 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of Declarant, Association and each Owner, and their heirs, personal representatives, successors and assigns.

14.3 Severability. The invalidation of any portion of this Declaration shall not be deemed to affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision has never been included herein.

14.4 No Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

14.5 Registration by Owner of Mailing Address. Each Owner shall register his or her mailing address with Association, and except for monthly statements and other routine notices, which shall be personally delivered or sent by regular mail, all other notices or demands intended to be served upon an Owner shall be delivered personally or sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address.

All notices, demands or other notices intended to be served upon the Board of Directors of Association or Association shall be sent by certified mail, postage prepaid, to John Borton, 2550 Borton Road, Yakima, Washington, 98903, Registered Agent for



Association until the Registered Agent is changed by a notice duly filed with the Office of the Secretary of State of Washington (Change of Registered Agent).

14.6 Conflict. The Project Documents are intended to comply with the requirements of the Act and the Washington Revised Nonprofit Corporation Act. If there is any conflict between the said Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Project Documents, this Declaration shall control.

14.7 Mergers. The Condominium Community may be merged or consolidated with another condominium community of the same form of ownership by complying with RCW 64.34.280.

14.8 Arbitration/Attorney's Fees. Except for matters requiring injunctive relief and matters concerning the collection of Assessments, all matters regarding the interpretation, application and enforcement of this Declaration shall be resolved by binding arbitration in accordance with the Rules of the American Arbitration Association or similar organization periodically designated by Declarant. The parties to such dispute shall agree upon a single arbitrator who shall be an experienced professional property manager of a condominium association. In the event the parties are unable to agree upon an arbitrator within 30 days after written notice, the presiding judge of the Yakima County Superior Court shall appoint an arbitrator qualified as set forth above upon application of a party. The arbitrator shall be required to follow substantive law in reaching a decision and judgment upon the determination of the arbitrator shall be entered in the Superior Court for Yakima County and enforced in accordance with state law and as established herein. The arbitrator shall have authority, in the sound exercise of discretion, to award the party who substantially prevails such party's costs and expenses, including reasonable attorney's fees.

14.9 Captions. The captions and headings in this Declaration are for convenience only, and shall not be considered in construing any provision of this Declaration.

14.10 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, plural the singular, and the use of any gender shall include all genders.



IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this

3 day of July, 2003.

APPLE TREE CONSTRUCTION COMPANY,
L.L.C.,
a Washington Limited Liability Company

By: *William R. Borton*
William R. Borton, Manager

APPLE TREE LAND COMPANY,
a Washington General Partnership

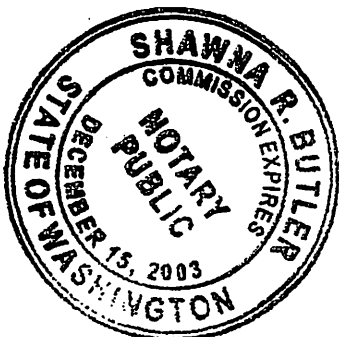
By: *William R. Borton*
William R. Borton, Partner

By: *John W. Hill*

STATE OF WASHINGTON)
County of Yakima) ss.
)

I certify that I know or have satisfactory evidence that William R. Borton is the person who appeared before me and signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of APPLE TREE CONSTRUCTION COMPANY, L.L.C., a Washington limited liability company, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

Dated this 3rd day of July, 2003.



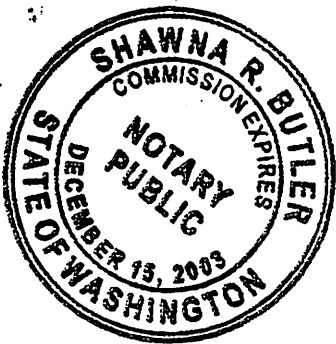
Shawna R. Butler
Printed name: Shawna R. Butler
NOTARY PUBLIC in and for the state of
Washington, residing at Yakima.
My appointment expires 12-15-03.



STATE OF WASHINGTON)
) ss.
County of Yakima)

I certify that I know or have satisfactory evidence that William R. Borton and John W. Hull are the persons who appeared before me and signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the authorized partners of APPLE TREE LAND COMPANY, a Washington general partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument.

Dated this 3rd day of July, 2003.



Shawna Butler
Printed name: Shawna R. Butler
NOTARY PUBLIC in and for the state of
Washington, residing at Yakima.
My appointment expires 12-15-03.

JCC-C:\My Documents\DATA\CONDO\appletree.dec.wpd



EXHIBIT A
TO THE CONDOMINIUM DECLARATION
OF
THE VISTAS AT APPLE TREE
LEGAL DESCRIPTION

Parcel 1 as shown on Record of Survey, recorded under Auditor's file number 7175850, records of Yakima County, Washington. AND those portions of Parcels 4 and 5 as shown on side Record of Survey described as follows:

Commencing at the Southwest Corner of said Parcel 1;
Thence North 90°00'00" East along the south line of said Parcel 1 a distance of 112.34 feet to the Point of Beginning;
thence continuing North 90°00'00" East 20.00 feet;
Thence North 00°00'00" East 180.00 feet to the southerly line of said Parcel 1;
Thence South 90°00'00" West 20.00 feet;
Thence South 00°00'00" West 180.00 feet to the Point of Beginning.

AND that portion of Governmental Lot 1, Section 1, Township 12 North, Range 17 East, W.M described as follows:

Beginning at the southwest corner of said Parcel 1;
Thence South 90°00'00" West 47.4 feet to the East line of that Short Plat Recorded in Book "M" of short Plats, Page 71, records of Yakima County, Washington.
Thence North 00°18'48" West 310.00 feet to the Northeast corner of said Short Plat;
Thence North 90°00'00" East 47.4 feet to the Northwest corner of said Parcel 1;
Thence South 00°18'48" East 310.00 feet to the Point of Beginning.

EXCEPT that right of way for County Road along the north.

Situated in Yakima County, Washington.



EXHIBIT B
TO THE CONDOMINIUM DECLARATION
OF
THE VISTAS AT APPLE TREE
TABLE OF INTERESTS
(FIRST PHASE)

Unit	Square Footage	Percentage Interest
1	2024	9.060%
2	1314	5.882%
3	2024	9.060%
4	2168	9.705%
5	1567	7.014%
6	2168	9.705%
7	1756	7.861%
8	2025	9.065%
9	2025	9.065%
10	1756	7.861%
11	1756	7.861%
12	1756	7.861%
Total	22,339	100.000



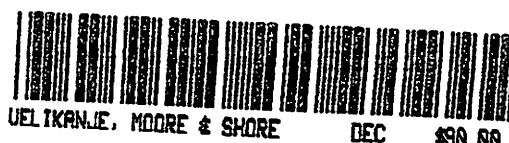
UNIT SQUARE FOOTAGE AREA NOTES

* Square footages are based on surveyor's "as-built" certificate upon completion of construction (based on interior surface dimensions excluding perimeter wall thickness). Actual square footage may be less than square footages used in the Public Offering Statement or in advertising and sales material, which are based on good faith architectural estimates.

ALLOCATED INTERESTS NOTES

The Allocated Interest of a Unit in Common Expense liability and Association votes was determined by dividing the square footage area of the Unit by the aggregate square footage area of all Units. The Allocated Interest of a Unit in Common Elements was determined by dividing the Declared Value of the Unit by the aggregate Declared Value of all Units. The Declared Value is not based on an appraisal nor the price for which a Unit may be sold, but rather is an amount used to calculate Allocated Interests.

Some Allocated Interests may have been rounded so that the aggregate Allocated Interests equal 1.00.



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Page: 65 of 72
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EXHIBIT C

TO THE CONDOMINIUM DECLARATION OF
THE VISTAS AT APPLE TREE

CERTIFICATE OF SUBSTANTIAL COMPLETION (First Phase)

Declarants, Apple Tree Construction Company, L.L.C., and Apple Tree Land Company, hereby certify pursuant to RCW 64.34.200(2)(a) that all structural components and mechanical systems of all buildings containing or comprising any Units created within Phase I of The Vistas at Apple Tree Condominium are substantially complete as of the date of recordation of the Declaration of Condominium.

DATED July 3, 2003.

APPLE TREE CONSTRUCTION
COMPANY, L.L.C.

By: William R. Borton
William R. Borton

APPLE TREE LAND COMPANY

By: William R. Borton
William R. Borton

By: John W. Bell



Exhibit D

**TO THE CONDOMINIUM DECLARATION OF
THE VISTAS AT APPLE TREE**

SURVEY MAPS AND PLANS

Please see Exhibit B to the Public Offering Statement.