

**Fourth Amendment**  
**To the Declaration of Covenants, Conditions, Easements, Restrictions and Reservations**  
**For Vineyard Lane, a Condominium**

**Dated November 12, 2007**

This proposed Fourth Amendment to the Declaration of Covenants, Conditions, Easements, Restrictions and Reservations for Vineyard Lane, a condominium, make changes to the Declaration to revise the insurance provisions on the advice of condominium association counsel, and contemplates the recording of an Amended and Restated Declaration incorporating the First through Fourth Amendments. The revisions clarify the responsibility for the Association's insurance deductible and mandate that Unit Owners carry insurance for the contents of their Unit. The Board of Vineyard Lane Owners Association strongly recommends the adoption of this proposed amendment. Please note your agreement to the proposed Fourth Amendment by signing the form at the end of this document.

Text that is intended to be inserted into the Declaration by this Amendment is shown in double-underline. Text intended to be deleted by this Amendment is marked with ~~strike-through~~.

1. Section 16.1(a), and the language in the first unnumbered paragraph that precedes Section 16.1(a), are amended to read in full as follows:

16.1 Required Policies.

Commencing not later than the time of the first conveyance of a Unit to any person other than a Declarant, the Association shall maintain, to the extent reasonably available, the forms of insurance as recited in subsections (a) through (g), and the Association may, at the discretion of the Board, maintain the forms of insurance recited in subsection (h), as follows:

(a) "Open perils," "special form" or "specific perils" property insurance on the entire Condominium, including the Units, the Common and Limited Common Elements, and Building service equipment and personal property and supplies owned by the Association, insuring against ~~all~~-risks of direct physical loss that are commonly covered under industry-standard policies of that type, but not (other than as may be provided under (h) below) including damage caused by earthquakes or terrorism. Such insurance (i) shall include the ~~betterments and fixtures,~~ improvements and betterments in the Residential Units, whether installed by the Declarant or by the Unit Owner to the extent they are or become part of such Units or fixtures therein, and (ii) include the fixtures in the Commercial Unit to the extent comprising generic Building fixtures, but otherwise shall not include trade fixtures or tenant improvements made by any Commercial Unit Owner or Commercial Tenant for such Owner's or Tenant's particular use. The total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from casualty policies and subject to deductibles which do not exceed the lesser of one percent (1%) of the policy face amount or Ten Thousand Dollars (\$10,000), ~~except the deductibles for earthquake~~

~~and terrorism may conform to the then common industry standards and practices.~~ The policy shall contain a construction code endorsement to the extent the applicable building codes require changes to undamaged portions of the Condominium when only a part of the Condominium is destroyed by an insured hazard, and, when deemed appropriate by the Board or any Mortgagee, a steam boiler and machinery coverage endorsement which provides for the insurer's minimum liability per accident of at least the lesser of (a) Two Million Dollars (\$2,000,000) or (b) the insurable value of the Building;

2. Section 16.1(h) is inserted, and shall read in its entirety as follows:

(h) The Board may, in its sole discretion, elect to purchase insurance for the Association that provides coverage against loss due to earthquake (difference in conditions) and/or loss due to incidents of terrorism, and the amount of such coverage may be full or partial. To the extent any such coverage is acquired for the Association, the deductibles may conform to the then-common industry standards and practices for insurance of such type.

3. Section 16.5 is amended to read in full as follows:

~~16.5 Unit Owner's Additional Responsibilities and Insurance. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for the Owner's own benefit.~~

(a) Each Owner of a Residential Unit shall obtain and maintain standard condominium unit owners insurance. The Board may establish the minimum coverage for Residential Unit Owners' policies; provided that the minimum coverage shall not be less than the amount of the deductible under the Association's policy under Section 16.1(a). Proof that such insurance has been obtained shall be delivered to the Association at the closing of the sale of each Unit, or within 30 days of being requested by the Board to provide such proof. The Association shall have right but not the obligation to monitor the maintenance of such insurance by Residential Unit Owners and shall have the right, but not the obligation, to obtain such insurance for a Residential Unit Owner if the Owner does not and specially assess the cost to the Owner.

(b) Up to the amount of the deductible under the Association's property insurance (but not the deductible for earthquake coverage, if any), each Owner of a Residential Unit shall be responsible for (i) damage to fixtures and improvements within the Owner's Unit or to equipment covered by the Association's insurance for which the Owner has maintenance responsibility; (ii) damage to another Unit or to the Common Elements resulting from the negligence or misconduct of the Unit Owner or tenant of the Owner's Unit; or (iii) damage resulting from faulty or leaking plumbing fixtures, hot water tanks, sinks, bathtubs, toilets, dishwashers, washers, including any connecting hoses or drains in or serving only the Owner's Unit which are accessible to the Owner. Nothing in this paragraph is intended to limit the Association's rights under Section 13.7.5, or other rights under law or equity, against an Owner whose negligence, misconduct or neglect causes uninsured damage to the Property.

(c) Effective on and after January 1, 2008, each Owner of a

Residential Unit shall promptly advise the Association in writing of any betterment or improvement intended as a permanent part of the Owner's Unit costing \$10,000 or more which the Owner has installed at any time or intends to install.

(d) The Owner of the Commercial Unit shall obtain and maintain (or cause to be obtained and maintained): (i) property insurance for all equipment, fixtures, and improvements within the Owner's Unit or serving only that Unit to the extent such equipment, fixtures and improvements are not covered by the Association's policy, and (ii) commercial general liability insurance in the amount stated in Section 16.1(b) for the business operations occurring in the Commercial Unit.

4. Section 17.1 is amended to read in full as follows:

17.1 Definitions. As used in this article, the term "Significant Damage" means damage or destruction, whether or not caused by casualty, to any part of the Property which the ~~Board~~Association is responsible to ~~maintain or repair~~insure (a) for which funds are not available in the maintenance and repair or contingency budget of the Association to make timely repairs, and (b) which has a significant adverse impact on the habitability of any Unit or the ability of an Owner or Owners to use the Property or any significant portion of the Property for its intended purpose. As used in this article, the term "Repair" means to repair, reconstruct, rebuild or restore the Buildings or improvement which suffered Significant Damage to substantially the same condition in which ~~they~~it existed prior to the damage or destruction, with each Unit and the Common and Limited Common Elements having substantially the same vertical and horizontal boundaries as before and include modifications to conform to then applicable governmental rules and regulations or available means of construction. As used in this article, the term "Emergency Work" means the work the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the Owners from liability arising out of the condition of the Property.

5. Section 17.2 is amended to read in full as follows:

17.2 Initial Board Determinations.

In the event of Significant Damage to any part of the Condominium, the Board shall promptly, and in all events within thirty (30) days after the date of Significant Damage, or, if the Significant Damage did not occur at a particular identifiable time, after the date of its discovery, make the following determinations with respect thereto employing such advice as the Board deems advisable:

(a) The nature and extent of the Significant Damage, together with an inventory of the improvements and property directly affected thereby;

(b) A reasonably reliable estimate of the cost to Repair the Significant Damage, which estimate shall, if reasonably practicable, be based upon a firm bid obtained from a responsible contractor;

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

(d) The amount of the deductible to be paid by a Unit Owner with respect to damage or loss for which the Unit Owner is responsible under Section 16.5(b);

(e) The amount of reserves or other Association funds the Board determines is available, although the Board is not required to use any reserves or other Association funds;

(f) The amount, if any, that the estimated cost of Repair exceeds ~~the~~(i) the portion of the deductible to be paid by a Unit Owner, (ii) anticipated insurance proceeds ~~therefor~~ and the amount of Assessment to each Unit if such excess was ~~and~~ (iii) available reserves or other Association funds;

(g) The amount of Assessments that would have to be made against each Unit for repair and replacement of the damaged Building or improvement if the excess cost were to be paid as a Common Expense and ~~specially assessed against all the Units in proportion to their Allocated Interest in the Common Elements~~ allocated to the Units in accordance with the terms of this Declaration and its Exhibits; and

(h) ~~(e)~~ Whether such Significant Damage should be Repaired.

6. Section 17.4 is amended to read in full as follows:

17.4 Duty to Restore. Any portion of the Condominium for which insurance is required under this article which is Significantly Damaged shall be Repaired promptly by the Association unless (a) the Condominium is terminated; (b) Repair would be illegal under any state or local health or safety statute or ordinance; or (c) the Unit Owners assigned at least eighty percent (80%) of the Total Voting Power, including every Owner of a Unit or whose Unit is assigned a Limited Common Element which will not be Repaired, vote not to Repair. Even if the Significant Damage is not to be Repaired, the Board shall still have authority to perform Emergency Work. The cost of Repair and Emergency Work in excess of any deductible paid by a Unit Owner, insurance proceeds and reserves or other Association funds made available by the Board shall be a Common Expense allocated to the Units responsible for repair and replacement of the damaged building or improvement, as provided in this Declaration.

7. Section 24.1 is amended to read in full as follows:

24.1 Effective Date. The amendments to the Declaration contained in this Amended and Restated Declaration shall take effect upon recording; provided, however, that the insurance coverage maintained by the Association prior thereto, and the collection of Assessments and payments of Common Expenses prior thereto, to the extent that they were in accordance with the amended and restated provisions hereof, are ratified.

\* \* \* \* \*

**UNIT OWNER AGREEMENT  
TO THE FOURTH AMENDMENT TO THE  
DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS, RESTRICTIONS  
AND RESERVATIONS FOR  
VINEYARD LANE, A CONDOMINIUM**

\_\_\_\_ **YES**, I agree to the proposed Fourth Amendment, dated November 12, 2007, to the Declaration of Covenants, Conditions, Easements, Restrictions and Reservations for Vineyard Lane, a condominium.

\_\_\_\_ **NO**, I do not agree to the proposed Fourth Amendment, dated November 12, 2007, to the Declaration of Covenants, Conditions, Easements, Restrictions and Reservations for Vineyard Lane, a condominium.

Unit No.: \_\_\_\_\_

Date: \_\_\_\_\_

\*Owner Name: \_\_\_\_\_

\*Signature: \_\_\_\_\_

[If more than one Owner]

Owner Name: \_\_\_\_\_

Signature: \_\_\_\_\_

\*If fewer than all of the Owners of the designated Unit sign this form, then the Owner signing above represents that he or she has authority to sign this form and either agree or not agree (as indicated above) to the proposed amendment on behalf of all Owners of the designated Unit.

YOUR AGREEMENT IS REQUESTED BY MONDAY, NOVEMBER 19, 2007

Mail or hand deliver to:

Barry Peters, Secretary VLOA, 610 NE Vineyard Lane, A304, Bainbridge Island, WA 98110

**and**

By email, please notify the Board of your decision: [Secretary@VineyardLane.org](mailto:Secretary@VineyardLane.org)