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# DECLARATION of COVENANTS, CONDITIONS, AND RESTRICTIONS for AMBERGLEN

#### March 14th, 2019

Grantor/Declarant:

Pacific Lifestyle Homes, Inc.

Grantee:

Pacific Lifestyle Homes, Inc., Public

Full Legal:

Amberglen Subdivision, Book 312, Page 20 of Plat Records, Document

Number 5583649, Recorded February 11th, 2019, in the County of Clark,

State of Washington

Property Tax Nos.:

986049912, See Exhibit C for Complete List of Property Tax Nos.

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### DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR AMBERGLEN

THIS DECLARATION is made this _	day of	, 2019, by Pacific
Lifestyle Homes, Inc., a Washington Corporation ("D	eclarant").	

#### RECITALS

- A. The plat of Amberglen was filed in the plat records of Clark County, Washington, in Book 312 at Page 20, of Plat Records, Document Number 5583649 recorded on February 11<sup>th</sup>, 2019.
- B. The purpose of this Declaration is to establish certain covenants, conditions, restrictions and easements pertaining to "Amberglen," a plat community as that term is defined under Chapter 64.90 RCW ("Act"), and to provide for the ownership, maintenance and use of certain Common Elements that will be owned and operated by an owner's association for the benefit of all properties now or later made subject to this Declaration.
- **NOW, THEREFORE**, Declarant hereby declares that the property described in Section 2.1, below, shall be held, sold and conveyed subject to the following easements, covenants, restrictions and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title, or interest in such property or any part thereof and shall inure to the benefit of each Owner thereof.

### ARTICLE 1 DEFINITIONS

As used in this Declaration, the terms set forth below shall have the following meanings:

"Additional Property" means any land, whether or not owned by Declarant that is made subject to this Declaration as provided in Section 2.2, below.

"Architectural Review Committee" or "ARC" means the committee appointed pursuant to Section 7.1, below.

"Assessments" means all sums chargeable by the Association against a Lot, fines or fees levied or imposed by the Association pursuant to the Governing Documents, interest and late charges on any delinquent account, and all costs of collection incurred by the Association in connection with the collection of a delinquent Owner's account, including reasonable attorneys' fees, and including, without limitation, Annual Assessments, Special Assessments, Emergency Assessments, Limited Common Element Assessments and Individual Assessments as described in Article 10, below.

"Association" means the nonprofit corporation to be formed to serve as the Owners association as provided in Article 8, below, and its successors and assigns.

"Board of Directors" or "the Board" means the duly appointed or elected board of directors of the Association, which is vested with the authority to operate the Association and to appoint the officers of the Association. Prior to the Transition Meeting, Declarant will appoint the Board of Directors. After the Transition Meeting, the Board of Directors will be elected by the Owners.

"Bylaws" means the duly adopted and recorded bylaws of the Association and as the same may hereafter be amended or replaced.

"Common Elements" means those lots or tracts designated as such on any plat of the Property, in this Declaration, or any declaration annexing Additional Property to Amberglen, including any Improvements thereon, and shall also include Common Easement Areas, Common Maintenance Areas, Limited Common Elements and any Lots converted to Common Elements as provided in Section 3.2, below.

"Common Easement Areas" means those easements established for the benefit of all property within Amberglen pursuant to this Declaration or any plat or declaration annexing Additional Property to Amberglen.

"Common Maintenance Areas" means the Common Elements (except Limited Common Elements), Common Easement Areas, and any other areas designated in this Declaration or any declaration annexing Additional Property to Amberglen as being maintained by the Association.

"Declarant" means Pacific Lifestyle Homes, Inc., a Washington Corporation, and its successors and assigns if such successor or assignee should acquire Declarant's interest in the remainder of the Initial Property by deed, or less than all of such property if a recorded instrument executed by Declarant assigns to the transferee all of Declarant's rights under this Declaration.

"Declaration" means all of the easements, covenants, restrictions and charges set forth in this instrument, together with any rules or regulations promulgated hereunder, as the same may be amended or supplemented from time to time in accordance with the provisions hereof, including the provisions of any supplemental declaration annexing property to Amberglen.

"Design Guidelines" means the guidelines adopted from time to time by the ARC pursuant to Section 7.1, below.

"Governing Documents" means this Declaration, organizational documents, map, rules, or other written instrument by which the Association has the

authority to exercise any of the powers provided for in Act or to manage, maintain, or otherwise affect the property under its jurisdiction.

"Amberglen" the Initial Property and any Additional Property.

"Improvement" means every structure or improvement of any kind, including, but not limited to, a fence, wall, driveway, swimming pool, storage shelter, mailbox and newspaper receptacles, or other product of construction efforts on or in respect to the Property.

"Initial Property" means the real property referred to in Section 2.1, below.

"Limited Common Element" means those areas established for the exclusive use or enjoyment of certain Lots as designated in the Act and this Declaration, or any declaration annexing property to Amberglen.

"Living Unit" means a building or a portion of a building located upon a Lot within the Property and designated for separate residential occupancy.

"Lot" means a platted or partitioned lot within the Property, with the exception of any lot marked on a plat of the Property as being common or open space or so designated in this Declaration or the declaration annexing such property to Amberglen. Lots do not include Common Maintenance Areas or Public Areas.

"Mortgage" means a mortgage or a deed of trust, "mortgagee" means a mortgagee or a beneficiary of a deed of trust, and "mortgagor" means a mortgagor or a grantor of a deed of trust.

"Owner" means the person or persons, including Declarant, owning any Lot in the Property, but does not include a tenant or holder of a leasehold interest or a contract vendor or other person holding only a security interest in a Lot. The rights, obligations and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

"Participating Builders" means Garrette Custom Homes, and/or any other registered general contractor Declarant may sell or convey a Lot in the Property to.

"Property" means Amberglen.

"Public Areas" means areas dedicated to the public or established for public use in any plat of the Property, or so designated in this Declaration or the declaration annexing such property to Amberglen.

"Rules and Regulations" means a policy, guideline, restriction, procedure, or regulation of the Association, however denominated, that is not set forth in the

Declaration and governs the conduct of persons or the use or appearance of the Property pursuant to the authority granted in this Declaration, as the same may be amended from time to time.

"Sold" means that legal title has been conveyed or that a contract of sale has been executed and recorded under which the purchaser has obtained the right to possession.

"Transition Meeting" means the meeting called by Declarant pursuant to Section 8.7, below, at which Declarant will turn over administrative responsibility for the Property to the Association.

Other terms used in this Declaration may be defined in the Act, and such definitions will apply and are incorporated into this Declaration, even if the first letter of a word defined in the Act is not capitalized in this Declaration. All applicable provisions of the Act, not varied in this Declaration or the Governing Documents, as permitted, apply and are incorporated into this Declaration and the other Governing Documents by reference.

### ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

- 2.1 <u>Initial Property</u>. Declarant hereby declares that the real property within the certain plat entitled "Amberglen" filed in the plat records of Clark County, Washington in Book 312 at Page 20 of Plat Records, Document Number 5583649 recorded on February 11<sup>th</sup>, 2019 is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration. Said real property is described in Exhibits A and B attached hereto and incorporated by reference herein. The initial Property consists of sixty (60) Lots.
- 2.2 <u>Annexation of Additional Property</u>. Pursuant to a Development Right, Declarant may, from time to time, in its sole discretion, annex to Amberglen as Additional Property any real property now or hereafter acquired by it, and may also from time to time, in its sole discretion, permit other holders of real property to annex the real property owned by them to Amberglen. This Development Right expires on the first anniversary of the recording date of this Declaration. The annexation of such Additional Property shall be accomplished as follows:
  - (a) The Owner or Owners of such real property shall record a declaration that shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed; establish land classifications for the Additional Property; establish any additional limitations, uses, restrictions, covenants and conditions that are intended to be applicable to such Additional Property; and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration.

- (b) The Additional Property included in any such annexation shall thereby become a part of Amberglen and subject to this Declaration; Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such property.
- (c) Notwithstanding any provision apparently to the contrary, a declaration with respect to any Additional Property may:
  - (i) Establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of the Additional Property.
  - (ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect to such property as Declarant may deem to be appropriate for the development of such Additional Property.
- (d) The maximum number of Lots or Living Units that Declarant may create or annex to Amberglen is subject to approval of the governing jurisdiction; provided further that the Declarant may not add more property to Amberglen that has an area greater than 10 percent of the area of the Property. Declarant may exercise its rights with respect to different parcels of real estate at different times, and makes no assurances about the order of exercising its Development Rights, or whether it will do so at all.
- (e) Declarant does not agree to build any specific future Improvement, but does not choose to limit Declarant's Development Right to add additional Improvements.
- (f) Upon annexation to Amberglen, additional Lots so annexed shall be entitled to voting rights as set forth in Section 8.3, below.
- (g) The formula to be used for reallocating the Common Element expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Sections 4.1 and 10.8 below.
- 2.3 <u>Improvements</u>. Declarant and Participating Builders do not agree to build any Improvements on the Property other than as required by the governing jurisdiction, but may elect, at Declarant's option pursuant to a Development Right, to build additional Improvements.
- 2.4 <u>Withdrawal of Property</u>. Property may be withdrawn from Amberglen only by duly adopted amendment to this Declaration, except that pursuant to a Development Right, Declarant may withdraw all or a portion of the Initial Property or any Additional Property annexed pursuant to a declaration described in Section 2.2, above at any time prior to the sale of the first Lot in the Initial Property or, in the case of Additional Property, prior to the sale of the

first Lot in the property annexed by the supplemental declaration, subject to the prior approval of the governing jurisdiction. Such withdrawal shall be by a declaration executed by Declarant and recorded in the deed records of Clark County, State of Washington, and such right to withdraw by the Declarant, if not earlier expired, shall expire on the first anniversary of the recording date of this Declaration. If a portion of the Property is withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated, and the common expenses shall be reallocated as provided in Sections 4.1 and 10.8, below. Such right of withdrawal shall not expire except upon sale of the first Lot within the applicable phase of the Property as described above.

### ARTICLE 3 LAND AND COMMUNITY CLASSIFICATIONS

- 3.1 <u>Land Classifications Within Initial Property</u>. All land within the Initial Property is included in one or more of the following classifications:
  - (a) Lots: which shall consist of Lots 1 through 60 of the plat of Amberglen.
  - (b) Public Areas: public streets, paths and all other areas established as such in the plat of the Initial Property.
- 3.2 <u>Conversion of Lots to Common Elements</u>. Pursuant to a Development Right, Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Elements by a declaration recorded in the deed records of Clark County, Washington. Such declaration shall be executed by Declarant as Owner of the Lots.

### ARTICLE 4 PROPERTY RIGHTS IN COMMON ELEMENTS

- 4.1 Owners' Obligation for Common Element Expense and Easements of Enjoyment. Each Lot Owner has 1/60<sup>th</sup> of the Common Element expense for each Lot owned. The formula establishing the Common Element expense is a fraction consisting of the number of Lots owned by an Owner divided by the total number of Lots in Amberglen, as originally exists or as may change through addition or withdrawal of property from Amberglen. Subject to provisions of this Article, every Owner and his or her invitees shall have a right and easement of enjoyment in and to the Common Elements, which easement shall be appurtenant to and shall pass with the title to every Lot.
- 4.2 <u>Common Easement Areas</u>. Common Easement Areas shall be reserved for signage and associated landscape features. Such areas are to be maintained by the Association, and no changes in landscaping will be permitted within such areas without written authorization by the Board of Directors. No building, wall fence, paving, landscaping, or construction of any type shall be erected or maintained by any Owner so as to trespass or encroach upon the Common Easement Areas.

- 4.3 <u>Title to Common Elements</u>. Declarant shall convey Title to Common Elements to the Association by deed free and clear of monetary liens, on or before the Transition Meeting.
- 4.4 <u>Extent of Owners' Rights</u>. The rights and easements of enjoyment in the Common Elements created hereby shall be subject to the following and to all other provisions of this Declaration:
  - (a) <u>Association Easements</u>. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within the Property the following easements over, under, and upon the Common Maintenance Areas:
    - (i) An easement for underground installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association and any such easement shown on any plat of the Property.
    - (ii) An easement for construction, maintenance, repair, and use of such areas, including any common facilities thereon.
    - (iii) An easement for the purpose of making repairs to any existing structures on Common Elements.
  - (b) <u>Public and Utility Easements</u>. The Common Elements shall be subject to such public and utility easements as may be established in any plat of the Property. In addition, Declarant or the Association may (and, to the extent required by law, shall) grant or assign such easements to municipalities or other utilities performing utility services and to communication companies, and the Association may grant free access thereon to police, fire and other public officials and to employees of utility companies and communications companies serving the Property.
  - (c) <u>Use of the Common Elements</u>. Any Common Elements shall be used for the purposes set forth in any plat of the Property and not be partitioned or otherwise divided into parcels for residential use, and no private structure of any type shall be constructed on the Common Elements. Except as otherwise provided in this Declaration, any Common Elements shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Elements, except as otherwise provided in this Declaration. Nothing herein shall prevent the placing of a sign or signs upon the Common Elements identifying the Property or identifying pathways or items of interest, signs restricting certain uses or warning signs, provided that such signs are approved by the ARC. The Board of Directors shall have authority to abate any trespass or encroachment upon the Common Elements at any time, by any reasonable means and with or without having to bring legal proceedings. A declaration annexing Additional Property may provide that the Owners of such Additional Property do not have the right to use a particular Common Element or facility located on such Common Area. In such

case, those Owners will not be required to share in the costs of maintaining the facility, as is more particularly described in Section 10.8.

- (d) Alienation of the Common Elements. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Elements owned directly or indirectly by the Association for the benefit of the Lots unless the holders of at least 80 percent of the voting rights have given their prior written approval and unless approved by the governing jurisdiction. The Association shall first offer to dedicate such property to the governing jurisdiction. This provision shall not apply to the easements described in Sections 4.4(a) and (b) above. The Association, upon approval in writing of at least 67 percent of the voting rights, and if approved by order or resolution of the governing jurisdiction, may dedicate or convey any portion of the Common Elements to a park district or other public body.
- (e) <u>Limitations on Use</u>. Use of any Common Elements by the Owners shall be subject to the provisions of this Declaration and to the following:
  - (i) The right of the Association to suspend such use rights of an Owner to the extent provided in Article 11 below.
  - (ii) The rights of the Association to adopt, amend, and repeal rules and regulations in accordance with this Declaration.
- 4.5 <u>Delegation of Use</u>. Any Owner may delegate, in accordance with the Bylaws of the Association, his or her right of enjoyment of any Common Elements to family members, tenants, invitees and guests, whose use shall be subject to this Declaration and the Rules and Regulations adopted under this Declaration.
- 4.6 Easements Reserved by Declarant. So long as Declarant and/or any Participating Builder own any Lot, Declarant reserves for itself and for Participating Builders, an easement over, under, and across any Common Elements to carry out sales and rental activities necessary or convenient for the sale or rental of Lots. In addition, Declarant hereby reserves to itself, Participating Builders, and for the Owners of Lots in all future phases of the Property, a perpetual easement and right-of-way for access over, upon, and across any Common Elements for construction, utilities, communication lines, drainage, and ingress and egress for the benefit of other property owned by Declarant and future phases of the Property. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across any Common Elements and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy of, use of, enjoyment of or access to an Owner's Lot by that Owner or his or her family, tenants, employees, guests or invitees.
  - 4.7 Limited Common Elements. Reserved.

#### ARTICLE 5 PROPERTY RIGHTS IN LOTS

- 5.1 <u>Use and Occupancy</u>. The Owner of a Lot in the Property shall be entitled to the exclusive use and benefit of such Lot, except as otherwise expressly provided in this Declaration, but the Lot shall be bound by and each Owner and Declarant shall comply with the restrictions contained in Article 6 below, all other provisions of this Declaration and the provisions of any supplement or amendment to this Declaration.
- 5.2 <u>Easements Reserved</u>. In addition to any utility, access, egress, landscape and/or drainage easements shown on any recorded plat, and easements described in Article 4, Declarant hereby reserves the following easements for the benefit of Declarant and the Association:
  - (a) Adjacent Common Maintenance Area. The Owner of any Lot that adjoins or blends together visually with any Common Maintenance Area shall, if the Association elects from time to time to so require, permit the Association to enter upon the Lot to perform maintenance of such Common Maintenance Area.
  - (b) <u>Right of Entry</u>. Declarant, the ARC and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use and/or Improvements of such Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.
  - (c) <u>Utility Easements</u>. Easements for installation and maintenance of utilities and drainage facilities may be reserved over portions of certain Lots, as shown on any recorded plat or other recorded document. Within the easements, the ARC will not permit any structure, planting or other material to be placed or permitted to remain on the easement area if such structure, planting, or other material may damage or interfere with the installation or maintenance of utilities, change the direction of flow of drainage channels in the easements, or obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all Improvements in it shall be maintained continuously by the Owner of the Lot, except for those Improvements for which a public authority or utility company is responsible.
  - (d) Temporary Sign Easement. Declarant and Participating Builders are granted a temporary sign easement on each Lot. The easement shall measure eight feet (8') in width and shall run along and adjacent to the property line bordering a public or private street of each Lot. Declarant and/or Participating Builders shall maintain any signage installed in the easement area at their own individual expenses. Declarant and/or Participating Builders shall remove signs from Lots after the last Lot Declarant and/or Participating Builders own is sold.

# ARTICLE 6 GENERAL USE RESTRICTIONS

- 6.1 Structures Permitted. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two stories in height and a private garage for not more than three cars. For the purpose of this Section 6.1, the basement shall not be counted when determining the number of stories in a dwelling. However, the foregoing provisions shall not be interpreted to preclude construction of a private greenhouse. garden shed, private swimming pool, or a shelter or port for the protection of such swimming pool, or for the storage of a boat, provided the location of such structures are in conformity with the applicable municipal regulations, and are compatible in design and decoration with the Living Unit constructed on the Lot. Storage or accessory buildings (such as dog houses, tool sheds, firewood, garbage, barbecue type buildings or enclosures), non-portable or affixed outdoor furniture such as swings, back stops, picnic tables, barbecues, basketball hoops, arbors, jungle gyms, hot tubs, tree houses, etc., shall be reasonably screened from public and neighboring view. Storage or accessory buildings shall be constructed of the same materials and be of the same design as the Living Unit. ARC approval is required prior to construction of any structure. Declarant and Participating Builders shall be permitted to maintain a temporary sales office, mobile or otherwise, during the course of construction and sale of new homes in the Property, as long as needed, but in no case longer than six years from the date the plat is recorded.
- 6.2 <u>Residential Use</u>. No Lot shall be used except for residential purposes, except that an Owner or occupant residing in the Living Unit may conduct business activities within the Living Unit so long as:
  - (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Living Unit;
    - (b) the business activity conforms to all zoning requirements for the Property;
  - (c) the business activity does not involve clients or customers coming onto the Property who do not reside on the Property or door-to-door solicitation of residents of the Property;
  - (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board. However, this provision shall not be construed to prevent or prohibit an Owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or occasionally conferring with business or professional associates in his Living Unit. The use of Living Units as builder models and on-site sales offices shall be exempt from the above restrictions.

- 6.3 Offensive or Unlawful Activities. Owners shall not engage in or conduct, or suffer and permit others to engage in or conduct, any noxious or offensive activities on a Lot or on the Property, or place, install, or locate any material or improvement on a Lot or on the Property that may unreasonably interfere with or unreasonably jeopardize other Owners' use and enjoyment of their respective Lots or the Property. Owners, their lessees, guests, and invitees shall not cultivate, process, dry, use, or consume, or suffer and permit any person to cultivate, produce, process, dry, use, or consume any parts of the plant Cannabis family Moraceae (Marijuana) on any Lot except in Living Units and/or other enclosed structures. Owners shall comply with all laws, zoning ordinances, and other regulations validly adopted by any local, state, or federal government having jurisdiction over the Property. Owners and other occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, occupants, guests, or invitees, or directed at the managing agent, its agents or employees, or vendors. Lot occupants shall exercise extreme care not to make noises that may disturb other Lot occupants.
- 6.4 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept or permitted within any Lot other than a reasonable number of household pets kept largely within the Living Unit that are not kept, bred or raised for commercial purposes and that are reasonably controlled so as not to be a nuisance. Any unreasonable inconvenience or damage caused by such pets shall be the responsibility of their respective Owners. No animal shall be permitted to roam the Property unattended, and each dog shall be kept on a leash while outside a Lot or within a Common Easement Area. Dog runs and doghouses shall be fully screened or fenced from view from any other Lot, and shall not be visible from the street. All animals shall be controlled so as not to be a nuisance to any Owner. An unrestrained dog shall constitute a nuisance as will any animal making an unreasonable disturbance, such as repeated episodes of continuous noise lasting ten (10) minutes or episodes of intermittent noise lasting thirty (30) minutes, providing someone, other than the owner did not intentionally provoke the animal. An Owner or occupant may be required to remove a pet upon receipt of the third written notice from the Board of Directors of violations of any rule, regulation or restriction governing pets within the Property.
- Maintenance of Structures. Each Owner shall maintain the Owner's Lot and Improvements thereon in a clean, neat, sightly, and attractive condition, in good repair and in such fashion as not to create a fire or other hazard. Such maintenance shall include, without limitation, exterior painting, repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, walks, lights and interior surface of perimeter fences and other exterior Improvements and glass surfaces. Living Units and outbuildings shall be painted as needed to maintain an attractive appearance. Roofs shall be kept clean and free of moss and debris. Exterior shakes shall be cleaned and re-stained every three years or as determined by the Board of Directors. All repainting or re-staining, any change in type of roof or roof color and any exterior remodeling or changes shall be subject to prior review and approval by the ARC. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be restored within a reasonable period of time.

- 6.6 Maintenance of Landscape. Each Owner shall maintain the yard area and landscaping of the Owner's Lot in an attractive manner and free from insects and diseases. Each Owner shall provide for timely replacement of lost plant life and bark dust and trimming and pruning of plant material to prevent an overgrown look of the Owner's Lot. Yards and lawns must be kept free of weeds, watered, and fertilized as needed to be kept green. In order to protect the aesthetic quality of the community, any living tree may not be removed without written approval of the ARC and the jurisdiction if required. All landscaping on the lots, including any areas between the curb and the sidewalk, including trees, are to be maintained by the Lot owner.
- 6.7 Parking. Trailers, Campers, Commercial Vehicles, Boats, Etc., Storage. No boats, trailers, camper vehicles, or other recreational vehicles or equipment, motor vehicles not operated in daily use, or vehicles with a gross vehicle weight of 9,000 pounds or more or over eight feet tall shall be parked or stored in the streets or driveways, or on any other portion of the Property, except for the purpose of temporary (up to 48 hours) loading or unloading, and except that boats, trailers and camper vehicles may be allowed in a side yard only at the garage side of a dwelling, if screened with a solid six-foot high fence or if fully enclosed in a garage. One commercial vehicle per Lot is allowed with a maximum gross vehicle weight of under 9,000 pounds or not more than eight feet tall. No vehicle shall display offensive or obnoxious company logos, graphics or written material. The Board of Directors, at its sole discretion, shall have authority to deny vehicles parking privileges if they are found to not be in compliance with the rules listed in this Section. No vehicle described in this Section shall be stored in the front or rear yards or used as a residence temporarily or permanently on any portion of the Property. All vehicles described in this Section that are to be parked in a side yard shall be approved on a case by case basis by the Board of Directors.
- 6.8 <u>Vehicles in Disrepair</u>. No Owner shall permit any vehicle that is in a state of disrepair to be abandoned or to remain parked on the Owner's Lot (unless screened from view) or on the Common Element or any street for a period in excess of 48 hours. A vehicle shall be deemed in a "state of disrepair" when the Board of Directors reasonably determines that its appearance (including, without limitation, rust, dents or primer) causes the vehicle to be unsightly as viewed from the public street or that the vehicle is not operable. Should any Owner fail to remove such vehicle within five days following the date on which notice is mailed to him or her by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner. Any vehicle parked in violation of this Section can be towed or impounded as provided in Section 11.1(c) below.
- 6.9 <u>Signs, Banners, Flags, Displays</u>. Unless specifically allowed by this Section, or other sections of this Declaration, all signs, banners, flags, or other displays, whether temporary or permanent, are prohibited, unless specifically approved by the ARC. The ARC shall review a request to place, hang, or erect a sign, banner, flag, or display, on a Lot, by the Owner or Occupant, on a Lot by Lot basis. Unless specifically allowed by this Section, or other sections of this Declaration, all signs, banners, flags, or other displays, whether temporary or permanent, are prohibited, unless specifically approved by the ARC. The ARC may adopt rules to implement this Article.

The following activities and actions are permitted and do not require prior ARC approval; however, the ARC may regulate the following so long as the rules and regulations comply with applicable law:

- (a) Temporary display of a "For Sale" sign on a Lot, not exceeding 24 inches high and 36 inches long, may be within the front-yard, or inside of a first floor, front, or street facing window of a residential Building Structure;
- (b) Temporary placement of "political" signs on any Lot by the Owner or Occupant, provided such signs are removed within a reasonable period as set by the ARC by rule following the completion of the stated political event;
- (c) Temporary placement of signs, flags, banners, or displays in celebration of a legal or religious holiday on any Lot by the Owner or Occupant provided that they are removed within a reasonable period, as determined by the ARC by rule, following the completion of the holiday; and
- (d) Notwithstanding anything in this Section to the contrary, the Association may not prohibit display of the flag of the United States, or the flag of Washington state, on or within a Lot or a Limited Common Element, except that an Association may adopt reasonable restrictions pertaining to the time, place, or manner of displaying the flag of the United States necessary to protect a substantial interest of the Association. For purposes of this Section, "flag of the United States" means the flag of the United States as described in 4 U.S.C. § 1 et seq. that is made of fabric, cloth, or paper. "Flag of the United States" does not mean a flag, depiction, or emblem made of lights, paint, roofing, siding, paving materials, flora, or balloons, or of any similar building, landscaping, or decorative components.

"For Rent" and/or "For Lease" signs are specifically prohibited and may not be approved by the ARC. The restrictions contained in this Section shall not prohibit the temporary placement of construction and marketing related signage by Declarant, Participating Builders, or their respective contractors and subcontractors. No sign of any kind, other than Declarant's and Participating Builders' marketing signs, or Association signs for the common good of the Community that are approved by the Board of Directors, will be allowed on Common Elements. Declarant and Participating Builders shall not be subject to the provisions of this Article, nor shall the restrictions contained herein apply to any Lot or structure owned by Declarant and/or any Participating Builder.

6.10 Rubbish, Trash, and Storage. No part of the Property shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view, except during garbage pickup days. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto Lots, streets, storm drains or Common Maintenance Areas. Should any Owner or occupant responsible for its generation fail to remove any trash, rubbish, garbage, yard rakings or any other such materials from any streets or the Property where deposited by such person within ten

days following the date on which notice is mailed to the Owner or occupant by the Board of Directors, the Association may have such materials removed and charge the expense of such removal to the Owner. Neither the front entry nor porch area nor the front yard shall be used for storage of personal or household goods. No trash and/or storage containers shall be visible from any adjacent street or neighboring Lot and shall not be allowed to emit any odors or attract insects or rodents.

- 6.11 <u>Maintenance of Lots During the Construction Period</u>. Construction of any Living Unit shall be completed, including exterior decoration and landscaping, within nine months from the date of the start of construction. All Lots shall, prior to and during construction of the improvements thereon, be kept in a neat and orderly condition and free of brush, vines, weeds, and the grass thereon cut and mowed at sufficient intervals to prevent creation of a nuisance or fire hazard.
  - (a) Each Owner, exclusive of the Declarant and Participating Builders, is responsible for maintaining their Lot, in either the same condition as it was at the time it was purchased prior to any clearing, or in a neat and clean appearance after construction commences for an Improvement on said Lot. After clearing of vegetation for construction, the debris from the clearing operation shall be promptly removed from the Lot and disposed of off-site in an approved location. In no case shall any vegetation cleared from one Lot be deposited on another Lot or Common Area. Owners shall not allow grass and/or weeds to accumulate or grow in such a way as to cause an unsightly condition or potential fire or noxious weed hazard. Grass shall be kept trimmed to no more than four (4") inches in height and kept free from weeds.
  - (b) During construction of any Improvement, the Owner, or the Owner's construction representative(s), shall, on a regular basis, pick up scrap materials and other construction debris and dispose of said materials on a regular and continuous basis. No dumping of any such debris or refuse shall be allowed on other Lots, Common Elements, or Common Maintenance Areas within the Property. Upon completion of the construction on any Lot and prior to the occupancy of the structure, the Owner shall be responsible for maintaining the landscaping and keeping the improvements and the structure in a clean and neat appearance. This shall include the responsibility for regular landscape maintenance, watering, trimming, and upkeep to present a finished, manicured appearance of said premises. In the event that the Owner, or Owner's construction representatives(s), fails to meet the standards set forth in this Article, the Board or Declarant shall have the right to complete such clean-up activity in accordance with the provisions of this Declaration.
  - (c) Each Owner shall be required to clean up the Lot within ten days of receipt of a Certificate of Occupancy and/or completion of improvements other than Living Units and to fully comply with the terms of this Declaration.
  - (d) Each Owner shall be responsible for any and all damage to Common Elements or Rights of Way that may result from construction activities on the Lot. Such

conditions shall be remedied by Owner within 24 hours of the occurrence, or the Board, or Declarant may correct the situation and charge the Owner the costs incurred in such correction.

Declarant and Participating Builders are not subject to the provisions of this Section 6.11.

- 6.12 <u>Landscape</u>. The yards of all Lots shall be landscaped within 90 days of transfer of ownership from Declarant or a Participating Builder after Declarant or Participating Builder completes construction of the Living Unit on the Lot or after the Owner completes construction of the Living Unit. In all cases the front yard of a Lot shall be landscaped within 90 days of the date the Living Unit has an occupancy permit issued, weather permitting. Landscaping shall, at a minimum, consist of planting areas, areas mulched with bark dust, lawn covering at least 50 percent of the yard area, and a finished look. No artificial vegetation, exterior sculpture, fountains, and similar items shall be permitted in the front yard of any Lot unless approved by the ARC. All landscaping on the Lot, including any landscaping between the curb and the sidewalk, shall be maintained by the Owner. Declarant and Participating Builders shall not be subject to the provisions of this Section 6.12.
- 6.13 <u>Temporary Structures</u>. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuildings shall be used on any Lot at any time as a Living Unit either temporarily or permanently.
- 6.14 Fences. All Lots shall be fenced in the rear and side yards by the homeowner within six months of issuance of the certificate of occupancy for the dwelling. No fence shall be situated street-ward of the front yard set-back line (as determined by the then current applicable municipal set-back regulations) and all side-yard fencing shall extend to within at least ten feet from the front foundation corner of the dwelling. With the exception of the frontage fencing, all fencing shall be substantially similar in detail to the attached drawings in Appendix A; and all fences shall have at least one coat of oil stain (i.e., Olympic, Semi-transparent Walnut (708) or equivalent) applied before or at the time of installation. Notwithstanding the foregoing requirements, the Declarant shall have the unqualified right to install fences of any type within or along the boundary lines, Common Elements, easements or other areas while such areas are within the Declarant's ownership during the period of Declarant's Control, defined below, including, but not limited to, metal, cyclone or chain-link fencing.
- 6.15 Service Facilities; Basketball Equipment. Clotheslines, garbage cans, mechanical equipment, and other similar items shall be located or screened, so as to be concealed from view of neighboring property owners and the street. All rubbish, trash, and garbage shall be stored in appropriate containers and shall regularly be removed from the Lots and shall not be allowed to accumulate thereon. No overhead wire or service drop for the distribution of electric energy or for telecommunication purposes, nor any pole, tower, or other structure supporting such item shall be permitted within the Property. All Owners shall use underground service wires to connect to the underground electric, CATV, or telephone utility facilities provided. No permanent basketball hoops shall be placed in the front area of any Lot. Portable basketball hoops may not be used in the street or any public right of way, including private streets and

public or private sidewalks. The ARC must approve in writing, prior to installation, the exterior location of any heating and/or air conditioning compressors or heat pumps. Said locations must take into consideration the noise and view from adjacent homes, Common Elements or streets. No window air conditioners will be installed or approved by the ARC. Declarant and Participating Builders shall not be subject to the provisions of this Section 6.15.

Antennas and Satellite Dishes. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot without the prior written consent of the ARC. Placement shall be restricted to building surfaces not considered part of the front of the Living Unit. No installations shall be lower than the first level ceiling height. The preferred location shall be the barge rafter or gabled ends of any living unit. Exterior satellite dishes with a surface diameter of 18 inches or less may be placed on any Lot so long as they are not visible from the street and are screened from all neighboring homes or otherwise approved by the ARC. Approved installation locations shall in no way violate current FCC rules or regulations concerning said installation locations. The authority of the ARC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

The Association may not prohibit the installation of a solar energy panel on or within a Lot so long as the solar panel: (a) Meets applicable health and safety standards and requirements imposed by state and local permitting authorities; (b) if used to heat water, is certified by the solar rating certification corporation or another nationally recognized certification agency (Certification must be for the solar energy panel and for installation); and (c) if used to produce electricity, meets all applicable safety and performance standards established by the national electric code, the institute of electrical and electronics engineers, accredited testing laboratories, such as underwriters laboratories, and, where applicable, rules of the utilities and transportation commission regarding safety and reliability. A solar energy panel may be attached to the slope of a roof facing a street only if: the solar energy panel conforms to the slope of the roof and the top edge of the solar energy panel is parallel to the roof ridge. In addition, a solar energy panel frame, a support bracket, or any visible piping or wiring must be painted to coordinate with the roofing material; an owner or resident must shield a ground-mounted solar energy panel if shielding the panel does not prohibit economic installation of the solar energy panel or degrade the operational performance quality of the solar energy panel by more than ten percent; and Owners or residents who install solar energy panels must indemnify or reimburse the Association or its members for loss or damage caused by the installation, maintenance, or use of a solar energy panel.

6.17 Exterior Lighting or Noisemaking Devices. Except with the consent of the ARC, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot, other than as originally installed by the builder of the home and security and fire alarms. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if removed within 30 days after the celebrated holiday.

- 6.18 <u>Pest Control</u>. No Owner shall permit any item or condition to exist upon any portion of the Property that may induce, breed, or harbor infectious plant or animal diseases or noxious weeds, insects, or vermin.
- Owner's Obligation. The Owner of a Lot will be responsible for any necessary grading, drainage, or retaining walls. Declarant and Participating Builders shall not be responsible for any of the cost thereof. No Owner or resident of a Lot or parcel shall allow any condition to arise or continue that causes soil erosion. If soil erosion caused by a condition on or occurring on a Lot, is present at any time, it shall be the responsibility of the Owner of the Lot to immediately correct the condition and stop the erosion. No Owner shall denude a Lot or portion thereof in such a fashion that it causes erosion to occur, except during construction, in which later event, the conditions of this Section shall be observed. All bare dirt shall be covered with straw, visqueen, or a similar substance that is designed to prevent rainwater from eroding bare soil. Erosion control fences, catch-basin bags and other measures required by the applicable jurisdiction's erosion control ordinance, and the drainage and erosion control plans approved for the land use approval governing the Properties shall be employed for all construction activities. This Section shall create duties as between individual Owners, which shall also be owed to the Association. Each Owner of a Lot will be responsible for keeping roadways and adjoining Lots clean and free of debris, (and roadways free of mud) arising from construction, landscaping, or maintenance activities on their Lot.
- 6.20 <u>Siding and Window Design</u>. All exterior walls facing streets shall be of a lap style siding or better. All Owners shall be required to use more than one variety of siding on the front façade of the Living Unit. T 1-11 or similar type materials are not permitted on any street facing wall. Any unbroken wall of greater than 20 feet in length on any level which faces a street will have at least one window of at least 16 square feet. Declarant and Participating Builders shall not be subject to the provisions of this Section 6.20.
- Retaining Walls. Retaining walls may have been constructed within the Property (the "Retaining Walls"). The Retaining Walls may not be located on a Lot or Common Element line. The location of a Retaining Wall (or the construction by an Owner of any improvements on or near the Retaining Wall) shall not constitute evidence of the intended location of a Lot line, or provide grounds for any claim of adverse possession or prescriptive easement. Each Lot upon which any portion of a Retaining Wall is located shall be subject to an easement, for the benefit of all other Lots, for the purposes of support by and natural drainage from such Retaining Wall. Retaining Walls may or may not have been designed by a professional engineer, and no Owner shall take any action to add, construct or place any improvement on the Lot so that it may, in the judgment of the Association: result in disturbance of, weakening of, or damage to the Retaining Walls; increase any engineered load or alter design criteria; or cause damage to the wall and surrounding properties. Any improvements on any Lot with a retaining wall will need prior approval of the ARC. Regardless of such approval, any Lot Owner who takes such action shall be responsible for all resulting costs of repair and restoration of the Retaining Wall. Otherwise, neither the Association nor any other Owner shall have any affirmative obligation to maintain or repair the Retaining Walls. However, should they elect to do so, the Association, any Owner whose Lot is adjacent to a Retaining Wall, and their duly authorized agents and representatives,

shall have the right to enter the property upon which any portion of a Retaining Wall is located for the purpose of making any necessary repair to or maintenance of the Retaining Wall.

- 6.22 <u>Firearms</u>. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.
- 6.23 <u>Easements</u>. Easements for the installation of utilities are reserved and shown on the plat or other recorded document. The area included within such easements shall be maintained by the affected Lot Owners in as attractive a condition as the remainder of the Lots.
- 6.24 <u>Construction and Sale Period</u>. So long as Declarant and/or any Participating Builder own any Lot or portion of the Property for development and/or sale, the restrictions set forth in this Article 6 shall not be applied or interpreted to prevent, hinder, or interfere with development, construction, and sales activities by Declarant or any Participating Builders.
- 6.25 <u>Rules and Regulations</u>. The Association, from time to time, may adopt, modify, or revoke such nondiscriminatory Rules and Regulations governing the conduct of persons and the operation and use of the Property as it may deem necessary or appropriate to ensure the peaceful and orderly use and enjoyment of the Property. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner. The Rules and Regulations may be adopted by the Board of Directors, except as may be otherwise provided in the Bylaws of the Association.
- 6.26 Prohibition Against Speculative Practices. Declarant finds that it is in the best interests of Owners, if Declarant and Participating Builders are able to efficiently market the Lots in the subdivision, thereby ensuring that no home or Lot remains vacant for an unnecessary period of time. Declarant further finds that it is in the best interest of Owners if a stable ownership environment is created, thereby creating a strong neighborhood and homeowner association. In order to achieve these goals, the following provision is hereby adopted to limit the speculative purchase of Lots in the subdivision with the intent of selling the homes in a short period after purchase. No Owner shall enter into or agree to enter into an agreement purchase and sell, a lease with an option to purchase, an option, or like agreement to convey their Lot or an interest therein, during the period commencing from the closing of the Owner's purchase of the Lot from Declarant or Participating Builders and ending 12 months after the closing of the purchase or the completion of the house and issuance of an occupancy permit, whichever period is later. The terms of this provision shall not apply to Declarant or Participating Builders, nor shall the terms of this provision apply to:
  - (a) Members of the armed forces or National Guard who have been called to active duty or who have been reassigned/transferred to a duty station that is more than 50 miles from their current assignment;
  - (b) Owners who have lost their employment during the 12-month prohibition period;

- (c) Owners who have been transferred by their employer to a location that is more than 50 miles from their current assignment;
- (d) Owners who are relocating due to illness or the death or illness of an immediate family member; or
- (e) Owners that Declarant determines, in Declarant's sole discretion, are suffering under a financial hardship not covered by items (a)-(d) above, such that waiving the application of this provision to said Owner would be warranted.

An Owner desiring to transfer an interest in their lot shall give Declarant ten business days' notice of their intent. If an interest in a Lot is transferred in violation of this provision, then the seller of said Lot shall pay the net proceeds realized from the transfer to any 501(c)(3) charity selected by Declarant. Declarant, the Association, or any member thereof, may seek injunctive relief to enforce the terms of this agreement. This provision shall not be interpreted as limiting the right of an Owner to encumber their lot by way of a mortgage or deed of trust, nor shall it apply in any way that might limit the right of a lender or beneficiary of a mortgage or deed of trust, from exercising any rights provided under the security agreement or as provided by law. This provision shall also not apply to the perfection or foreclosure of a mechanic's lien.

#### 6.27 Reserved.

- 6.28 Prohibition Against Short-Term Leasing and Rental. An Owner may lease or rent their Lot, the house constructed thereon, or a portion thereof, provided that no Owner may lease or rent Owner's Lot, the house constructed thereon, or a portion thereof, for a period of less than 30 days. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease.
- 6.29 <u>Deck and Patio Covers</u>. All covers for decks and patios must be of complementary design and be constructed of the same materials as dwellings. Covers of metal and plastic sheathing are prohibited.
- 6.30 <u>Lot, Site, and Plat Disclosures for Amberglen</u>. The following disclosures are applicable to the Property and are noted or described on the plat, *please refer to the plat for complete details:* 
  - (a) <u>Easements (General)</u>. Please refer to the Plat and Supplemental Property Disclosure Statement.
    - (i) A six (6) foot wide utility easement shall be reserved under and upon the exterior boundary lines of all lots adjacent to public/ private roads and tracts.

- (ii) A sidewalk easement, as necessary to comply with ADA slope requirements, is reserved upon the exterior six (6) feet along the front boundary lines of all lots and tracts adjacent to public streets.
- (b) <u>Building Setbacks</u>. Setback distances are:

Garage - 18 feet; Front Yard- 10 feet; Street Side - 10 feet; Side Yard - 5 feet; and Rear Yard - 10 feet.

- (c) <u>Temporary Sign Easement</u>. Declarant and Participating Builders are granted a temporary sign easement on each Lot. The easement shall measure eight feet in width and shall run along and adjacent to the property line bordering a public or private street of each Lot. Declarant and/or Participating Builders shall maintain any Signage installed in the easement area at their own individual expenses. Declarant and/or Participating Builders shall remove signs from Lots after the last Lot Declarant and/or Participating Builders own is sold.
- (d) Fencing and Vehicular Sight Clearance. Fencing shall be placed at least three feet behind the corners of the Living Unit, shall be no more than six feet in height, and in accordance with the approved Amberglen fence detail (see Appendix "A"). Owners shall stain their fences within three months following installation in accordance with the approved color palette (see Appendix A). Thereafter, fences shall be cleaned and/or stained every three years or as determined by the Board of Directors. Placement and location of all fencing must be approved by the ARC prior to installation. Fencing must comply with the governing jurisdiction's required minimum side yard setback and no fence, landscaping, or other encumbrance may encroach within any required vehicular vision clearance setback (refer to plat for specific locations).
- (e) <u>Miscellaneous Disclosures</u>. Please refer to the Plat and Supplemental Property Disclosure Statement.
  - (i) The model home has incorporated upgraded finishes, appliances and landscaping. The construction of, and the materials and options contained with Living Units may vary depending on each Owner's selection of options.
- 6.31 <u>Minimum Home Size Requirements</u>. Living Units shall contain at least the minimum square feet of heated living area (excluding garage space) as provided below or as approved by the ARC:
  - (a) Single-story Living Units: 1,500 square feet;
  - (b) Two-story Living Units shall have a total minimum of 2,000 square feet;

(c) Declarant and Participating Builders shall not be subject to the provisions of this Section 6.31.

# ARTICLE 7 ARCHITECTURAL REVIEW COMMITTEE (ARC)

- 7.1 <u>Architectural Review</u>. No Improvement or alterations shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the ARC. Required construction plans shall consist of one complete set of plans and specifications in the usual form showing insofar as appropriate:
  - (a) the size and dimensions of the Improvements;
  - (b) the exterior design;
  - (c) exterior color scheme;
  - (d) location of Improvements on the Lot, including setbacks, driveway and parking areas, fencing, and proposed landscaping; and
    - (e) location of existing trees to be removed.

These plans and specifications shall be left with the ARC until 60 days after notice of completion has been received by the ARC. This is for the purpose of determining whether, after inspection by the ARC, the Improvement complies substantially with the plans and specifications that were submitted and approved. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or any other governmental regulations, all of which are the responsibility of the applicant. The procedure and specific requirements for review and approval of construction may be set forth in Design Guidelines adopted from time to time by the ARC. The ARC may charge a reasonable fee to cover the cost of processing an application. In all cases in which the ARC's consent is required by this Declaration, the provisions of this Article shall apply, except that this Article shall not apply to construction by Declarant. Declarant and Participating Builders shall not be required to submit construction plans or obtain approval from the ARC prior to commencing, erecting, placing, or altering any Improvements on the Property or otherwise comply with this Article 7.

7.2 <u>Committee Decision</u>. The ARC shall render its decision with respect to a construction proposal within 30 working days after it has received all material required by it with respect to the application. In the event the ARC fails to render its approval or disapproval within 45 working days after the ARC has received all material required by it with respect to the proposal, or if no suit to enforce this Declaration has been commenced within one year after completion of the improvements on the Lot thereof, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with.

- 7.3 Committee Discretion. The ARC may, at its sole discretion, withhold consent to any proposed work if the ARC finds the proposed work would be inappropriate for the particular Lot or incompatible with the Design Guidelines or design standards that the ARC intends for the Property. It is the intent and purpose of this Declaration to ensure quality of workmanship and materials, to ensure harmony of external design with the existing Improvements and with respect to topography and finished grade elevations and to ensure compliance with the setback requirements contained in the conditions of approval of the governing jurisdiction. Considerations such as siting, shape, size, color, design, materials, height, solar access, screening, impairment of the view from other Lots, or other effect on the enjoyment of other Lots or the Common Area, disturbance of existing terrain and vegetation, and any other factors that the ARC reasonably believes to be relevant may be taken into account by the ARC in determining whether or not to consent to any proposed work.
- 7.4 <u>Membership: Appointment and Removal.</u> The ARC shall consist of as many persons, but not less than three, as Declarant may from time to time appoint. Declarant may, at its discretion, remove any member of the ARC from office at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the ARC. Declarant may at any time delegate to the Board of Directors of the Association the right to appoint or remove members of the ARC. In such event, or in the event Declarant fails to appoint an ARC, the Board of Directors shall assume responsibility for appointment and removal of members of the ARC, or, if it fails to do so, the Board of Directors shall serve as the ARC.
- 7.5 <u>Majority Action</u>. Except as otherwise provided in this Declaration, a majority of the members of the ARC shall have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining members of the ARC. The ARC may render its decision only by written instrument setting forth the action taken by the consenting members.
- 7.6 <u>Liability</u>. Neither the ARC nor any member thereof shall be liable to any Owner, occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member of the ARC, and the Association shall indemnify the ARC and its members there from, provided only that the member has, in accordance with the actual knowledge possessed by him or her, acted in good faith.
- 7.7 <u>Non-Waiver</u>. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.
- 7.8 Appeal. At any time after Declarant has delegated appointment of the members of the ARC to the Board of Directors pursuant to Section 7.4, any Owner adversely affected by action of the ARC may appeal such action to the Board of Directors. Appeals shall be made in writing within ten days of the ARC's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors within 15 working days after receipt of such notification.

- 7.9 <u>Effective Period of Consent</u>. The ARC's consent to any proposed work shall automatically be revoked one year after issuance unless construction of the work has been substantially commenced in the judgment of the ARC and thereafter diligently pursued, or unless the Owner has applied for and received an extension of time from the ARC.
- 7.10 Estoppel Certificate. Within 15 working days after written request is delivered to the ARC by any Owner, and upon payment to the ARC of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with an estoppel certificate executed by a member of the ARC and acknowledged, certifying with respect to any Lot owned by the Owner, that as of the date thereof, either:
  - (a) all Improvements made or done upon or within such Lot by the Owner comply with this Declaration; or
  - (b) such Improvements do not so comply, in which event the certificate shall also identify the non-complying Improvements and set forth with particularity the nature of such noncompliance.

Any purchaser from the Owner, and any mortgagee or other encumbrance, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the ARC, the Association and all Owners, and such purchaser or mortgagee.

7.11 <u>Enforcement</u>. If during or after the construction the ARC finds that construction does not comply with the approved plans, the ARC may require conforming changes to be made or that construction be stopped. The cost of any required changes shall be borne by the Owner. The ARC shall have the power and authority to order any manner of changes or complete removal of any Improvement, alteration or other activity for which prior written approval from the ARC is required and has not been obtained or waived in writing. If an Owner fails to comply with an order of the ARC, then, subject to the Owner's right of appeal under Section 7.8, either the ARC or the Association may enforce compliance in accordance with the procedures set forth in Section 11.1 below.

# ARTICLE 8 ASSOCIATION

Before conveyance of the first Lot, Declarant shall organize an association of all of the Owners within the Property. Such Association, and its successors and assigns, shall be organized as a Washington State nonprofit corporation under the name "Amberglen Homeowner Association" and shall have such property, powers and obligations as are set forth in this Declaration for the benefit of the Property and all Owners of Lots located therein.

8.1 <u>Organization</u>. The Articles of Incorporation of the Association shall provide for its perpetual existence. However, in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated

association of the same name. In that event, the assets of the Association shall be dedicated to a public body, or all of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as if they had been made to constitute the governing documents of the unincorporated association.

- 8.2 Membership. Every Owner of one or more Lots within the Property shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more Lots within the Property, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership; shall expire automatically upon termination of such ownership; and need not be confirmed or evidenced by any certificate or acceptance of membership.
- 8.3 <u>Voting Rights</u>. All Owners shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members of the Association. The vote for such Lot shall be exercised as the members among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.
- 8.4 <u>General Powers and Obligations</u>. The Association shall have, exercise and perform all of the following powers, duties and obligations:
  - (a) The powers, duties and obligations granted to the Association by the Articles of Incorporation, the Bylaws and this Declaration;
  - (b) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Washington;
  - (c) The powers, duties and obligations of a homeowner's association pursuant to the Act; and
  - (d) Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Property.

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with its provisions, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the state of Washington.

- 8.5 <u>Specific Powers and Duties</u>. The powers and duties of the Association shall include, without limitation, all of the following:
  - (a) <u>Maintenance and Services</u>. The Association shall provide maintenance and services for the Property as provided in Article 9 and other provisions of this Declaration.
  - (b) <u>Insurance</u>. The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.
  - (c) <u>Rulemaking</u>. The Association shall make, establish, promulgate, amend and repeal Rules and Regulations as provided in Section 6.25 of this Declaration.
  - (d) <u>Assessments</u>. The Association shall adopt budgets and impose and collect Assessments as provided in Article 10 of this Declaration.
  - (e) <u>Enforcement</u>. The Association shall perform such acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce the provisions of this Declaration and the Rules and Regulations adopted by the Association, including, without limitation, enforcement of the decisions of the ARC. Nothing in this Declaration shall be construed as requiring the Association to take any specific action to enforce violations.
  - Employment of Agents, Advisers, and Contractors. The Association, (f) through its Board of Directors, may employ the services of any person or corporation as managers; hire employees to manage, conduct and perform the business, obligations and duties of the Association; employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, architects, planners, lawyers and accountants; and contract for or otherwise provide for all services necessary or convenient for the management, maintenance and operation of the Property; provided, however, the Association may not incur or commit to incur legal fees in excess of \$10,000.00 (except to file liens or pursue collection of assessments and other charges) for any specific litigation or claim matter or enter into any contingent fee contract or any claim in excess of \$50,000.00 unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of 75 percent of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association, the ARC, or the Board of Directors from claims or litigation brought against them, or for the collection of past due assessments. The limitation set forth in this paragraph shall increase by \$2,000.00 on each fifth anniversary of the recording of this Declaration.
  - (g) <u>Borrow Money, Hold Title, and Make Conveyances</u>. The Association may borrow and repay funds for the purpose of performing its duties under this Declaration, and subject to Section 4.4(d) above, encumber the Common Elements as

security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including, but not limited to, easements across all or any portion of the Common Area, and shall accept any real or personal property, leasehold or other property interests within the Property conveyed to the Association by Declarant.

- (h) <u>Transfer, Dedication, and Encumbrance of Common Area</u>. Except as otherwise provided in Section 4.4(d) above, the Association may sell, transfer or encumber all or any portion of the Common Element to a person, firm or entity, whether public or private, and dedicate or transfer all or any portion of the Common Element to any public agency, authority, or utility for public purposes.
- (i) <u>Create Classes of Service and Make Appropriate Charges</u>. The Association may, in its sole discretion, create various classes of service and make appropriate Individual Assessments (see Section 10.7) or charges therefore to the users of such services, including, but not limited to, reasonable admission and other fees for the use of any and all recreational facilities situated on the Common Elements, without being required to render such services to those of its members who do not assent to such charges and to such other Rules and Regulations as the Board of Directors deems proper. In addition, the Board of Directors shall have the right to discontinue any service upon nonpayment of Assessments or to eliminate any service for which there is no demand or for which there are inadequate funds to maintain the same.
- (j) <u>Implied Rights and Obligations</u>. The Association may exercise any other right or privilege reasonably to be inferred from the existence of any right or privilege expressly given to the Association under this Declaration or reasonably necessary to effectuate any such right or privilege.
- Association shall be liable to the Association, any Owner, or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his duties, so long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. In the event any member of the Board of Directors or any officer of the Association is threatened with or made a party to any proceeding because the individual was or is a director or officer of the Association, the Association shall defend such individual against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the Association, the Owners, or any third party on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional misconduct, and the Association shall indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

- 8.7 Interim Board; Transition Meeting. Declarant shall have full control of the Association until the events described in Section 8.7(a) occur (Declarant's Control). During Declarant's Control, the Declarant shall have the sole authority to (a) appoint or remove members of the Board of Directors who need not be Owners; (b) appoint or remove officers of Association who need not be Owners; (c) determine when to commence charging assessments against the Lots; (d) veto or approve any action of the Board of Directors or Owners in its sole discretion; and (e) unilaterally adopt and record amendments to this Declaration without any other Owner approval, including but not limited to, any modified or additional restrictions in Article 6. Declarant shall have the right to appoint an interim board of one to three directors, who shall serve as the Board of Directors of the Association until replaced by Declarant or until their successors take office at the Transition Meeting following termination of Declarant's Control.
  - (a) The Declarant's right to control the Association expires no later than the earliest of the following:
    - (i) 60 days after conveyance of 75 percent of the Lots to Owners other than a Declarant;
      - (ii) Two years after the last conveyance of a Lot, except to a Dealer;
      - (iii) Two years after any right to add new Lots was last exercised; or
    - (iv) The day the Declarant, after giving notice in a Record to Owners, records an amendment to the Declaration voluntarily surrendering all rights to appoint and remove officers and board members.
  - (b) In addition to the rights specified in Article 14, Declarant has the following Special Declarant Rights until it no longer owns a Lot within Amberglen, or until Declarant voluntarily relinquishes these rights by recording an amendment to this Declaration:
    - (i) Complete any improvements indicated on the map or described in the Declaration or the public offering statement pursuant to RCW 64.90.610(1)(h);
      - (ii) Exercise any Development Right;
    - (iii) Maintain sales offices, management offices, signs advertising the common interest community, and models;
    - (iv) Use easements through the Common Elements for the purpose of making improvements within Amberglen or within real estate that may be added to Amberglen;
    - (v) Control the ARC and any construction, design review, or aesthetic standards and process;

- (vi) Attend meetings of the Owners and, except during an executive session, the Board; and
- (vii) Have access to the records of the Association to the same extent as an Owner.
- (c) <u>Transition Meeting</u>. Declarant shall call a meeting of the Association for the purpose of turning over administrative responsibility for the Property to the Association not later than 90 days after termination of Declarant's Control. At the Transition Meeting the interim directors shall resign and if a quorum of owners are present, the owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the board of directors in accordance with the Declarations or Bylaws.
- (d) <u>Transfer of Association Property</u>. No later than 30 days following the date of the Transition Meeting, the Declarant must deliver or cause to be delivered to the Board elected at the Transition Meeting all property of the Lot Owners and Association including, but not limited to:
  - (i) The original or a copy of the recorded Declaration and each amendment to the Declaration;
    - (ii) The Organizational Documents of the Association;
  - (iii) The minute books, including all minutes, and other books and records of the Association;
    - (iv) Current rules and regulations that have been adopted;
  - (v) Resignations of officers and members of the Board who are required to resign because the declarant is required to relinquish control of the specifications used in the construction or remodeling of the common interest community, except for buildings containing fewer than three units;
  - (vi) The financial records, including canceled checks, bank statements, and financial statements of the Association, and source documents from the time of formation of the Association through the date of transfer of control to the Lot Owners;
    - (vii) Association funds or the control of the funds of the Association;
  - (viii) Originals or copies of any recorded instruments of conveyance for any Common Elements included within the Property but not appurtenant to the Lots;
    - (ix) All tangible personal property of the Association;

- (x) Except for alterations to a Lot done by a Lot Owner other than the Declarant, a copy of the most recent plans;
- (xi) Originals or copies of insurance policies for the Property and Association;
- (xii) Originals or copies of any certificates of occupancy that may have been issued for the Property in its possession;
- (xiii) Originals or copies of any other permits obtained by or on behalf of the Declarant and issued by governmental bodies applicable to the Property;
- (xiv) Originals or copies of all written warranties that are still in effect for the Common Elements, or any other areas or facilities that the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished to the Declarant with respect to installed equipment or building systems;
- (xv) A roster of Lot Owners and Eligible Mortgagees, if any, and their addresses and telephone numbers, if known, as shown on the Declarant's records and the date of closing of the first sale of each Lot sold by the Declarant;
- (xvi) Originals or copies of any leases of the Common Elements and other leases to which the Association is a party;
- (xvii) Originals or photocopies of any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Lot Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service;
- (xviii) Originals or copies of all other contracts to which the Association is a party.
- (e) Audit. Within 60 days of the Transition Meeting, the Board must retain the services of a certified public accountant to audit the records of the Association as the date of the Transition Meeting in accordance with generally accepted auditing standards unless the Lot Owners, other than the Declarant, to which a majority of the votes are allocated elect to waive the audit. The cost of the audit must be a Common Expense unless otherwise provided in the Declaration. The accountant performing the audit must examine supporting documents and records, including the cash disbursements and related paid invoices, to determine if expenditures were for Association purposes and the billings, cash receipts, and related records to determine if the Declarant was charged for and paid the proper amount of assessments.

- (f) <u>Termination of Contracts and Leases</u>. Notwithstanding any other provision of this Declaration, any management contracts, service contracts or employment contracts entered into by Declarant or the Board of Directors on behalf of the Association before the Transition Meeting shall have a term of not more than three years. Within two years after the Transition Meeting, the Association may terminate without penalty, upon not less than 90 days' notice to the other party, any of the following if it was entered into before the Board was elected:
  - (i) Any management, maintenance, operations, or employment contract, or lease of recreational or parking areas or facilities; or
  - (ii) Any other contract or lease between the Association and a Declarant or an affiliate of a Declarant.
  - (iii) The Association may also terminate without penalty, at any time after the Board elected by the Lot Owners takes office upon not less than 90 days' notice to the other party, any contract or lease that is not bona fide or was unconscionable to the Lot Owners at the time entered into; provided that, this prohibition does not apply to: (1) Any lease the termination of which would terminate Amberglen or reduce its size, unless the real estate subject to that lease was included in the Property for the purpose of avoiding the right of the Association to terminate a lease under this Section; or (2) a Proprietary Lease.
- (g) Failure to Call Transition Meeting. If the Declarant fails to call the Transition Meeting as required by Section 6.6, any Owner of a Lot may call the meeting by giving notice as provided in the Bylaws.

# ARTICLE 9 MAINTENANCE, UTILITIES, AND SERVICES

- 9.1 <u>Maintenance and Lighting of Common Maintenance Areas</u>. The Association may provide exterior lighting for and shall perform all maintenance upon any Common Maintenance Areas, including, but not limited to, landscaping, irrigation, walking paths, private roads, entrance monuments, gates, fences, walls, signs, parking areas, storm pond, walkways and trails, unless the maintenance thereof is assumed by a public body. Such areas shall be maintained in an attractive condition and in a good and workmanlike manner to render them fit for the purposes for which they are intended.
- 9.2 <u>Maintenance of Utilities</u>. The Association shall perform or contract to perform maintenance of all private utilities within any Common Maintenance Areas, such as sanitary sewer service lines, domestic water service lines and storm drainage lines, except to the extent such maintenance is performed by the utilities furnishing such services. The Association shall not be liable for any interruption or failure of such services. Each Owner shall be responsible for maintaining utility lines within his Lot other than those serving any Common Maintenance Areas.

- 9.3 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, any managing agent retained by the Association, Participating Builders, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants that the Association, its Board of Directors and ARCs, any managing agent retained by the Association, Participating Builders, Declarant, and any successor Declarant are not insurers and that each person using the Property assumes all risks for loss or damage to persons, to property and to the contents of Lots resulting from acts of third parties and releases such parties from any liability therefore.
- 9.4 <u>Services</u>. The Association shall provide or contract for such services as the Board may reasonably deem to be of benefit to the Property, including, without limitation, landscape services, garbage, and trash removal for Common Elements and security services.
- Owner's Responsibility. Except as otherwise provided in this Declaration or by written agreement with the Association, all maintenance of the Lots and Improvements thereon as provided in Section 6.5 above shall be the sole responsibility of the Owner thereof, who shall maintain such Lot and the portion of the street right-of-way between the Lot and the street in a neat and attractive condition in accordance with the community-wide standard of the Property. Lot Owners shall be responsible for maintaining street trees, grass and any other landscaping fronting or adjacent to their Lots. The Association shall, in the discretion of the Board of Directors, assume the maintenance responsibilities of such Owner if, in the opinion of the Board of Directors, the level and quality of maintenance being provided by such Owner does not satisfy such standard. Before assuming such maintenance responsibilities, the Board of Directors shall notify the Owner in writing of its intention to do so, and if such Owner has not commenced and diligently pursued remedial action within 15 days after mailing of such written notice, then the Association shall proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest as provided in Section 11.5 below. Such charges shall be an Individual Assessment and lien on the Lot as provided in Sections 10.8 and 11.1.2 below.
- 9.6 <u>Damage Liability</u>. Any damage to any Common Maintenance Area by Owners, their children, agents, visitors, friends, relatives, tenants, occupants or service personnel shall be repaired by the Owner within 15 days following the date on which notice is mailed by the Association informing the Owner of such violation. If the damage has not been repaired within such time, then the Association shall perform such repair and the cost shall be assessed to the Owner as an Individual Assessment.

## ARTICLE 10 ASSESSMENTS

- 10.1 <u>Purpose of Assessments</u>. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and occupants of the Property and for the improvement, operation and maintenance of the Common Maintenance Areas.
- 10.2 <u>Capitalization Fee.</u> Each Lot shall be assessed a \$350 capitalization fee payable to the Association upon the first sale of the Lot by the Declarant or by a Participating Builder constructing the house on the Lot. The buyer of the Lot must pay the \$350 capitalization fee at the closing of the buyer's purchase transaction with the Declarant or Participating Builders. Participating Builders constructing the original house on the Lot are not liable for this capitalization fee if they are either the Declarant or Dealer under the Act. If the capitalization fee is not paid at the buyer's closing for whatever reason, the capitalization fee shall increase to \$400, and the full amount due shall immediately become a lien against the Lot (in addition to any other liens that may exist for unpaid assessments), and the Association will be entitled to enforce the lien pursuant to Section 11.2. The capitalization fee may not be used to defray expenses that are the obligation of the Declarant.
- 10.3 <u>Types of Assessments</u>. The Association may levy Annual Assessments, Special Assessments, Emergency Assessments, and Individual Assessments, all as more particularly described below.
- 10.4 Apportionment of Assessment. Lots shall not be subject to Annual Assessments (including assessments for reserves), Special Assessments or Emergency Assessments until such time as an occupancy certificate is issued for the Living Unit located on the Lot. At that time, each Lot, including Lots owned by Declarant and any Participating Builder, shall become subject to assessment. All Lots subject to assessment shall pay an equal share of the Annual Assessments, Special Assessments and Emergency Assessments. Declarant may elect to delay collection of Annual Assessments against all Lots, but in such case shall pay all common expenses of the Association until such Assessments commence. No Owner by the Owner's own action may claim exemption from liability for contribution towards common expenses by waiver by the Owner of use or enjoyment of the Common Element or by abandonment by the Owner of the Owner's Lot. An Owner may not claim an offset against an Assessment for failure of the Association to perform its obligations, and no Owner may offset amounts owing or claimed to owe by the Association or Declarant to the Owner. Declarant, however, may defer payment of that portion of Annual Assessments attributable to accrued reserve assessments from the time a Lot becomes subject to assessment until the date the Lot is conveyed, but not beyond the date of the Transition Meeting or, if no Transition Meeting is held, the date the Owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owing from Declarant for accrued, unpaid reserve Assessments.
- 10.5 <u>Annual Assessments</u>. The Board of Directors of the Association shall from time to time and at least annually prepare an operating budget for the Association, taking into account

the current costs of maintenance and services and future needs of the Association, any previous over-assessment and any common profits of the Association. The budget shall take into account the number of Lots subject to assessment as of the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year. The budget may be based upon a greater number of Lots than those reasonably anticipated to be subject to assessment during the fiscal year if the Declarant agrees to subsidize the Association for any shortfall in the Operations Fund until assumed number of Lots is subject to assessment. The budget shall provide for such reserve or contingency funds as the Board deems necessary or as may be required by law. Annual Assessments for such operating expenses and reserves ("Annual Assessments") shall then be apportioned among the Lots as provided in Section 10.4, above.

- Board of Directors may levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that year only, for the purpose of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of Annual Assessments. Special Assessments for acquisition or construction of new capital improvements or additions which in the aggregate in any fiscal year exceed an amount equal to 15 percent of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the voting rights voting on such matter. Prior to the Transition Meeting, any Special Assessment for acquisition or construction of new capital improvements or additions must be approved by not less than 50 percent of the voting rights. Special Assessments are effective only if the Board follows the procedures for ratification of a budget described in Section 10.14, and shall be apportioned as provided in Section 10.410.3, above, and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors.
  - (a) The following Special Assessments are Individual Assessments and shall include any cost or charged assessed by the Association against a Lot to reimburse the Association for the following costs:
    - (i) Expenses associated with the operation, maintenance, repair, or replacement of any specified Limited Common Element against the Lots to which that Limited Common Element is assigned, equally or in any other proportion that the Board equitably decides;
    - (ii) Expenses specified in the Declaration as benefiting fewer than all of the Lots or their Lot Owners exclusively against the Lots benefited in proportion to their Common Expense liability;
      - (iii) The costs of insurance in proportion to risk;

- (iv) The costs of one or more specified utilities in proportion to respective usage or upon the same basis as such utility charges are made by the utility provider;
- (v) Assessments to pay a judgment against the Association may be made only against the Lots at the time the judgment was entered, in proportion to their Common Expense liabilities;
- (vi) To the extent that any expense of the Association is caused by willful misconduct or gross negligence of any Lot Owner or that Lot Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Lot Owner's Lot after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or Common Expense;
- (vii) To the extent that any expense of the Association is caused by the negligence of any Lot Owner or that Lot Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Lot Owner's Lot after notice and an opportunity to be heard, to the extent of the Association's deductible and any expenses not covered under an insurance policy issued to the Association;
- (viii) In the event of a loss or damage to a Lot that would be covered by the Association's property insurance policy, excluding policies for earthquake, flood, or similar losses that have higher than standard deductibles, but that is within the deductible under that policy, the Association may assess the amount of the loss up to the deductible against that Lot;
- (ix) Special assessments levied against less than all of the Lots shall not require a vote of the Owners but may be approved and assessed by the Board of Directors.
- at any time are or will become inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noting the reason therefore, and levy an Emergency Assessment for the amount required to meet all such expenses on a current basis ("Emergency Assessment"). Emergency Assessments shall be apportioned as set forth in Section 10.410.3 above, and payable as determined by the Board of Directors.
- 10.8 <u>Individual Assessments</u>. Any common expense or any part of a common expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments include, without limitation, charges for services provided under Sections 8.5, 9.5 and 10.6(a), and any common expense that the Board

of Directors determines is the fault of the Owner and not paid by insurance. Individual Assessments shall also include default Assessments levied against any Lot to reimburse the Association for costs incurred in bringing such Lot or its Owner into compliance with the provisions of this Declaration or the Rules and Regulations of the Association and for fines or other charges imposed pursuant to this Declaration for violation thereof. Unless otherwise provided by the Board of Directors, Individual Assessments shall be due 30 days after the Board of Directors has given written notice thereof to the Owners subject to the Individual Assessments.

- Annexation of Additional Property. When Additional Properties are annexed to Amberglen, the Lots included therein shall become subject to Assessments from the date of such annexation to the extent provided in Section 10.4. The Board of Directors, however, at its option may elect to re-compute the budget based upon the additional Lots subject to assessment and additional Common Elements and re-compute Annual Assessments for all Lots, including the new Lots, for the balance of the fiscal year. Notwithstanding any provision of this Declaration apparently to the contrary, a declaration annexing Additional Property may provide that such Additional Property does not have the right to use a particular Common Element or facility located thereon, in which case such Additional Property shall not be assessed for the costs of operating, maintaining, repairing, replacing or improving such Common Element or facility.
- Assessments, other than reserves described in this Section 10.10, separate and apart from its other funds, in a bank account in the State of Washington in the name of the Association to be known as the "Operations Fund." All expenses of the Association shall be paid from the Operations Fund or from the Reserve Fund referred to in this Section 10.10. The Association shall use such fund exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents within the Property and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Maintenance Areas and of the Lots situated upon the Property, including but not limited to:
  - (a) Payment of the cost of maintenance, utilities, and services as described in Article 9.
  - (b) Payment of the cost of insurance as described in the Bylaws of the Association.
  - (c) Payment of taxes assessed against the Common Elements and any improvements thereon.
  - (d) Payment of the cost of other services that the Association deems to be of general benefit to the Owners, including, but not limited to, accounting, legal and secretarial services.

## 10.11 Reserve Fund.

- (a) Establishment of Account. Declarant shall conduct an initial reserve study, as described in paragraph (c) of this Section and establish a bank account in the state where the Property is located in the name of the Association (the "Reserve Fund") to fund major maintenance, repair, or replacement of any Common Elements that will normally require major maintenance, repair or replacement in whole or in part in more than one and less than 30 years, for exterior painting if the Common Maintenance Areas or other property to be maintained by the Association include exterior painted surfaces, and for other items, whether or not involving Common Maintenance Areas, if the Association has responsibility to maintain the items. The Reserve Fund need not include those items that could reasonably be funded from the general budget or other funds or accounts of the association or for those items for which one or more, but less than all, Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws.
- (b) Funding of Reserve Fund. The Reserve Fund shall be funded by Assessments against the individual Lot assessed for maintenance of the items for which the Reserve Fund is being established, which sums shall be included in the regular Annual Assessment for the Lot. The Reserve Fund shall be established in the name of the Association. The Association is responsible for administering the Reserve Fund and making periodic payments into it.
- (c) Reserve Studies. The reserve portion of the initial Assessment determined by Declarant shall be based on an initial reserve study described in this paragraph (c) or other sources of information. The Board of Directors annually shall conduct a reserve study, or review and update an existing study, to determine the Reserve Fund requirements and may adjust the amount of payments as indicated by the study or update and provide other reserve items that the Board of Directors, in its discretion, may deem appropriate. An updated reserve study must be prepared at least every third year by a reserve study professional and based upon a visual site inspection conducted by the reserve study professional. The reserve study shall include:
  - (i) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
  - (ii) The date of the study and a disclosure as to whether the study meets the requirements of this Section;

- (iii) The following level of reserve study performed:
  - (1) Level I—Full reserve study funding analysis and plan;
  - (2) Level II—Update with visual site inspection; or
  - (3) Level III—Update with no visual site inspection;
- (iv) The Association's reserve account balance;
- (v) The percentage of the fully funded balance to which the reserve account is funded;
  - (vi) Special Assessments already implemented or planned;
  - (vii) Interest and inflation assumptions;
- (viii) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
- (ix) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
- (x) A projected reserve account balance for 30 years based on each funding plan presented in the reserve study;
- (xi) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and
- (xii) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.
  - (xiii) A reserve study must also include the following disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

The Board of Directors shall review and update the maintenance plan annually.

(d) <u>Use of Reserve Fund</u>. The Reserve Fund shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. The Board of Directors may withdraw funds from the reserve account to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the reserve components. Any such withdrawal must be recorded in the minute books of the association. The Board must give notice of any such withdrawal to each Owner and adopt a repayment schedule not to exceed 24 months unless the Board determines that repayment within 24 months would impose an unreasonable burden on the Owners. The Board must provide to Owners along with the annual budget adopted in accordance with RCW 64.90.525 (i) notice of any such withdrawal, (ii) a statement of the current deficiency in reserve funding expressed on a per unit basis, and (iii) the repayment plan. The Board may withdraw funds from the reserve account without satisfying the notification of repayment requirements under this Section to pay for replacement costs of reserve components not included in the reserve study.

Nothing in this Section shall prohibit prudent investment of the Reserve Fund. In addition to the authority of the Board of Directors under paragraph (c) of this Section, following the second year after the Transition Meeting, the Association may elect to reduce or increase future Assessments for the Reserve Fund by an affirmative vote of not less than 75 percent of the voting power of the Association and may, on an annual basis by a unanimous vote, elect not to fund the Reserve Fund. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers of the Lots, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

10.12 <u>Creation of Lien and Personal Obligation of Assessments</u>. Declarant, for each Lot owned by it within the Property, does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all Assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such Assessments and charges, together with any interest, late charges, expenses or

attorneys' fees imposed pursuant to Section 11.5, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is made. Such Assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment or charge fell due. Such liens and personal obligations shall be governed by the provisions in the Act and enforced in the manner set forth in Article 11 below.

- 10.13 <u>Voluntary Conveyance</u>. In a voluntary conveyance of a Lot the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor of the Lot up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. However, upon request of an Owner or Owner's agent for the benefit of a prospective purchaser, the Board of Directors shall make and deliver a written statement of the unpaid Assessments against the prospective grantor of the Lot effective through a date specified in the statement, and the grantee in that case shall not be liable for any unpaid Assessments against the grantor not included in the written statement.
- 10.14 Adoption of Budget. Once the Declarant determines that Assessments will be assessed against Lots, the Board of Directors of the Association shall prepare an operating budget for the Association, and annually thereafter, taking into account the current costs of maintenance and services and future needs of the Association, any previous over-Assessment, and any funds in an account of the Association. The Board by resolution may increase the annual Assessment as a result of the budgeting process. Within 30 days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 50 days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the owners ratify a subsequent budget proposed by the board of directors except that the Board may increase assessments without Owner approval of a budget or an assessment increase to cover actual Common Expenses incurred by the Association. Additional provisions related to the budget, including reserves, are set forth in the Bylaws.
  - (a) The budget must include:
    - (i) The projected income to the Association by category;
  - (ii) The projected Common Expenses and those Specially Allocated Expenses that are subject to being budgeted, both by category;
  - (iii) The amount of the assessments per Lot and the date the assessments are due;

- (iv) The current amount of regular assessments budgeted for contribution to the reserve account;
- (v) A statement of whether the association has a reserve study that meets the requirements of the Act, and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (vi) The current deficiency or surplus in reserve funding expressed on a per Lot basis.
- (vii) Any additional reserve study and account requirements are addressed in the Bylaws.

If the Board of Directors fails to adopt an annual or special budget, or if the budget is rejected by the Owners, then the last adopted budget shall continue in effect. The manner of billing and collection of Assessments shall be as provided in the Bylaws.

## ARTICLE 11 ENFORCEMENT

- 11.1 <u>Violation of General Protective Covenants</u>. In the event that any Owner constructs or permits to be constructed on his Lot an Improvement contrary to the provisions of this Declaration, or violates any provisions of this Declaration, the Bylaws, or the Rules and Regulations, then the Association acting through its Board of Directors shall notify the Owner in writing of any such specific violations. If the Owner is unable, is unwilling, or refuses to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard, then the Association acting through its Board of Directors shall have the right to do any or all of the following:
  - (a) Assess reasonable fines against such Owner, based upon a resolution adopted by the Board of Directors that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner of each Lot in writing, which fines shall constitute Individual Assessments for purposes of this Declaration:
  - (b) Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item that is in violation of this Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the Operations Fund as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings;
  - (c) Cause any vehicle parked in violation of this Declaration or of the Rules and Regulations to be towed and impounded at the Owner's expense;

- (d) Suspend the voting rights, any utility services paid for out of Assessments and the right to use the Common Elements for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from his Living Unit; and
- (e) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.
- 11.2 <u>Default in Payment of Assessments; Enforcement of Lien</u>. If an Assessment or other charge levied under this Declaration is not paid within 30 days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date at the rate set forth below. In such event the Association may exercise any or all of the following remedies:
  - (a) The Association may suspend such Owner's voting rights, any utility services paid for out of Assessments and right to use the Common Elements until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Annual Assessment immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from his Lot.
  - (b) The Association shall have a lien against each Lot for any assessment levied against the Lot, including any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the assessment, fine or charge is due. The lien shall be foreclosed in accordance with the provisions regarding the judicial foreclosure of mortgages (Chapter 61.12 RCW). The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot.
  - (c) The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in paragraph (b) above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.
  - (d) The Association grants this common interest community in trust to Chicago Title Company to secure the obligations of the Lot Owners to the Association for the payment of assessments, with the power of sale, because the Lots are not used principally for agricultural purposes, where the power of sale is operative in the case of a default in the obligation to pay assessments. The Association or its authorized representative may purchase the Lot at the foreclosure sale and acquire, hold, lease, mortgage, or convey the Lot. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption is eight months.

- (e) The Association shall have any other remedy available to it by law or in equity.
- 11.3 <u>Reports to First Mortgagees</u>. In response to a written request of any first mortgagee of a Lot, the Association shall report to such mortgagee whether such Lot is current or past-due with respect to Assessments.
- 11.4 <u>Subordination of Lien to Mortgages</u>. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any first mortgage or deed of trust on such Lot, which was made in good faith and for value and that was recorded before the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the Assessment lien however if a first mortgagee acquires a lot in the plat community by foreclosure or deed in lieu of foreclosure, the mortgagee and subsequent purchaser shall not be liable for any of the common expenses chargeable to the lot which became due before the mortgagee or purchaser acquired title to the lot. The unpaid Assessments as a result of such foreclosure or sale shall become a common expense of all Owners, including the mortgagee or purchaser, and such sale or transfer shall not release the Lot from liability for any Assessments or charges thereafter becoming due or from the lien of such Assessments or charges.
- 11.5 Interest, Late Charges, and Expenses. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate that is the greater of 12 percent per annum or three percentage points per annum above the prevailing prime rate as of the due date, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the state where the Property is located. A late charge may be charged for each delinquent Assessment in an amount established from time to time by resolution of the Board of Directors, which resolution is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted). In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien, established from time to time by resolution of the Board of Directors.
- Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of another remedy permitted under this Declaration. The remedies provided in this Declaration are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings.
- 11.7 <u>Enforcement by the Governing Jurisdiction</u>. The provisions of this Declaration relating to preservation and maintenance of Common Elements shall be deemed to be for the benefit of the governing jurisdiction as well as the Association and Owners of Lots, and the

governing jurisdiction may enforce such provisions by appropriate proceedings at law or in equity, or may cause such maintenance to be performed, the costs of which shall become a lien upon the Property.

## ARTICLE 12 DISPUTE RESOLUTION

### 12.1 Mediation.

- (a) Except as otherwise provided in this Article, before initiating litigation, arbitration or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation, arbitration or an administrative proceeding shall offer to use any dispute resolution program available within the county where the Property is located, that is in substantial compliance with the standards and guidelines adopted under statute of the state where the Property is located. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.
- (b) If the party receiving the offer does not accept the offer within ten days after receipt of the offer, such acceptance to be made by written notice, hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration or administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.
- (c) If a qualified dispute resolution program exists within the governing jurisdiction, and an offer to use the program is not made as required under paragraph (a) of this Section, then litigation, arbitration or an administrative proceeding may be stayed for 30 days upon a motion of the non-initiating party. If the litigation, arbitration or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.
- (d) Unless a stay has been granted under paragraph (c) of this Section, if the dispute resolution process is not completed within 30 days after receipt of the initial offer, the initiating party may commence litigation, arbitration or an administrative proceeding without regard to whether the dispute resolution is completed.
- (e) Once made, the decision of the court, arbitrator or administrative body arising from litigation, arbitration or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.
- (f) The requirements of this Section do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration or an

administrative proceeding initiated to collect Assessments, other than Assessments attributable to fines.

- 12.2 <u>Arbitration</u>. Any claim, controversy, or dispute by or among Declarant (including members, officers, directors, shareholders and affiliates of Declarant), a Participating Builder, the Association, the ARC, or one or more Owners, or any of them, arising out of or related to this Declaration, the Bylaws of the Association, the Rules and Regulations, or the Property shall be first subject to mediation as described in Section 12.1 above or otherwise, and if not timely settled by mediation, resolved by arbitration in accordance with this Section. The decisions and award of the arbitrator shall be final, binding, and non-appealable. The arbitration shall be conducted in the county where the Property is located, or at such other location as may be agreed upon by the parties, pursuant to the arbitration statutes of the state where the Property is located and any arbitration award may be enforced by any court with the jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("lis pendens").
- 12.3 <u>Selection of Arbitrator</u>. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator within ten days after a party's demand for arbitration, upon application of any party, the presiding judge of the state court of general jurisdiction where the Property is located shall designate the arbitrator.
- 12.4 <u>Consolidated Arbitration</u>. Upon demand by any party, claims between or among the parties and any third parties shall be submitted in a single, consolidated arbitration.
- 12.5 <u>Discovery</u>. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in the state courts of general jurisdiction where the Property is located. The arbitrator shall have all of the authority of the court incidental to such discovery, including, without limitation, authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions including, without limitation, award against a party for failure to comply with any order.
- 12.6 Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except when any of the parties is absent in default or has waived its right to be present.
- 12.7 <u>Excluded Matters</u>. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 12, but shall be subject to the applicable provisions of Sections 12.8 and 12.9 below:

- (a) Actions relating to the collection of fees, Assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, Assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above);
- (b) Actions to enforce any order, decision, or award rendered by arbitration pursuant to this Article 12. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in statute or rules of civil procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article 12.
- 12.8 <u>Costs and Attorney Fees</u>. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the non-prevailing party or parties; or if none, such fees and costs shall be divided and paid equally by the parties. Each party shall pay its own attorney fees and costs in connection with any arbitration or litigation, or appeal thereof, other than in an action described in Section 12.7(a), above, in which case the prevailing party shall be entitled to recover their reasonable attorney fees and costs.
- 12.9 <u>Survival</u>. The mediation and arbitration agreement set forth in this Article 12 shall survive the transfer by any party of its interest or involvement in the Property and any Lot therein and shall survive the termination of this Declaration.

## ARTICLE 13 MORTGAGEES

- 13.1 <u>Notices of Action</u>. An institutional holder, insurer, or guarantor of a first mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:
  - (a) Any delinquency in the payment of assessments or charges owned by a Lot subject to the mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of this Declaration, the Bylaws or the Rules and Regulations relating to such Lot or the Owner or occupant which is not cured within 60 days;
  - (b) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and
  - (c) Any proposed action that would require the consent of a specified percentage of Eligible Holders.

- 13.2 <u>No Priority</u>. No provision of this Declaration gives or shall be construed as giving an Owner or other party priority over the rights of the first mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.
- 13.3 <u>Notice of Association</u>. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.
- 13.4 <u>Failure of Mortgagee to Respond</u>. Any mortgagee who receives a written request from the Board of Directors to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the mortgagee by certified or registered mail, return receipt requested.
- 13.5 <u>Construction of this Article</u>. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws or statute for any of the acts set out in this Article.
- 13.6 Reimbursement of First Mortgagees. First mortgagees of Lots may, jointly or singly, pay taxes or other charges that are in default and that may or have become a charge against any Common Element and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Common Area. First mortgagees making such payments shall be owed immediate reimbursement from the Association, to the extent the same was the responsibility of the Association.
- 13.7 Right of First Mortgagees Relating to Maintenance. At any time that the Common Elements are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of the Property for security purposes, then the record mortgagee, upon giving written notice as provided in this paragraph, shall be entitled to exercise the rights of the Owner of the Lot as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the Owner and the mortgagee, and the Owner may attend such meetings as an observer. Notice from the mortgagee under this Article shall quote this Section 13.7 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy sent by regular mail to the Association at the last known address of each.
- 13.8 FHA/VA Approval. During Declarant's Control, the following actions will require the prior approval of the Federal Housing Administration ("FHA") or the Veterans Administration ("VA"), if this Declaration was previously approved by such agencies: annexation of Additional Properties, mergers and consolidations, mortgaging or dedication of Common Elements, dissolution of the Association and amendment of this Declaration or the Articles of Incorporation or the Bylaws of the Association.

# ARTICLE 14 DECLARANT'S SPECIAL RIGHTS

- 14.1 <u>General</u>. Declarant is undertaking the work of developing Lots and other improvements within the Property. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Living Units on all Lots in the Property have been constructed, fully completed and sold, with respect to the Common Elements and each Lot on the Property, the Declarant and Participating Builders shall have the special rights set forth in this Article 14.
- Marketing Rights. Declarant and Participating Builders shall have the right to maintain a sales office and model on one or more of the Lots that the Declarant and/or Participating Builders may or may not own. Sales offices and/or model homes may be staffed by employees or agents of Declarant or Participating Builders, or any licensed real estate sales agents. Declarant, Participating Builders, and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. Declarant and Participating Builders may maintain a reasonable number of "For Sale" signs, or other signs advertising Amberglen, at reasonable locations of the Property, including, without limitation, the Common Area.
- 14.3 <u>Declarant's Easements</u>. The Declarant has reserved easements over the Property as more fully described in Sections 4.6 and 6.30 above.
- 14.4 Appearance and Design of the Property. Declarant shall not be prevented from changing the exterior appearance of the Common Elements, including the landscaping or any other matter directly or indirectly connected with the development and sellout of the Property in any manner deemed desirable by Declarant, provided that Declarant obtain governmental consents required by law. The construction and material standards of Article 14 notwithstanding, Declarant and/or Participating Builders may change exterior and/or interior designs from initial plans and provisions in this document, without notice. This may include designs, colors, and type of materials, provided Declarant and/or Participating Builders obtain any necessary governmental consent.
- 14.5 <u>Construction by Declarant</u>. All construction by Declarant and/or Participating Builders shall establish the standards for the ARC and shall meet any Design Guidelines of the Association.
- 14.6 <u>Sales and Other Activities of Declarant</u>. Declarant and Participating Builders are exempt from all provisions of Article 6 and any other condition that impedes the sale, construction or other undeclared activities of Declarant and/or Participating Builders.

# ARTICLE 15 AMENDMENT AND REPEAL

- 15.1 <u>How Proposed</u>. Amendments to or repeal of this Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding 30 percent or more of the Association's voting rights. The proposed amendment or repeal must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment or repeal.
- 15.2 <u>Approval Required</u>. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of Owners representing not less than 75 percent of the voting rights, based upon one vote for each such Lot. To the extent required by Section 13.8, such amendment shall also require the prior written approval of the FHA and VA. To the extent any amendment relates to the preservation or maintenance of the Common Elements or private utility lines, or the existence of an entity responsible for accomplishing the same, such amendment shall be approved by the zoning administrator of the governing jurisdiction.

Notwithstanding the foregoing, an amendment to this Declaration may not create or increase Special Declarant Rights, increase the number of Lots, change the boundaries of any Lot, or change the allocated interests of a Lot without the consent of Lot owners to which at least 90 percent of the votes in the Association are allocated, including the consent of any Lot Owner of a Lot, the boundaries of which or allocated interest of which is changed by the amendment. This Section 15.2 does not prohibit a Lot Owner from changing the boundaries of their Lot if doing so does not require an amendment to this Declaration.

Upon 30-day advance notice to Lot Owners, the Declarant may, without a vote of the Lot Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to the Governing Documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the Common Elements, the liability for Common Expenses, or the number of votes in the Association appertaining to a Lot, within five years after the recordation or adoption of the Governing Document containing or creating the mistake, inconsistency, error, or ambiguity. Any such amendment or supplement may not materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred.

- 15.3 <u>Termination</u>. This Declaration and the Association may be terminated only by agreement of Lot Owners of Lots to which at least 80 percent of the votes in the Association are allocated. The provisions of the Act further govern termination.
- 15.4 <u>Recordation</u>. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of county where the Property is located. Evidence of the required vote obtained according to the procedures in the Bylaws needs to be in writing and kept

with Association records but need not be part of the amendment, nor are Lot Owners required to sign the amendment.

Regulatory Amendments. Notwithstanding the provisions of Section 15.2 above, 15.5 until the Transition Meeting has occurred, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance or regulation of the Federal Housing Administration; the United States Department of Veterans Affairs; the Farmers Home Administration of the United States; the Federal National Mortgage Association; the Government National Mortgage Association; the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the state where the Property is located; or any corporation wholly owned, directly or indirectly, by the United States or the state where the Property is located that insures, guarantees or provides financing for a planned community or lots in a planned community. After the Transition Meeting, any such amendment shall require the approval of a majority of the voting rights of the Association voting in person, by proxy or by ballot at a meeting or ballot meeting of the Association at which a quorum is represented. The obligation to assess money and maintain the Common Elements, including but not limited to the stormwater facilities, shall not be amended without the prior approval of the governing jurisdiction, or its successor.

# ARTICLE 16 MISCELLANEOUS PROVISIONS

- 16.1 <u>Lessees and Other Invitees</u>. Lessees, employees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of his Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner himself or herself.
- 16.2 <u>Nonwaiver</u>. Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.
- 16.3 Construction; Severability; Number; Captions. This Declaration shall be liberally construed as an entire document to accomplish the purposes hereof as stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision. As used in this Declaration, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

- 16.4 Notices and Other Documents. Any notice or other document permitted or required by this Declaration must be in a Tangible Medium and may be delivered either personally or by mail. Delivery by mail shall be deemed made 24 hours after having been deposited in the United States mail as certified or registered mail, with postage prepaid, addressed as follows: if to Declarant or the Association, Pacific Lifestyle Homes, Inc. 11815 NE 99th Street, #1200, Vancouver, Washington 98682; if to an Owner, at the address given at the time of the Owner's purchase of a Lot, or at the Lot. The address of a party may be changed at any time by notice in writing delivered as provided herein. Notice requirements for matters addressed in the Bylaws are set forth in the Bylaws.
- 16.5 Private Agreement. This Declaration and the covenants and agreements contained herein constitute a private agreement among the Owners of Lots in Amberglen. This Declaration does not restrict the governing jurisdiction's authority to adopt or amend its development regulations. There may be conflicting requirements between this Declaration and regulations of the governing jurisdiction. The governing jurisdiction will limit its review of a development application to the requirements of its regulations. It is the duty of every person engaged in development or remodeling of a Lot and/or Improvement in the Property to know the requirements of this Declaration and the covenants and agreements contained herein. In the event there is a conflict between a regulation of the governing jurisdiction and this Declaration, any question regarding which provision controls shall be directed to the ARC. The governing jurisdiction will not be liable for any approvals or permits that are granted in compliance with the regulations of the governing jurisdiction, the State, or any other jurisdiction, but that are not in compliance with this Declaration. Declarant, Participating Builders, the ARC, and/or the Association shall not be liable for any approvals that are granted in compliance with this Declaration, but that are not in compliance with the regulations of the governing jurisdiction, the State, or any other jurisdiction.
- 16.6 <u>Preemption of CCRs by Public Regulation</u>. This document shall not be considered a substitute for city, county, regional, state, or federal laws and is preempted by all publicly adopted rules and regulations. All contractors, Owners and the Association shall be responsible for complying with all applicable laws therein. Declarant and Participating Builders shall not be held liable for inaccurate or outdated information conveyed by the adopted CCRs; Owners and contractors should always consult their local government prior to building any structure on any property located within the Property.

IN WITNESS WHEREOF, Declarant, Pacific Lifestyle Homes, Inc., has executed this Declaration on the date set forth above.

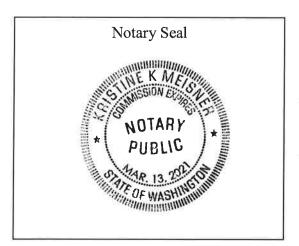
PACIFIC LIFESTYLE HOMES, INC.

Steve Bradford, VP of Sales & Marketing

State of Washington ) ss.
County of Clark )

I certify that I know or have satisfactory evidence that Steve Bradford is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the VP of Sales & Marketing for Pacific Lifestyle Homes, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: WWW 14, 2019.



Notary Public for Washington

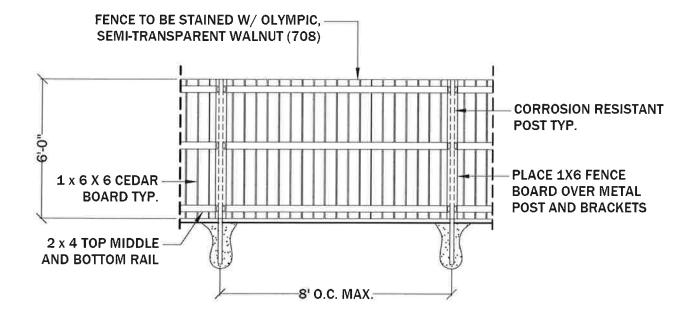
Knother (1961)

My appointment expires:

3/13/21

#### APPROVED FENCE DETAIL AND COLOR SELECTION

Any and all fences constructed within the Property, other than fences constructed by Declarant, shall be constructed in accordance to the following specifications and stained in accordance to the following color palette indicated in Section 6.14. After 15 years, the ARC may at its discretion adopt a new set of approved colors that reflect the then current trends. After that time all houses being repainted must conform to the new set of approved colors. Declarant is exempt from the terms of this Appendix A.



### **EXHIBIT A**

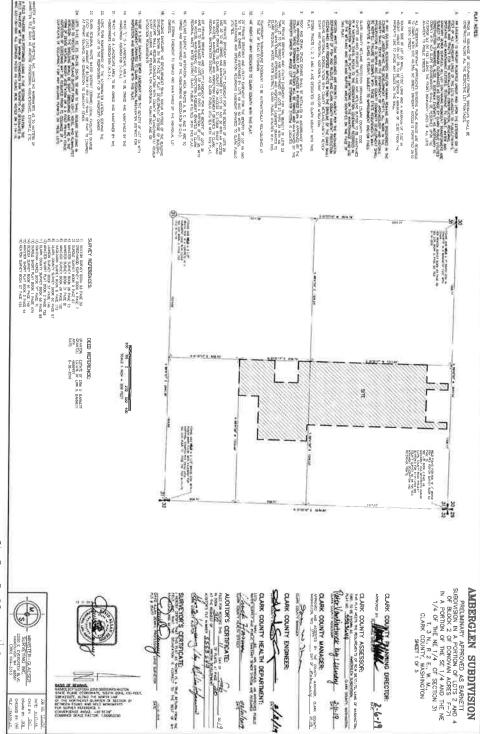
### **LEGAL DESCRIPTION**

Lot(s) 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, and 60 AMBERGLEN SUBDIVISION, according to the plat thereof, recorded in Volume 312 of plats, page 20, records of Clark County, Washington.

# **EXHIBIT B**

# **RECORDED PLAT**

Recorded Plat continued on next page.



BK 312. PG 20

J

312 PG 20

S.

BK 312 PZD 2/5

312 R 20

BK 312 PG 20 4/5

엉 3/2

R

82 312 P6 20 2

#### **EXHIBIT C**

#### **PROPERTY TAX NUMBERS**

986049912, 986049913, 986049914, 986049915, 986049916, 986049917, 986049918, 986049919, 986049920, 986049921, 986049922, 986049923, 986049924, 986049925, 986049926, 986049927, 986049928, 986049929, 986049930, 986049931, 986049932, 986049933, 986049934, 986049935, 986049936, 986049937, 986049938, 986049939, 986049940, 986049941, 986049942, 986049943, 986049944, 986049945, 986049946, 986049947, 986049948, 986049949, 986049950, 986049951, 986049952, 986049953, 986049954, 986049955, 986049956, 986049957, 986049958, 986049959, 986049960, 986049961, 986049962, 986049963, 986049964, 986049965, 986049961, 986049968, 986049969, 986049970 and 986049971